



How Two Nonprofits Merged to Offer Holistic Arts Education to Underserved Youth

During her first year teaching in special education, a student in Dr. Kristen Greer-Pagalia's class was killed in a playground shooting. This was not the first instance of violence she witnessed during her first year. Students seemed to lack connection to both the school and one another. Having had success providing dance therapy to adults who were in prison for life, Pagalia thought this unique modality could work in public schools too.

The intersection between art, healing and social service is at the core of Pagalia's work. She took a leadership position with P.S. ARTS to address the need for school violence prevention and better college and career outcomes for all children. Her methods included using the arts to create change and connection for nearly a decade. P.S. ARTS eventually acquired Inside Out Community Arts (another local arts nonprofit) three years ago.

"I wanted to look at prevention," says Pagalia, P.S. ARTS CEO. "I really wanted to be doing in-depth work with kids during this vulnerable middle school time."

P.S. ARTS provides weekly dance, music, theater and visual art classes to students in underfunded public schools in Southern and Central California for the entire school year. While they provided an *in-school* theater program for kindergarten to fifth graders, Inside Out had an *after-school* program for sixth to eighth graders. Upon the strategic merger with Inside Out, P.S. ARTS was able to expand their programming to serve students after-school as well.

The two nonprofits collaborated for three years in the same geographic region before considering steps to merge. Even their central offices were located across the street from each other in Venice. Through a regional arts initiative they started aligning their curriculum to maximize their programs' consistency and wrote joint grants to create new programs.

Leadership from both organizations attended a Nonprofit Sustainability Initiative (NSI) workshop to explore making their collaboration more formal. The NSI is a funding collaborative that provides grants to help organizations form strategic partnerships to be more sustainable.

"We probably never would have gone down that road had we not worked with NSI to secure the grants or the consultants," says Pagalia.

For P.S. ARTS and Inside Out, it wasn't until months into the NSI process that they realized a strategic merger was the right fit. Both nonprofits sought the same funders in an industry where the funding pool is limited for organizations of their size in Los Angeles. Since Inside Out served 350 students per year compared to P.S. ARTS' 20,000 students, they decided to reduce Inside Out's administrative costs such as rent, audits, accountants and senior staff by absorbing these functions into P.S. ARTS' existing infrastructure.

“By acquiring them as opposed to just a straight across merger, we were able to reduce administrative overhead of the Inside Out Community Arts program by about 75 percent. We were able to put in more money directly into the Inside Out program for kids,” says Pagalia.

The most difficult challenge was figuring out where to place the employees whose jobs were being dissolved as a result of the merger. Fortunately, Inside Out leadership staff were ready to move on, and recognized that the benefit to students and the new organization as a whole was what mattered most.

Varina Bleil, the former Inside Out co-executive director, was the driving force in working with NSI and was also one of the Inside Out leadership staff that stepped down after the merger.

“In this instance, it was a very positive experience and outcome. It was post-recession and it's also in the context of the nonprofit sector,” says Bleil. “This acquisition was in the best interest for the community and the missions of both organizations, therefore I think its nonprofit governance at its best.”

Bleil, who is now the executive director of the American Youth Symphony, remembers that throughout the whole process they would go back to look at the missions of both organizations and ask if their choices were in the best interest of the students.

Three years after the merger became official, their expectations of conserving resources to have a greater impact in the partnered schools were met. But the most surprising effect of the acquisition was in the evolution of the P.S. ARTS programs itself.

Although the two organizations were alike, Inside Out was “not just an add-on, but drove a philosophical shift towards a more holistic approach to arts education as a whole school academic and social reform effort,” says Pagalia.