



Arts and Culture
A Revised Grant Strategy

December 2005

I. INTRODUCTION

The arts are essential to New York City's quality of life and economic vitality.

- Cultural attractions rank first as the reason visitors come to New York City.
- The City's commercial and nonprofit arts sectors generate more than 300,000 jobs and contribute \$15 billion a year in personal income, sales, and corporate taxes.
- Artists come here from all over the world and the country to develop their craft.
- Nonprofit cultural programs are an important component, attended by 25.6 million people in 2004.

This presentation deals with nonprofit arts and will review:

- The state of nonprofit arts and culture in New York City;
- Public and private funding; and
- Our current guidelines and ten years of grantmaking.

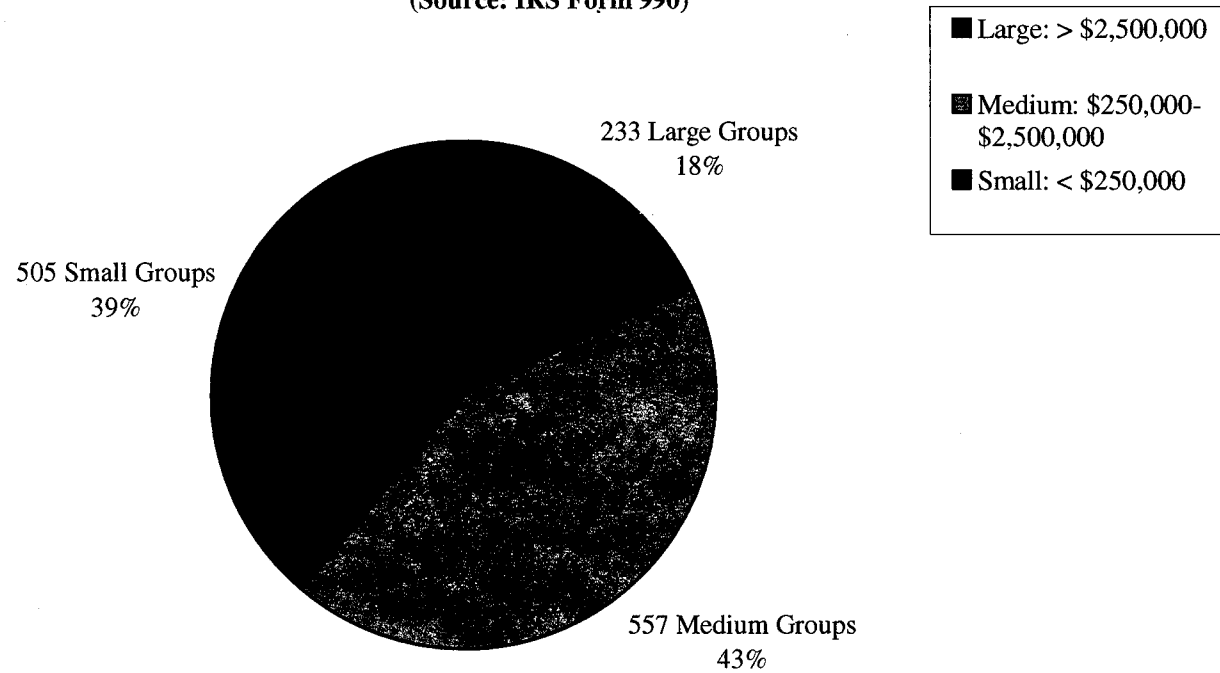
We will then propose a modestly revised grantmaking strategy for arts and culture.

II. OVERVIEW OF NONPROFIT ARTS AND CULTURE IN NEW YORK CITY

There are more than 1,200 nonprofit arts and culture groups in New York City, not including volunteer-run and very small organizations with budgets under \$25,000.

CHART 1: NYC Arts and Culture Nonprofits by Budget Size (Total = 1,295)

(Source: IRS Form 990)



Large institutions, including the Metropolitan Museum of Art, Lincoln Center, and Brooklyn Academy of Music, attract audiences from around the world.

- They have greater access to individual contributors and earned income (e.g., higher ticket prices, gift shop sales).
- These institutions were most affected by the rise in security and insurance costs, after 9/11.

The major audiences for the mid-sized groups (e.g., Drawing Center, Bronx Arts Ensemble, Staten Island Institute of Arts & Sciences), which provide their communities with quality cultural programs are New York residents.

- Their challenge is to increase revenue without raising ticket prices.
- Squeezed by higher expenses and overly dependent on decreased public funds, these groups are trying to increase membership and audiences.

Many small groups (e.g., Urban Word, Ma Yi Theater, Arthur Aviles Typical Theatre) are intensely tied to their communities and frequently reach audiences not served by larger, traditional arts groups.

- These groups produce some of the most exciting and innovative work in the City.
- Although they are pressed for funds, because of limited overhead and small staffs, they can adapt more easily to funding fluctuations and can take advantage of their flexibility with appropriate training.

