

*Arts and
Culture
in the
Metropolis*

*Strategies for
Sustainability*

Kevin F. McCarthy
Elizabeth Heneghan Ondaatje
Jennifer L. Novak

*Sponsored by William Penn Foundation
and the Greater Philadelphia Cultural Alliance*



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Preface

This study examines the size and structure of the arts sector and systems of support in major metropolitan areas and identifies strategies for sustainability, with the aim of providing policy recommendations to the city of Philadelphia.

The study was supported by a grant from William Penn Foundation and the Greater Philadelphia Cultural Alliance. The sponsors selected the following cities for examination: Baltimore, Boston, Charlotte, Chicago, Cleveland, Denver, Detroit, Minneapolis, Phoenix, Pittsburgh, and, of course, Philadelphia.

This monograph should be of interest not only to Philadelphians but also to policy-makers and arts leaders in these and other major metropolitan areas. Readers interested in the roots of the current problems facing metropolitan arts sectors should focus on Chapter Two. Those who are particularly interested in the methods we developed with regard to applicability to other regions should look at Chapters Three and Four. Those interested solely in Philadelphia should turn to Chapter Five.

The study was produced under the auspices of RAND Education, a division of the RAND Corporation.

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Summary

After three and a half decades of unprecedented growth, the nonprofit arts face an environment that threatens to stunt that growth and raises the prospect of future consolidation. This situation poses severe challenges to the sustainability of local arts sectors. Cognizant of these developments, William Penn Foundation and the Greater Philadelphia Cultural Alliance asked RAND to examine the condition of Philadelphia's arts sector and recommend actions to ensure its sustainability.

This study has three goals: (1) to identify the sources and characteristics of this new environment, (2) to describe the ways local arts communities are responding to new challenges, and (3) to analyze Philadelphia's arts sector and recommend potential solutions to its sustainability problems. We drew upon a range of sources, both quantitative (published data and reports) and qualitative (interviews, focus groups). In the course of this analysis, we introduce two new approaches to examining local arts sectors. The first, or *ecological*, approach focuses on the relationship among the three components of local communities' organizational ecology: their arts infrastructures; the support systems upon which they depend; and the sociodemographic, economic, and political environments in which they operate. The second is a framework we have developed for describing and evaluating organizational mechanisms and operational strategies adopted by local communities to support their arts sectors.

Starting in the mid-1960s and continuing until well into the 1990s, the arts sector experienced a period of unprecedented expansion. Two factors played critical roles in this development: the adoption of a common funding strategy and the proliferation of new funding sources—government, foundation, corporate, and individual—that allowed the implementation of that strategy.

By the mid-1990s, however, the feasibility of this approach was increasingly being called into question in light of changes in funding practices. This situation raised major challenges for local arts sectors: Arts organizations faced new competition for funding and a new operating environment. In addition, they confronted a political environment that required new funding strategies and new arguments for support.

The Local Arts Ecology

The *local arts ecology* is made up of three components: the arts infrastructure, their support structures, and the community contexts in which they operate. The arts infrastructure consists of a small number of very large organizations (museums, performing arts centers, symphonies), a larger number of medium-sized organizations (mostly theaters), and an even larger number of small organizations, all differing in the size of their staffs and in the revenues they receive. The largest organizations constitute only about 20 percent of all organizations but receive 60 percent of all the arts sector's revenues.

The organizations' revenues come from a diverse mix of sources. About half are from earnings (mostly from admissions); 40 percent from contributions and grants (mostly from private rather than governmental sources and about as much from individuals as from business and foundation sources together); and the balance from other sources, e.g., endowments and memberships. Revenue sources, however, differ by discipline and in terms of the availability and strength within specific communities.

The eleven communities in our analysis can be sorted into three categories: older manufacturing centers that have faced major economic restructuring (Baltimore, Cleveland, Detroit, Pittsburgh), mature regional centers with diversified economies (Boston, Chicago, Denver, the Twin Cities), and newly emergent centers (Charlotte and Phoenix). Philadelphia shares characteristics with the older manufacturing centers and the mature regional centers. The growth patterns, socioeconomic profiles, and histories of these communities differ; these differences help shape arts infrastructures and the amount and sources of financial support that they provide to arts organizations.

Community Responses to New Challenges

Local communities have developed a variety of organizational arrangements and operational strategies to support their arts sectors. The organizational arrangements can be categorized as to whether they are part of government or run as a private nonprofit, whether they perform single or multiple functions, whether they view their primary role as servicing the local arts sector or as facilitating the integration of the arts sector with the wider community, and whether they limit their services to particular communities or serve the larger metropolitan community. All the communities in our analysis either have established or are in the process of establishing organizations devoted specifically to support the arts and arts-related issues.

