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Sustaining ImagineARTS at South Shore Conservatory



INSTITUTE FOR
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Founded in 1970, South Shore Conservatory is the largest community music school in New England and one of the fifteen largest organizations of its kind in the nation. With two campuses located south of Boston, Massachusetts, the conservatory serves over 4,000 students annually and is supported by a budget of nearly \$5 million. Under the leadership of President Kathy Czerny, the organization's strategic priorities of access, visibility, and sustainability shape the vision and programming of the organization. One of South Shore Conservatory's key access programs, ImagineARTS, is an early intervention, literacy-based arts program that serves kindergarten students in the economically disadvantaged community of Brockton, Massachusetts. ImagineARTS has grown exponentially since its launch in 2012. However, the potential for future growth has been called into question with its current unstable budget after five years of operation. Conservatory resources are currently stretched to capacity, and programming can only be planned on a year-to-year basis. Czerny is committed to developing a financial plan that can sustain ImagineARTS. After a short history of the organization and an overview of the ImagineARTS program, this case centers on the evaluation of two funding scenarios that are being considered by the SSC leadership team to ensure the long-term prosperity and future growth of the program.



This case study was prepared by Eric Laprade. *The Eastman Case Studies* are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements or sources of primary data nor are they to serve as illustrations of effective or ineffective leadership or decision making.

From Living Room to Regional Leader

It was in a living room in the small seaside town of Cohasset, Massachusetts that the idea first arose to establish South Shore Conservatory (SSC). In 1969, New England Conservatory (NEC) closed its Hingham, Massachusetts satellite campus, leaving over 180 students without a place to study music. A small group of parents and concerned citizens formed a committee to explore ways to ensure that high-quality music instruction would remain accessible to the Hingham community. One committee member was Jane C. Carr, the vice president of the Hingham Civic Orchestra and parent of a piano student who had studied at the NEC satellite campus. She led the group to the ambitious decision to launch their own music school. With \$25,000 in seed funding from the Stride Rite shoe company and a small but dedicated board, SSC was officially

"From early on, the conservatory always had a family feel. This is one of the reasons the institution has experienced such tremendous growth and is so well respected in the community."

**— Jane C. Carr,
Founding Trustee**

Carr secured a landmark opportunity for the organization in 1973 when it purchased from the government four acres of land and a building in Hingham for one dollar. With a new home for

established as a 501(c)(3) organization in 1970, just months after the NEC campus had closed. The organization rented space in the Old Ship Church Parish-House, hired a young and promising James C. Simpson as its first executive director, and welcomed an inaugural cohort comprising nearly all of the displaced NEC students to the newly formed South Shore Conservatory.

Facing a growing student body and rising rent costs, SSC Board President Jane

the institution, Simpson embarked on a bold programmatic expansion, including preschool and kindergarten programs, the Evening Under the Stars summer concert series, and the Summer Music Festival, one of the conservatory's largest and longest running programs. Simpson expanded the institution's reach beyond Hingham, opening a second campus in Duxbury in 1979, the Ellison Center for the Arts in 1996, and a satellite campus in Brockton, Massachusetts for a short period of time. Simpson was equally committed to developing the Hingham campus into one of the premier destinations for music education in New England. In 1983, a large rehearsal hall and additional teaching studios were added to the building, and in 1996 the conservatory opened its signature performance space, the Jane C. Carr Amphitheater. SSC more than doubled its teaching space with the 2004 opening of the Alan G. Carr Building, named after the late husband of Jane Carr. The institution that began as an idea in a living room in 1969 had developed into one of the top providers of high-quality music education and performance in New England at the turn of the twenty-first century.

Upon Simpson's retirement in 2005, South Shore Conservatory entered into a new era under the leadership of Kathy O. Czerny. Czerny was recruited from the Rhode Island Philharmonic Orchestra & Music School and has led SSC to become the largest community music school in New England and one of the fifteen largest organizations of its type in the nation. The conservatory now serves almost 4,000 students annually from 32 different communities in the region, with programs offered to students from early childhood to beyond retirement age. The institution reaches an additional 10,000 community members through its various concert series and outreach programs each year. One of the largest employers of artist-educators in the region, the institution employs over 100 faculty and administrative staff members. The conservatory's portfolio of

The mission of South Shore Conservatory is to provide access to exceptional arts education and performance for the South Shore community, and foster creativity, artistic growth, and well-being for individuals of all ages, backgrounds, and abilities.

education and performance offerings includes over 50 different programs, 50 student recitals, 30 professional performances, and five student competitions each year. Under Czerny's leadership, SSC's budget has nearly doubled to around \$5 million

annually. Programs are funded through approximately \$3.3 million in earned income and \$1.7 million in contributed income each year. The conservatory is working towards providing 5% of its operating budget in tuition assistance, which resulted in over \$130,000 in discounts for underserved students during the 2015-16 fiscal year.

