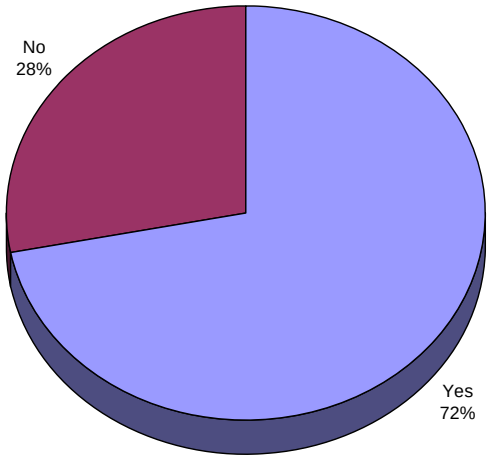
The Challenges Facing Rhode Island Arts Organizations During Difficult Economic Times

The state and national economy is in distress, and those troubles are beginning to affect the Rhode Island arts community in significant ways.

The Rhode Island State Council on the Arts (RISCA) asked arts organizations throughout the state whether the weak economy was having an influence on fund-raising and ticket sales, and how they were dealing with these issues. We received responses from over thirty arts organizations.

Fund-Raising: are you seeing a downturn in contributions?



In response to the question "Are you seeing a downturn in contributions to your organization?" an alarming 72% said yes.

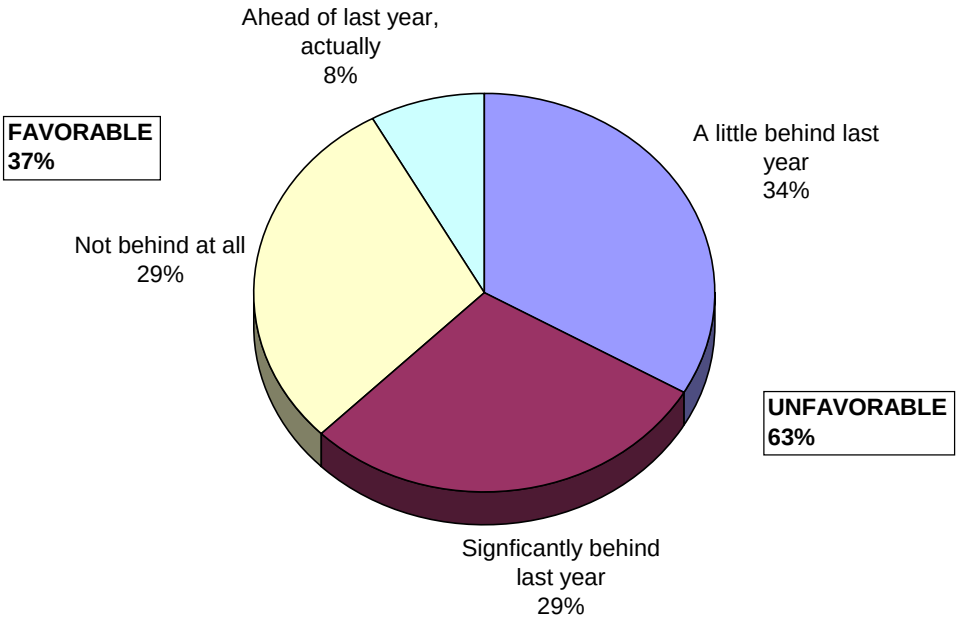
The picture is even more distressing when you look at just small and medium size arts organizations (those with budgets under $1 million). Eighty-nine percent (89%) of those small and medium size organizations report seeing a downturn in contributions.

On the positive side, the majority of arts organizations (65%) report that donors were not asking for more time to fulfill pledges, and a large percentage (80%) say that donors were not reneging on pledges.