These organizations provide a range of services to their arts sectors. We identify five functional areas to characterize these services (financial support, technical assistance, presentation of public art, promotion and advocacy, and economic develop-

ment). We also look at the types of organizations that supply services and to whom those services are typically provided.

This framework can be used to describe and evaluate a community's support structure, its strengths and weaknesses, and the level of support offered to different types of arts organizations (basic, moderate, or full). Table S.1 rates the eleven communities in our study in terms of the level of support given to the arts in each functional area.

Table S.1
Community Ratings by Function

Function	Basic	Moderate	Full
Grants	Baltimore	Chicago	Charlotte
	Boston	Cleveland	Denver
	Detroit	Twin Cities	Pittsburgh
		Philadelphia	
		Phoenix	
Technical assistance	Baltimore	Boston	Charlotte
	Detroit	Cleveland	Chicago
	Twin Cities	Denver	
		Philadelphia	
		Phoenix	
Presentation	Cleveland	Baltimore	Boston
	Detroit	Charlotte	Chicago
	Pittsburgh	Twin Cities	Denver
		Philadelphia	
		Phoenix	
Promotion	Detroit	Baltimore	Chicago
	Twin Cities	Boston	Denver
	Pittsburgh	Cleveland	Philadelphia
		Charlotte	
		Phoenix	
Economic development	Cleveland	Boston	Chicago
	Detroit	Baltimore	Charlotte
	Philadelphia	Phoenix	Denver
		Pittsburgh	Twin Cities

Philadelphia: Assessment and Recommendations

Philadelphia has a long cultural history—many of its major arts organizations were founded before 1900—and its arts and culture sector has recently experienced significant growth. Further evidence of the energy in the region’s arts sector can be found in its growing attraction to both performing and visual artists. The strong subscription base of the city’s orchestra and theatres, along with the success of various festivals, shows that Philadelphia’s residents are active participants in the arts.

We use the analytical tools we have developed to describe the components of Philadelphia’s arts ecology and its specific strengths and weaknesses. Based on this analysis, we identify a series of threats and opportunities facing the arts sector and conclude with a series of recommendations.

Threats

Despite the steady growth of the region’s arts infrastructure over the past decade, the lack of growth both in the total population and in the number of college-educated adults (the two principal determinants of current arts demand) could imperil that growth and the region’s ability to support its arts sector.

The fragmentation of the region’s governmental and corporate leadership could limit its ability to develop a clear vision and plan to address the arts sector’s sustainability problems. Because the region is divided among three states and multiple municipalities, coordination of funding among states is highly unlikely, and much of the local effort to increase governmental funding has focused on establishing a regional mechanism to fund the arts within the five counties of southeastern Pennsylvania.

The diversity of population and communities within the Philadelphia region could well increase the centrifugal forces in the region. This diversity is evident not just between the city and the suburbs but within both of those areas, and the revitalization of some neighborhoods contrasts sharply with the continued decline of others. Indeed, Philadelphians often refer to “Philly disease”—the tendency of Philadelphia residents to downplay its strengths as well as to identify with their local communities rather than with the region as a whole.

In addition, despite the general collegiality within the arts community, the sharp imbalance between the resources garnered by small and midsize institutions on the one hand and large institutions on the other could encourage competition and divisions within the arts community. And significant differences in the financial situations of the region’s communities could impede efforts to deal with the sustainability problems the region’s arts sector faces.

Finally, the long-term future of the region’s arts sector depends not simply on its current situation but just as importantly on future demand. However, the absence of arts education in the region’s public schools could pose future demand problems.

Opportunities

Philadelphia's current renaissance provides a real opportunity for its residents to take pride in their city, to take stock of the region's revitalization and what is needed to continue this process, and to recognize the important role the arts have played.

The upcoming mayoral election represents an opportunity for the arts community and the city more generally to develop a plan for the sector's sustainability. The arts community should use the election campaign to raise the broader issue of the city's future and the strategies that are needed to build on the city's current momentum. By introducing this theme, the arts sector could underscore how far the city has come and what factors (including the arts) have played a role in the city's revitalization.

Private foundations are one of Philadelphia's important assets and could play a vital role in strengthening its arts sector. Because foundations are involved in a wide range of civic projects in the city and the region, they can be a potent force for change.

Although the region's governmental and corporate sectors have not stepped up to the plate in supporting the arts in a major way, they have nonetheless expressed considerable verbal support and have been generally positive toward the arts. But it is not always clear that the city government and the corporate sector see a direct link between Philadelphia's revitalization and the arts. The arts community must challenge those two sectors to back up their verbal support with more tangible efforts.

Many believe the region's economic future depends on the growth of its "creative" industries. Philadelphia has a solid foundation in such highly skilled industries as education, medicine, biotechnology, and other creative industries. The region's ability to shift its economic base toward such industries will depend upon its ability to attract the high-skilled workers these industries need. The arts sector and civic leaders more generally need to recognize and emphasize the important role the arts play in improving the region's quality of life and thus its ability to attract high-skilled workers.

