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SUMMARY

Introduction

Knight Foundation believes that the arts play a critical role in connecting people to the places where they live. To concentrate its impact, the foundation has focused its funding in specific communities—especially Detroit, a city long known for its artistic and cultural vibrancy.

The Great Recession wrought significant damage in Detroit, exacerbating economic fragility that had been decades in the making. The arts were not exempt from this pain. Contributions and revenue plunged for even marquee cultural institutions. Yet the city came together around the arts. In what has been called the “Grand Bargain,” philanthropic and public capital was deployed to help the city move quickly through bankruptcy, rescuing the collection of the Detroit Institute of Arts from the auction block in the process.
In light of these developments, Knight wanted to understand how the arts ecosystem in Detroit has evolved over the past decade. The foundation commissioned this study with TDC, a cultural sector research and consulting firm, to determine whether the arts have in fact become more accessible and ubiquitous in these communities. The study sought to address the following key questions:

• How has Detroit’s arts ecosystem (organizations, audiences, funding, creative industries) changed?
• What are the continuing gaps in the system?
• What has been Knight’s role?

This report provides a snapshot of key indicators reflecting how the arts in Detroit evolved over a decade. The analysis synthesized several secondary data sources and interviews with key stakeholders in the community.
The study suggests that the arts have played a pivotal role in the resilience of Detroit over the past decade:

- **The Arts Have Contributed to the City’s Identity**: In the face of declines in Detroit’s population and economy, the arts have forged a common identity, burnishing the city’s image as a bustling hive of do-it-yourself creative activity. As summed up by one local leader: “When Detroit was at its lowest point, the arts doubled down on community investment when everyone else was gone.”

- **The Arts Have Grown More Vibrant**: There has been significant growth in artistic activity and participation. Arts attendance has risen dramatically over the past decade in both the city and Wayne County. This growth is also reflected in the spending levels of arts organizations in Detroit,
which declined during the recession but rebounded by 2015 to surpass 2005 levels. Stakeholders are seeing, as one put it, “a growing number of galleries, arts alliances, artists working in group shows, diversity in the kinds of art being shown. There is just more!”

• **The Arts Have Sparked Opportunity:** Furthermore, arts and culture have served to bind people to the city and have created professional opportunities. During a period when Detroit experienced a net loss in jobs, employment grew in cultural industries. People were quick to point out, for example, that “the creative aspect of the city has attracted businesses—hip clothing stores, wine tasting spots.”
The study examined the state of the arts ecosystem on several dimensions using a combination of data sources. In addition to top-line composite indicators, the study (and this report) explored the following high-level components of the arts ecosystem:

• **ACTIVITY AND AVAILABILITY**: This section focuses on the volume of artistic activity as measured by the number of arts organizations, arts attendance and the number of new art works created. Spending by arts organizations was also explored as an indicator of the level of artistic output.

• **FINANCIAL ANALYSIS**: This section focuses on the fiscal state of the arts. It includes an examination of the fiscal health of arts organizations as well as the funding environment.
• **CREATIVE ECONOMY:** This section explores the role of the arts in the local economy and creating professional opportunity. It includes measures of revenues for firms in cultural industries as well as employment figures in those industries.
KEY FINDINGS
Overview

Detroit Outperforming National Rate of Artistic Vitality

The Creative Vitality Index (see sidebar) provides a top-line measure of the overall state of the arts in cities relative to their peers across the country. This index demonstrates the consistent growth of the arts in Detroit since 2011, with Detroit now outperforming the national index. The Grand Bargain likely fueled growth in performance since 2015.
The Western States Arts Federation (WESTAF) created the Creative Vitality Index to serve as a composite indicator reflecting the health of a city’s creative sector. It synthesizes numerous types of data, including:

- Creative occupations (based on Standard Occupational Classification codes)
- Creative industries (North American Industry Classification System codes)
- Arts and culture nonprofits (National Taxonomy of Exempt Entities codes)
- State arts grants (National Assembly of State Arts Agencies reports)

Source: Creative Vitality Suite
KEY FINDINGS
Activity and Availability

Relatively Low Number of Artistic Organizations Per Capita

The number of arts and culture organizations on a per capita basis is the lowest among the cities reviewed. Though Detroit arts organization spending per capita is in the lowest quartile, the city still outpaces a few of its peers, including those with a higher concentration of arts organizations.
Arts Organizations and Expenditures

