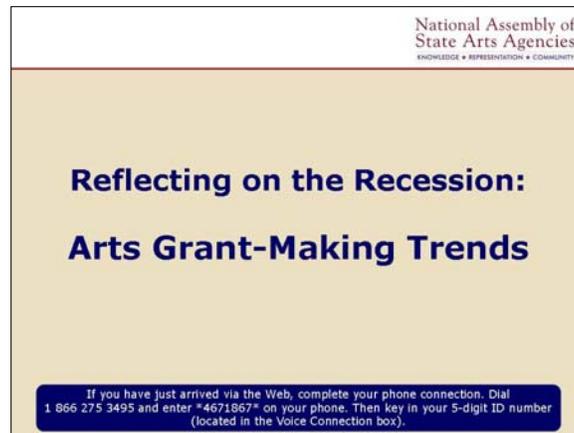


Reflecting the Recession: Arts Grant-Making Trends

Thursday, January 27, 2011
Web Seminar
Abridged Transcript



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Tommer Peterson, Deputy Director, Grantmakers in the Arts
Holly Sidford, President, Helicon Collaborative
Kelly Barsdate, Chief Program and Planning Officer, NASAA

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Introduction

Jonathan Katz, NASAA CEO: Good afternoon, everyone. It is my pleasure to welcome you to today's web seminar. We know that state arts agencies play diverse leadership roles: you are conveners, knowledge providers and partners in many different ways. These roles have been a subject of much discussion among you—through NASAA—in recent years. In the meantime, however, state arts agencies remain important sources of grant funding, too. Your grants fund organizations, schools, artists and projects in more than 5,000 communities every year. Though modest in size, your grants are often the only source of support available to grass-roots organizations and artists, and they play a unique role in our nation's arts funding ecosystem.

Grant-making is therefore the theme of this session. For the next hour, we'll explore how arts grant-making has changed during the recession, and what might lie ahead. Some of these trends are clearly affected by the recession, but others may be rooted in longer-term issues about funding, participation and the changing role of the arts in our country. So be listening for some of those threads.

To add value to this discussion, NASAA is taking a cross-sector approach and looking at grant-making trends among both public and private funders. I appreciate our good colleagues at Grantmakers in the Arts and Helicon Collaborative for their participation and collaboration today.

I'll now turn things over to Sue Struve, NASAA's communications manager, to moderate the session.

Sue Struve: Thank you, Jonathan, and thanks to all of you out there in the states for tuning into today's session. It's great to see so many state arts agencies come together again in our virtual seminar hall.

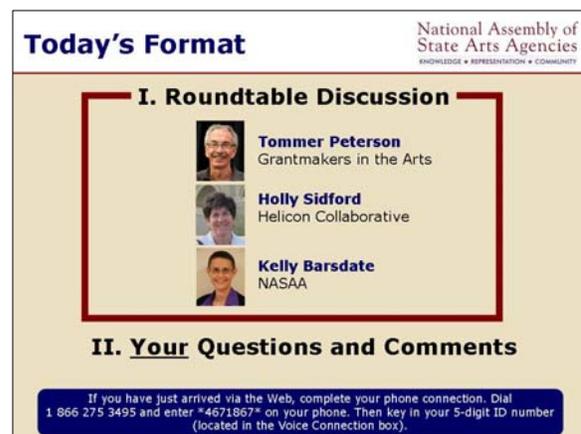
Our format today is a little different than usual. Prior to this seminar, we circulated several recommended reports about arts grant-making trends:

- [Arts Funders and the Recession: A Year Later](#)
- [Foundation Grants to Arts and Culture](#)
- [State Arts Agency Grant Trends](#)
- [Public Funding for the Arts: 2010 Update](#)

Since this information was shared in advance, we won't be redundant by doing formal presentations about that data during this seminar. Instead, we'll take advantage of this time to have a deeper dialogue about the issues through a roundtable discussion format.

We deliberately chose this format to allow for a more organic conversation—and also to enjoy a brief respite from PowerPoint charts and graphs!