Under President Czerny's guidance, the strategic planning committee committed to the three priorities of Access, Visibility, and Sustainability. Regarding the Access pillar, the committee articulated the

importance of expanding program availability and "acting on the belief that participation in arts learning should not be limited by geography, by a family's financial means, or by an individual's learning capabilities." Czerny believes SSC must reach beyond the walls of its two physical campuses, not only for reasons of space but also to increase the chances of touching the many communities they aspire to serve. The primary vehicle for increasing access to SSC programming is the organization's relatively new Community Partnerships department and programs for underserved populations. As Czerny is strongly committed to an arts-for-everyone approach, she sees the primary mission of SSC to reach more diverse groups by expanding its

presence into more communities and removing barriers to participation. Regardless of location, student mix, partnerships, or funding sources, Czerny has prioritized the consistent delivery of exceptional arts education. Connected to the Access priority, the institution has committed to financial sustainability, with the understanding that in order to grow programs and strengthen the organization's financial position, additional capital is needed. A key to sustainability is SSC increasing its visibility with key stakeholders both in the region and at the national level.

Imagining ImagineARTS

In 2009, Anne Katherine Smith was hired by South Shore Conservatory as the manager of the Duxbury campus. Czerny tasked Smith with growing programs and building a sense of community at the smaller of the institution's two campuses. Smith achieved early success with new programmatic offerings such as open mic nights and school rock band camps, which brought together community members for collaborative music making experiences. With a series of successful initiatives at the Duxbury campus, including growing enrollment in the fledgling ballet department by over 40%, Smith was promoted to the role of director of Community Engagement in 2012. The new position came with a mandate from President Czerny to promote an arts-for-everyone agenda by integrating SSC programs into underserved communities in the region. Czerny stressed that SSC's mission was to serve all 32 communities in Massachusetts' South Shore, not just the ones that had direct access to the conservatory's dual campuses. To that end, Smith launched a year-long artist in residence program, "Symphony in the Schools," in the Randolph, Massachusetts public schools during the 2012-13 school year.

In late 2011, the Board of Directors' outreach committee prioritized starting an early childhood

"Providing access to the life changing benefits of arts education is at the heart of our mission. A great deal of research had been done on the links to music and language development at Harvard so we decided to build a curriculum based on this research."

– Kathy Czerny, SSC President

partnership with the schools that would integrate with existing literacy programs. The conservatory is well respected for its on-campus preschool, pre-K, and kindergarten programs, so the expansion seemed like a natural fit for the institution. Czerny reflected: "A lot of research had been done on connection between music and language development, so we saw great need and opportunity to offer high-quality, music-based literacy programs." It was around the same time that SSC board member Janna Oddleifson approached Smith about partnering with the Brockton public schools. As a volunteer in the Brockton Public Schools, Oddleifson was eager to see SSC expand its programming into the community she cared so much about.

The Brockton Public Schools represent the fourth largest school district in Massachusetts, serving over 17,000 students each year. Brockton is an ethnically diverse community in which more than three-quarters of students are non-white. With a growing immigrant population, more than one-third of Brockton students' first language is not English and 20% have limited English proficiency. More than 50 foreign languages are spoken among Brockton residents and over 80% of students are economically disadvantaged. Literacy is thus a particular challenge in the schools. As standardized test data has shown, more than two-thirds of Brockton students are reading below

grade level by the third grade. With a geographical location that would expand the SSC's sphere of influence, Brockton emerged as the ideal community for launching a literacy-based music program. Limited funding for high-quality music instruction and an eager board member prepared to provide significant seed-funding for programming were further reasons to pursue the opportunity.

The new program, ImagineARTS, officially launched during the 2012-13 school year. The SSC team collaborated with key stakeholders, including local school administrators, teachers, and literacy specialists, to develop a curriculum that could strengthen pre-reading skills among preschool and kindergarten students. The program provided a new layer of early intervention, targeting specific pre-literacy skills and fostering an early love of reading through weekly arts-integrated literacy instruction, professional development for classroom teachers, and a bridge to reading—and ultimately the arts—for families. The program is uniquely tied to the strengths and needs of Brockton, centering on the community's diverse and vibrant population and engaging English language learners by introducing stories from around the world and music from Latin America and Africa. The program runs from October through May, with each participating class receiving 27 lessons, which are administered by SSC's team of arts specialists. Each lesson includes arts-integrated literacy instruction using music, drama, dance, and stories to promote important pre-reading skills such as sequencing, rhyming, and retelling, which reinforces reading readiness and vocabulary development. Every class includes the same core artistic elements: singing or chanting, instrument playing, dramatic improvisation, and creative movement. The program aligns with the kindergarten curriculum, providing a monthly theme and literacy skill. Classes are story-based: each lesson plan focuses on a new book through which specific

letters and vocabulary words are introduced. As part of the program, SSC provides each student with four storybooks that are part of the core curriculum.