Source: GuideStar. Note: Detroit and Miami data are from 2015; others are from 2012.
KEY FINDINGS
Activity and Availability

Ecosystem Is Top-Heavy

Though Detroit has fewer arts organizations than most other cities examined, a high share of these organizations operate with larger budgets. With the exception of Miami, Detroit has a greater proportion of arts organizations with budgets of $500,000 and over than any other city examined.
Arts Organization Sizes by City

Source: GuideStar. Note: Miami and Detroit data are from 2015; others are from 2012.
KEY FINDINGS
Activity and Availability

Attendance Grows While Population Remains Flat

Total attendance—paid and unpaid—grew significantly between 2011 and 2015 for both the city of Detroit and the metropolitan statistical area (MSA). This growth occurred even though population remained flat during this period.

Large museums and history organizations drove much of the attendance growth. Attendance for performing arts organizations declined.

Among Knight grantees, attendance grew 28 percent during this period.
Audiences for Knight Grantees Grew 28 Percent

Sources: Detroit DataArts 2-year sample; American Community Survey 1-year estimates.

Note: DataArts 2-year sample includes organizations across all disciplines.
KEY FINDINGS
Activity and Availability

Knight-Funded Organizations Are Producing New Works

New artistic works are an important barometer for examining the level of artistic innovation, a key factor in driving higher arts participation and the cultural reputation of a community. Not only has the number of new works increased in Detroit, but a greater share of arts organizations also have generated new works (28 percent in 2015 vs. 17 percent in 2011), and new work creation has become more prevalent across organizations of all budget sizes.

Knight has played an important role in spurring new art. The analysis shows that Knight-funded arts organizations fueled much of the increase in new works.
Organizations Producing New Works

Number of New Works

Source: DataArts 2-year sample
KEY FINDINGS
Activity and Availability

Spending Rebounds After Recession

Spending by arts organizations declined dramatically between 2005 and 2011, but it recovered by 2015 to surpass 2005 levels. Spending still trails growth as projected by inflation rates.

The decline in 2011 largely stems from decreased spending among large organizations (budgets over $5 million), though spending by small and midsize organizations grew throughout the decade.
KEY FINDINGS
Activity and Availability

Revenue Is Growing and Becoming More Diverse

All forms of revenue grew dramatically between 2011 and 2015. The fastest-growing segment was Other, which includes investments, rentals and sales.

Source: GuideStar 2-year sample
KEY FINDINGS
Activity and Availability

Contributed Revenue Grew From All Sources Except Government

Contributions from individuals, foundations and corporations increased from 2011 to 2015. Government funding declined.

Individual giving growth trailed the national average (15 percent vs. 27 percent), but foundation and corporate giving grew faster than national averages.

Not depicted in the chart is the Grand Bargain, which totaled $552 million after discounts. The state of Michigan paid its $194.8 million obligation upfront. Foundations are making payments against pledges over 20 years, with 2015 payments totaling $20,800,000.
Contributed Revenue Trends

Source: DataArts 2-year sample
KEY FINDINGS
Activity and Availability

Operating Without a Safety Net

Financial health, as measured by months of unrestricted net assets (URNA), has worsened over time. URNA measures the equity, free of donor restrictions and investment in fixed assets, that an organization can use to mitigate risk. Generally, organizations should strive to have at least 6 months of URNA available.

The share of arts organizations in Detroit with less than 2.5 months of URNA increased from 27 percent in 2005 to 38 percent in 2015.

Financial distress was most apparent among the large arts organizations.
Months of Operating Costs vs. Unrestricted Net Assets

Source: GuideStar 3-year sample
KEY FINDINGS
Activity and Availability

Growth in Creative Occupations

Creative jobs in the metro area grew 10 percent, from 112,539 in 2011 to 124,041 in 2016. Growth occurred across all occupations except Collections.

Hispanics had the highest overall growth in creative sector employment, while African-American job growth lagged in most areas except Art/Design. Whites made up 81 percent of the creative workforce in 2016, down slightly from 83 percent in 2011.
Jobs in Creative Fields

Source: Creative Vitality Suite, selected occupations
KEY FINDINGS
Activity and Availability

Revenue Grew Across Most Creative Industries

Industries advancing the arts in Detroit and employing creatives have grown as a whole since the start of the decade. Two commercial industries—film and book publishing—are the largest categories by revenue, though publishing was one of the few industries where revenue declined. Meanwhile, the two fastest-growing industries were other performing arts companies and musical groups/artists.
Sales by Organization Type

Source: Creative Vitality Suite, selected NAICS codes
CONCLUSION

In Detroit, the arts have forged a common identity and served as a bedrock during a tumultuous period. The number of new works generated and residents participating in artistic experiences has risen dramatically over the past decade. Meanwhile, employment in cultural industries has risen in the face of broader economic declines.