Finally, despite Philadelphia's location in the populous northeastern corridor and its wealth of tourist attractions, employment in the region's tourist industries has lagged behind that of other regions.

Recommendations

In light of our analysis, we make the following recommendations:

1. The evaluative framework explained in Chapter Four should be used to identify gaps and opportunities in organizational structures and support functions. The present study provides only a first cut at such an evaluation; a more complete review of the region's support structures is needed.
2. Philadelphia must develop a clear vision of where its arts sector should be headed in the future and should spell out milestones to gauge its progress toward that vision. The vision should be based on consultation with all elements of the arts community, not just the major institutions.
3. The city should establish a new office of cultural affairs that serves as the principal point of contact for artistic activities and includes a wider set of functions than the previous office—tourism, film, and the integration of arts activities with the community's broader economic development activities.
4. Financial strains on the arts sector should be addressed from the point of view of the sector as a whole, rather than on an exclusively organization-by-organization basis. The traditional approach of individual fundraising by arts organizations raises the transaction costs for both organizations and funders. More collaborative approaches are needed.
5. Although short-term sustainability questions may be most pressing, arts organizations and the arts sector as a whole must be cognizant of building demand for the arts and working toward that goal.
6. The arts sector is not likely to solve its sustainability problems without the active support of the business and governmental sectors. Consequently, it needs to do a better job of convincing the region's civic leaders that the arts as a whole, not just the major arts institutions, can promote Philadelphia's broader interests and its economic development goals.

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The monograph also benefited from reviews by Andrew Taylor and Arthur Brooks, whose constructive comments improved both its form and its substance.

Eileen Delson LaRusso's art design will certainly help us with readers who judge a book by its cover. Our production team—Peter Hoffman (managing editor), Miriam Polon (editor), David Bolhuis (production manager), Kim Wohlenhaus (production editor), and Christina Pitcher (proofreader)—shepherded the book through the publications process with alacrity, making improvements along the way. Finally, we thank Isabel Sardou and Suzanne Benedict for their continued research support.

Introduction

The Context

America's nonprofit arts flourished during the last half of the twentieth century. Their success was evident in the unprecedented growth in the number and diversity of arts organizations and their audiences. But the onset of the new century has brought a new and more challenging environment. Fragmentation of leisure time and growing competition from an expanding entertainment industry are posing obstacles to increased participation in the arts. And managing resources has become more difficult in the face of rising costs and greater competition for funding. Finally, the arts face a public increasingly skeptical of government, reluctant to raise taxes, and inclined to demand public accountability and empirical justification before expending public dollars.

This environment poses three major challenges to the health and vitality of the nonprofit arts and their ability to sustain the growth of prior decades: First, the arts need a new revenue strategy to replace the traditional nonprofit business model. Second, they need to develop more collaborative approaches to cope with a more complex operating environment. Third, they need new arguments to generate more public support in a new political environment.

Over four decades ago, Baumol and Bowen (1966) pointed out that the nonprofit arts face problems in relying exclusively on admissions for their revenues. The labor-intensive nature of the arts, especially the performing arts, makes it difficult for them to realize the benefits from gains in productivity that are characteristic of other sectors of the economy. Although arts organizations are subject to the same upward pressure on the price of labor, they are limited in their ability to raise prices to cover those increasing costs. The result is a chronic gap between expenses and admissions revenues.

That the nonprofit arts have grown dramatically despite this predicament is a result of the success of the nonprofit funding strategy. Recognizing the structural gap between admissions and expenses, this strategy posits that contributions from a variety of sources—government, business, foundations, and individuals—can fill the gap. Further, it assumes that matching grants from one source can be used to leverage funding from other sources. Finally, it assumes that this funding can be secured in

the form of general operating support, whose fungibility allows arts organizations to spend their resources where they are most needed. Fueled by a dramatic expansion in governmental, corporate, foundation, and individual funding that began in the 1960s, this strategy has formed the cornerstone of arts organizations' funding strategies for the past several decades.

Recently, however, changes in funding practices have undermined the reliability of these assumptions. The devolution of government arts funding from the federal to the state level—and increasingly to the local level—has increased the volatility of that funding. Corporations' proclivity to tie their financial support to corporate marketing and branding goals has shifted that funding from general operating to project-specific support. Pressure on foundations to promote specific social goals and respond to requests in other social areas has caused many to prefer project-specific funding. Individual contributions have also become more difficult to raise, for three reasons: increasing competition among arts organizations, leisure patterns that make it more difficult for organizations to build the kind of attachments to individuals that are central to securing their support, and changing public expectations of what they deserve in return for their support. In combination, these trends have increased the costs and difficulties involved in securing contributions and have led arts organizations to explore new fundraising strategies.