Our roundtable discussion will invite observations from three leading experts on arts grant making: Tommer Peterson, the deputy director of Grantmakers in the Arts; Holly Sidford, president of Helicon Collaborative; and NASAA's own Kelly Barsdate, our chief program and planning officer.



Today's Format

National Assembly of State Arts Agencies
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I. Roundtable Discussion

Tommer Peterson
Grantmakers in the Arts

Holly Sidford
Helicon Collaborative

Kelly Barsdate
NASAA

II. Your Questions and Comments

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671857* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).

These three guests will talk about how the recession is affecting arts grant making, and how arts grant-making strategies may be changing in both the private and public sectors. We'll also be inviting them to speculate about major changes that may be coming down the pike.

Roundtable Discussion

Sue: I want to start the roundtable by asking each of our speakers to share a few notes on their organizations and the research that they have been conducting to inform their comments today. First, I'll welcome Tommer Peterson. Tommer, can you tell folks a little bit about Grantmakers in the Arts (GIA) and the research you've commissioned?

Tommer Peterson: GIA has been doing research in arts funding for just about 20 years. The history of the organization is that it began with a focus primarily on private foundations. Over the years we have grown, and now have members from just about every corner of the funding universe. So historically, the research we have done has been about foundation funding. We published a series of benchmark surveys in the 1990s and completed them in 2003. Since then we have provided an annual snapshot of about 10 pages long, provided by the Foundation Center, that looks at the key trends of what has happened in the private sector. However more recently, since 2004, we have done work with NASAA, which has provided us with information on the public sector as well.



We have also worked with Holly and the Helicon Collaborative recently to help capture the trends and learn why funders are changing their activities. As we look forward, GIA is adding to its research agenda and looking at not only how much grant funding is being distributed, but also how and why. The first of these special projects to roll out, called the National Capitalization Project, will be discussed in a more lengthy report set to come out in March.

Sue: Thank you, Tommer. Next, I'll call on Holly Sidford, president of Helicon Collaborative. Holly has some roots in our state arts agency field—she has directed the New England Foundation for the Arts and worked at the Massachusetts Cultural Council. Holly, thanks for being part of our extended alumni family. Can you share a little bit about your work under way today at Helicon?

Holly Sidford: Helicon collaborative is what we call a "for benefit" company, which means it is a for-profit company with a social mission to enhance the role of artists and arts organizations in communities across the United States. We do a variety of different things, including strategy development for nonprofit organizations and funders; research and analysis; program planning, management and assessment, primarily for private corporations; leadership coaching and variety of other interesting projects. Today, my participation will relate to two studies



that we have done with GIA. These are reports that Helicon has conducted in the last couple of years on what is happening to funding for artists and cultural organizations. In the summer of 2009, GIA asked us to take a look at what was happening to arts funders as a result of the recession. That research built on a study we did for a group of funders out in the Puget Sound region. Just this last fall, GIA asked us to update that report. Basically, our work over the past couple of years has been about keeping track of how trends are changing, or in some cases speeding up, as a result of the recession.

Sources for Helicon's Perspective

About the Recession

- Arts Funders and the Recession: A Year Later (GIA, Fall 2010)
- Artists and the Economic Recession (LINC, Spring 2010)
- In the Face of the Recession, What are Funders Doing? (GIA, Summer 2009)
- The Economic Recession's Impact on Arts and Cultural Organizations in Alaska (Rasmuson, Summer 2009)
- The Economic Recession's Impact on Cultural Organizations in Puget Sound (Allen, Spring 2009)

Related Topics

- Bright Spots and Hard Bargains (Doris Duke, Winter, 2011)
- Arts Funding in California: Where Do We Stand? (Irvine, Fall 2010)
- It's Not About You ... It's About Them – What Motivates Bay Area Donors to Give to the Arts and Artists (San Francisco and East Bay, Spring 2010)

Helicon

Sue: Thanks, Holly. Next up is Kelly Barsdate, who oversees NASAA's knowledge services and assists a lot of different states with their planning and grant guidelines.

Kelly Barsdate: NASAA is on the phone or on site with state arts agencies every day, so we've got a nice mix of both hard data and anecdotal evidence to inform our take on grant trends.

