

City of Providence: AC+T

Phase 2: Arts Sector Sustainability Planning and Analysis
Summary of Findings and Recommendations
October 26, 2012



Phase 2: Arts Sector Sustainability Planning and Analysis

Project Context

In early 2010, following the successful development of *Creative Providence: A Cultural Plan for the Creative Sector*, AMS Planning & Research was engaged by the City of Providence's Department of Art, Culture +Tourism (AC+T) to assess the opportunity for efficiencies in operations, marketing and fundraising. While we found interest in maximizing efficiencies through shared services to address the sector's need for more and diverse revenue streams, more significant issues regarding the sustainability of the cultural sector became evident.

AMS and AC+T determined that a shift in direction for the second phase of this work was necessary and in the summer of 2011, a revised approach, employing a sustainability analysis to assess sector health, was adopted. With support from the Rhode Island Foundation, project work recommenced in the fall of 2011.

Phase 2 Guiding Questions

1. What is the Providence arts and cultural sector's current level of "vitality"? How does it compare to benchmark municipalities?
2. What are the similarities and differences between the vitality of various types and sizes of organizations?
3. Where can the community 'move the needle' to make the sector as a whole sustainable and vital?
4. What elements of the City's current cultural plan can advance the sector most quickly? What additional strategies will need to be implemented?
5. How do these priorities inform AC+T's form, function and long range plans?

Phase 2 Approach

AMS had recently completed work in Columbus¹ that modeled its arts and cultural sector and identified strategies and benchmarks enhance it's vitality. Our approach to Phase 2 was to focus on four areas, using the insights already gained in Providence and our learning from Columbus, to test assumptions about the efficiency with which the sector operates and the match between community capacity and organizational need:

1. Identify key trends in Providence's arts and cultural sector over the past decade, with a focus on programming and attendance, as well as financial support.
2. Understand the evolution of the market itself. Much has changed in Providence over the past decade as the community has evolved. AMS documented key aspects of this change, including the nature and composition of Providence market, the breadth of the arts and cultural sector, the competitive universe, a analysis of organization types and sizes, and community support for the cultural sector.
3. Develop benchmarks. AMS compared and contrasted Providence to peer and aspirational communities to demonstrate the extent to which the community's cultural sector is "right-sized" and adequately capitalized.
4. Develop a plan. The result of this work is the development of two plans. The first, a framework of goals and strategies for AC+T (and the sector in general), which defines its priorities and leadership within Providence's arts sector. The second recommends actions for positioning and disseminating the findings of this study.

¹ For more information on our work in this area, please visit: <http://www.ams-online.com/news/arts-market-sustainability.php>



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Key Trends and Market Changes

Participation

- A national decline in “traditional” participation and recognition of a broader definition of arts participation
- Aging and more culturally diverse populations are affecting all artistic disciplines both nationally and locally
- Providence’s response to changing participation has positively resulted in a steady increase in sector program revenue (up 20.8% from 2000 to 2010) driven by contributed revenue

Fiscal Performance

As a result of flat revenues and increasing expenses, Providence’s arts and culture sector has materially less buying power than in 2000. To assess financial trends AMS compiled Form-990 data on over 60 Providence-based organizations for the years 2000, 2005, and 2010. For comparison, data were adjusted to 2010 dollar values.

- Aggregate Revenue per capita remained virtually the same from 2000-2010 (only up 6.8%).
- Increases in Aggregate Revenue were driven mainly by Contributed sources (up 17.2%).
- Overall growth in Contributed Revenue among Providence’s arts and cultural organizations can be attributed to private contributions (up 27.7% from 2000-2010).
- Public contributions declined by -2.7% in that same time frame.
- Overall, Earned Revenue per capita remained virtually flat from 2000-2010, decreasing only by -.06%.

- While Program Service Revenue increased, Net Revenue from Rent, Investments and Sales of Assets decreased by -76.2%.
- Aggregate Expenses increased 19.8% from 2000-2010.
- While Program Service Expenses are the primary cost for the organizations, Fundraising and Payments to Affiliates have seen the largest increase (43.4% and 177.0%, respectively).
- Management and General Expenses declined by -7.8%.
- From 2000-2010, the sector generated more revenue per capita than it incurred in expenses. However, expenses grew at a faster rate (19.8% vs. 6.8%).