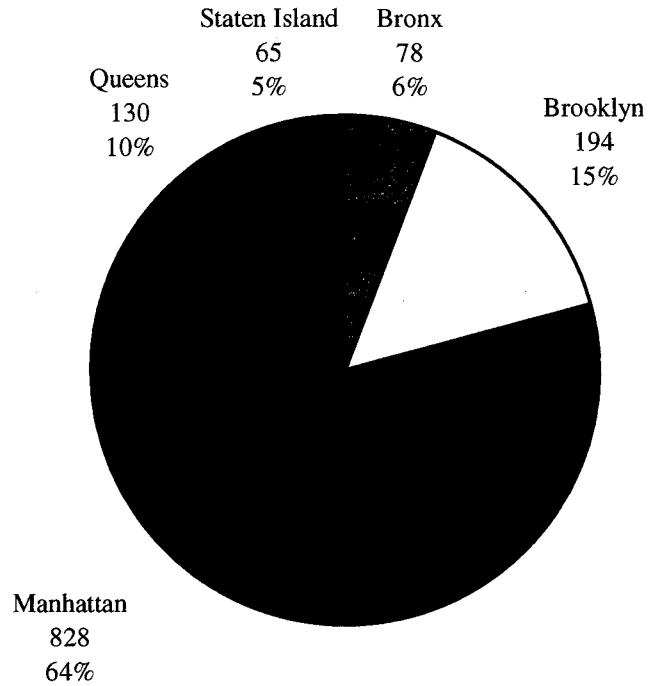
Service organizations, umbrella groups, and presenters are key components of New York City's arts scene.

- There are publicly funded arts councils in every borough that:
 - Regrant money and give marketing, fundraising, and technology help, especially to small groups;
 - Provide shared facilities (e.g., conference rooms, mail room, Internet access, copy and fax services); and
 - Are attracting greater government support.
- There are also discipline-focused organizations (e.g., Dance /NYC, Alliance of Resident Theatres/NYC).
 - Their assistance to arts groups is tailored to needs in the field.
 - National organizations are opening offices in the City to deal specifically with groups here.
- Presenting organizations produce and show the work of many performing arts companies (e.g., Dance Theater Workshop, Aaron Davis Hall, Queens Theatre in the Park). They are:
 - The major avenue for small performing arts groups to show their work to the public; and
 - Catalysts for the revitalization of some communities.

Most nonprofit arts groups are located in Manhattan.

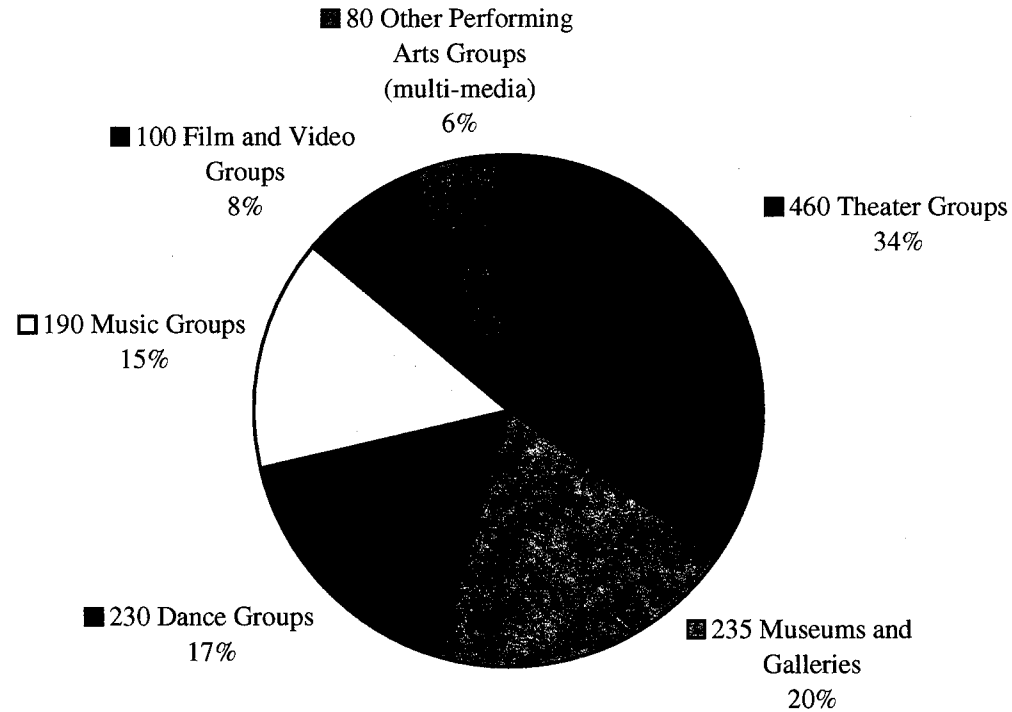
- But arts groups increasingly have relocated to or sprung up in all of the boroughs.
- These arts groups have been key forces in reviving neighborhoods across the City (e.g., DUMBO, Red Hook, Williamsburg, and Fort Greene in Brooklyn; Astoria, Jackson Heights, and Jamaica in Queens; and the South Bronx).

