

# ARTS AND THE RECESSION:

THE ECONOMIC RECESSION'S IMPACT ON CULTURAL ORGANIZATIONS IN WASHINGTON STATE



## BACKGROUND

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In June of 2009 the Washington State Arts Commission (with Helicon Collaborative) and ArtsFund conducted studies which together measured the effects of the recession on cultural organizations across the entire state.

These new studies complement and extend similar studies of cultural groups in the Puget Sound region by Helicon Collaborative (February 2009) and ArtsFund (December 2008).

## TODAY'S AGENDA

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- Review Highlights of WSAC report
- Review Highlights of ArtsFund report
- Q & A
- Discussion

## WEBINAR

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- Mute your phone during the presentation
- Send questions using the psst feature
- Find this presentation (PDF) at:  
[www.arts.wa.gov/projects/economic-survey.shtml](http://www.arts.wa.gov/projects/economic-survey.shtml) or at  
[www.artsfund.org/News-And-Media/ArtsFund-News.aspx](http://www.artsfund.org/News-And-Media/ArtsFund-News.aspx)

# WASHINGTON STATE ARTS COMMISSION – REPORT

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Purpose: To assess the recession's impact on cultural organizations in Washington state

Methodology:

- Online survey of 195 WSAC grantees outside the Puget Sound region
- Phone interviews with leaders of 11 cultural organizations
- Researchers' synthesis and recommendations

## SUMMARY OF WSAC FINDINGS

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- Recession shows **pre-existing strengths and weaknesses**.
- **Adaptability and leadership** distinguish organizations who are navigating successfully.
- Most organizations saw **declines in income** last year and expect further declines in the future, some more than 30%.
- **Attendance, not ticket income**, will stay steady.
- **Technology** helps save costs and realize efficiencies.
- **Boards and core constituents** are stepping up.
- **Collaborations** and networking are valuable but limited.
- Cuts to **programming and staff** are likely in next 2 years.

## WHAT'S NEW?

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- Financial impacts are now more severe.
- Attendance may rise but ticket sales will drop.
- Fewer organizations are in denial about the impacts of the recession.
- More arts leaders see need for adaptive thinking.

## COMPARING THE FINDINGS

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- The recession's impact deepened during 2009.
- **WSAC** surveyed mostly small organizations with fewer than 5 employees across the state. 57% self-identify as local arts agencies. 83% have no more than 5 staff.
- **ArtsFund** surveyed mostly large organizations in and around the Puget Sound Area.

## REVENUE

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- 66% saw declines in one or more income categories
- Corporate and individual giving declined the most
- Most expect declines in individual, government and/or foundation giving
- 40% expect declines in ticket sales, memberships and/or subscriptions
- Individual donors are responding – can this last?

## EXPENSES

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- One-third reduced expenses last year
  - ❖ 25% cut staff last year
  - ❖ Administrative staff were the most likely to be cut
- 80% expect to cut spending
  - ❖ Scale back programs
  - ❖ Cost sharing
  - ❖ Volunteers and in-kind contributions
- Half expect to reduce staffing

## ENGAGEMENT AND PARTICIPATION

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- 41% had more volunteer activity
- Ticket sales down, though 40% saw increased attendance
- 50% saw increased local attendance
- 40% expect non-local attendance to increase
- Some pursuing “safe bets” and cost-effective programming
- 4% will reduce arts education efforts

## BOARD

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- Boards are stepping up
- “Constant open communication”
- Increase flexibility, responsiveness and effectiveness
- Long-term policy discussions

## WHAT FUNDERS CAN DO (BESIDES MONEY)

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- Responsive and simplified grants
- Connect with national programs and models
- Provide expertise as board members
- Advocate for the arts

