Today’s seminar will begin shortly

Please complete your phone connection now:

1. **Dial the toll free number** 1 866 275 3495.

2. **Enter the meeting number** *4671867* on your phone keypad. Enter the star (*) key before and after the meeting number.

3. **Identify yourself.** Using your phone keypad, enter the unique 5-digit participant number from the bottom of your Voice Connection box. Enter the star (*) key before and after the number.

**New step!**

Tip: Find your Voice Connection Box near the lower right hand corner of your screen.

Thursday, January 22, 2008
Contending with Economic Uncertainty

State Arts Agency Strategies and Perspectives

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and identify yourself using the 5-digit number provided in the Voice Connection box.
If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and identify yourself using the 5-digit number provided in the Voice Connection box.

Your Hosts

Kelly Barsdate
Chief Program and Planning Officer

Eric Giles
Learning Services Manager
Tech Tips

- **View all participants** in the roster to the right.

- **Use the “Chat to:” box at any time** to submit a question or get technical help.

- **During Q&A breaks**, we will unmute individuals with questions.

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and identify yourself using the 5-digit number provided in the Voice Connection box.
Agenda

Budget Update
   Angela Han, Director of Research

Overview of State Strategies
   Kelly J. Barsdate, Chief Program And Planning Officer

State Perspectives
   Susan Boskoff, Director - Nevada
   Susie Surkamer, Executive Director - South Carolina

Lessons Learned from Prior Recessions
Advocacy Strategies
   Thomas L. Birch, Legislative Counsel

Resources

Q & A

Breaks
Budget Update

Angela Han
NASAA Director of Research
• $343.1 million in appropriations to state arts agencies

• 3.3% decline from 2008 ($11.6 million)

• $1.12 in per capita spending

<table>
<thead>
<tr>
<th>SAA Total Legislative Appropriations Changes</th>
<th>FY 2008-2009</th>
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<tbody>
<tr>
<td><strong>Increases</strong></td>
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<td>Number of SAAs</td>
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<td><strong>Decreases</strong></td>
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<td>Aggregate percent change</td>
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### Historical Perspective

#### State Arts Agency Legislative Appropriations

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<td>2009</td>
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</tbody>
</table>
Historical Perspective

State Arts Agency Legislative Appropriations

Dollars (millions)


Year

292.1 211.1 450.6 281.0 354.7 343.1

1990 – 1993
28% aggregate decline
Historical Perspective

State Arts Agency Legislative Appropriations

2001 – 2004
38% aggregate decline
2002: 21 states decrease
2003: 44 states decrease
2004: 32 states decrease
Future Outlook

- 2009: $40 billion budget gap closed to date, 18 states reporting negative growth budgets
- $200 billion budget gap over the next two years
- Theme: UNCERTAINTY
State Strategies

How are state arts agencies helping constituents?

What strategies are state arts agencies adopting?
Helping Constituents

- Assessing conditions
- Facilitating connections
- Promoting wise management
- Providing financial assistance
- Encouraging civic action

- Surveys of conditions in the field
- Structured dialogues
- Reporting on issues and impact
Helping Constituents

- Assessing conditions
- **Facilitating connections**
  - Promoting wise management
  - Providing financial assistance
  - Encouraging civic action
- Convening constituents
- Sharing information
- Encouraging collaboration
- Keeping people informed
NJ Arts at a Crossroads: Finding Creative Solutions in Tough Economic Times
Helping Constituents

- Assessing conditions
- Facilitating connections
- Promoting wise management
- Providing financial assistance
- Encouraging civic action

- Expert advice
- Training
- Tools
- Technical assistance
STRATEGIES FOR SURVIVAL
CHECKLIST
November 12, 2008
Williamsport, PA

The Pennsylvania Council on the Arts (PCA) convened a panel of experts to consider strategic choices in a turbulent economic climate.

This checklist was created as a resource for non-profits as they plan the road ahead in uncertain times.

Only months into a global economic crisis, there’s insufficient data to assess the long-term impact of economic news. More bad news is possible.

There are actions and implications for the present. We know that communication is important - with your board, with your constituents, your partners, your communities. We hope this gives you an overview and asks some basic questions you can use to begin working with your board and staff.

- **Overview**
  - Understand news about the economy - pay attention to the details.
  - Duration - potentially 2-3 years, longer impact and even longer recovery.
  - Track - credit, bonds, loans, investments, philanthropy.
  - Past experiences - what other organizations have done in past recessions.