“ImagineARTS is an experience that educates the ‘whole child.’ The activities activate kinesthetics, encourage literacy development, and promote receptive and expressive communication. Students also have an emotional connection to ImagineARTS, demonstrating happiness, a sense of accomplishment, and pride.”

*– Helen Virga,
Principal, Gilmore
Early Childhood
Center, Brockton*

ImagineARTS has experienced significant growth since launching during the 2012-13 school year. During the 2016-17 academic year, ImagineARTS was operational at four elementary schools and kindergarten classrooms in the Brockton Public Schools. In total, the curriculum was administered to over 600 students. In addition to the 2,500 books that were provided to children, eight community performances were offered, and professional development was delivered to 28 kindergarten teachers and over 50 paraprofessionals as part of the program. Reflecting on her vision for the ImagineARTS program, Smith states: “In 2016-17, we were in just under half of all kindergarten classes in Brockton. Our vision is to be in 100% of these

classes and to expand the program to other communities in the region. We strive to be the national model for early-childhood, arts-based music education and the preferred partner with both public and private schools.”

A Need for Sustainability

The substantial growth of the ImagineARTS program has been matched by an equally expanding

budget (**Appendix 1**). Since its launch in 2012, the ImagineARTS budget has grown to approximately \$116,000 annually, which now represents 2.5% of SSC’s annual operating budget. The vast majority—about three-quarters—of the ImagineARTS budget is dedicated to paying SSC artist specialists, lead teachers, and the director of Community Engagement. Approximately 10% of the budget is allocated for program expenses and supplies, with the remainder directed towards the administrative costs associated with running the program, which is administered tuition-free to the students of Brockton. The entire budget is funded through contributed income, and the SSC team faces the formidable task of raising the necessary funds to run the program in each year of operation. During the 2016-17 academic year, over 55% of the funding for the ImagineARTS program came from a small group of four donors, with the remaining funds secured from local and national foundations.

With an eye toward the future and the goal of expanding the ImagineARTS curriculum to every kindergarten classroom in Brockton and other underserved communities in the region, both Czerny and Smith agree on the need to develop a sustainable funding model for the program. Smith and the SSC development team continue to scramble to raise funds in order to ensure that they can fund the program through the end of each academic year. Smith has found that the vast majority of her time is spent writing grant proposals, donation request letters, and meeting with potential donors for ImagineARTS. While this work is crucial to the program’s success, Smith has little bandwidth to engage in programmatic expansion or to develop other partnerships.

The SSC Development team similarly lacks the capacity to attend to the day-to-day needs of the ImagineARTS program. This group already raises a minimum of \$116,000 annually for ImagineARTS

as part of the \$1.7 million they must raise for the entire institution each year. They are also gearing up for an ambitious long-term capital campaign for the conservatory. While SSC has a reserve fund available to mitigate any unanticipated funding gaps that might occur at the institution level, no such funding exists for the ImagineARTS program; if the funds aren't raised, the program cannot operate. Senior Director of Development Amy Schomp acknowledged that the development team has struggled to consider long-term solutions for the funding of ImagineARTS, since they are always focused on immediate pressures to sustain the current year of the program. Schomp worries that donor fatigue might become a factor. With such a small cohort of transformational donors connected to the program, Schomp knows that if a donor decides to fund a new project or doesn't see growth in the ImagineARTS program, a sizable portion of ImagineARTS funding could disappear.

The lack of sustainable funding is beginning to impact the relationship between SSC and the Brockton Public Schools. It is hard for SSC to build trust with key stakeholders, including school administrators and community members, when fiscal uncertainty surrounds the future of the program. If a grant doesn't come through or if major donors do not renew their commitments, the feasibility of the program is thrown into question. Each year, the schools are left wondering if the ImagineARTS program will be thriving in the subsequent year, which places the SSC program in the periphery of administrators' priorities and makes the students' literacy development dependent on funding. The conservatory has found itself stuck in a position where they cannot grow or develop the ImagineARTS program since all of their efforts are focused on annual survival. The silver lining has been the programming of ImagineARTS, which continues to flourish. But President Czerny highlighted the challenging situation surrounding funding:

"Developing a sustainable financial model is critical to the program's growth and possibly to its long-term survival."

