

NASAA Executive Director's Report
by Jonathan Katz
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Thank you, Susie [Surkamer, NASAA president].

It's great to be here in Austin with NASAA members and our extended family at Assembly 2010. It's a testament to how much we believe in the benefits of our getting together that so many of us have gathered here in these extraordinarily challenging times.

Among those benefits should be some additional clarity, from a larger perspective, of how to advance our agencies' missions, how to design programs that most clearly produce the public benefits that result from participation in the arts, how to energize an influential constituency and how to motivate support from decision makers. That is what we mean by creating public value, and to do that we must be on target about the real challenges we face and the real adaptations we have to make.

I believe that the near-term future of public support for the arts at the state level is being shaped primarily by three forces:

- the recessive economy
- changing expectations of government
- the continuing impact of the digital revolution on how people participate in the arts

Over the past three years, we have seen a cascade of market crises. As these crises hit state government, they reduced tax revenues from property, from income and from sales, resulting in the cutbacks we have all experienced. Economists believe that state budget shortfalls peaked in fiscal year 2010 at almost 30% of projected budgets, but state finances through 2012 will remain very lean, characterized by aggregate annual shortfalls in the hundred billion- to two hundred billion-dollar neighborhood. Some people call this "the new normal." I don't think it's new or normal, but it is a *reality*—and it requires major adjustments on behalf of the arts sector and state arts agencies.

Professional artists, not-for-profit arts groups, and service organizations had to make many adjustments to cope with diminished public and private resources. You've heard about a variety of these strategies at this conference. Analyzing costs and revenues, arts organizations have

- adjusted their management practices
- made different artistic choices
- experimented with new ticketing, membership and subscription models
- increased their focus on customer and donor relations
- collaborated across disciplines and sectors

Only time will reveal which strategies worked and which didn't.

I submit that in this environment, state arts agencies do not become less relevant. They become *more* relevant, and more important. Even as all of you in this room

struggle with staggering losses of your own financial and human resources, you still do things that no other arts funder or branch of government does. *You* ensure a long-term vision and strategy for fostering the arts in your state. *You* make sure that the benefits of the arts are available to all communities, regardless of their economic, geographic or cultural challenges. And *your* leadership in arts education, the creative economy and other areas helps to build your state's competitive edge. You have proved your value—and your resiliency—through the diversification of your services, the retooling of your grant programs and many operational adjustments. These adaptations have required tremendous resourcefulness and resolve, which have made you a credit to state government.

However, communicating your value can be rough sledding, because the overall public perception of the effectiveness of government is changing. We are living in times when *not* all politics is local, and people's perceptions of the federal government heavily influence their general attitude toward all public sector investments. The arts are not exempt from these attitudes. Consider:

- the Troubled Asset Relief Program (TARP)—up to \$700 billion
- the American Recovery and Reinvestment Act (ARRA), known as the "stimulus bill"—\$787 billion
- the Healthcare Reform Act—about a trillion over 10 years

Regarding TARP, more believe it didn't help than believe it avoided an economic meltdown. (Pew)

Regarding ARRA, two-thirds of Americans have lost a job or know someone who lost a job, and twice as many think the stimulus bill didn't help the job situation as think it did help. (Pew)

Regarding the Health Care Reform Act, every poll since August including Pew and Gallup shows that more now oppose the bill than favor it. (pollster.com)

Whatever the federal government actually has accomplished—whether it has, in fact, avoided a depression, saved 750,000 jobs and extended health care coverage to 32 million additional individuals at no additional public expense—the American people do not yet share a sense of that achievement.

All this makes people more skeptical about how all government—including state government—spends money. Our value proposition and our constituency must be better organized than ever before.

Which is made more complex by that third force I mentioned a moment ago: changes in arts participation.

Everywhere is evidence that the digital revolution has affected our sensory life and thus the worlds of socializing, of leisure and of learning, all of which affects how art is experienced, what art means to us and what we expect of art.

We want interaction—to respond and have our input have a result—in fact, to alter the experiences we have and the games we play. We want to be the actor, the adventurer, the hero in the story.

We like to operate as what Bill Ivey and Steven Tepper call "the curatorial me." A good example is choosing the music we want to hear, so it's not surprising that Apple has sold more than a quarter of a billion iPods.

We want and now expect customized experience, we want it on demand, and we don't expect to plan for it in advance. We are getting used to information and experience seeking us, popping up and sending us alerts.

Sometimes we like to enjoy things alone, sometimes with a few others and sometimes with the rest of the world. Facebook registrations hit 500 million this year, with 200 million new ones in just the past 12 months.

The [*2008 Survey of Public Participation in the Arts*](#) illustrated important countercurrents. Few of us were surprised when the NEA findings noted that

- there are persistent patterns of decline in attendance for the benchmark art forms, including classical music, opera, musical and nonmusical plays, ballet and art museums
- even educated Americans are attending less than before

Simultaneously, however, digital participation is exploding. Nearly 40% of adults who go on-line use the Internet to view, listen to, download or post artworks or performances. With the exception of theater, "More Americans view or listen to broadcasts and recordings of arts events than attend them live."

So what do these three forces—the recessive economy, the public's current expectation of government and trends in arts participation—mean for state arts agencies in the future? I want to pose three challenges and then put three suggestions on the table for you to consider.

For one challenge, it's difficult to imagine a future with a healthy portion of public support for the arts at the state level unless we expand the constituency for our agencies to include the for-profit industries and amateur artists—people who produce movies and video games, people who operate commercial art galleries, people who make music in bars and restaurants, people who teach every generation to dance and play instruments. Americans who value the classical, ethnic, folk and new expressions of all cultures, whether in concert settings or social settings, must see themselves as stakeholders in the welfare of our agencies.