- **Reassess Underlying Assumptions**
  - Budget - check income and expenses projections; look for savings.
  - Strategic Plan - check underlying economic assumptions. Correct course for years in place.
  - Staff - check your strengths and weaknesses.
  - Revise and reorient your core mission.
  - Consider possibility that former donors might change (e.g., for exemptions, PLDOs, RAC/total revenue).

- **Be certain adequate controls are in place - take immediate steps**
  - Cash flow/liquidity - review underlying assumptions.
  - Internal controls.
  - Review bookkeeping procedures - accuracy and timeliness.
  - Reporting - increase transparency, reliability, validity, timeliness.
  - Required payments (withholding taxes) and timing.
  - Liquidity.
  - Identify what is negotiable - leases, pre-payment credits, sharing services.
  - Seeking relief.

- **Communications**
  - Maintain visibility - speed/guided planning, reputation, and critical importance of personal contact.
  - With boards.
  - With bank/lender/creditors.
  - With funders - new resources, donor management strategies, don’t stop asking.
  - With audiences - marketing, technology.
  - Align your messaging to your constituents’ realities.
  - Call - Stay calm. Don’t panic. Don’t close the wagon. Make certain bad news rises to the top.
  - Be sure you know who delivers your messages and to whom; maintain good media relationships.
  - Ask stakeholders for specific tangible things.
  - Don’t assume all funding will decrease; new tax policies and federal spending may mean increased deductions and opportunities.
  - Advocacy.

- **Tough choices (is shrinking the best option)**
  - Prioritize with respect to core mission.
  - Scenario planning - 10%, 20%, 50% or more reductions in income.
  - Programming: what’s working, what isn’t. Check alignment with core mission, program cost and benefit.
  - Initiatives - suspend/postpone/terminate.
  - Capital projects and endowment campaigns.
  - Endowment - draw down (legal issues), goals, investment strategies.
  - Pricing.
  - Shared resources.

- **Find opportunity in crisis**
  - The urgency needed for beneficial change.
  - Tough choices leading to new and better business models.
Helping Constituents

- Assessing conditions
- Facilitating connections
- Promoting wise management
- Providing financial assistance
- Encouraging civic action

- Sustaining key categories
- Flexible matching
- “Quick turnaround” grant options
- Referrals to other funding sources
MusiCares Foundation

MusiCares provides a safety net of critical assistance for music people in times of need. MusiCares’ services and resources cover a wide range of financial, medical, and personal emergencies, and each case is treated with integrity and confidentiality. MusiCares also focuses the resources and attention of the music industry on human service issues that directly impact the health and welfare of the music community.

Authors League Fund

The Authors League Fund helps professional writers and dramatists who find themselves in financial need because of medical or health-related problems, temporary loss of income or other misfortune. The Fund gives open-ended, interest-free, no-strings-attached loans. These loans are not grants or scholarships meant to subsidize personal writing projects. It should be kept in mind that the Fund’s resources come from other professional writers.

The PEN Writers’ Fund

The PEN Writers’ Fund is an emergency fund for professional—published or produced—writers in acute, emergency financial crisis. Depending on the situation, the Fund gives grants of up to $2,000. The maximum amount is given only under especially dire circumstances and when monies are available.

PEN American Center - Additional Emergency Fund Links

A listing of national and regional emergency grants available to writers in acute financial crisis. Please contact the organizations directly for more details. Self-published authors or those published by vanity presses are generally not eligible. We hope this is helpful.
Helping Constituents

- Assessing conditions
- Facilitating connections
- Promoting wise management
- Providing financial assistance
- Encouraging civic action

- Promoting the value of the arts
- Encouraging advocacy
- Inspiring service to the community
Online Auction Now Open!

While we all know that "art feeds the soul", people need to feed their bodies first.

In response to the dire economic forecast, Vermonters are facing this winter, the Arts Council has organized "doing our pART," an online auction to benefit the Vermont Foodbank.

More than 60 Vermont artists and arts organizations have donated an exciting array of art, jewelry, tickets, CDs, photography, sculpture, private concerts, music lessons and "arts experiences." This holiday season, purchasing Vermont art can feed the soul and body!

Don't be afraid to bid high—you can pay for your auction purchase in up to three monthly installments!