South Shore Conservatory is exploring multiple plans in order to achieve a sustainable budget solution for the ImagineARTS Brockton program. Possibilities currently under consideration include creating an endowment for the program or doubling down on efforts to secure long-term foundation support. While each scenario has its merits, the leadership team is deadlocked on the best path forward for ImagineARTS.

Endowment

Many team members at SSC are advocating for the creation of an endowment to fund the ImagineARTS program in perpetuity. An endowment would represent a restricted fund in which only the interest from contributed income, which is invested, can be used to support programming. Although the percentage varies, endowment accounts usually allow for a 4% annual draw on the principal (invested amount), which means a \$100,000 endowment account will produce approximately \$4,000 in annual support. Endowments are advantageous for many reasons. First and foremost, they provide consistent and relatively safe annual income indefinitely. While endowments are not immune to fluctuations in the stock market and to the effects of inflation, the risk is softened by the industry standard of taking a five-year average for calculating withdrawals. An endowment to support ImagineARTS would communicate trust and continuity to both the Brockton Schools administration and to the community as whole. The uncertainty that surrounds the current funding model for the program could be removed with the implementation of an endowment, allowing Smith and SSC to strengthen the relationship with the schools. Also, once an endowment account is funded, little time and resources must

be dedicated to the maintenance of the fund. This means that Smith could transfer her efforts from raising money to developing a long-term vision for the ImagineARTS program and exploring new partnerships with other communities.

Endowments can become a springboard to attracting new donors and foundation support. Such funds show that organizations are managing their assets strategically and prepared for the long term. Additionally, endowment donations have the potential to provide greater financial support than a more traditional annual-fund donation. Given that endowments traditionally average slightly greater than a 4% return, there is the potential over time that an endowment might yield more support than the initial investment. This can be viewed as advantageous to both the institution and the individual donor who creates the endowment. With the proper investment, an endowment fund can allow for the strategic and planned expansion of the program that it funds.

Though the endowment route seems like the surefire way to fund the future of ImagineARTS, some leadership team members at SSC feel that an endowment is not the right match for the program or organization. Assuming a 4% annual draw, in order to fund the ImagineARTS program at its current budget of \$116,000, the development team would need to raise \$2.9 million in endowment funds. However, factoring in President Czerny's goal of increasing the number of kindergarten classrooms in Brockton that SSC services from 45% to 100% would mean increasing the endowment fund to approximately \$6.4 million. While the ImagineARTS budget represents only 2.5% of the institution's budget, the \$6.4-million figure would represent over 30% of SSC's upcoming capital campaign. Many development team members are worried that creating an endowed fund for ImagineARTS is too heavy of a lift for the organization and beyond the

resources of the team. Further, the development team would still need to raise \$116,000 annually in order to fund the program until the endowment is complete. Such an ambitious goal for the ImagineARTS program has the potential to stunt the growth of other programs that SSC offers. It would require special strategic focus on an emerging aspect of the portfolio, which could cause concern in the SSC boardroom.

While Smith and her team have successfully cultivated a small group of donors with the financial means to provide significant funding on an annual basis to the ImagineARTS program, some development team members wonder if the potential donor base is too small to reach the \$6.4-million level. The majority of SSC's donor base is located in the communities that it directly serves, namely Hingham and Duxbury. Development team members figure that it will be difficult to attract donor support for the ImagineARTS program in Brockton, a community with a very different economic make-up than Hingham and Duxbury. It will further be a tough sell to entice donors for a program that is somewhat in the periphery of SSC's primary work. SSC donors want to see their dollars have both maximum and immediate impact to the organization: selling them on the long-term benefit of an endowed gift could prove cumbersome. This is compounded by the fact that many donors who have the financial means to make significant endowed donations are often hesitant to give a transformational gift that only guarantees the status quo of a program. Donors generally want to support new initiatives and program growth that would only be possible with their generosity. Development team members are concerned that funding the daily operation of the ImagineARTS program will not be an attractive enough ask to solicit the necessary funds to sustain it. All of these factors combined have many at SSC questioning if a fully endowed version of ImagineARTS

is beyond the capacity of both the staff and donor base of the conservatory.