CHART 2: Arts and Culture Organizations by Borough (Total = 1,295)



Theater groups and museums/galleries account for more than half of the arts organizations.

CHART 3: NYC Nonprofit Arts Organizations by Discipline (Total = 1,295)
(Source: NYC Department of Cultural Affairs, 2005)



The next several pages summarize key characteristics as well as issues and trends specific to each of the major arts disciplines.

Theater

Nonprofit theater is a \$140 million industry in the City.

- Some off-off Broadway theaters have moved to off-Broadway and have become established organizations.
- Audiences are growing in communities and across age and ethnic divides.
- Ethnic-specific theaters (e.g., New Federal Theatre, Negro Ensemble Company, Puerto Rican Traveling Theatre, INTAR), founded in the late 1960s and 70s, present the works of nonwhite writers and artists.
- While almost all live theater continues to be in Manhattan, presenting organizations in the other boroughs offer theater productions that attract local patrons.

However, theater groups are in a period of economic uncertainty.

- Fewer people purchase subscriptions or buy tickets in advance, making it hard to predict income. As a result, off-Broadway productions are taking less risk by producing more market and star-driven theater.
- In the 1970s and 80s, nonprofit theater received most of its support from the National Endowment for the Arts, New York State Council on the Arts, and major national foundations, such as Ford and Rockefeller. That support has ended and theaters spend more time and resources raising money from many more sources.
- During the 1990s, the mid-sized theaters were able to raise average ticket prices from \$25 to \$50, but after the recession and reduced attendance following 9/11, these theaters have been unable to compete with discounted Broadway tickets.
- Ethnic-specific theaters have had difficulty weathering changes in the funding environment.

Visual Arts

The state of visual arts in New York City is vibrant.

- Some of the world's most significant museums are located in Manhattan, such as the Metropolitan Museum of Art, the Guggenheim, MoMA, and the Whitney.
- New museums have opened in Manhattan—Neue Galerie, Ruben Museum of Tibetan Art, Dahesh Museum.
- MoMA has just completed a major capital expansion and plans are underway to renovate and expand the Whitney, the New Museum, and El Museo del Barrio.
- The gallery scene in Manhattan is primarily commercial, particularly with recent developments in Chelsea.

The visual arts community, which in the past was concentrated in Manhattan, has become more decentralized.

- The Brooklyn Museum of Art unveiled a new \$63 million front entrance and public plaza in 2004, and the Queens Museum is set to begin a major capital project.
- Outer borough museums face the challenge of attracting and serving diverse constituencies and connecting to their communities.
- Fifty-five percent of smaller and outer borough visual arts institutions had deficits last year, and the boards of these institutions cannot contribute enough to replace funding.
- Exciting nonprofit galleries are opening in Williamsburg, Brooklyn, and Long Island City.

Dance

New York City continues to be a dance center of the world.

- Large dance organizations, such as New York City Ballet, Mark Morris, and Alvin Ailey, constitute 11 percent of the field, receive 77 percent of the funding, and are likely to have centrally located rehearsal space and funding to pay dancers for rehearsals and offer health insurance.
- But most dance organizations have small budgets (\$250,000 or less) and are supported largely through nonprofit re-grant programs (e.g., Dance/USA, Danspace Project, Dance Theater Workshop).
- Vibrant new dance groups and studio spaces are opening in the outer boroughs—Bushwick, Greenpoint, Red Hook, and Fort Greene in Brooklyn; Astoria in Queens; and Hunts Point in the Bronx.

Dance is the most underfunded of the performing arts.

- The 1996-97 loss of National Endowment for the Arts' funding for touring particularly hurt the dance field. In addition, dance presenters around the country have cut back programming and frequently feature only well-known artists and companies.
- Newer companies are less likely to have their own space, attract sufficient financial support, and receive very little press coverage.

Music

The quality and range of music available to the public is superb.

- New York City is renowned for such musical institutions as the New York Philharmonic, the Metropolitan Opera, and Carnegie Hall.
- Most classical and traditional music is produced non-commercially.
- The nonprofit music sector depends on the success of presenting organizations (theaters, concert halls, festivals).
- Interdisciplinary presentations that include poetry, dance, and media have increased audiences for some groups.
- New immigrant communities are bringing lively music and an influx of musicians to the City.

Traditional white audiences, particularly for classical music, are aging.

- Music groups need to appeal to a broader group of patrons.
- Exciting new music ventures such as Jazz at Lincoln Center and the Latino music series at BAM are attracting younger and ethnically mixed audiences.

Film and Video

Film, video, and new technologies are affecting all art forms.

- Museums and galleries regularly include film, video, and computer art in their exhibits.
- Performing arts, particularly dance and theater, frequently integrate film and video into their productions.
- Youth media organizations are inspiring young people in a myriad of ways (video, radio, Web site, television).

Comparatively few nonprofits are dedicated to producing films and videos.

- Most films and videos are created by individuals.
- Nonprofit groups in this field generally are involved in training young people.

Arts Programs for Children and Youth

New York's varied and exceptional arts institutions are a wonderful resource for young people.