The Grand Bargain undeniably represented a watershed moment for the arts in Detroit and signaled the promise of partnership. Key stakeholders acknowledge Knight’s unique role and the importance of its funding in both supporting legacy arts and sparking innovation and new activity. The research points to signs that the arts are indeed becoming more available and accessible to all in Detroit.
Yet the arts sector in Detroit is not fully secure. Large institutions have limited unrestricted capital, which threatens their long-term sustainability. While the city is home to large legacy institutions and small startups supporting the arts, there’s relatively little activity in between. There is an opportunity to identify, nurture and sustain the midsize organizations so that they continue to offer artistic choices beyond the legacy institutions.

The arts in Detroit will continue to play a powerful role in shaping the community. Knight aspires to continue to monitor the health of the arts ecosystem and determine how best to support and collaborate with others to ensure it continues to be a powerful force for promoting the city’s success.
APPENDIX
Supplemental Findings

Private Sources Powered Arts Funding Growth

General Private Philanthropy Surged Since 2015

State and Local Arts Funding Rebounded Across U.S.

Source: Grantmakers in the Arts, Giving USA
APPENDIX
Supplemental Findings

Detroit: Arts Organization Universe

The analysis identified 432 arts organizations operating in Detroit in 2015, with the largest portions classified as Music (78) and History (76). Of these organizations, 70 (16 percent) were formed since 2005. Music and Multipurpose/Other experienced the most growth in organizations formed over the past decade.
Growth in Arts Organizations

Source: GuideStar. Note: ASO (Arts Service Organization), PAC (Performing Arts Center)
APPENDIX
Supplemental Findings

Program Spending is Recovering After Being Outpaced By Management and Fundraising

Spending Trends by Budget Size

Source: DataArts 2-year sample

Spending Trends by Category

Source: DataArts 2-year sample
# Top Foundation Givers

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ernest and Rosemarie Kanzler Foundation</td>
<td>40,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Ford Motor Company Fund</td>
<td>7,596,665</td>
</tr>
<tr>
<td>3</td>
<td>Richard &amp; Jane Manoogian Foundation</td>
<td>7,396,640</td>
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<tr>
<td>4</td>
<td>The Chrysler Foundation</td>
<td>3,909,500</td>
</tr>
<tr>
<td>5</td>
<td>The Kresge Foundation</td>
<td>3,100,000</td>
</tr>
<tr>
<td>6</td>
<td>McGregor Fund</td>
<td>2,965,000</td>
</tr>
<tr>
<td>7</td>
<td>Community Foundation for Southeast Michigan</td>
<td>2,793,250</td>
</tr>
<tr>
<td>8</td>
<td>Max M. and Marjorie S. Fisher Foundation Inc.</td>
<td>2,761,910</td>
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<tr>
<td>9</td>
<td>John S. and James L. Knight Foundation</td>
<td>2,475,000</td>
</tr>
<tr>
<td>10</td>
<td>Masco Corporation Foundation</td>
<td>2,227,950</td>
</tr>
<tr>
<td>11</td>
<td>Hudson-Webber Foundation</td>
<td>2,144,000</td>
</tr>
<tr>
<td>12</td>
<td>The Skillman Foundation</td>
<td>1,612,600</td>
</tr>
<tr>
<td>13</td>
<td>General Motors Foundation Inc.</td>
<td>1,532,250</td>
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<tr>
<td>14</td>
<td>Comerica Charitable Foundation</td>
<td>1,104,176</td>
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<tr>
<td>15</td>
<td>Community Foundation Silicon Valley</td>
<td>1,000,000</td>
</tr>
<tr>
<td>16</td>
<td>DTE Energy Foundation</td>
<td>790,100</td>
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<td>17</td>
<td>The JPMorgan Chase Foundation</td>
<td>705,000</td>
</tr>
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<td>18</td>
<td>The Eugene Applebaum Family Foundation</td>
<td>540,000</td>
</tr>
<tr>
<td>19</td>
<td>William Randolph Hearst Foundation</td>
<td>450,000</td>
</tr>
<tr>
<td>20</td>
<td>NCC Charitable Foundation</td>
<td>375,000</td>
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</tbody>
</table>