The Sustainability Model & Indexing to Benchmark Cities

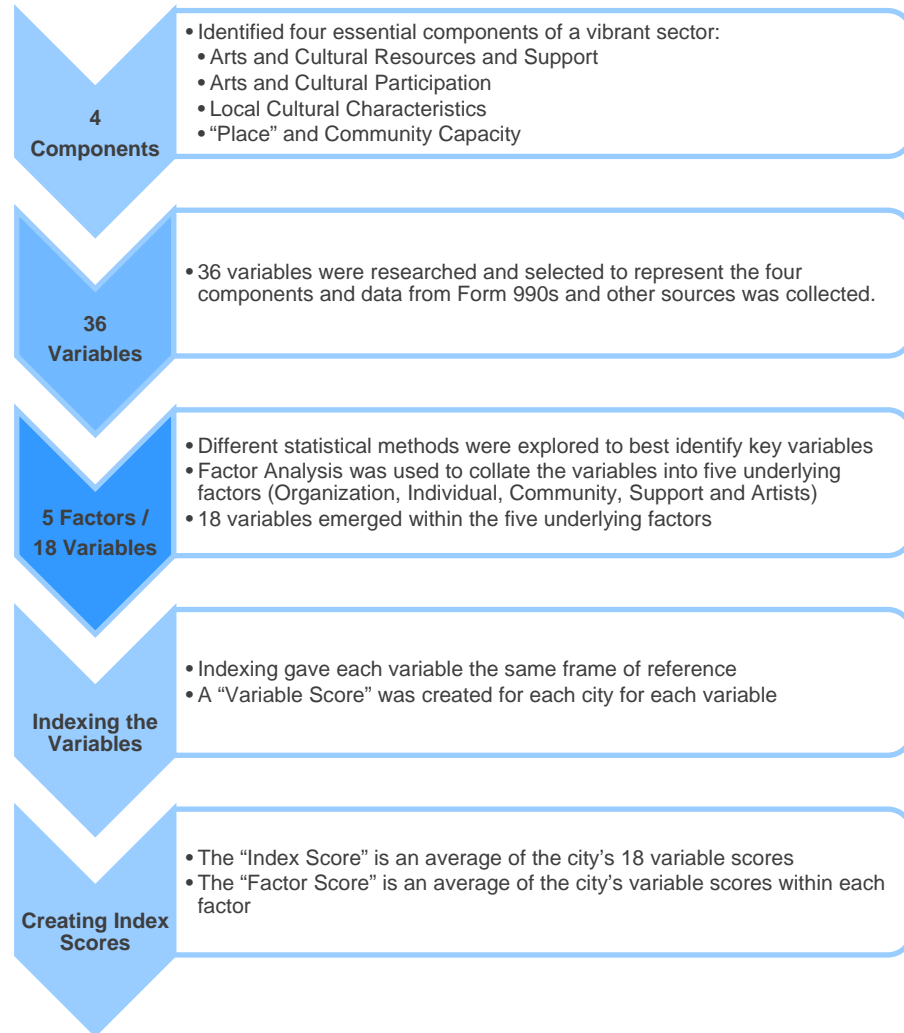
Selecting the Cities

Working with AC+T, AMS identified the following 10 benchmark cities for comparison and to serve as the basis for the sustainability model. These cities were selected based on several factors including their geographic, economic, demographic and cultural similarity to Providence, as well their “aspirational” characteristics:

- | | |
|------------------|------------------|
| • Baltimore, MD | • New Haven, CT |
| • Cincinnati, OH | • Pittsburgh, PA |
| • Columbus, OH | • Portland, OR |
| • Durham, NC | • Richmond, VA |
| • Hartford, CT | • Tucson, AZ |