Most of the City's cultural organizations conduct music, visual art, theater, and dance programs in the public schools.

- Cultural leaders have been an important force in working to restore arts in the schools.
- In the past eight years, progress has been made in re-establishing arts in the schools, particularly through partnerships between arts groups and individual schools.
- Some public schools have successfully used the arts to improve academic performance.

Many children still do not have the chance to participate in school arts programs.

- There are not enough arts teachers in the schools: approximately 160 schools are without a single full-time arts teacher of any kind.
- Pressure to raise reading and math scores results in elimination or de-emphasis of the arts in some schools.
- Most school-based partnerships are located in Manhattan.
- Many partnerships do not survive beyond their initial round of funding.

Non-school arts programs offered by community schools of the arts, other cultural organizations, and youth development groups often serve as introductory arts and culture experiences for young people and their families.

- There are 22 community schools of the arts, most of them music schools (e.g., Third Street Music School, Turtle Bay Music School, Lucy Moses School of Music and Dance), but almost all are in Manhattan.
- There are five major museums for children (e.g., The Brooklyn Children's Museum, the New York Hall of Science in Queens).
- Arts organizations in all fields (e.g., the International Center of Photography, Ballet Hispanico) provide pre-professional training and exposure to the arts.
- The number of youth media groups is growing.

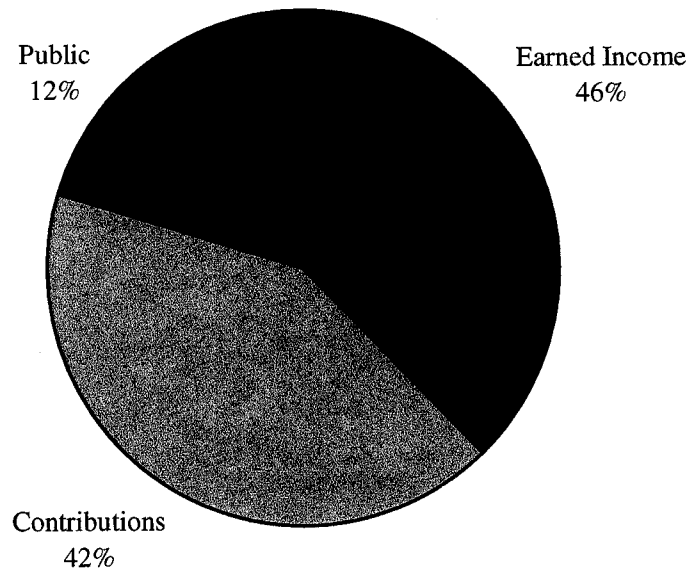
There is increasing demand for arts activities in community youth programs, but little funding.

- During the past decade, public funding for youth programs has dropped 20 percent.
- Arts activities often are not eligible for grants from either arts or youth development funders.

III. FUNDING FOR NEW YORK CITY NONPROFIT ARTS GROUPS

Nonprofit arts groups are supported by a combination of sources: earned income; contributions (foundations, individuals, and corporations); and public grants (City, State, and Federal).

CHART 4: Funding for NYC Nonprofit Arts Groups (2004)

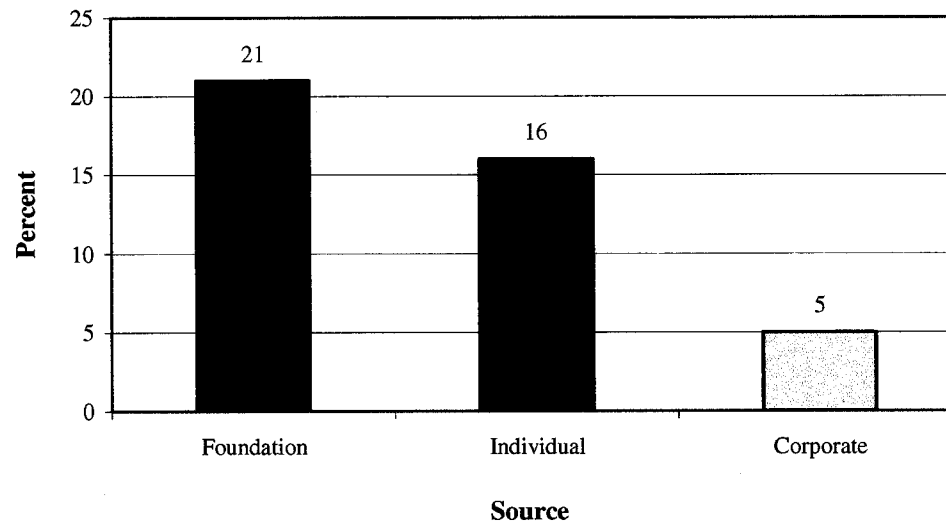


Earned income (from tickets, shop sales, and space rental) increased from 34 percent to 46 percent in the past decade, but is leveling off.

