

**Why and how the Delaware Arts Stabilization Fund and ArtCo, the nonprofit umbrella organization created to make the Fund a reality, were created.**

Background:

- A working consortium of Delaware primary arts organizations, the Delaware State Arts Council and the Delaware Division of the Arts began talking in 1990 about the financial future of Delaware's arts organizations. Everyone was concerned about how arts organizations, especially those on the edge of a financial crisis, would get the boost needed to get them into the 21st century in the face of uncertain funding.
- The Division of the Arts and the Arts Council also wanted to take the responsibility of deciding which facility would get capital funding out of the hands of the State Legislature, because cultural organizations were, at that time, going directly to the legislature for capital support, since very few funders, including the Division of the Arts, provide money for maintaining facilities.
- At the same time the DuPont Company and the Longwood Foundation, major givers to building campaigns, wanted to help each cultural organization become sophisticated in planning for long-term care of its facilities, rather than managing from a crisis situation.
- The Arts Council and the Division of the Arts held regular meetings with executive directors and board volunteers of the State's 8 major arts organizations, resulting in a specific plan identifying: total dollars needed; agreement on what percentage of all dollars raised each organization would receive based on projected budget needs of each organization; and, how exactly each organization planned to spend earnings generated from the portion of dollars received. For example:
  1. At a minimum, a \$21.5 million endowment was needed solely for preserving facilities with only portion of earnings used; one-time gift to last forever would appeal to donors and would free up the arts organizations' funds and re-focus the funds on educational programming needs;
  2. 5% of all dollars raised would first be set aside for a special fund for emerging arts organizations around the State to be administered by the Delaware State Arts Council;
  3. Up to an additional \$200,000 would be set aside for fundraising over five or six year period;
  4. Remaining dollars would go to the State's eight primary arts organizations for one-time only deficit reduction, a revolving loan fund, and two endowments for facility-related needs;
  5. Dollars could only be raised from corporations, foundations and government agencies and the eight primary arts organizations would hold off seeking building support from any one of the donors until its pledge had been paid;
  6. Since beneficiaries already determined how all of the \$21.5 million, or whatever portion was raised, would be allocated before any dollars had been raised, the only role for Delaware Community Foundation (DCF) would be to hold all the donations for investment; and,

7. Professional support and formal structure needed to succeed.

- The State of Delaware responded by becoming an official partner: offered to provide \$1 million if it could be matched on a 2-for-1 basis, and agreed to consider repeating same offer for a total of five years. The Longwood Foundation agreed to pledge \$1 million annually, if the same conditions set forth by the State could be met each year for a total of five years. The DuPont Company, with an initial lead gift of \$1.25 million, began lining up corporate sponsors to meet the match.
- Full-time professional executive director, Julie W. Van Blarcom, hired to oversee startup of new organization and organize and manage fundraising campaign.
- Working consortium incorporated June 1993 as Arts Consortium of Delaware, Inc. (**ArtCo**) to: (1) raise the \$21.5 million; (2) serve as overseer of the Endowment Fund (regarding investment performance by Delaware Community Foundation) and expenditure of funds by ArtCo members, and to report on results of both to the Funds donor; and, (3) provide mechanism for ongoing collaboration between ArtCo member organizations and other cultural institutions.
- ArtCo created a formal campaign in September 1993 to set a strategy to raise the money. Edgar S. Woolard, Jr., Chairman, DuPont, Charles M. Cawley, Chairman and CEO, MBNA America Bank, N.A., and Thomas L. Gossage, Chairman and CEO, Hercules Incorporated agreed to serve as Honorary Co-Chairs. Thomas A. Graves, Jr., Director Emeritus of the Winterthur Museum, Library and Gardens and past President of William and Mary College, agreed to be the Campaign Chairman. ArtCo also created Oversight and Collaboration committees to carry out its other responsibilities.
- The Campaign strategy was to create a partnership to connect the social, cultural and economic development of Delaware with the region's business, public, foundation and cultural communities and to make it clearly understood that every sector of the partnership had an equal stake in succeeding.

