

# Understanding the Public Value Challenge

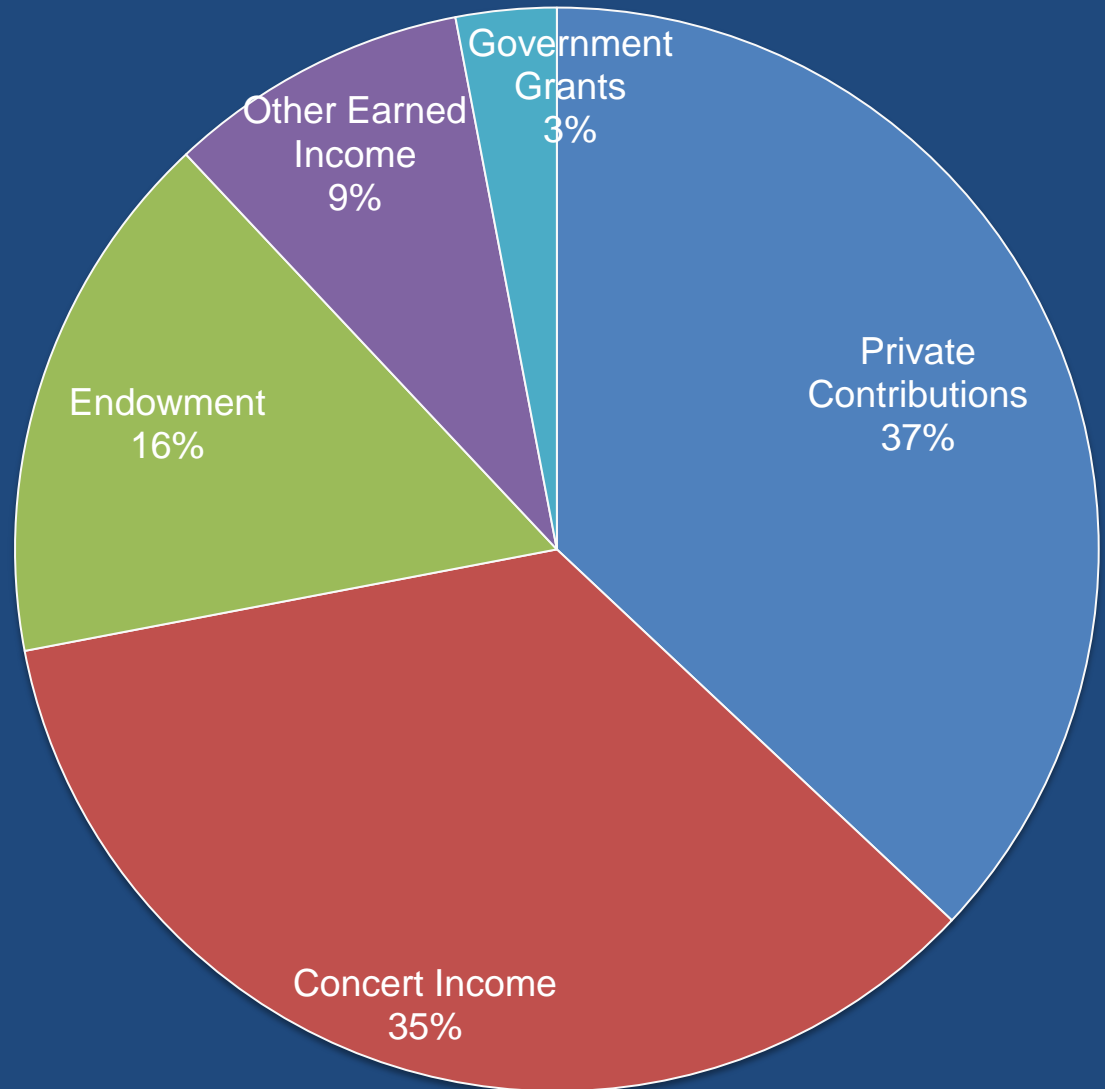
# Donors, Policy Makers, and Opinion Leaders are Asking:

- Are orchestras as “deserving” as charities who feed and shelter people?
- Don’t they just play for the “limousine and tuxedo set?”
- Why should they be tax-exempt?
- What is their real value to communities?

# Contributions via Tax Exemption are Essential to Orchestras

League  
of American  
Orchestras

Average Orchestra  
Revenue Sources  
Nationally



# Ongoing Concerns Voiced by Federal Tax Policymakers

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“I'm not asking a symphony or art museum to start giving away 10 percent of its budget to the poor, but if you're getting phenomenal dollars to have this museum, you should make sure you're reaching out to the greater public.”