- Large Manhattan institutions (e.g., Metropolitan Museum of Art) generate more earned income than outer borough (e.g., Bronx Museum of Art) and smaller arts organizations.
- Performing arts organizations typically earn larger proportions of their income than visual arts organizations.
- In the two years following 9/11, earned income went down due to a decrease in tourism; large Manhattan institutions suffered the biggest losses.

Contributions from private sources (foundations, individuals, corporations) grew modestly over the past ten years.

**CHART 5: Contributions as a Percent of Total Funding for NYC
Nonprofit Arts Groups (2004)**



More than 120 national and local foundations and corporations support the arts in New York City.

- Most foundations support large arts groups.
- Major foundation contributors are the Andrew W. Mellon Foundation (\$11 million), the Shubert Foundation (\$6 million for theater and dance), Doris Duke Charitable Foundation (\$5 million for theater and dance), Rockefeller Foundation (\$3 million), and JPMorganChase (\$3 million, excluding sponsorships).
- Foundation guidelines have become more restrictive. Increasingly, guidelines disallow general support, focus on particular disciplines, and emphasize collaborations between arts organizations and education, community, and youth groups.

Individual giving has remained constant at 14 to 16 percent of the cultural sector's total income.

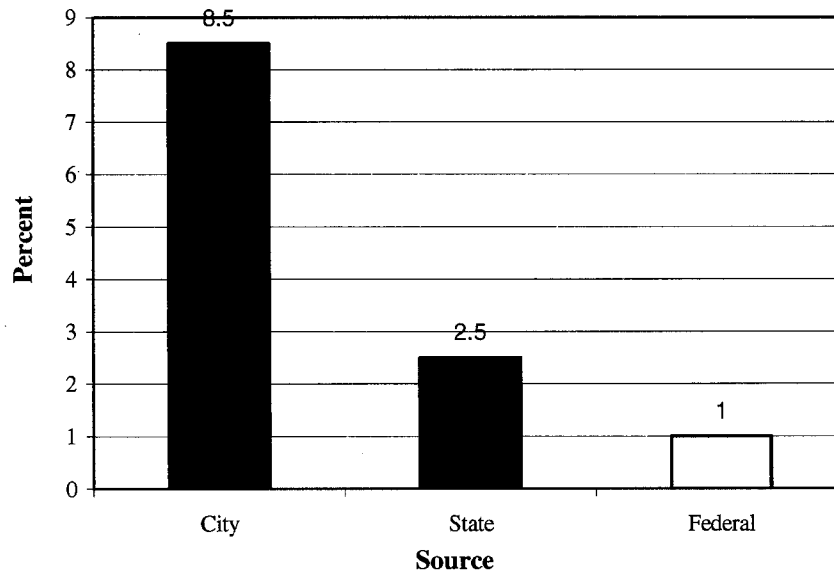
- Increasingly, board members and individual donors seek to influence artistic decisions as the price of their support.
- Most individual gifts go primarily to large and small arts groups, and mid-sized groups are left out.

Corporate giving to the arts dropped from 9 percent in 1999 to approximately 5 percent of total support in 2004.

- There is little expectation that this will increase any time soon.
- Corporate funding now is typically tied to marketing goals.

Public funding is a mix of City, State, and Federal money.

CHART 6: Public Funding as a Percent of Total Funding for NYC Nonprofit Arts Groups (Source: Alliance for the Arts, 2004)



Most public money comes from the New York City Department of Cultural Affairs (DCA).

- The largest share of DCA's funding supports 34 institutions housed in City-owned buildings or on City-owned land, called the Cultural Institutions Group/CIG). The CIGs receive significant capital and operating support from the City.
- Another 600 arts organizations receive a small amount of program funding from DCA.
- Seventy-two percent of cultural groups receive no City money.
- DCA's FY 2006 budget (beginning July 2005) is \$131.6 million (including \$109.7 million for CIGs and \$21.9 million for other programs), an increase of \$9.5 million over the 2005 budget.

State funding (from the New York State Council on the Arts and legislative grants) reaches a larger number of arts organizations than either Federal or City funding, but is not significant.

- New York State Council on the Arts funding now totals 2.5 percent of total cultural sector income, down from 3.5 percent in 1995.
- Legislative grants are unreliable and there is increased competition from social service organizations.

Federal funding no longer provides any meaningful support.

- Congressional attacks on public support for arts in the mid-90s resulted in a 50 percent slash in funds for the National Endowment for the Arts.
- The National Endowment for the Arts eliminated programs for specific art disciplines and no longer provides grants for general operating support or to individual artists.

In summary, during the past decade, arts organizations have adjusted to meet changes in funding patterns that have followed national and local economic trends.

- In the prosperous 1990s, funding from all sources increased, followed by a downturn after 9/11.
- Market upswings have resulted in modest increases in foundation support and individual donations.
- Public funding for the arts, however, has steadily declined.
- Corporate funding has diminished and increasingly is tied to marketing budgets.
- Pressure to raise earned income and attract individual contributors has increased commercialization.

IV. ISSUES AND TRENDS

New York City's cultural organizations need to adapt to meet the needs of the City's changing population.

- Traditional white audiences, particularly for classical music and live theater, are aging.
- Immigrants and their families are the largest potential source for new audiences.