Foundations

During the 2016-17 academic year, foundations contributed over \$51,000 to support ImagineARTS, amounting to approximately 45% of its budget. Support from these organizations in the first five years of ImagineARTS came from small local family foundations, government grants, corporate foundations, and private foundations. The SSC development team has found the program to be an attractive proposition to these institutional donors. The program supports literacy development, using the arts, in an underserved and economically disadvantaged community, which spans key areas of foundation giving. The program is defined by collaboration among key stakeholders, pairing a public school system with a private community music school, with a record of improving the quality of life for residents in the community it has served. Not only is the narrative bolstered by the firsthand testimonies of teachers, students, and community members, but SSC has also been able to quantify the successes of the program. While many arts organizations struggle to collect and analyze data that many grant-making organizations require, SSC has found ways to show its progress numerically in a way that does not tax the team. Combining a strong narrative with relevant supporting data, SSC development team members have been able to secure significant foundation funding with minimal investment. Anne Smith has taken the lead on the majority of the grant proposals. Although she has limited experience with grant writing, Smith has steadily drawn grantors into the ImagineARTS orbit to cover annual operational expenses. Many at SSC see foundation support as an area to redouble efforts that don't exhaust the current individual donorbase.

Grant writing has further become a priority at the institutional level for SSC. In September 2017, the conservatory hired a part-time grant writer. There is the potential for this grant writer to provide 10-12 hours per week in support to the ImagineARTS operation. Not only does having a professional grant writer on staff increase SSC's potential for securing grant dollars, it would also free Smith from much of her fundraising responsibilities in order to allow for the forging of the additional partnerships that Czerny has called for. A dedicated staff member focused on grant writing would presumably allow for more aggressive, multi-year proposals that yield substantially higher awards. Smith has primarily focused her efforts on smaller local grants, as they tend to offer simplified applications. The chance to apply for larger funding opportunities through national and international foundations also serves to increase the presence and reputation of SSC as a whole. Large grant awards have intangible benefits: they can generate national press coverage and often attract other foundation funding and individual donors. While an endowment fund to support ImagineARTS would only benefit that single program, additional foundation funding has the potential to impact all programs at the conservatory positively.

Foundation support is inherently risky. Often, foundations shift their funding priorities, and dependable sources of funding can quickly disappear. SSC experienced this firsthand when a foundation that provided approximately \$10,000 in support of the ImagineARTS curriculum changed its focus from literacy programs to math and science initiatives. The revised funding priorities forced SSC to fill an almost 15% gap in the ImagineARTS budget. The inconsistency of funding is further compounded by the fact that many foundations operate on a three-year funding cycle in which an off-year of funding is required for every three years of financial support. With potential grant

amounts ranging from \$100,000 to \$1 million, closing the funding gap during off years raises questions of consistency for the partnership. Multiple grants would have to be secured to cover for one another and to deliver steady program funding.

While SSC now has increased personnel to apply for grants more aggressively, the same cannot be said for managing grant funds once they are received. The larger the grant amount, the greater the expectations are for organizations to document how the funds are used in reports due to the grantor. In some cases, non-profit organizations will be required to dedicate a staff member to the stewardship of grant funding. It is possible that Anne Smith could be consumed by the management, tracking, and reporting of the awarded grant funds. Collecting data and writing narratives to renew or secure funding could be replaced by almost the same tasks associated with maintaining the funding. Given the demands of managing grant funding, the ability of the SSC team to grow the ImagineARTs program and develop new community partnerships could be tenuous.

Charting the Path Forward

The leadership team at South Shore Conservatory is torn on how to sustain funding for the ImagineARTS program. President Kathy Czerny needs to provide a recommendation to the SSC board about the future of ImagineARTS. Keeping in mind SSC's structure and mission, the ImagineARTS program, and the proposals for keeping ImagineARTS operational, how should SSC proceed? Are other options available that ensure the longevity of the program while addressing the concerns of team members? Prepare a recommendation with rationale for Czerny as she considers the next steps to preserve ImagineARTS.

APPENDIX 1

ImagineARTS Budget 2016-17

Income:

Individual Donors:	\$	65,000	56%
Foundations:	\$	51,000	44%
Total Revenue:	\$	116,000	

Expenses:

Faculty and Staff:			73.20%
Artist Specialists	\$	33,285	
Lead Teachers	\$	3,175	
Professional Development	\$	13,225	
Program Director	\$	27,500	
Taxes and Benefits	\$	7,718	
Program Expenses:			10.10%
Curriculum Materials	\$	1,090	
Storybooks	\$	10,150	
Miscellaneous	\$	500	
Administrative Expenses:			16.70%
Administrative Expenses	\$	19,329	
Total Expenses:	\$	115,972	



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