In terms of stats, we collect detailed information from states and regions on each and every grant they award. We do this through the final descriptive reports that everyone sends to the NEA. We also harvest data from the budget surveys we conduct twice a year. We're getting ready to release a new one of those for fiscal year 2011, so keep your eyes open for that. [See [Legislative Appropriations Annual Survey, Fiscal Year 2011 \(full report\)](#) and [Press Release: Legislative Appropriations, Fiscal Year 2011](#).]

NASAA's Sources

- Grant statistics
- Budget data
- Guidelines
- Surveys
- Field communications
- Information requests
- Peer dialogue

Kelly Barsdate
Chief Program and Planning Officer

We also track other materials from state arts agencies, like guidelines, plans, constituent communications—even your Facebook pages! And a lot of states—more than a dozen—have conducted field surveys to monitor conditions among grantees. States have been very generous in sharing those instruments and some of that data.

State arts agency calls to our office are really important, too. NASAA fielded more than 350 information requests from states last year, and we track data on all of those requests, which gives us a very real-time lens on what you're working on and where you're stuck.

And complementing all that are the conversations that go on among states: the listserv conversations, the conference calls, the chats at NASAA assemblies like the one we had in Austin in October.

Sue: Now we're going to open up the phone lines to all three of you, to share your thoughts on the impact of the recession on arts grant making. I'd like to start first with the dollars and cents, and ask you to describe how the economic downturn has affected grant-making portfolios, or the number or sizes of grant awards. Tommer, you commissioned the Foundation Center to look at foundation funding for the arts. What did they report?

Tommer: I want to throw out a few facts here in the beginning, just to make sure that we are all on the same page. The figures I am going to discuss are all from private foundations in 2008. The reason we tend to have this lag time with private foundations is that the foundations have up to 18 months to report to the Internal Revenue Service, and some foundations operate on the calendar year and some operate from July to July. So it takes about two years to get the information. It is trend information, but be aware that it is not up to the minute.

One of the things that happened in that period between 2007 and 2008 is that foundation assets were reduced by an estimated 17%, a pretty significant reduction, actually the largest since the Foundation Center began recording this information. As a result, giving in the following year was reduced 8.4%. Part of the reason that the funding number is only about half of the asset reduction is that funders made cuts to other parts of their programs to make up the difference—furloughing, reducing travel expenses, etc. The other thing that happened is that many funders reached into their reserves to keep grant-making levels as close to those before as possible.

The interesting thing is that during that same time period, 2007-2008, arts funding as a share of all giving actually increased by 6.4% compared to the previous year. The reason for this is that a number of other sections dropped. The upshot is that the arts really held their own during that time period. The answer would thus seem to be that there has been a reduction, but not as severe as those in many other segments. I am very interested in seeing 2009 data and discovering where that trend is going.

Sue: Holly, I know your surveys and interviews have collected more recent information. What did you hear about portfolios or grant awards?

Holly: Yes, our information is built on two things. One, a survey that GIA did of its members asking information on the level of giving and other changes. And then, in-depth interviews that we did with over 20 representative foundations, corporate and private, around the country.

What we found was that about 60% of GIA private grant makers have leveled or reduced their funding. Overall, it breaks down to approximately 30-30-30: 30% have cut, 30% have kept it level and 30% have increased. We saw that there has been a rise in operating support, a decrease in facilities support and a mixed bag with funding for individual artists. Basically the trends that started in 2009 have continued through 2010; private funders are giving priority to their current commitments rather than expanding funding to new grantees.

Roundtable Discussion

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**How has the recession
affected arts grant making?**

Sue: Kelly, what's been happening with public arts agencies?

Kelly: Well, state arts agency grant funding is down, because state arts agency budgets are down. Legislative funding has been cut by about 19% since 2008. But the crunch started much earlier than that. Appropriations to state arts agencies are down almost 30% between 2002 and 2011. Grant-making percentages haven't declined quite as sharply, because states are doing everything they can to cut their grantees last. But we're still seeing grant declines—about 20% between 2002 and 2009, which is the latest information we have at this time. We are just now receiving 2010 close-out reports and will be reporting on them soon.