The diverse artistic traditions of immigrants are changing the arts scene.

- These individuals bring new art forms to the City.
- Exciting ethnic arts organizations are being created in immigrant communities.

There is increased competition for audiences from new, easily accessible leisure activities (e.g., Internet, DVDs, satellite TV).

- These pastimes particularly appeal to youth.
- A number of traditional art disciplines are incorporating interesting new technologies to expand the audience base.

Mid-sized groups are most pressured by increased expenses and difficulties in raising funds.

- These organizations lack the individual support of the City's cultural giants, but are too big to operate on a shoestring.
- They have been particularly hard hit by government cuts.

Institutions located outside Manhattan are at a disadvantage.

- They are less able to attract private money.
- They have difficulty attracting media attention and audiences.

Smaller groups play a vital role in the City's artistic scene.

- Many are ethnic.
- They feed productions, exhibitions, and talent to larger groups.
- With relatively low admission prices they make art accessible to residents at all income levels.
- But they operate on shoestring budgets and share problems of limited access to technology, fewer and less experienced staff, scarce funding, and inadequate or no space to develop work.

Advances in information technology can help arts groups manage operations and finances, research and keep track of donors, and promote productions to the public.

- But sophisticated technology is expensive.
- Mid-sized and small arts groups lag in adopting technologically advanced systems.

Arts are being restored to New York City's public schools, but many children still don't have arts programs.

- High-stakes testing is a constant pull from arts education. "Teaching to the test" has resulted in the elimination of arts courses.
- Many schools lack art teachers, and because art has been absent for more than 20 years, most classroom teachers do not know how to use art in the curriculum.
- Cultural groups have kept the arts alive, primarily working on a school-by-school basis.
- Cultural groups are taking a more systemic approach and coordinating with the Department of Education to integrate art into the curriculum and demonstrate the potential for art to improve academic performance.

There are a number of simultaneous major capital campaigns going on.

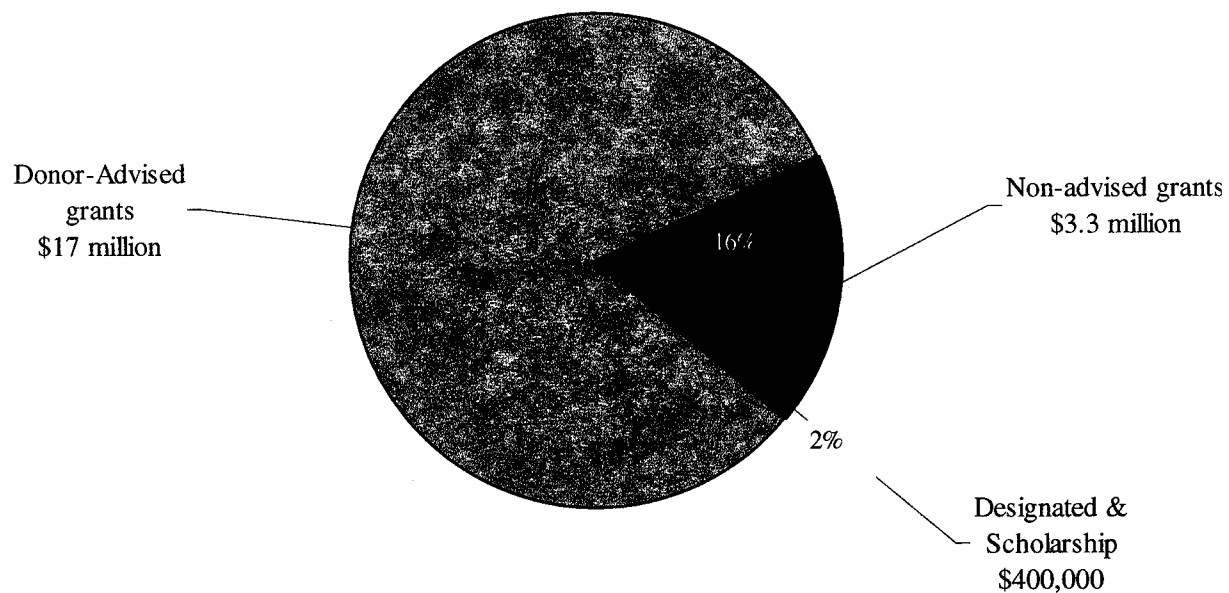
- These include Lincoln Center, Dia Art Foundation in Chelsea, Theatre for a New Audience, Bill T. Jones/Arnie Zane Dance Company, Ballet Hispanico, The Pearl Theater, Dixon Place, Museum of Arts and Design, and Brooklyn Academy of Music.
- Competition means less money for everyone.

V. REVIEW OF ARTS AND CULTURE GRANTMAKING

In 2004, total Trust spending in New York City for arts and culture was \$20.7 million.