*- House Ways and Means Committee  
Member Xavier Becerra (D-CA)*

*January 16, 2008*

# Ongoing Concerns Voiced by Federal Tax Policymakers

“... Perhaps there ought to be more focus on the activities of tax-exempt organizations rather than simply their purpose—that is, what public charities are actually doing to warrant their continuing tax exemptions and qualification for tax-deductible donations.

The suggestion simply hung there, underscored by Becerra, who said, ‘At the end of the day, it is taxpayers who are covering (charitable) activities.’”

- *Nonprofit Quarterly*, May  
2012

# Immediate State Implications

“Faced with steep declines in tax revenue, an increasing number of states and localities are considering eliminating various tax exemptions for nonprofit groups.”

- *New York Times*, February 27, 2010

- Vermont implemented a new 6% tax on nonprofit arts ticket sales in April 2011
- Rhode Island’s Governor proposed the same

# Fragility in Philanthropy

- In 2009, the arts' market share of all charitable giving dropped to 4%, matching its lowest point in a downward trend since 1998. Increasing shares of giving are directed to human services, health, environment, and international affairs.

*Source: The Center on Philanthropy at Indiana University, Giving USA 2010, Americans for the Arts*

- From 1998 to 2008, the arts' share of corporate philanthropy declined from 10.3% to 5.7%.

*Source: Conference Board*

# To Succeed, Orchestras Need to:

- Realize that our story can no longer be about sustaining our organizations; it's about impact on community
- Listen and respond to what the public wants from orchestras



# What the Public Wants from All Nonprofits

## *Key Traits from the Independent Sector Message Framework*

- **Caring:** empathy and heartfelt concern for people in need
- **Committed:** remain steadfast even in the face of hurdles
- **Effective:** accomplish results, even if they are incremental
- **Efficient:** help as many/do as much as possible with what you have
- **Accountable:** add efficiency and effectiveness to financial integrity
- **Unselfish:** put the interests of people before personal or organizational profit
- **Results-Oriented:** an approach that strives for impact

# What Does the Public Want Specifically From Orchestras?

- League convened Public Perception Advisory Council to assess public opinion
- Conducted interviews with 20 national policy and opinion influentials recognized as proxies for broader public perception
- Compared results with perceptions of those in orchestra field

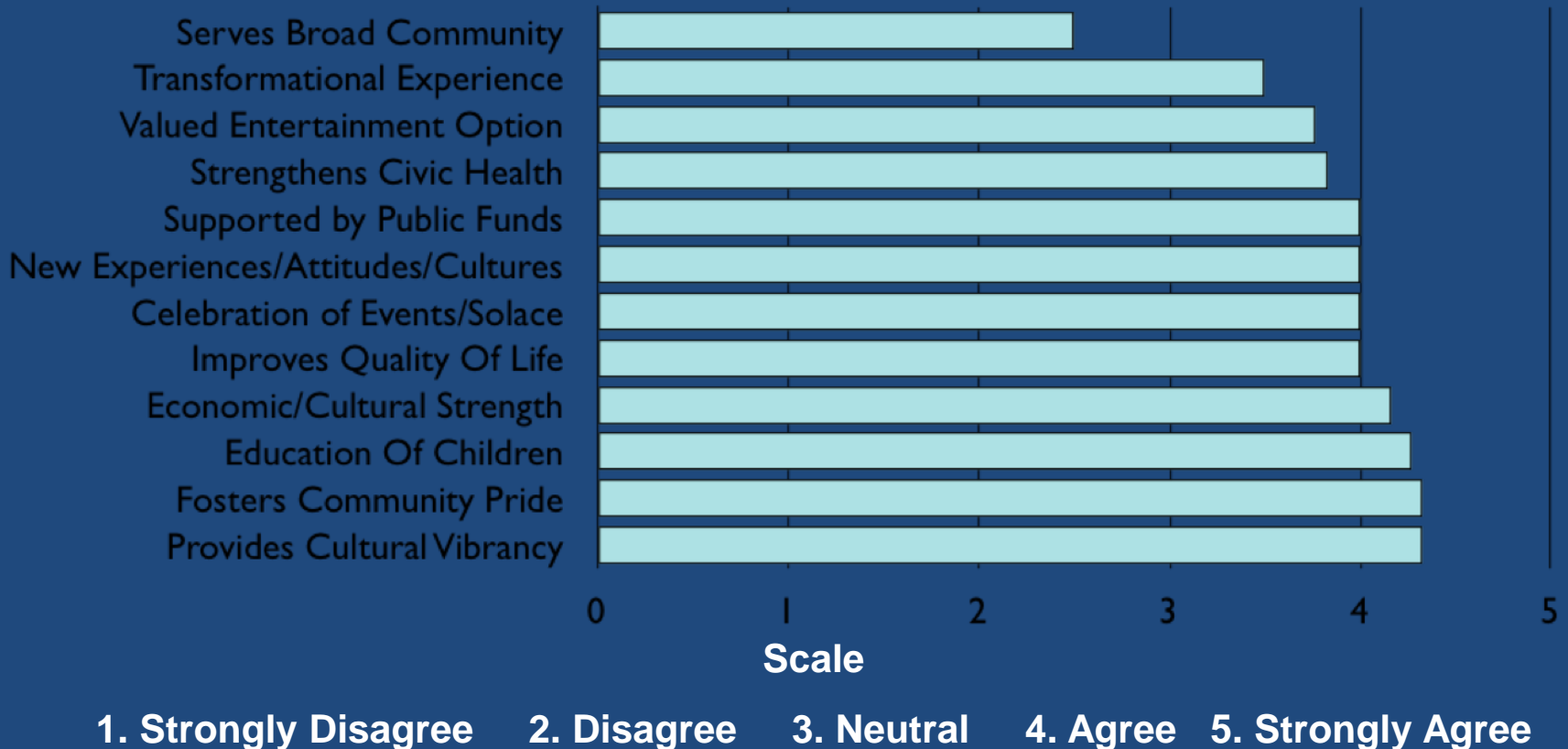
# Policy Influencer and Opinion Leader Interviews