The number of grantees is down, too, from around 29,000 grants in 2002 to about 24,000 today. We're still reaching about 5,000 communities each year, as Jonathan said earlier, so that's good news in terms of access to the arts. But there's a hidden gotcha in there. That means that funds that were spread pretty thin to begin with are spread even more thinly now.

Sue: That segues nicely into our next question, which is one that NASAA receives frequently, about the proportionality of arts funding and whether or not the arts are seeing a different magnitude of cuts. Each of you has alluded to this somewhat, but I'd like to start with Tommer. What does the Foundation Center data show about arts funding in comparison to other areas of giving?

Tommer: The data we have from the Foundation Center shows that between 2000 and 2008, arts giving rose 6.4%, while overall foundation giving rose 6.6%. Compared to previous years that is about the same. Compared to other sectors arts funding was up 6%, education was down about 3%; but in that same time period, environmental giving was up 62%, which is astounding. Health was up about 10%, human services was down 10%, international affairs was up 50%, and then other smaller areas—public affairs, technology and religion—all saw reductions. In short, arts is holding its own amongst private funders, and the big jumps we saw in environment and international affairs are largely a result of the natural disasters we saw during that time period.

Sue: Holly, did your interviews surface this issue of proportionality as a concern?

Holly: When we talked to different funders across the nation, we heard that most of them are not taking disproportionate cuts compared to other fields their foundations are funding. We did hear a fair amount of concern from a number of foundations that the case for the arts is getting harder to make. They have not seen significant cuts in the last few years, but they anticipate that it may be harder to hold onto the funds allocated to the arts going forward. It seems that in light of the effects of the recession and other priorities, the arts are losing ground, if not specifically with dollar amounts, maybe in terms of moral suasion.

Tommer: May I add something to that? We don't have real hard data on corporate funders, but what we have heard from GIA corporate members is that the nature and the way that they are undertaking cultural funding is changing. Fewer are giving direct grants to cultural organizations, but more and more it is turning into a combination of sponsorships and



marketing. So those funds are not reported as giving, but as advertising. It is moving sideways and changing shape, as well as, I think, going down.

Sue: What about government arts funding, Kelly?

Kelly: Well, this is a tricky question. Since all but a few state arts agencies only give out arts grants, I'll answer it in terms of appropriations rather than grants. Most state arts agencies are reporting to us that the cuts they are taking are comparable in size to the cuts all other state agencies are taking. So, in most circumstances, the funding declines are less about the arts in particular and more about the decline of available state dollars in general.

But this isn't true in every case. There have been some states have taken disproportionate cuts, and even proportionate cuts can have disproportionate effects on very small agencies. Think about it: a 10% cut or the loss of 2 staffers hits a \$1 million agency much, much harder than it does a \$100 million agency with 50 personnel.

The issue of proportionality is certainly a concern for states, and state arts agencies are absolutely feeling vulnerable to this issue, especially as state budgets stay grim and legislators are forced to make cuts of last resort. The forecast for state funding is a little improved, but there is not a major rebound projected for anytime in the near future. People are certainly asking some of those questions that Holly mentioned, about positioning the arts and how we can make the case for the arts in not just a moment of austerity, but perhaps in an environment of permanent austerity.

Holly: Can I add to that? Although there has been a lot of chatter about the recession being over, the private funders we spoke to don't see it that way at all. Even when the recession is over or their portfolio rebounds, it takes some years before they can return to their levels of giving prior to the downturn. So, I think the issue of the longevity of this constraint and what we can do is definitely an area we need to talk about further.

Kelly: Yeah, I really agree. I think Holly pointed out one important contrast between public and private sectors in terms of the time line and also in the way that funds get secured. Everyone has to advocate for the arts. I think that is true no matter what sector you are in, but advocating for it with state legislatures brings some unique challenges. I guess the point I would make here is that advocacy makes a difference. We've had several states successfully fend off proposals for mega-cuts, or even agency elimination. So mobilizing constituents, especially the grantees we're talking about today, is really important.

Sue: My next question is about tactics. We'll touch on strategies in a moment, but first I'm curious about whether arts funders are changing tactics of whom or what they fund. This time let's start with Holly. What are your thoughts on this?

