

CHAPTER HIGHLIGHTS

# THE STATE OF NONPROFIT AMERICA

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LESTER M. SALAMON *editor*

## **Chapter 5 Highlights** **ARTS AND CULTURE**

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# ARTS AND CULTURE \*

Margaret J. Wyszomirski

Nonprofit organizations have long played a pivotal role in the provision of arts and culture in the United States. However, the past decade marked a fundamental shift that has challenged nonprofit arts and culture organizations financially, administratively, and politically. According to Ohio State researcher Margaret J. Wyszomirski, nonprofit arts and culture organizations have emerged from this process stronger, more civically engaged, and more resilient than they were a decade ago. However, major challenges remain as the organizations, their funders, and cultural policymakers continue to search for a workable twenty-first century paradigm for the arts.

These conclusions are part of a broader assessment of *The State of Nonprofit America* coordinated by Dr. Lester M. Salamon of the Johns Hopkins University and published by the Brookings Institution Press in collaboration with the Aspen Institute.

**The Fiscal Challenge.** A major source of the change in the operation of nonprofit arts and culture institutions over the past decade has resulted from the decline in public funding, and the inability of private charitable support to fill the resulting gap. Funding for the National Endowment for the Arts peaked in 1992 at \$175.9 million, only to fall precipitously to \$99.5 million (or \$44.17 million in constant dollars) in 1996. Although public funding at the state and local levels increased during this period, the commitment varies from state to state and city to city—leaving many arts organizations financially vulnerable.

Private funding of the arts also suffered during the early 1990s. Although it rebounded by the turn of the millennium, many foundations and corporations reshaped their arts funding strategies during this period. Outcomes rather than altruism became more important and considerations of artistic merit gave way to such factors as audience demand, press coverage, and content.

**Managerial Concerns.** Funding problems intersected with a variety of managerial concerns. Social and demographic changes, along with the ubiquitous presence of television and other sources of competition, have made it increasingly essential for nonprofit artistic institutions to market their products to different clientele, often in different ways. At the same time, facilities management has become more complex as arts institutions have had to market themselves as economic development vehicles in order to attract the funding needed for major renovations and construction efforts. All of this has necessitated a more entrepreneurial skill-set among nonprofit arts managers, making it more difficult for institutions to locate the managers they need.

**The Impact of Technology.** Changes in technology have presented additional challenges to arts administration. Digital communications have created new issues concerning the protection of intellectual property rights and the integrity of images in cyberspace. Arts and culture groups have had to learn to use technology to support their educational missions and facilitate fundraising. But the high cost has prevented many arts organizations from maintaining the pace of technological advancement that consumers have come to expect. For example, only 6 percent can handle online

ticket sales. Technology has posed an enormous creative quandary for arts institutions as they sort out how to take advantage of the enormous cultural resources they possess while remaining true to the artistic values they are expected to protect.

**The Nonprofit Response.** Nonprofit arts groups have responded exceedingly well to these challenges. Many have developed new audiences through effective marketing, diversifying their programming, becoming more civically engaged and more culturally relevant. In order to bolster credibility with public policy makers, many began conducting performance reviews and outcome-based evaluations, including impact analyses. Beyond this, nonprofit cultural institutions have sought new sources of revenue through a variety of commercial ventures, such as restaurants, gift shops, and tourism.

One of the notable success stories is in opera, which achieved the highest audience growth rate of any nonprofit art form during the 1990s. Opera audiences increased 25 percent from 1982-1992 and another 12.5 percent through 1997, including substantial growth in the 18-24 year-old opera audience. Opera companies have undertaken a number of innovations to attract new audiences, including effective use of technology, development of an American repertoire and American artists, and inventive educational collaborations with local communities.

But, Wyszomirski stresses, the innovations to date are far from uniform and are not without their problems. Although considerable change has occurred in the financing and marketing of the arts, the impact of these changes on the quality of artistic production and the ability of arts institutions to hold their own in an increasingly competitive market is far from clear. Nonprofit arts institutions will therefore have to develop a greater self-consciousness about both their strengths and their challenges if they are to hold their own over the coming decades as effectively as they have over the one that has just concluded.

\* Adapted from "Arts and Culture" by Margaret J. Wyszomirski in Lester M. Salamon, editor. *The State of Nonprofit America*. Washington: The Brookings Institutions Press, 2002. Published in cooperation with the Aspen Institute.

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– Peter B. Goldberg, President and CEO, Alliance for Children and Families

Chapter highlights are from “Arts and Culture” by Margaret J. Wyszomirski, a chapter in *The State of Nonprofit America*, edited by Lester M. Salamon and published by the Brookings Institution Press in collaboration with the Aspen Institute.

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