Traditionally, arts organizations have operated as though in a competitive zero-sum environment in which one organization's gain comes at the expense of another's. Lacking clear and distinct branding identities, they have guarded both their artistic and organizational independence. They have been reluctant to coordinate their fundraising and membership campaigns and programming efforts, and to share mailing lists with other arts organizations. However, as marketing and fundraising costs have risen, social pressures have increased to diversify audiences and serve the broader community. As their management and legal environment has become more complex, arts organizations have been exploring collaboration to run their operations and secure the operational expertise they need. This shift has been particularly true for the many smaller arts organizations that lack the resources to hire outside experts.

Finally, the combination of rapid growth of the arts sector, cutbacks in local government funding, and public skepticism about government programs and higher taxes has created a new political environment for the arts. Concomitantly, traditional arguments in favor of more government support for the arts on the basis of their intrinsic benefits have increasingly fallen on deaf ears. In response, the sector has adopted arguments based on the arts' broader instrumental—particularly economic—benefits and their ability to support broader community goals.¹ The sector hopes that these arguments will produce new funding sources—in particular, dedicated funding mechanisms for governmental support.

¹ The substance of this debate is discussed in McCarthy et al. (2004). See also American Assembly (1997).

These developments raise both short- and long-term issues for the nonprofit arts. In the short term, the sector needs to find new sources of financial and political support and to develop ways to operate more collaboratively. Over the longer term, it needs to devise alternatives to the present nonprofit fundraising strategy or face inevitable consolidation.² Such consolidation would, in turn, raise questions about what constitutes a healthy arts ecology and how it can be sustained.

The Study

In recognition of these challenges, William Penn Foundation and the Greater Philadelphia Cultural Alliance commissioned RAND to review the Philadelphia region's arts sector, identify the threats and opportunities it faces, and recommend strategies to sustain the region's cultural sector. During the past two decades, Philadelphia has undergone a dramatic revitalization that observers attribute partly to the vitality of its local arts sector. The continued health of Philadelphia's nonprofit arts sector matters not just to the region's arts community, but also to the city and the region more generally.

The credit for the city's artistic resurgence is often attributed to the strong support of the city's former mayor, Edward Rendell. Mayor Rendell promoted the city's Office of Arts and Culture, pushed for the establishment of the Kimmel Center and the Avenue of the Arts, and viewed the arts as a central element of his revitalization strategy. Philadelphia's current mayor, John Street, has emphasized a different set of priorities and, faced with a tight budget, closed the Office of Arts and Culture and challenged the arts sector to develop a new model for sustainability. As Mayor Street's term comes to a close and a new mayor is elected in 2007, the time is ripe to examine the challenges the city's arts sector faces and to develop new strategies to sustain it.

Objectives of the Monograph

This monograph first identifies the roots of the problems facing the nonprofit arts sector in general and compares the organizational ecology of the arts in Philadelphia and ten other metropolitan regions. It then analyzes the responses of these communities to these challenges. Finally, it describes the strengths and weaknesses of Philadelphia's arts infrastructure, support systems, and regional context and the threats and opportunities they present. This description provides a basis for our recommendations.

² A discussion of challenges to the existing nonprofit organizational model and possible alternatives has been taking place recently not just at RAND, but elsewhere in the field. See Daly (2005), Ivey (2005), and McLennan (2005), for three examples. Earlier examples of this discussion can be found in McDaniel and Thorn's (1990) collection of essays, notably Thorn's prediction that the arts sector was entering a period of "cultural Darwinism."

Research Approach

To address the central questions posed in this study, we need a clearer understanding of the relationships among the three key components of the local region's organizational ecology: the structure of the local arts organizations; the support system upon which they depend; and the larger sociodemographic and economic context of the region. We relied on a combination of published data sources (e.g., Census Bureau, Internal Revenue Service), reports on specific cities, focus groups with arts and civic leaders, and individual interviews. After creating a quantitative profile of the eleven cities in our sample, we presented an analysis of these data to selected arts and civic leaders in each city. They included the directors of major arts organizations and small community groups and their boards, as well as representatives of arts service organizations, foundations, business, and government. We also conducted individual interviews with key players in most cities. Interviewees were selected with the assistance of local leaders. In addition, in Philadelphia we conducted over 25 individual interviews with leaders from all these groups, as well as from the media and academia.³

The Organizational Infrastructure of the Local Arts Sector

Although the arts community recognizes the importance of its general operating environment, it typically focuses on individual arts organizations. This focus can be misleading. It implicitly assumes that what is good for individual organizations is good for the arts community as a whole. Second, it ignores the relationship among components of the arts system and how they can influence the behavior and operations of each other. In virtually all communities, the artss infrastructure consists of a diverse array of arts organizations, artists, and other intermediaries and service organizations that together constitute the supply side of the local arts market. These parties often play very different roles in local arts communities, serve different populations, rely on different revenue sources, and have differing missions and functions. Understanding how these components of the system operate, how they interact, and how they are affected by changes in the environment is important to the operation of both individual organizations and the system as a whole.