Bid now! The auction ends on Thursday, December 4th at 5 PM!

https://www.cmarket.com/auction/AuctionHome.action?auctionId=73802252
Agency Strategies

- Grants
- Administration
- Communications
- Relationships
- Positioning
Agency Strategies

- Grants
  - Administration
  - Communications
  - Relationships
  - Positioning

- Reducing or capping amounts
- Adjusting final payments
- Consolidating categories
- Carrying over panel scores
- Restricting new applications
- Suspending or eliminating programs
Agency Strategies

- Grants
- Administration
- Communications
- Relationships
- Positioning

- Conducting virtual or smaller panels
- Suspending selected activities
- Furloughing or reducing staff
- Balancing operational and strategic planning
- Restricting travel
- Paying forward
Agency Strategies

- Grants
- Administration
- Communications
- Relationships
- Positioning

- Increasing agency outreach
- Promoting the arts as “part of the solution”
- Keeping the field informed
- Maximizing electronic communications and networking
Agency Strategies

• Grants
• Administration
• Communications
• Relationships
• Positioning

- Strengthening relationships within state government
- Partnering to augment capacity and influence
- Informing and engaging council members
- Harmonizing advocacy efforts
Agency Strategies

- Grants
- Administration
- Communications
- Relationships
- Positioning

- Demonstrating value and relevance
- Providing strong arts leadership
- Maintaining a long term perspective
State Perspective

Susan Boskoff, Director
Budget Scenarios

FISCAL YEARS 2008/2009

-4.5% scenario requested
Payroll reduction enacted
Dec 07 Jan 08

4.5% reduction enacted
June 08

Additional -3% and -4% scenarios requested
Oct 08 Nov 08

FISCAL YEARS 2010/2011

-14.2% scenario requested
14.2% reduction becomes baseline
May 08 June 08

Additional -10% and -20% scenarios requested
Nov 08 Dec 08

Agency elimination impact statement requested
Jan 09

50% reduction scenario requested (confidentiality order)
50% cut recommended by Governor
Preparing for an Economic Tsunami

• Balance increasing administrative demands and agency operations
• Assess external environment
• Review/implement ways to lessen grantee burden
• Strengthen arts engagement
• Pay it Forward
Learning from an Economic Tsunami

- Reposition agency as small business administration
- Assess training and learning needs of staff/board
- Assess training and learning needs of core constituents
- Turn a crisis into a catalyst for change
State Perspective

Susie Surkamer, Executive Director
Ken May, Deputy Director
FY09 Budget Cuts

- **July 2008**: 2.7% Base budget reduction from FY08
- **August 2008**: 3% Across-the-board cut
- **October 2008**: 14.2% Targeted cut for Arts Commission (includes August cut)
- **December 2008**: 7% Additional across-the-board cut

Agencies asked to project another 8% cut
Strategies

- Reduction in grant awards roughly proportional to size of appropriations cuts
- Some grantees rolled over to next year, some programs suspended
- Technical assistance (curated resources)
- Reduced required match in one grant category (arts facilities)
Communications

- Conference calls – direct interaction with Executive Director to ask questions after first round of cuts.

- Website updated frequently with new information related to ongoing and projected impact of cuts.
The South Carolina Arts Commission

SC Arts Commission FY2009 Budget Cuts

>> UPDATE <<

December 18, 2008
On December 11, 2008, the S.C. Budget and Control Board issued a 7 percent across-the-board cut to state agencies in addition to cuts passed earlier this fiscal year. Although this new cut will require an additional reduction to most current grant awards, the Arts Commission is not passing the entire cut along to grantees.

To implement this most recent cut, the agency will
- Increase the number of mandatory staff furlough (unpaid leave) days from four to seven
- Reduce most current (FY09) grants by an additional 4 percent, bringing the total cumulative grant reduction for most grantees to 16.2 percent
- Continue to reserve 25 percent of original grant awards pending additional mid-year cuts

This latest cut brings the cumulative total cut to the agency’s budget for FY 2009 to 23.9 percent. The agency continues to do everything it can internally to reduce costs while maintaining service to constituents.
Internal Operations

- Staff furloughs (increased with budget cuts)
- Holding vacancies, reducing temp hours
- Reduced all non-fixed internal expenses
- Canceled out-of-town board meeting (reduced board travel)
- Reducing staff travel (returned 2 of 3 leased state vehicles)
- Cancelled planned newsletter (reducing printing and mailing)
To ask a question, use the “Chat to:” box.
Lessons Learned