Holly: There are several different patterns that we saw and several that we anticipate.

I mentioned earlier that we are seeing that private funders are increasing their funding of general operating support. We are seeing a decrease in

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Are grant-making tactics changing?

funding for facilities and capital projects. We see an increase in funding to programs for technical assistance and collaborative projects encouraging organizations to collaborate with each other, perhaps share some back office work or space. We are also seeing investing in new programs such as credit lines, loans and wellness that address the concerns of cultural institutions. The same is true with support of individual artists, especially in the realm of technical assistance. One thing we have heard repeatedly is that none of the funders that we spoke to changed their strategy because of the recession, but many of them commented on strategic planning that had gone on before the recession or a trend that they noticed in their organization toward more interdisciplinary funding. By that I mean funding that links the arts and another sector, like education, health, community development or economic development. I think this is actually a growing trend and we see it across the board: to make the case for the arts you need to make more instrumental arguments and that more instrumental funding will arise.

Sue: Kelly, what sort of grant adjustments are state arts agencies making in this environment?

Kelly: There is a lot of mechanical shuffling going on: program consolidation, putting programs on hiatus, narrowing eligibility requirements, adjusting matching requirements to cut organizations a break during hard times. So far, no unifying trends have emerged in terms of the mechanics. But there are some trend areas in terms of whom and what is being funded. State arts agencies seem to be trying to protect their two largest areas of investment which, statistically speaking, are usually operating support and arts education. Although dollars awarded in both of those categories have dropped, their percentage of all state arts agency grant dollars is holding steady or even increasing a little. Arts education grant dollars went from 23% in 2002 to 26% in 2009. And operating support grant dollars held steady at around 34% over that same time frame.

A question we're getting a lot is about support to individual artists. There is real concern about states backing off of this, but we haven't seen that show up in the real numbers. The share of grant funds going to artists has held steady at 5%. And the annual dollars have declined by the exact same percentage as total state arts agency grant making, by 20%, since 2002. What we do see, though, is a shift in the tactics or the form of that support. Fewer and smaller fellowships are being awarded, and the dollars are going out in different kinds of grants, like entrepreneurship grants, or professional development funds, or support for community projects or things like that.

Sue: Tommer, I am going to ask you to weigh in on our next question about larger shifts in strategies or direction. Can you share any examples from the GIA network about foundations that have instituted big changes in their approach?

Tommer: Several large funders have initiated shifts that coincided with the recession, and I think to some degree the recession took credit, or probably better said took the blame, for some of those shifts, which were in fact the results of planning efforts and restructuring by foundation trustees that have been under discussion for years prior.

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How about major strategy changes?

The McKnight Foundation in Minneapolis is a good example of that. They have restructured their programs across the board to be artist centered. Similarly, one of the things we are seeing is that during the time that funders' resources have been reduced—and this is perhaps the silver lining—many, after years of ample budgets, have had to start working smarter. One of the things we've seen is that both public and private funders have started collaborating together to provide services to arts organizations and artists other than direct grants of cash. In the northwest of Seattle, a group of both public and private funders has pulled together and offered a series that they call "Dynamic Adaptability," which is really professional development for nonprofits that shows them how to do their work better and more efficiently. Helicon has actually been involved in it as well.

Recently we received the results from our annual survey of our members, and one of the questions we have always asked them has been, "What of our services do you find the most valuable?" For years the top answer to that question has been, "The opportunity to network with my peers." This year we saw networking drop down and the top answer was, "Research and information," particularly information on how to work better in the recession. That indicated a clear shift in strategies.

Sue: Holly, what sort of shifts have you heard about?

Holly: I think there are some themes that are coming up louder that may be what foundations are concerned about and even are working in collaboration to advance. Capitalization, for example, has become a growing concern among funders of various kinds. The way that nonprofit cultural organizations are capitalized now is inadequate; it is not working and a lot of them are threatened by their current business models, which are no longer sustainable. They were built on premises from 20, 30 or even 50 years ago that no longer hold, whether it was that there would always be a robust mix of public and private funding and that audiences would increase at a steady rate or that there would be a wide and growing array of individual donors that would support cultural institutions. Those fundamental premises of most nonprofit arts organizations are being threatened, sometimes dramatically and sometimes gradually, and are causing the whole conversation about capitalization—what's right about capitalization, what is the right relationship between fixed and variable costs. With GIA's leadership, there has been a national conversation on those issues.