Another challenge is the evolution of much more flexible—and sometimes ephemeral—intermediaries and mechanisms that help connect artists and audiences. For instance, a group of gallery curators leases a space in which they host interactive exhibits for one year only and then disband or morph. They do not intend to be an ongoing institution. Or a group of dramaturges creates a play collaboratively with a social justice or human service organization, with the work targeted specifically to the collaborator's clients, then goes on to work on other projects with other groups, marketing to their networks. No audience development in a traditional sense is applicable here. Add into this mix digital distribution, the emergence of for-profit/not-for-profit hybrids (L3Cs, or low-profit limited liability companies), donor collaboratives and numerous incubation experiments. The challenge for us, as we discussed in yesterday's Beyond the Recession dialogue session, is to define our relationship to such shifts.

One more challenge. The not-for-profit groups our agencies and most foundation programs were created to fund may not be increasing their market share of arts participation. But not-for-profits *do* continue to preserve and explore rich cultures and arts disciplines, produce valuable public benefits and provide a vital base of advocacy. In most states, fostering the constituency that can successfully advocate for the arts in a more competitive environment will mean retaining as well as broadening support. At every statewide conference I address, I see new dance, theater, literary and festival groups, many of them headed by young, media-savvy entrepreneurs. The not-for-profit constituency of state arts agencies doubled our budgets in the good economy of the 1990s and, in the past two years, has rallied to overcome zero-budget threats in seven different states. Several sessions here at the conference discussed how state arts agencies are assisting the adaptive capacity of the not-for-profit arts sector in meaningful ways.

Facing these or any challenges, those agencies will do best whose mission and programs are supported by a constituency organized and motivated to go to bat for them. So here are my three suggestions.

First, consider how programs that cut across the not-for-profit, for-profit and amateur sectors broaden your base of advocates. Vital not-for-profit arts organizations are among our core constituents, but they cannot be the only voices that speak out on our behalf. Programs that focus on **place making** and **community identity** fill this bill, so I encourage categories that foster community development and revitalization using the arts: cultural districts, public art, sustainable environments, local arts agencies, celebrations, trails and regular events like monthly arts evenings. Also, I encourage the theme of **creative economy**, whether it means all work force creativity that produces wealth, or a set of creative or cultural industries, or measures of "vitality," or cultural tourism, or support of the arts as small businesses. Place making and creative economy programs develop stakeholders in all sectors of arts participation.

Second, keep pushing **arts education** and **integration of the arts in all learning**. Developing skills in the arts and learning other subjects using the arts teach students to value the arts. Arts education is the gateway to the higher-order thinking and innovation skills required by a work force in a modern economy, so its benefits cross all sectors. Also, as our session on a new analysis of NEA data confirmed earlier today [Declining Arts Participation and Arts Education], arts education is the single most powerful predictor of future arts participation. So there is no more strategic investment that a state arts agency can make than arts education.

Third, remember that building the public value of the arts requires us to be leaders in the **education of our advocates** and the **cultivation of our decision makers**. The beneficiaries of state arts agencies are legion, but they become stakeholders through communication, advocates through encouragement, and a constituency through organization. So we must develop effective messages and we must see that they are delivered effectively. Regarding our messages, it is no longer enough to talk about the value of the arts or even their public benefits. We must communicate the public sector responsibility in producing those benefits, document the return on the public investment, and never end our conversations before explaining the unique role that our state needs a state arts agency to play. Some of you may consider a "framing science" approach to developing messages, as Cincinnati shared at a session yesterday [Building a Shared Public Responsibility for the Arts], but the result must be a request for a specific action that supports a state arts agency.

As I said before, those agencies will do best whose mission and programs are supported by a motivated and organized constituency. From now on, one of the primary goals of our strategic planning processes should be to unite and motivate that constituency. That's how we have to think about planning and that's how we have to invest in it. NASAA will continue to be your first, best strategic planning resource. Always call upon us, and do think about budgeting for special assistance.

Ultimately, all politics is personal, which means no matter how on point our messages are, they will only be effectively delivered in a relationship or with the impact of a constituency. In the new normal, this may necessitate the adoption of new methods, as South Carolina and New Jersey shared in our briefing session on [Harnessing Social Networking for Arts Advocacy](#) earlier this morning, including reaching out to young advocates. Some states are experimenting with building public will frameworks, as we explored in a NASAA web seminar you can access on our website [[Building Public Will for the Arts](#)].

Whatever your own agency's approach, it will be extremely valuable to pool through NASAA what we try, how we try it, what we learn that fails and what we learn that works. Yes, you created NASAA to be your voice in Congress and your policy partner with the NEA. Yes, you created NASAA to be the Google and the Facebook of the state arts agency family, before the founders of those organizations were born. And yes, one of the first things you asked NASAA to do was create a data system that could describe and analyze what state arts agencies do. But going forward, the environment for strategic decision making is more complex than any of us imagined. As indicated by your information requests during the recession jumping by 50% to over 260 this past year, I think NASAA will be uniquely and increasingly valuable to its members as a resource for knowledge, wisdom and leadership development.

I invite you all to join me in applauding the fabulous NASAA staff. They are the best. [Applause] Thank you, Susie Surkamer; thank you, NASAA's executive committee, board of directors, committees, task forces and advisory groups for your leadership; thank you, colleagues here with us in Austin. My special thanks to NASAA's owners: its membership—each of you—for what you do to serve the public every day, for your engagement in NASAA and for allowing me to have such a great job.