• Anticipate quick turn-around scenario planning
• Know where your agency has the greatest value and impact
• Look for the opportunities embedded in any crisis
• Maintain trust through consistent communications and transparent decision making
• Document your operational cost-savings
• Be prepared for endemic tensions to escalate
• Carefully assess policies designed to “save the day”
• Position your agency for the return of resources
• Advocacy can make a difference
Advocacy Tips

Tom Birch
NASAA Legislative Counsel
Advocacy Tips

- Establish the Arts in Public Policy
- Demonstrate Service and Economic Impact
- Document the Consequences
- Demonstrate Your Organizational Efficiency
- Work in Coalition
- Engage Grantees and Audiences

- Serve a public purpose
- In the economic recovery plan
- Link to public policy priorities
Advocacy Tips

- Establish the Arts in Public Policy
- **Demonstrate Service and Economic Impact**
- Demonstrate Your Organizational Efficiency
- Work in Coalition
- Engage Grantees and Audiences

- Economic downturn hurts your beneficiaries
- Public arts funding serves the public.
- Arts programs and community services
Advocacy Tips

• Establish the Arts in Public Policy
• Demonstrate Service and Economic Impact

**Document the Consequences**
• Demonstrate Your Organizational Efficiency
• Work in Coalition
• Engage Grantees and Audiences

• Data tell the story
• Charitable giving also down
• Lost funding means lost jobs
Advocacy Tips

- Establish the Arts in Public Policy
- Demonstrate Service and Economic Impact
- Document the Consequences
- Demonstrate Your Organizational Efficiency
- Work in Coalition
- Engage Grantees and Audiences

- Show the benefits of government support
- SAA: a judicious steward of public dollars
Advocacy Tips

- Establish the Arts in Public Policy
- Demonstrate Service and Economic Impact
- Document the Consequences
- Demonstrate Your Organizational Efficiency

Work in Coalition
- Engage Grantees and Audiences

Develop collaborative
- Work with a statewide coalition
- Use planning to build coalitions
Advocacy Tips

- Establish the Arts in Public Policy
- Demonstrate Service and Economic Impact
- Document the Consequences
- Demonstrate Your Organizational Efficiency
- Work in Coalition
- Engage Grantees and Audiences

- Open lines of communication
- Step up online communications
To ask a question, use the "Chat to:" box.
### News from NASAA

**Legislative Alert: $50 Million Proposed for NEA**

The House Democrats’ [economic stimulus package](http://www.nea.org) proposes $50 million for the National Endowment for the Arts.

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### For Our Members

**Contending with Economic Uncertainty**

The current economic downturn is presenting many fiscal, operational, and strategic challenges to state arts agencies and the communities that they serve. To help navigate these turbulent times, NASAA has compiled this special resource area containing materials specifically designed for state arts agencies.

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### Arts & Culture Strategies for a New Administration

Find out what’s ahead for the arts and state arts agencies under a new presidential administration.

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### New resource area for SAAs

**September 11-13, 2008**

Chattanooga, Tennessee
Resources

Agency Strategies
- Contending with Economic Uncertainty  New!
- Talking Points for State Arts Agencies
- Strategy Sampler: Constituent Assistance in Tough Economic Times  New!
- Strategy Sampler: State Arts Agency Adaptations  Coming Soon!
- NASAA CEO Commentary: States and Economic Downturns

Budget Data
- State Arts Agency Budget Update

Advocacy
- Advocacy Strategies for Tough Economic Times  Coming Soon!
- Ten Ways to Convert Legislators into Arts Advocates
- Advocacy and Lobbying: Speaking Up for the Arts
- What Do State Legislators Think about the Arts?
- NASAA Legislative Counsel Report: The Arts in Federal Economic Stimulus Legislation

Additional Research & Resources
- National Governors Association Arts Reports
- Research-Based Communication Tool Kit
- Arts Funding Response and Readiness Kit
- Ready to Innovate
- The Imagine Nation
- Critical Evidence: How the Arts Benefit Student Achievement

Need a password reminder? Contact Dora Shick
202-347-6352 x108  dora.shick@nasaa-arts.org
Thanks for participating!

Questions or comments about this session? Contact Eric Giles, Learning Services Manager (eric.giles@nasaa-arts.org).