## THINKING AHEAD

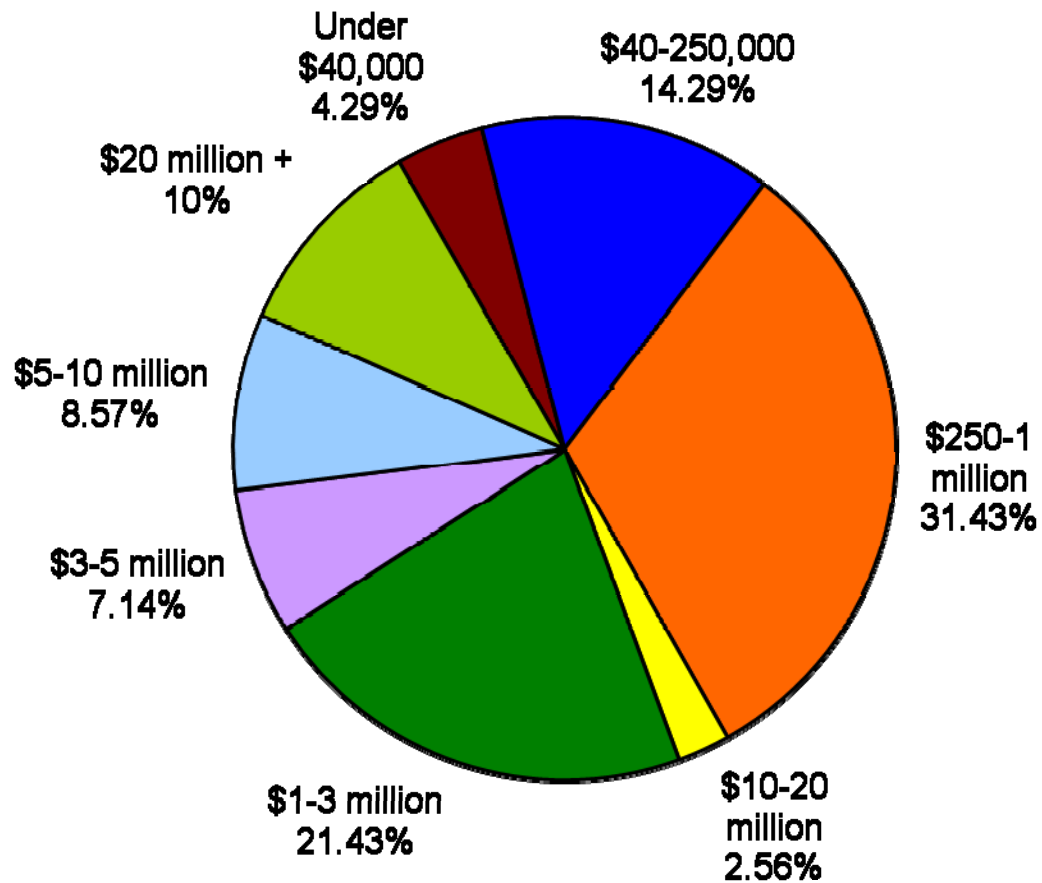
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- Turning point or temporary upheaval?
  - ❖ 80% say “the economic situation is an opportunity to rethink and adjust what we do and how we do it”
  - ❖ 48% say “the economic situation is a storm we need to weather until we can get back to business as usual”
- What would it mean to “do things differently”?
- How should we plan for post-recession?
- Can/should WSAC and other funders provide expertise, knowledge and practical tools?

# ARTSFUND – SURVEY RESPONDENTS

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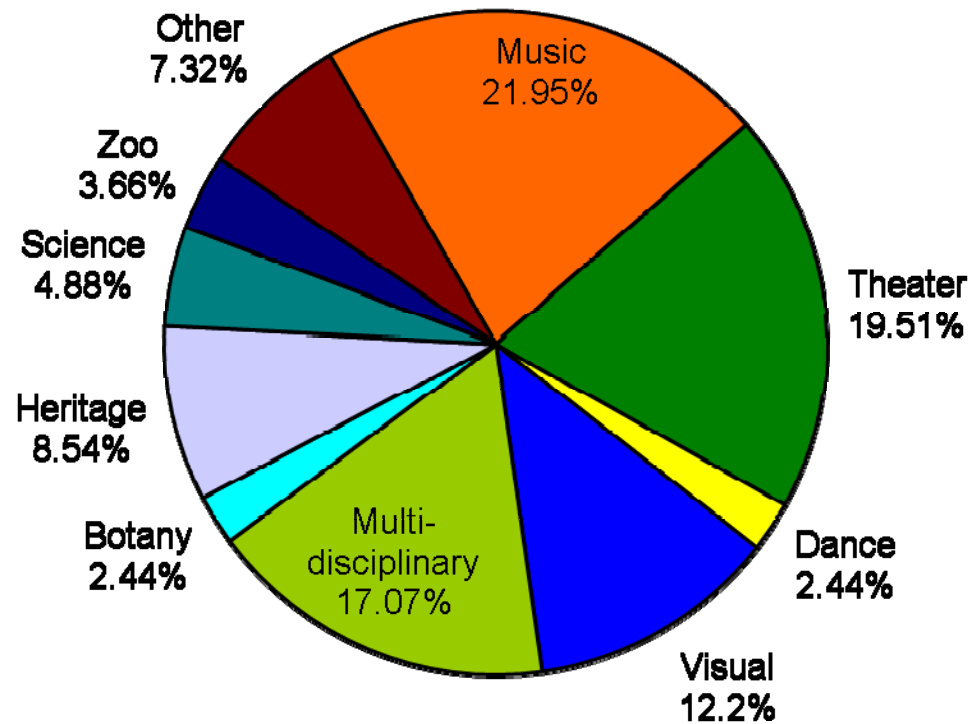
**What was Your Organization's Annual Budget LAST Fiscal Year?**