Source: Foundation Center
## Creative Industries

<table>
<thead>
<tr>
<th>Group</th>
<th>Industry</th>
<th>Sales 2016 (in millions)</th>
<th>% change since 2011</th>
<th>Jobs 2016</th>
<th>% change since 2011</th>
<th>Average earnings per job 2016</th>
<th>% change since 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Film</td>
<td>Motion picture and video production</td>
<td>$519</td>
<td>15%</td>
<td>1,773</td>
<td>60%</td>
<td>$71,081</td>
<td>10%</td>
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<tr>
<td>Publishing</td>
<td>Book publishers</td>
<td>$368</td>
<td>-28%</td>
<td>885</td>
<td>-15%</td>
<td>$47,352</td>
<td>3%</td>
</tr>
<tr>
<td>Artists</td>
<td>Independent artists, writers and performers</td>
<td>$256</td>
<td>47%</td>
<td>11,525</td>
<td>2%</td>
<td>$12,673</td>
<td>10%</td>
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<tr>
<td>Publishing</td>
<td>Internet publishing and broadcasting and web search portals</td>
<td>$147</td>
<td>-1%</td>
<td>572</td>
<td>-34%</td>
<td>$74,608</td>
<td>24%</td>
</tr>
<tr>
<td>Performing Arts</td>
<td>Musical groups and artists</td>
<td>$142</td>
<td>83%</td>
<td>1,401</td>
<td>42%</td>
<td>$36,260</td>
<td>17%</td>
</tr>
<tr>
<td>Film</td>
<td>Motion picture theaters</td>
<td>$132</td>
<td>42%</td>
<td>2,048</td>
<td>9%</td>
<td>$16,823</td>
<td>8%</td>
</tr>
<tr>
<td>Photography</td>
<td>Photography studios, portrait</td>
<td>$103</td>
<td>45%</td>
<td>2,527</td>
<td>3%</td>
<td>$18,272</td>
<td>14%</td>
</tr>
<tr>
<td>Collections</td>
<td>Museums</td>
<td>$86</td>
<td>27%</td>
<td>816</td>
<td>23%</td>
<td>$42,452</td>
<td>6%</td>
</tr>
<tr>
<td>Collections</td>
<td>Historical sites</td>
<td>$84</td>
<td>21%</td>
<td>1,273</td>
<td>0%</td>
<td>$26,712</td>
<td>21%</td>
</tr>
<tr>
<td>Visual art</td>
<td>Art dealers</td>
<td>$73</td>
<td>61%</td>
<td>807</td>
<td>29%</td>
<td>$36,897</td>
<td>6%</td>
</tr>
<tr>
<td>Photography</td>
<td>Commercial sites</td>
<td>$56</td>
<td>31%</td>
<td>823</td>
<td>42%</td>
<td>$30,503</td>
<td>-2%</td>
</tr>
<tr>
<td>Education</td>
<td>Fine arts schools (private)</td>
<td>$53</td>
<td>17%</td>
<td>3,559</td>
<td>31%</td>
<td>$8,142</td>
<td>-12%</td>
</tr>
<tr>
<td>Performing Arts</td>
<td>Theater companies and dinner theaters</td>
<td>$48</td>
<td>44%</td>
<td>834</td>
<td>10%</td>
<td>$21,036</td>
<td>33%</td>
</tr>
<tr>
<td>Music</td>
<td>Sound recording studios</td>
<td>$57</td>
<td>29%</td>
<td>189</td>
<td>4%</td>
<td>$28,194</td>
<td>18%</td>
</tr>
<tr>
<td>Performing Arts</td>
<td>Other performing arts companies</td>
<td>$20</td>
<td>351%</td>
<td>329</td>
<td>199%</td>
<td>$22,151</td>
<td>100%</td>
</tr>
<tr>
<td>Collections</td>
<td>Libraries and archives</td>
<td>$11</td>
<td>-53%</td>
<td>143</td>
<td>-49%</td>
<td>$35,186</td>
<td>25%</td>
</tr>
<tr>
<td>Music</td>
<td>Integrated record production/distribution</td>
<td>$9</td>
<td>3%</td>
<td>66</td>
<td>14%</td>
<td>$21,337</td>
<td>-23%</td>
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<tr>
<td>Music</td>
<td>Music publishers</td>
<td>$7</td>
<td>-13%</td>
<td>27</td>
<td>-47%</td>
<td>$32,907</td>
<td>83%</td>
</tr>
<tr>
<td>Music</td>
<td>Record production</td>
<td>$5</td>
<td>-60%</td>
<td>12</td>
<td>-75%</td>
<td>$51,439</td>
<td>22%</td>
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<tr>
<td>Performing Arts</td>
<td>Dance companies</td>
<td>$4</td>
<td>44%</td>
<td>142</td>
<td>25%</td>
<td>$10,154</td>
<td>-9%</td>
</tr>
</tbody>
</table>