## Categories

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• National Elected Officials Proxy</li><li>• Foundation/Civic Leader</li><li>• State Arts Council</li><li>• Local School Board</li><li>• National School Board Association</li><li>• National Media Editor</li><li>• Public Relations</li><li>• State Elected Officials</li><li>• Grantmakers/Funders</li></ul> | <ul style="list-style-type: none"><li>• Political Consulting</li><li>• Faith-based Community</li><li>• Local Government</li><li>• Higher Education/Technology</li><li>• Corporate Leader</li><li>• Arts Education Research</li><li>• National Education Association</li><li>• Public Policy/Regional</li></ul> |
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# What Policy Influencers Today Think of the Public Value of Orchestras

Orchestras' high marks for their capacity to produce significant public value are undermined by the perception that they fail to provide those benefits to the broad public



## Further, Our Research Found:

- Majority of national policy and opinion influentials believe orchestras need to serve more of the community in order to be worthy of their tax-exempt status.
- Orchestras' efforts to expand engagement are not reaching/convincing influencers.

Artistic excellence alone is no longer  
enough to generate widespread  
community support.

It's no longer what you are about--  
It's **who** you are for.

# Making A Stronger Case for Support Requires Two Essential Components

More effective  
communications



More authentic  
actions

## In Other Words...

- Orchestras need to become vitally relevant, connected, and meaningful to more of the public, regardless of whether or not they attend concerts!
- Orchestras can do a better job of telling the story of how they enhance community life.



# Key Messages to Demonstrate and Communicate

## Public Need:

Communities want to **broaden public access** to economic and cultural resources.

## Value Added:

Orchestras are helping to **broaden access** to cultural offerings by bringing their **music to more -- and more diverse -- communities.**

# Key Messages to Demonstrate and Communicate

## Public Need:

Community health and vitality are urgent public priorities.

## Value Added:

Orchestras contribute to healthy societies through their increasingly **active participation in civic life.**

# Key Messages to Demonstrate and Communicate

## Public Need:

Lifelong learning is essential in the 21<sup>st</sup> century.

## Value Added:

Orchestras provide and champion **lifelong musical experiences and participation** in the creative process.

# Key Messages to Demonstrate and Communicate

## Public Need:

A citizenry steeped in **creativity, excellence**, and the ability to navigate differences strengthens a democracy.

## Value Added:

Orchestras are large groups of people collaborating to inspire audiences through the power of the creative process. Their collective pursuit of **high artistic goals** in collaboration with cultural and civic partners demonstrates how much humans can achieve when they work together. The new ideas and sounds that orchestras present help people embrace and understand the unfamiliar.

# Building Community: A Unified Message Framework for American Orchestras

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of American  
Orchestras

Supported by authentic actions, the right messages, used consistently by orchestra board members, administrators, and musicians over time, can do a better job of communicating how orchestras serve the common good.

What first step can your orchestra take?

Which facts and examples specific to your orchestra support these messages?

Find the full public value framework, strategies, and examples of effective communication and actions on the League website *[americanorchestras.org](http://americanorchestras.org)*