Several organizations remarked that program advertising revenue was down, and businesses are telling arts organizations that they are not in a position to advertise this year. And, since it is early in the "season" (the typical arts season runs from the fall through early summer) some organizations were just starting

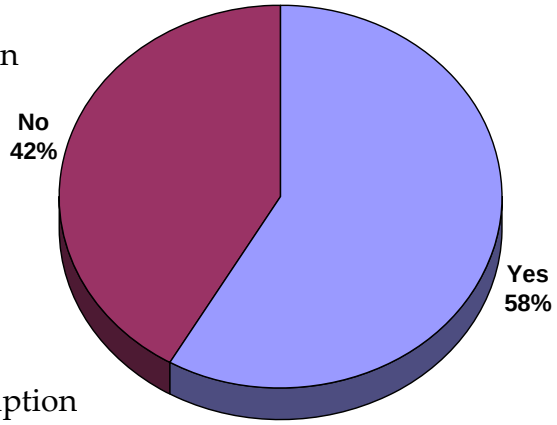
up their annual appeal to coincide with the start of their performance or exhibition season.

When we asked "**How far behind last year's contributions are you at this point in your season?**", here's what we heard:



As reported above, the small and medium size arts organizations paint a gloomier picture of their fund-raising problems. *Ninety-three percent* (93%) of small and medium size arts organizations report that they are either a little behind or significantly behind when compared to last year's contributions.

Ticket Sales: Are you seeing a downturn in ticket sales for your events?

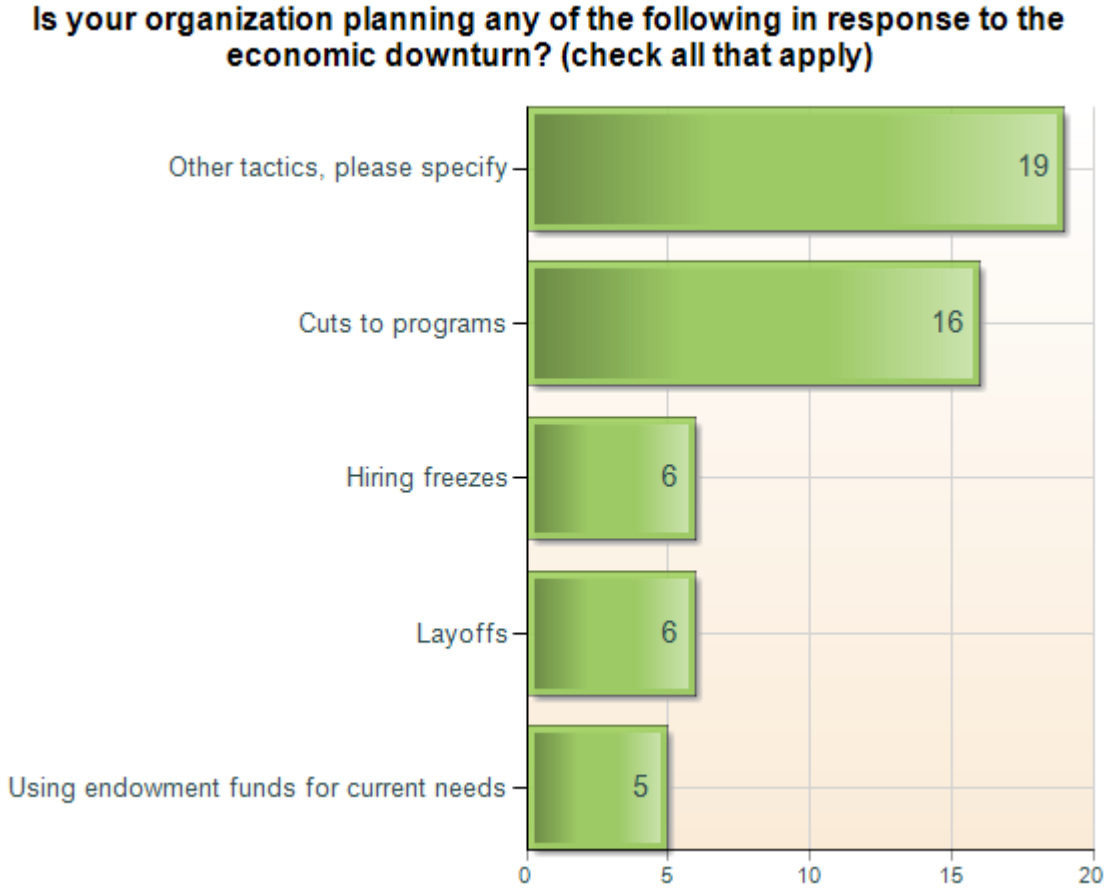


Again, it is early in the performance and exhibition season. Even so, 58% of arts organizations responding indicate that they are seeing a downturn in ticket sales for their events.