-- Initial challenge grant provided by the State of Delaware offered an opportunity for members of the corporate community to keep pressure on each other and on the State by pledging annual gifts over a five year period if everyone's support, including the State's, remained at the same level as the first year.

-- An \$850,000, 3-for-1 challenge grant from the National Endowment for the Arts (NEA) added a much-needed level of credibility for the Campaign to do two things: (1) to continue to secure pledges by the City of Wilmington and New Castle County; and (2) to use the NEA's 3-for-1 challenge (Campaign had to raise \$3 for every \$1 awarded) as a key opportunity to expand its donor base by looking to a broader audience and a significant number of new private sector donors.

-- A final challenge was created in November 1995 by MBNA, DuPont and others to collectively give an additional \$1 million if the City of Wilmington and New Castle County would begin their participation now and the Campaign could raise the final dollars needed to get to \$21.5 million. The first part of these conditions was intended to shore up the City and County's pledges of \$1.25 million each and provide a strong argument for them to begin paying against their respective pledges now. The second part of the condition was to help take the Campaign over the top.

Current Status as of April 19, 2005

Fundraising strategies are working:

1. The State of Delaware's 2-for-1 match successfully met in 1996 (5 years)
2. Successfully met the National Endowment for the Arts' 3-for-1 Challenge Grant and raised \$250,000 just from the construction and real estate industries, many of whom are new donors.
3. The City and County's payments received and ArtCo achieved its goal of \$21.3 million in the fall of 1996,

Total Gifts:		\$20.9 million
Sources:	Corporate	\$5,986,000
	Foundations	\$6,675,000
	Government	\$8,255,000

ArtCo Structure and Ongoing Activities

The cultural community understands that it has to do business differently if it is going to survive these uncertain economic times. Representatives from all the recipient institutions have taken active roles in getting this effort moving. The corporate community and the board volunteers, in particular, have been willing to work side by side with the executive directors and staff to secure the \$21.5 million endowment.

ArtCo created a board comprised of two representatives from each of the beneficiary arts organizations, one voting and one non-voting; one community member-at-large; and, one member from the financial community to serve as ArtCo's representative to the Delaware Community Foundation's Investment Committee. A second person is appointed to the DCF Investment Committee by the President of ArtCo, but is not required to be a member of the ArtCo Board.

Internally, the partnership for stabilizing the arts begins with the member institutions of ArtCo, which consist of eight cultural arts organizations and the Division of the Arts and their respective board members.

Externally, the partnership then encompasses a broader audience of all our donors and those individuals who have helped raise the \$21.5 million endowment and eventually encompasses the general public.

ArtCo's President or appointed agent serves as the liaison for its members with the local community foundation. The ArtCo President, Campaign Chairman and Director served as liaisons to the donors and the media

Now that the Campaign is completed, ArtCo focuses all of its attention on its two ongoing responsibilities: Oversight and Collaboration.

All board members are actively involved in one of both of these committees. Oversight has recently produced a manual to provide clear guidelines for accessing, spending and reporting on use of income withdrawn from the Fund by ArtCo members.

The Collaboration Committee used to meet around professional activities such as marketing and accounting. This is happening less and less formally. A broader effort has also been established to develop a regional cultural tourism plan that includes ArtCo members, the hotel industry and the area's major museums but is not managed by ArtCO. Joint advocacy efforts are organized through a newly created Cultural Arts Alliance. The Alliance anticipates implementing a communication network to better facilitate immediate responses to issues of mutual concern and has established a candidate's forum to discuss the arts prior elections.

The beauty of ArtCo's success so far is that it has been built on a cooperative partnership that recognizes that the whole is greater than any one part: every organization and every person involved has assumed a leadership role at some point. However, success has been dependent upon everyone's involvement. ArtCo's organizational structure requires that it continue to function as a cooperative partnership if it is to be successful in fulfilling its ongoing obligation for oversight of the Fund and future collaborations among the arts organizations.