The Structure of Local Support

Arts organizations require many kinds of support—funding, technical expertise, information and advocacy, and political support. Support may be provided by public and private organizations in a variety of ways. RAND analyses, for example, have compared the amounts and sources of support for organizations in different artistic disciplines.⁴ Other studies, such as The Boston Foundation (2002) and the Alliance for

³ See the appendix for a complete list of interviewees and their affiliations.

⁴ See McCarthy et al. (2001); McCarthy and Ondaatje (2002); McCarthy et al. (2004 and 2005).

the Arts (2001), have examined the sources and amounts of arts funding for different types of arts organizations. These studies generally have focused on financial support in terms of sources (government, corporate, foundations, and individuals), amounts, and types (capital, project specific, capacity, endowment, and general operating) and how they vary among arts organizations.

Less attention has been paid to other elements of a community's support structure, such as the nonfinancial services provided (e.g., technical assistance, promotion, and advocacy), the types of organizations that provide them (e.g., governmental offices of cultural affairs, private arts alliances), and the targets of those services (e.g., arts organizations, artists, the public). These omissions can hamper an analysis of the arts ecology: Not only do some arts organizations (especially the smaller and newer ones) rely on such services, but the organizational structure of the support system can also affect the type and level of services available. And the availability of one type of service, such as funding, can determine the need for other services, such as technical assistance, because some services can complement or substitute for others.

To compare the support structures of communities, we examine the nature of those services and who provides them, the level of services, and the nature of the target groups. We also consider how the organizational structure of providers influences the local arts system.

The Larger Sociodemographic and Economic Context

A community's support structure and the nature of its arts infrastructure are influenced by its sociodemographic and economic characteristics, its population and economic profiles, and historical and institutional factors. Communities facing fiscal difficulties, for example, are typically less able to provide financial support to the arts, just as communities that have lost corporate headquarters may be less able to secure funding from corporate sources to underwrite their arts sectors. Similarly, regions lacking a strong local foundation sector will be at a disadvantage compared with regions that have one. Finally, regions that have depended heavily upon governmental, corporate, or foundation funding may lack a tradition of individual giving to the arts.

To capture the effects of these factors, we examine the arts infrastructures and support systems in eleven metropolitan regions, including Philadelphia.⁵ They range from rapidly growing centers with emerging arts infrastructures (Charlotte, North Carolina, and Phoenix) to major regional centers with well-established arts infrastructures (Boston, Chicago, Minneapolis-St. Paul, and Denver), to older industrial centers

⁵ These areas were chosen by the project sponsors, William Penn Foundation and the Greater Philadelphia Cultural Alliance. For the most part, they include comparison regions used in Temple University's Metropolitan Indicators Project, a multiyear research effort comparing the current status and major trends in the Philadelphia region along a variety of dimensions. The areas were mostly chosen because they are viewed as Philadelphia's regional competitors, although some, for example Charlotte and Denver, were chosen because of noteworthy features of their arts support structures.

(Detroit, Cleveland, Pittsburgh, and Baltimore). This diversity provides a range of settings for appraising the influence of the local community context on support for their nonprofit arts sectors.

Organization of the Monograph

The next chapter describes the roots of the challenges facing the nonprofit arts sector and the origins of the nonprofit business model. Chapter Three then examines the organizational ecology of the arts in the eleven communities. Chapter Four describes the challenges faced by individual communities and presents a framework for evaluating their responses. Chapter Five addresses Philadelphia's arts situation, the city's options, and our recommendations for its arts sector. The appendix includes a list of interviewees.

The Roots of the Challenges Facing the Nonprofit Arts

This chapter traces the evolution of the nonprofit sector and the factors that first led to its growth and now pose challenges to its sustainability. After a brief historical overview, we focus on two critical periods: the 1960s and 1970s, when the nonprofit business model and its associated funding strategy were developed and the rapid growth of the sector began; and the 1990s to the present, when the nonprofit sector began to experience increasing stress.¹ We conclude by identifying the effects of this situation on the arts sector and the short- and long-term issues they raise.

Historical Patterns

Prior to the 20th century, the arts were provided either by professionals (in the commercial sector) or by amateurs (in the informal sector). Most arts groups were for-profit enterprises managed by individual entrepreneurs who depended exclusively on earnings from their performances. Unlike Europe, America had essentially no government support for the arts and little tradition of upper-class patronage. The commercial groups made little or no distinction between the high and popular arts either in terms of their programming or their audiences, performing for both the working and upper classes. These shows were performed in large urban centers or by touring companies in smaller cities and towns. Folk art performances were generally limited to amateur artists and organizations belonging to ethnic communities.² In addition, many individuals took an active part in the arts by performing at homes and a variety of other venues in the informal sector.