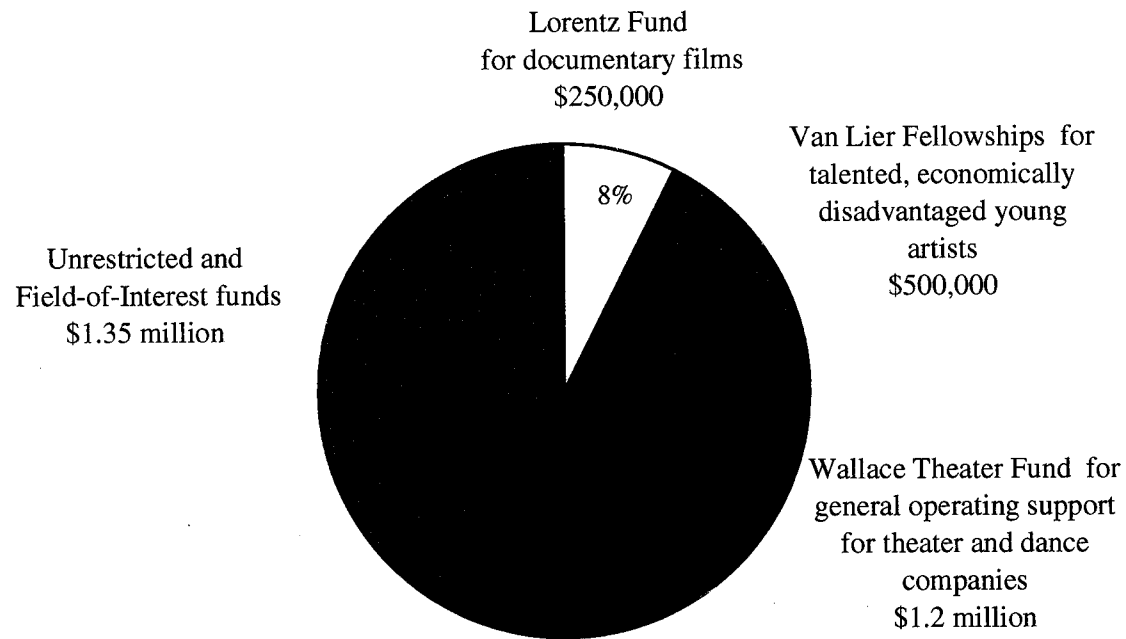
- For the most part, donor-advised grants provided general operating support to mainstream institutions located in Manhattan (e.g., the Metropolitan Museum of Art, Carnegie Hall, the New York Philharmonic).
- The non-advised program focused on mid-sized and smaller groups and those located outside Manhattan.
- Because The Trust received such a high volume of arts proposals, grants tended to be smaller; the average grant was \$32,000 compared to \$50,000 overall.
- There were more small grants (\$10,000 and under) than in other Trust program areas.

CHART 7: Total Trust Spending for Arts and Culture



Our current non-advised arts and culture budget is \$3.3 million.

CHART 8: 2005 Non-Advised Budget for Arts and Culture



VI. THE TRUST'S CURRENT NON-ADVISED ARTS AND CULTURE GRANT PROGRAM

The current objectives of The Trust's arts and culture program are to:

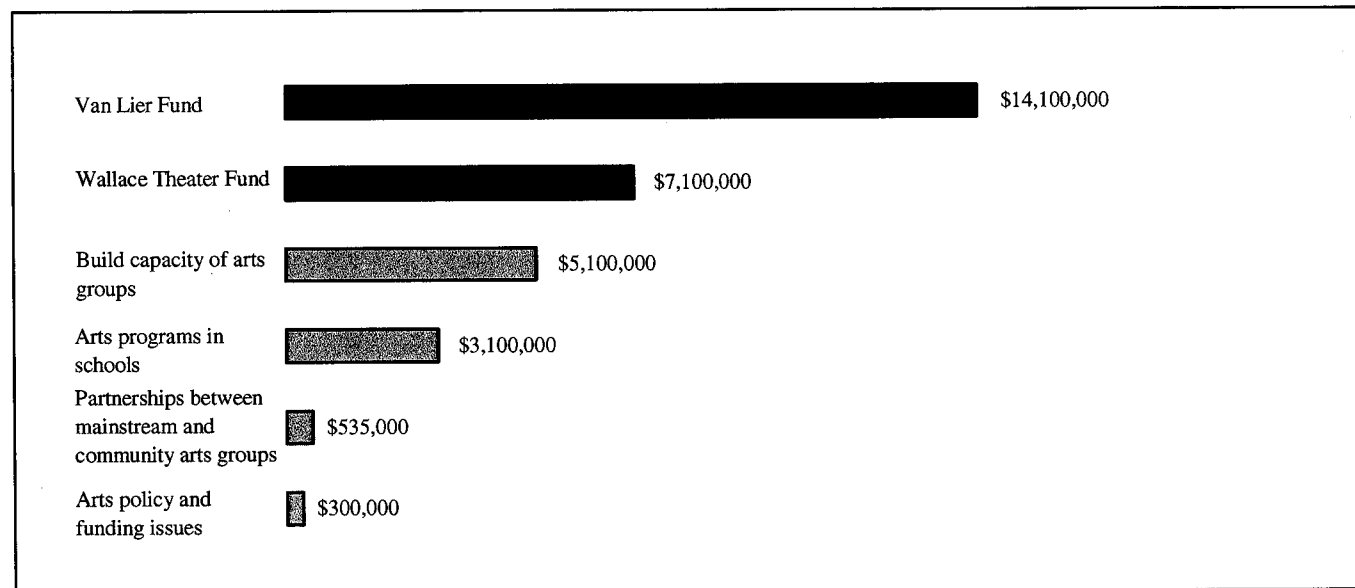
- Build the financial and managerial capacity of ethnic, minority, and community groups;
- Promote partnerships between mainstream and community groups;
- Support the professional development of minority and disadvantaged young people at the pre- and post-college stages;
- Increase the availability of arts programs to underserved children in the schools; and
- Address arts policy and funding issues.