The issue of art and social justice, art and equitable funding, art and changing demographics—this is another theme that has been gaining traction and attention in the private funding world. There is a kind of working group of funders who are particularly interested in that issue and are sharing strategies and sometimes collaborating on investing in projects.

There is also a growing interest in space. The Ford Foundation has shown a lot of interest in this in recent months. It has committed substantial sums of new money to work on places that will mostly become spaces that are artist run that also provide a community development function. I think those are some of the themes that we are going to hear more about, that more attention will be paid to, and there will be some gravity around pulling people toward those particular topics.

Sue: And finally, Kelly, are public funders rethinking things?

Kelly: Oh, sure. The resource reductions are really forcing people to look at what grants can do and what they can't do. Just to piggyback on the capitalization theme, that is certainly a concern for many state arts agencies. We have seen it again and again in survey responses from constituents. People are really worried about the capital structure and the fundamental financial

structure of nonprofit cultural organizations. But I'd just like to contrast that with some stark realities about state arts agency grant making. State arts agency operating support grants to cultural institutions comprise 1.4% of those institutions' total operating budgets. How much can you influence the capitalization of those organizations with a state arts agency grant that is of such a modest size? So I think that is driving a lot of how states are bundling grants and services and other leadership roles to really position nonprofit arts organizations to adapt well to this environment and look at their budget equations. A couple of examples come to mind.

One is the Oregon Arts Commission's capacity-building initiative, where they have a bundling of operating investments, training, a website where people can come together and share resources virtually, web seminars and a whole passel of other things all geared toward educating people on capitalization, cash flow, financial management, board development, and all of these fundamental questions that the field is struggling with.

Another example and a different approach is Washington's arts participation initiative. They are helping people think innovatively and dynamically about arts participation and audience development, looking at how organizations connect with emerging communities and immigrant communities. How do they actually connect to the experience of what audiences want and expect in a digital age, where you can walk into Starbucks and get everything customized? These are the sort of questions that Washington is helping arts organizations deal with.

I also want to mention one other thing: flexible project support. We've heard from many of agencies that are moving to quarterly small-project grants, very small sudden-opportunity grants or other funding techniques that allow both applicants and the state to react quickly to changes in the environment. This is good news for applicants because they can capitalize on funding opportunities. Life doesn't organize itself on a tidy fiscal schedule, and so we are hearing constituents really appreciate the approach. It also helps state arts agencies who sometimes get budget cuts in the third or fourth quarter of the year. This approach also has some interesting implications. For instance, how much paperwork and reporting are applicants willing to do for a \$1,000 or \$2,000 sudden-opportunity award? And how does that fit into the challenge of demonstrating how we fit into a larger economic footprint in creating a lot of jobs, when small grants is the mechanism that we have? Interesting questions. I am not sure that this shows a larger philosophical shift away from general operating support. That has certainly been important to state arts agencies and the data shows that it still is. But I do think that this change in mechanism is posing some questions around accountability and what we consider impact and new ways to describe that.

Holly: Many of you may know about something called the [Fund for Artists](#), based in the San Francisco Bay area, which was a \$1 million fund put together by John Killacky of the San Francisco Foundation and Brian Sanchez of the East Bay Community Foundation. They raised a lot of money from a variety of private sources to create a fund that would give money to artists or artist-run organizations to commission new work. The catch was that every dollar given by the fund had to be matched by a donation from an individual donor. Helicon, along with Wolf Brown, was asked to assess this program and the impact it had on artists. It was an extraordinary success. Something like 200 artists benefited from the program and have gone on to get funds from individual donors that doubled or even tripled their original donation from the fund—many of whom had never given to those organizations or artists before. The point is that state arts agencies represent 1% of operating support and private foundations less than 10% of any given organization; it is individual donors that are going to make the future of these organizations and, in many cases, individual artists. So I think that there are many foundations that are trying to stimulate individual giving and help organizations attract donors of various kinds to the work they do.