Source: Foundation Center
APPENDIX
Methodology

Data Sources

- Cultural Data Profiles from DataArts (2011, 2015)
- Creative Vitality Suites from WESTAF (2011, 2016)
- Foundation Center FC1000 (2005, 2011, 2015)
- “Arts & Economic Prosperity” Knight grants database
- American Community Survey (ACS) from U.S. Census
- “How Boston and Other American Cities Support and Sustain the Arts”
- Grantmakers in the Arts Giving USA

Key Stakeholder Interviews

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erik Howard</td>
<td>Alley Project (Young Nation)</td>
</tr>
<tr>
<td>Devon Akmon</td>
<td>Arab American Museum</td>
</tr>
<tr>
<td>Ismael Ahmed</td>
<td></td>
</tr>
<tr>
<td>Rick Rogers</td>
<td>College for Creative Studies</td>
</tr>
<tr>
<td>Mariam Noland</td>
<td>Community Foundation for Southeast Michigan</td>
</tr>
<tr>
<td>Cezanne Charles</td>
<td>Creative Many</td>
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<tr>
<td>Jane Schulak</td>
<td>Culture Lab</td>
</tr>
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<td>Omari Rush</td>
<td>CultureSource</td>
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<tr>
<td>Olga Stella</td>
<td>Detroit Creative Corridor Center</td>
</tr>
<tr>
<td>Robert Bury</td>
<td>Detroit Historical Society</td>
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<tr>
<td>Jo Anne G. Mondowney</td>
<td>Detroit Public Library</td>
</tr>
<tr>
<td>Anne Parsons</td>
<td>Detroit Symphony Orchestra</td>
</tr>
<tr>
<td>Daniel Carmody</td>
<td>Eastern Market Corp.</td>
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<tr>
<td>Patricia E. Mooradian</td>
<td>The Henry Ford</td>
</tr>
<tr>
<td>Liza Bielby</td>
<td>The Hinterlands</td>
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<tr>
<td>John Bracey</td>
<td>Michigan Council for Arts and Cultural Affairs</td>
</tr>
<tr>
<td>Elysa Borowy-Reeder</td>
<td>Museum of Contemporary Art Detroit</td>
</tr>
<tr>
<td>Wayne S. Brown</td>
<td>Michigan Opera Theatre</td>
</tr>
<tr>
<td>Roula David</td>
<td>Murals in the Market</td>
</tr>
<tr>
<td>Maurice Cox</td>
<td>Planning and Development Department, City of Detroit</td>
</tr>
<tr>
<td>George Jacobsen</td>
<td>The William Davidson Foundation</td>
</tr>
</tbody>
</table>
APPENDIX
Methodology

Data Analysis Methodology

TDC collected and merged data from several sources to get a picture of 10 years of history

- **GuideStar 990 digitized records from 2005, 2011 and 2015**
  - **3 year sample:** organizations that filled in the full 990 in 2005, 2011, and 2015, or consistently in the years after formation
  - **2 year sample:** organizations that filled in the full 990 in 2011 and 2015, or just in 2015 if founded after 2011

- **DataArts survey data from 2011 and 2015**
  - **DataArts 2 year sample:** organizations that filled out the DataArts survey in 2011 and 2015
  - **DataArts 2015 sample:** organizations that filled out the DataArts survey in 2015
  - **2015 sample:** all organizations that reported data through the 990s and/or DataArts in 2015

- Foundation Center data on foundation giving
- Knight grantee data
APPENDIX
Methodology

Data Analysis Methodology

• Removed all non-arts organizations, supporting organizations, and organizations not in Michigan
• Combined net assets of organizations with supporting foundations
  Reassigned disciplines as necessary
• Filled in data of missing anchor institutions from 990s
• Adjusted Detroit Institute of Arts’ 2005 data to remove Grand Bargain-related revenues and expenses

In tandem, TDC collected and analyzed data from WESTAF CVSuites on creative industries and workforces.