We have not:

- Supported groups with budgets under \$100,000;
- Made grants for particular presentations, such as plays, exhibits, films/videos, and festivals; or
- Funded more than one arts project at a time from any one group.

Over the last ten years, we have spent more than \$37 million supporting arts groups in all disciplines.

CHART 9: The New York Community Trust Arts and Culture grants by activity, 1994 - 2004



Specifically, our grants and convening activities have:

- Created and expanded fellowship programs for talented young minority and low-income artists.
- Played a pivotal role in establishing the Center for Arts Education, which has awarded \$30 million to partnerships between 132 schools and 166 arts groups to create exemplary arts programs.
- Provided quality arts education programs to young people living in the City's poor communities.
- Built the management competency of arts groups in all disciplines, particularly community and ethnic groups located outside Manhattan.
- Helped umbrella organizations and arts councils assist and strengthen small arts groups.
- Supported small and mid-sized theaters and dance companies through the Wallace Theater Fund.
- Combined arts funding with other Trust program areas to expand opportunities for seniors, youth, and the disabled, and to promote economic development in poor communities.
- Made advocacy grants, helping artists with AIDS and restoring arts education.

We have learned that:

- Small, one-year grants of \$10,000 or less are not enough to get arts education programs in schools off the ground.
- Partnerships between mainstream and community organizations are problematic because:
 - These partnerships, often formed to increase participation of minority and ethnic audiences, are usually short-lived and developed at the behest of funders; and
 - Competition for grants weakens the relationship between partners.

VII. KEY FINDINGS AND CONCLUSIONS

- Mid-sized groups are most threatened by rising recurring costs and limited entree to new sources of income.
 - **They must become more sophisticated about financial management to stabilize their core operations and develop sustainable funding, including improved efforts to cultivate individual gifts.**
- Many of the City's cultural jewels are located outside Manhattan.
 - **It is imperative that outer borough groups increase their visibility and diversify their funding.**
- Small groups are important, but there are too many for us to fund.
 - **Umbrella groups can provide critical technical assistance and support services.**
- One-shot partnerships between mainstream and grassroots groups have not led to sustained arts and culture programs.
 - **These short-term collaborations are time-consuming and have not produced the desired results.**
- The City's changing demographics have altered the arts scene.
 - **Artists from other countries need avenues for publicizing and supporting their creative work.**
 - **Cultural groups need to attract new audiences by developing programs that have broad appeal rather than short-term projects targeted to one ethnic group.**
- Some schools still have inadequate arts programs, especially those located outside of Manhattan.
 - **Cultural groups working in these schools need more support.**
 - **Advocacy is needed to emphasize the importance of arts education.**

VIII. REVISED ARTS AND CULTURE STRATEGY

We will continue to provide support for quality arts programs in all the disciplines. However, given these findings and a limited grants budget, we propose an amended strategy. We will:

- 1. Help arts organizations attract broader audiences and provide opportunities for artists from diverse backgrounds.**
- 2. Build the capacity of small and mid-sized arts groups.**
 - Priority will be given to non-Manhattan and ethnic groups.
 - Mid-sized groups (annual budgets of \$250,000 to \$2 million) will receive grants for such activities as marketing, audience outreach, earned income, and strengthening donor support.
 - Arts service and umbrella organizations will get grants to help small groups.
- 3. Help cultural groups integrate arts into the curriculum of public schools, especially those working outside of Manhattan and beginning arts programs in schools.**
 - Grants generally will be for a two-year period.
 - Priority will be given to programs that include professional development and evaluation.
- 4. Advance arts advocacy on critical policy and funding issues.**

Grants will continue to be made from the Lila Acheson Wallace Theater Fund to provide operating support to small and mid-sized dance and theater companies and the Van Lier Fellowship Fund to support the professional development of minority and disadvantaged young artists at the pre- and post-college levels.

This modestly revised strategy:

- Eliminates grants for one-time partnerships between mainstream and community arts groups;
- Raises the minimum budget for groups that receive grants from \$100,000 to \$250,000; and
- Extends the grant period for new arts education programs.

As before, we will not:

- Make grants for particular presentations, such as plays, exhibits, films/videos, and festivals; or
- Fund more than one project at a time from any organization.