Sue: We have one more topic in our roundtable segment. We have been talking about current practices, but now I'd like to shift gears and talk about future issues or opportunities you see on the horizon. So, Tommer, why don't you get us started.

Tommer: A couple of people have already mentioned capitalization, and I don't want to get too deep into it, but I would just like to say that I think it is signaling a benchmark moment in the increasing understanding and sophistication of the economics of nonprofits.



I'd like to segue into that with a quick comment. Marian Godfrey from the Puget Sound Charitable Trust, an initiator of the Cultural Data Project, once said that we have to keep in mind that the arts sector is fairly young and we could be doing the whole thing entirely wrong. Some of the assumptions on how funding will continue to occur have been based on a period of time that really only began here after the Korean War, and it has been based in a fairly quickly changing economy over that time period. This is just a reminder not to assume the status quo is always the way things will go forward.

Also, I think the topic of "right sizing" of nonprofits is something that we will be hearing more about and understanding better as we go into the future—not operating on an assumption that not every organization should continue to grow for its entire lifespan and not operating on the assumption that every organization should exist into perpetuity.

Holly: I couldn't agree more with Tommer's two points. I might just add something about the democratizing of the arts. Arts practice is never going to be limited—if it ever was—to arts institutions. With a growing interest in creative expression and a growing interest in practice and a growing interest in a population of professional amateurs, with the growing capacity of people to make their own work when and where they want and by whatever means, we are seeing a flattening of what was a very hierarchical system. And I think that this may be threatening to a lot of cultural institutions and very empowering to others.

And I think there is a corollary to that. I think we are going to see a variety of alternative models spring up. Whereas 20 years ago, maybe a young choreographer might rush into creating a 501(c)3, now their equivalent is not creating a 501(c)3 but is working in a more informal model, in a corporate situation or under the aegis of a nonprofit for period of time. It is a lot more fluid. In my opinion, the future goes to those that are nimble and not bogged down by the fixtures of the past.

Sue: Kelly, what are your thoughts?

Kelly: I couldn't concur more with what Tommer and Holly have said. I will try to pick up on a couple of different threads that are a little more angled toward the public sector. The first point is about arts education. It's going to remain very important, not only because of the audience shift that Holly mentioned and children being the consumers of tomorrow, but also because they are the future city council members and senators and school board members. So, I really don't think there is anything more strategic that state arts agencies can do than invest there. Now maybe the shape of those grants will need to be different. We may need to examine the mix of

residencies, planning money, teacher training grants and other things we haven't even imagined yet in order to see what is going to have the greatest level of impact on this very large, very complicated system with so much decentralized local decision making. Either way I think that arts education is going to stay important.

The other thing I think we'll see, though I don't know how soon, is state arts agencies looking to some other models for grant-making paradigms. State arts agencies were founded 45 years ago based on the NEA model, which also had its roots in the Ford Foundation model, adapted with some very specific public-sector pieces focused on accessibility, transparency, etc. To what extent those models will stay to paradigms? I see more state arts agencies taking a look not just at what their foundation colleagues are doing, but also at what their small business association colleagues are doing and what the social entrepreneurs in their state are doing. Those types of paradigm shifts could raise some really profound questions about what state arts agency money is for, who should it go to, what constituencies it brings into the circuit of arts advocates in our nation, and how actually state arts agencies fund and exert influence. I see a lot more experiments and conversations about that coming down the pike.

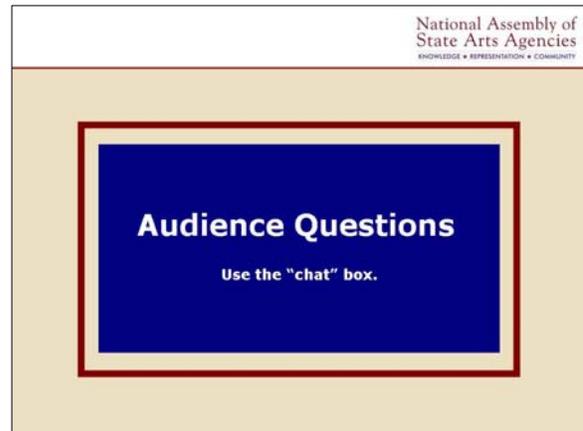
Audience Questions

Sue: Now let's turn to some other questions that have been coming in over the chat lines. We've been talking about what kinds of changes grant makers have made, but what about grantees' opinions? What kinds of assistance or changes are they asking for? Holly, maybe you could start us off with that one?