There is an increasing trend toward single ticket instead of season ticket purchases. One organization reported that smaller package subscriptions are up, and they are the *only* subscription type that is ahead of last year. Single tickets are selling at a lower average price, which means that some price resistance is affecting sales.

Plans to "Weather the Storm"

We asked our arts organizations what, if anything, they were planning to do in response to the economic downturn. The most significant single response (57%) was to cut programs. Several organizations are looking at hiring freezes or layoffs, and a few are considering using endowment funds to address current needs.



Under "other tactics," arts organizations listed some of the following: cutting ticket prices and fees and hoping for more volume; relaxing the timeline for capital and fund-raising campaigns; making emergency calls to loyal friends and supporters asking for additional help; rethinking the whole concept of subscription tickets and looking at other ticket selling/audience development strategies; rethinking their core business model; and, in the case of at least one organization, living off the profits from last year.

What RISCA can do to help?

We asked the arts organizations what the State Arts Council could do to help get them through these difficult times. They had several suggestions, including:

- Work with the community as a convener to develop strategies to "weather this storm."
- Making the case for support of the arts during times of trouble – it's tough but worthy and appreciated.
- Help with marketing and securing more substantial RISCA grants and other grants.
- Develop a p.r. campaign aimed at telling the general public how cool art is and what a relief it is to go to arts when you're feeling blue.
- We need to concentrate on our economic development arguments.
- Play a stronger part in working with local government agencies to emphasize the role of the arts in the quality of life in a community.
- Encourage potential sponsors such as banks and corporations to support smaller [visual arts] organizations and those outside of Providence. Coordinate the message of the arts to private funders to help particularly the smaller organizations be more effective in their fund-raising. Perhaps serve as a matchmaker?
- Consider subsidizing ticket prices to families that bring children to an arts event? We need help in making tickets free or low cost to audiences.

Conclusions

It is clear that the arts community is being affected in significant ways by the economic downturn in our state and nation. And since the arts contribute over a quarter of a billion dollars to the Rhode Island economy, this is of concern to everyone.

Non-profit organizations depend on the income they receive from ticket sales and the support of public and private funders. When funders reduce or redirect their support even slightly, and when people spend less than they once did to go out to an arts event, these changes can be devastating. A small or medium size arts organization doesn't have much of a cushion to fall back on during difficult times.

So what does an arts organization do? With less money coming in they are hard pressed to continue "business as usual." That means cutting back on programs, laying off staff or even questioning the models that have gotten them through the past several years of admittedly difficult but less challenging economic times. In order to get more people in the door – thinking that increased volume will help fix the bottom line – they cut ticket prices, offer "two for one" discounts or more "pay what you will" performances. These are not working as well as they once did, and income is not rising to meet expenses.

As one respondent said, "I fear a great many RI cultural organizations are in jeopardy and may not exist at this time next year." This is a problem facing individual organizations, but the situation calls for a community-wide response.

The Rhode Island State Council on the Arts, along with several community partners, is involved in a year-long strategic planning process. That process will uncover a great deal of information as it attempts to suggest some focus on our efforts and the efforts of others during difficult economic times.

One such focus is how we can, collectively, ensure the health and stability of the Rhode Island arts community. The problems of arts organizations are different, but there are common themes: diversifying and expanding audiences, developing new means of earned and contributed income, strengthening arts organizations and their ability to obtain and manage resources efficiently and effectively.

Also, keep in mind that we have not begun to explore the issues facing the individual artist community, which is even more subject to the challenges of a bad economy. Any solutions we propose as a community must include their voices and address their needs.

Something must be done. Some of the suggestions we have gathered suggest value in collective action: convening to discuss and strategize; communicating the value and need of the arts in Rhode Island so that it is better understood by our business community and by our citizens. These are issues that the Arts Council will can play a role in, as a convener and supporter of the arts. The issues should be explored as part of our current planning process, but we must also recognize that some action may need to be taken before the planning process has reached its conclusion.