Early in the 20th century, the number of commercial touring companies began to dwindle, and by the 1930s only a few were left.³ This decline was a by-product of new technologies (first, photography and motion pictures; later, radio and eventually

¹ This discussion relies heavily on ideas first discussed by Kreidler (1996).

² For a discussion of these historical trends, see Levine (1988) and Butsch (2000).

³ According to Baumol and Bowen (1966), there were 327 theater companies at the turn of the century but fewer than 100 in 1915.

television) that dramatically expanded public access to the arts, helped divide the art world into for-profit and nonprofit sectors, and eventually reduced at-home production of art by amateurs.

The for-profit world was typically based on the new technologies and provided popular entertainment, such as motion pictures, to broad public audiences. The nonprofit world focused on the “high arts” (primarily live theater and classical music performances and art museums), which were intended for a more selective market.

As the popular arts, which continued to depend upon earnings, drew more customers away from the high arts, fine arts providers came to depend upon a combination of earnings and donations. A new organizational form resulted: the subsidized nonprofit organization. Initially, wealthy patrons, inspired by either a love of the arts, civic leadership, and/or the social cachet associated with major arts organizations, provided the bulk of this support. Eventually, however, these organizations became too expensive for individuals to support, and they came to be run by boards of directors and trustees that provided funding and general financial oversight. By and large, the government played little role in supporting the arts, with the exception of public monuments and the public works programs of the Depression era. The 1917 adoption of the income tax deduction for individual and, later, corporate donations to education, health, and cultural organizations—currently the largest component of government support for the arts—would have little direct impact for at least another decade.

By the end of World War II, the division of America’s arts world into a nonprofit high arts sector, a popular entertainment commercial sector, and an unincorporated community-based arts sector was relatively firmly established. The nonprofit sector was concentrated in the major metropolitan areas, where it catered to predominately affluent audiences.

The 1960s

In the late 1950s and early 1960s, during an era of growing American prosperity, the funding picture of the nonprofit sector began to change. This was due to several developments. The most important was the Ford Foundation’s introduction of an ambitious scheme for the systematic advancement of the entire arts field. Under the guidance of W. McNeil Lowry, Ford’s vice president for the arts, this program had four principal goals: (1) to revitalize the major institutions financially through leveraged investments that required matching the amount awarded by the foundation, (2) to increase access to the high arts through the establishment of regional institutions that would disperse the high arts beyond New York and other major metropolitan areas, (3) to build a battery of service organizations to promote individual art forms and arts organizations, and (4) to professionalize the arts by establishing conservatories and visual arts schools to generate a skilled labor force for the arts. Ford’s approach formed the basis for the

nonprofit funding strategy that helped transform the arts world and secured the dominance of the nonprofit organizational model in the live arts.

The leveraged arts grant formed a key component of this strategy. As Kreidler (1996) points out,

. . . the arts grant was a vehicle for the long-term advancement of individual nonprofit organizations, as well as a means for the strategic development of the entire nonprofit sector . . . these grants were seen as a highly leveraged investment, rather than simple personalized charity. Until the Ford Foundation's broad vision of arts funding, virtually all cultural philanthropy had been vested with individuals, and generally lacking in any strategic vision. (p. 83)

By including a matching component (between two and four times the actual grant), Ford's matching grants were designed to recruit new donors to "continue a pattern of support long after Ford moved on to other projects" (Kreidler, 1996, p. 84). In fact, the foundation's aim was not to provide long-term support to individual arts organizations (its grants were limited to less than five years) but to establish a mechanism for expanding the range of donors and creating a continuing base of general operating support for the organization. Spurred on by the Ford initiative, foundations, only a few of which had previously provided arts funding, became major supporters of the arts.⁴

A second major development was the institutionalization of government support for the arts. This development began when New York established its State Council for the Arts in 1960, followed by the federal government's creation of the National Endowment for the Arts (NEA) in 1965. For the first time, the federal government assumed an active role in directly funding the arts. There were several reasons for this shift in federal policy: a desire to demonstrate the value of U.S. culture, the acceptance of a broader role in supporting social goals, and the work of arts advocacy groups that lobbied for parity with science in the competition for federal support. In addition, Baumol and Bowen's influential 1966 study of the performing arts provided an intellectual foundation for both public and private support for the arts by arguing that the arts could never entirely support themselves with earned income.

The federal government's approach to arts included incentives for state and local governments, as well as the private sector, to fund the arts. Following the Ford Foundation's lead, the NEA incorporated matching requirements to leverage much of its direct funding. In addition to providing direct grants to arts organizations and artists, the NEA provided block grants to state arts agencies provided that states contributed their own funds to supplement federal dollars. This provision encouraged state governments and later local governments to establish their own arts agencies to distribute

⁴ While matching grants and leveraged contributions were not employed universally, they remain a key attribute of the nonprofit strategy today.

these funds.⁵ In addition, the tax deductibility of charitable contributions provided an incentive to individuals and corporations to donate funds to the arts and encouraged arts organizations to adopt the nonprofit model to qualify for those contributions.