Holly: It depends on who you are talking about. We just completed some work for the Doris Duke Foundation called "Bright Spots and Hard Bargains," which identified organizations and the characteristics of those organizations that really stood out for thriving in these difficult times. One of the things that distinguished those groups was that they faced facts; they look at reality and make decisions based on that reality. For instance, many of the "bright spots" we identified had cut their budgets by as much as 30% in 2008, recognizing that we were in a deep recession and that is was going to continue for a long time. Other organizations didn't make that choice and have been in a constant budget-cutting mode since. The point is that the organizations that cut early in substantial ways were able to concentrate on their programs and other aspects of their work, whereas the folks who did not are in a constant budgeting mode.

I think the organizations that really stand out are the ones that are really engaged with their communities, the ones that don't see that involvement as secondary, but as fundamental to their practice. They tend to have long-standing commitments to their artists balanced with those to their communities. I think everybody is asking for help to do better what they do. The best of them are stealing ideas from outside the sector about how they rethink their business in what may be a long recession, but is certainly a changed world.

Sue: We have a question from the Kentucky Arts Council. Have any innovative partnerships arisen between public- and private-sector arts funders because of the recession or otherwise?



Holly: Leveraging Investments in Creativity (LINC), which is both a funding source and an intermediary, that is funded exclusively by private money, is working extensively with the Montana Arts Council and the South Carolina Arts Council on improving resources for artists.

Sue: Here's a question for Kelly. What about NEA grant trends?

Kelly: That is one bright spot on the public funding side. The NEA budget has been steadily increasing since 2001. So their total grant outlay, both direct grants to organizations and also the percentage allocated by law to states and regions, has grown, too. That's been a very stabilizing force for state arts agencies during the recession. In terms of NEA grant strategy, a big feature of the NEA's direct grant making is a new emphasis on creative "place making." In the fall, they awarded substantial grants to a bunch of communities in conjunction with the Mayors' Institute on City Design, and they have just rolled out a new "Our Town" grant category, where they plan on awarding grants anywhere from \$25,000 up to a quarter million. That will depend, of course, on available money. It's way too soon to tell how much money Congress will give to the NEA next year, for FY 2012. As some of you may know, a study group of house members released a proposal recently to eliminate a really long list of federal agencies, including the NEA. Our advocacy coalition doesn't expect that plan to survive the layers of house debate, senate debate and presidential review intact. But there are certainly going to be some leaner budget times ahead for the federal government as a whole and that may affect funding for the cultural agencies as well.

Sue: Another question has just come in. How can SAAs, while addressing operating support, also find new ways to reach out to the public who are pro-arts at practicing outside of institutions?

Holly: I'd say that we really need to get beyond the 501(c)3 model. Paul DiMaggio said that arts participation doubled the day that jazz was declared an art form. I think that we need to have a much bigger tent when talking about what are legitimate venues for arts participation and practice to define more people into the game. The research I did leading up to the creation of LINC suggests that one in five adults think of themselves as artists. They are doing something creative, making photographs, making films, knitting, doing craft work. There are a lot more people in the game than we think there are. I think part of that is that in the last 50 years we have defined ourselves by defining who is outside, and going back to Tommer's comment, we need to flip that on its head.

Tommer: Interestingly, I have noticed recently that there has been more talk about the DIY movement. It is a case where all of a sudden language is being put out that includes people who have workshops or knit who are finding themselves part of a movement that they didn't know they belonged to. To some degree it is the use of the language to intentionally create that exclusivity.

Sue: Well, thank you all for joining us. I especially want to thank Holly, Tommer and Kelly for joining us in today's roundtable. NASAA really appreciates your sharing your insights with everyone today.