# ARTSFUND – SURVEY RESPONDENTS

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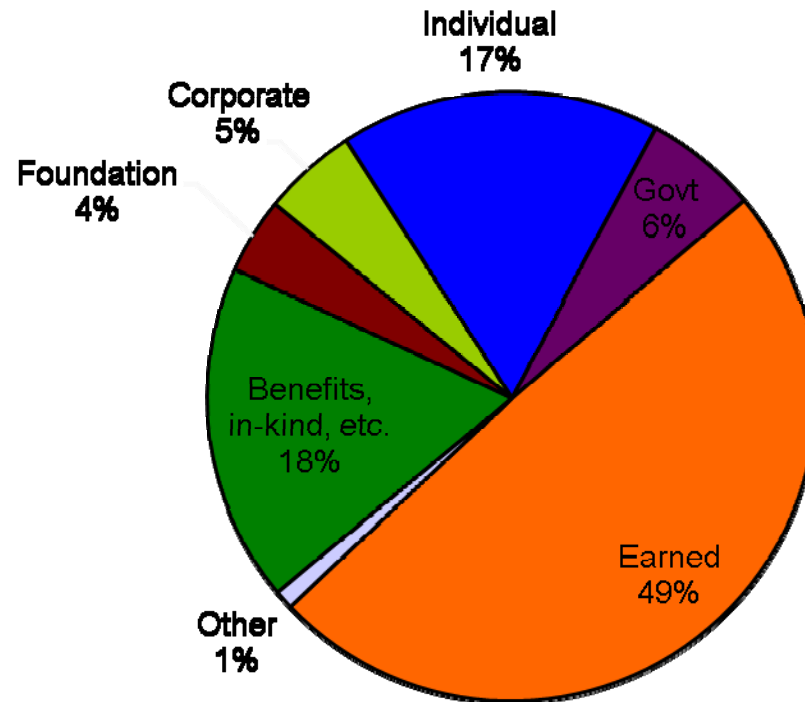
**What Is Your Primary Disciplinary Focus? (Please select all that apply)**



# ARTSFUND – SURVEY RESPONDENTS

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**Sources of Arts Income**  
(from ArtsFund's 2003 Economic Impact Study)



## ARTSFUND – KEY FINDINGS

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- Not all groups affected the same
- Two in five groups scaling back services
- Successive years of declines in income
- Greatest income declines from corporate and foundations
- People still want arts but are paying less (attendance in general steady or up but earned income down)
- Opportunity to rethink what organizations do

## REVENUE

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- About half saw declines
- Corporate and foundation giving down the most
- About half expect declines to continue in corporate government and foundation giving
- 40% expect declines in ticket sales, memberships and/or subscriptions
- Individual donors are strongest point

## EXPENSES

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- Over half of groups reduced expenses in year just past; most 10% or less
- As across state:
  - ❖ Main areas of cuts administration and programs
  - ❖ Many increased spending for fundraising and/or marketing last year; making additional asks, increasing grant applications, and attempting to identify new markets
- About 20% cut staff last year; administration most cut
- 60%+ of groups protecting education from cuts
- One-third expect to cut spending in coming year



## ENGAGEMENT AND PARTICIPATION

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- Volunteer activity steady or up for nearly all groups
- Attendance (subscription and single tickets) steady or up for 60% of groups in current year
- About three-quarters of groups see steady or increased attendance for coming year
- Small steady rise in attendance from non-local visitors

## COMPARISONS TO DECEMBER 2008

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- Financial market was plunging in December, recovering by June
- Future expectations shifted between two periods
  - ❖ Revenue expectations less bad in June than in December
  - ❖ Expected cuts to administration and program increased
  - ❖ Participation expectations improved (60% vs. 75% expected constant or increased participation)

## CONCLUSIONS

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- Organizations are unsure about the appropriate reaction to the current situation
  - ❖ **85%** of the survey respondents agree or strongly agree that “the economic situation is an opportunity to rethink and adjust what we do and how we do it.”
  - ❖ However, about **one quarter** also agree or strongly agree that “the economic situation is a storm we need to weather until we can get back to business as usual.”

## DISCUSSION

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- What in the report especially resonates?
- What would it mean to “do things differently”?
- What’s next?

## ADDITIONAL RESOURCES

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WSAC's report - *Arts and Recession: The Economic Recession's Impact on Cultural Organizations in Washington State* is available at [www.arts.wa.gov/projects/economic-survey.shtml](http://www.arts.wa.gov/projects/economic-survey.shtml).

Information about the ArtsFund's report – *State of the Arts in Our Economic Crisis* is available at [www.artsfund.org/News-And-Media/ArtsFund-News.aspx](http://www.artsfund.org/News-And-Media/ArtsFund-News.aspx).