A third and somewhat later development was corporate funding for the nonprofit arts. This development was prompted by the tax deductibility of charitable grants, the growing importance to the corporate sector of being seen as good corporate citizens, and the marketing opportunities provided by a growing population of arts consumers. By the 1970s and 1980s, corporations had become a rapidly growing source of support for the arts.

The final development in this changing funding picture was the effort of arts organizations to raise individual financial support. Although these organizations had traditionally relied on wealthy patrons for financial support, their efforts became targeted at a more diverse population and incorporated more sophisticated fundraising techniques. These techniques included annual fund-raising drives, special events, active membership campaigns (often tied to blockbuster exhibits and benefit performances), a range of benefits to induce individuals to become members and financial contributors, and the development of a variety of subscription series rather than single ticket sales. Initially introduced to meet the matching requirements of other grants, these efforts have broadened as the number of nonprofit arts organizations and the size of their audiences have expanded.

In combination, these developments in foundation, government, corporate, and individual giving transformed the nonprofit arts sector in two ways. First, they spawned a dramatic expansion in the size and diversity of the sector. This was evident in the size (large, medium, and small), mission (canon, creativity, and community),⁶ and geographic distribution of organizations. In addition, small volunteer and community-based arts organizations, which had appeared in the earlier period, emerged with greater frequency.

The second major change was the institutionalization of the nonprofit business model. One aspect of the nonprofit funding strategy was the assumption that the lion's share of this revenue would be provided in the form of general operating support that arts organizations were free to spend in the ways they deemed most necessary. Since only contributions to nonprofits are tax deductible, arts organizations had a strong incentive to adopt the nonprofit organizational model. Nonprofit status also created an

⁵ Prior to 1965, only four states operated funding agencies, but by 1980 all states had established state arts agencies. These, in turn, led to the founding of over 3,000 local arts councils, many of which were units of local government. The majority of them were formed as nonprofit organizations, often with links to local governments (Kreidler, 1996).

⁶ Canon organizations focus on promoting the canons of specific disciplines; creativity organizations focus on creating new art and training artists; and community organizations use the arts as a vehicle for promoting specific communities. See McCarthy and Jinnett (2001).

incentive for individuals to volunteer their services and provide the host of other functions that arts organizations need.

This funding strategy was adopted most eagerly by large arts organizations that had the resources (staff and expertise) and visibility to attract, apply for, and manage these grants. But it was also used by midsized and smaller organizations. Even smaller community-based and volunteer organizations included in the informal arts sector used elements of this approach.⁷

The 1990s to the Present

By the 1990s, several developments had raised questions about the viability of the nonprofit funding strategy. Political controversy surrounding NEA grants resulted in cuts to its budget and the channeling of an increasing share of that budget into block grants to state and local governments. Funding thus became subject to a multitude of decisions by state and local governments and to the vicissitudes of local government finances. And arts funding was often the target of cutbacks when declining revenues or other pressing needs intervened. In addition, the debate about governmental support for the arts shifted from the rationale that the arts were a general social good (the NEA approach) toward arguments based on the instrumental and especially the economic benefits of the arts.⁸ In practice, this shift favored larger arts organizations at the expense of medium-sized and smaller organizations because the large organizations had greater visibility and could more easily demonstrate their impact on the local economy, for example, by attracting tourists.

Despite its continued support for the arts, the corporate sector increasingly favored project-specific support that could be tied directly to corporate marketing goals. While this pattern was evident in the earlier period, it intensified after the 1990s for two reasons. First, corporate executives were increasingly evaluated in terms of their corporations' market value and short-term profits, leading them to use their charitable contributions to serve specific corporate goals. Second, with the increase in corporate mergers and acquisitions, many local areas lost corporate headquarters and corporate leaders who, in their role as community leaders, typically weighed community needs alongside corporate priorities in their charitable giving. These developments made it more costly for arts organizations to obtain corporate support and favored larger and

⁷ The informal, volunteer, or unincorporated sector refers to arts provided by organizations that rely primarily on volunteer labor for their operations. It includes artists' collectives, amateur classes, community theater, much of the folk art world, local craft fairs, and a wide range of small organizations in all arts disciplines fueled largely by volunteer efforts. This sector has also become the successor to the amateurs-at-home sector discussed above. See Peters and Cherbo (1998). Indications of increasing hands-on artistic activity by younger adults (digital design, musical composition, film, etc.) suggest that this sector may grow in importance.