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Developing the Model



Model Findings

- Different cities excel in different factors
- Portland is in the top four cities in each factor, and the top city in two
- Sustainable cities tend to excel in one or two particular factors
- Providence is viable, yet slightly below sustainable
- There has been positive change in aggregate private support and contributions per capita, but other communities deliver more strongly
- Median income may constrain near-term, broad-based opportunity
- There is potential to increase arts jobs and working artists

City	Index Score	Category
Portland, OR	182	Vital
Baltimore, MD	140	Sustainable
Pittsburgh, PA	131	Sustainable
Hartford, CT	127	Sustainable
Richmond, VA	109	Sustainable
Cincinnati, OH	100	Sustainable
Providence, RI	92	Viable
Columbus, OH	81	Viable
Tucson, AZ	64	Viable
New Haven, CT	56	Viable*
Durham, NC	18	Viable*

Recommendations

By driving improvement in the following six variables, Providence can increase the vitality of its arts and culture sector:

- Aggregate Unrestricted Net Assets
- Aggregate Permanently Restricted Net Assets
- Aggregate Contributed Revenue Per Capita
- Interest in Arts Activities
- Arts Businesses Per Thousand Residents
- Artists per Thousand Working

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Based on these six priorities, AMS offers three recommendations:

RECOMMENDATION #1:		
DIVERSIFY AND DEVELOP THE RIGHT BALANCE OF CONTRIBUTED AND EARNED REVENUE SOURCES IN ORDER TO INCREASE THE SECTOR'S OVERALL NET ASSETS.		
Aggregate Unrestricted Net Assets	Aggregate Permanently Restricted Net Assets	Aggregate Contributed Revenue per Capita
Goal: Sustainable	Goal: Sustainable	Goal: Sustainable

RECOMMENDATION #2:
DRIVE INTEREST AND PARTICIPATION IN THE ARTS WITH REGARD TO ATTENDANCE AND ENGAGEMENT.
Interest and Participation in the Arts
Goal: Vital

RECOMMENDATION #3:	
IMPACT POLICY AS IT RELATES TO CREATIVE BUSINESSES, WORKING ARTISTS, AND ARTS AND CULTURE'S ROLE IN PROVIDENCE'S OVERALL ECONOMIC ECOLOGY.	
Arts Businesses per Thousand	Artists per Thousand working Adults
Goal: Sustainable	Goal: Vital

Success in these areas moves Providence into the “Sustainable” category, up two spots in overall ranking and lays the groundwork for continued improvement.

Implementation

Grounded in the *Creative Providence* Goals & Strategies, AC+T should take a leadership role in aligning sector messaging, building capacity and leveraging resources over the next three-five years. AMS recommends the following for priorities to enable AC+T to help “move the needle”:

1. Facilitate the development of a unified sector message and communication system:

- Guiding sector organizations and artists in a dialogue about the role of arts and culture in Providence, the message that should be communicated, and to whom.
- Leading efforts to promote sector visibility by leveraging and streamlining existing/emerging technologies and communications networks.
- Pursuing and supporting sector and cross-sector partnerships to ensure that arts and culture remain a key consideration in Providence's overall vitality.

2. Guide sector evolution and adaption:

- “Broker” of relationships to stimulate thoughtful and innovative responses to the sector's and the City's evolving needs.
- Facilitate opportunities for leadership, workforce and business model advancement and development.
- Work together with other sector leaders to explore and advocate for government-mandated resources for arts and culture (i.e. Tax Increment Financing)

3. Provide direct sector support:

- Work with sector, cross-sector, and city leadership to support and promote incentive and assistance programs for artists and arts businesses.
- Continue to focus departmental projects and grant opportunities on those which advance programmatic diversity, organizational leadership and innovation.
- Build capacity by providing and endorsing training and technical assistance opportunities.

4. Leverage resources and partnerships:

- As a leader, convener and relationship-builder work deliberately with the City, foundation, business and other leadership to ensure a seamless connection between the arts and cultural sector and Providence's social and economic ecology.
- Engage in strategic partnerships to maximize impact in creative workforce development, creative learning, and investment in arts and culture facilities and infrastructure.