⁸ See, for example, American Assembly (1997).

more visible arts organizations that were better able to demonstrate their contribution to corporate marketing goals.⁹

The foundation sector also modified its funding policies in response to external developments. Foundation grants to charitable organizations are tax-free because they contribute to the public good. However, the activities of foundations and other nonprofits have come under increasing scrutiny in recent years as to whether they actually promote the public welfare. In response, many have tied their giving to specific social goals and have substituted project-specific funds for general operating grants. Project-specific funding can help arts organizations develop needed capacity, but it does not necessarily fill the structural revenue gap. Moreover, to the extent that arts organizations are forced to divert staff and resources to special projects, such grants might actually add to an organization's costs without producing a commensurate increase in revenues. Finally, as budgetary pressures have forced governments to reduce funding for social programs, foundations have found themselves besieged by requests from social welfare, education, and health nonprofits. These pressures have increased the competition arts organizations face when pursuing foundation funding.¹⁰

Although arts audiences have grown dramatically during the past few decades, arts organizations have had a difficult time raising funds from them. There are several reasons for this. The proliferation of arts organizations that began in the 1960s and continues to the present has multiplied the number of organizations that are competing for their patrons' financial support. In addition, arts organizations face increasing competition for the public's time and attention in an environment of dramatically expanding leisure time options. The effects of this competition are apparent in several ways. Younger adults are participating in the arts at lower rates than their parents (Balfe, 1989). Overall attendance levels have stabilized, and rates of attendance have often dropped. And when people do participate, they are more inclined to purchase tickets at the last minute rather than weeks or months ahead with a season subscription. This introduces greater unpredictability in admissions revenues, lowers total revenues, and increases the difficulty of establishing the kind of ongoing relationship with audiences typically required to make them into members and financial patrons. Finally, as organizations have increased the range of techniques they use to attract members and sponsors, the costs of these efforts have risen, as have the expectations of potential members and sponsors about the benefits they are entitled to receive for their contributions.

In addition, as Kreidler (1996) has pointed out, the generation of baby boomers who played a central role in building the arts organizations that sprang up during the preceding decades has been replaced by a new generation that is not as willing to

⁹ For discussion of trends in corporate support, see McCarthy et al. (2001, 2004, and 2005), Useem (1990), and Cobb (1996).

¹⁰ For discussion of trends in foundation support, see McCarthy et al. (2001, 2004, and 2005), Ellis (2004), and Renz and Lawrence (1998).

accept lower wages to work in the arts. Upward pressure on wages, as Baumol and Bowen note, is the root cause of the structural deficit that plagues the nonprofit arts.

The dramatic growth of the nonprofit arts sector over the past several decades has also occasioned a construction boom in arts facilities. These new facilities, however, can be a mixed blessing. Although they contribute to the prestige of the institution, they often increase expenses as well. Moreover, to the extent that funders prefer to make capital rather than operating grants, arts organizations can find themselves with the money to build new facilities but not to support them.

In combination, these developments have placed increasing financial pressures on nonprofit arts organizations. As their costs continue to rise, their revenues become increasingly difficult and costly to secure. There is growing competition for contributions and grant income from both other arts organizations and other nonprofits, and the costs of raising funds have grown in terms of both time and staff. They must make greater efforts to maintain and increase admissions receipts, which necessitate larger development and marketing staffs and expanded management and financial accounting capacities. In addition, arts organizations are relying increasingly on economic arguments to make their case to potential contributors—arguments that require them to borrow a vocabulary and methodological tools from disciplines with which they are not familiar. Finally, arts organizations have found it difficult to raise general operating funds in light of the changing demands of their funders.

These pressures have been especially pronounced for smaller and midsized organizations that lack the staff and expertise to undertake the marketing and development necessary in the new funding environment. Frequently, these organizations do not have the visibility and social cachet required to attract the wealthy patrons and board members that major arts organizations may rely on.

Short- and Long-Term Issues

This changing environment has raised both short- and long-term issues for the nonprofit arts sector. In the short term, arts organizations must consider how to alter their fundraising and operating strategies to deal with these challenges. Many arts organizations, for example, have altered their programming in the hopes of attracting new audiences and raising admissions revenues. They have also introduced a variety of related attractions to increase earnings, such as restaurants and gift shops, joint marketing ventures, and facility rentals. In addition, many organizations have sought greater collaboration with each other by engaging in joint programming, and by sharing marketing, purchasing, equipment, and office space, to realize economies of scale. Finally, they have lobbied state and local governments to increase both financial and other types of support they receive from government. Often, such efforts have led arts organizations to explore new ways to promote broader community goals (e.g., educa-

tion, employment). Although such efforts have produced some success at the individual organizational level, it is unclear whether lobbying represents a comprehensive strategy for responding to the new funding environment.

While the most pressing issues for the nonprofit arts involve their short-term sustainability, it is possible that the current environment represents not a short-term deviation from a long-term trend but rather a permanent change. If true, this change would raise basic questions. First, are the predominant strategies for managing nonprofit organizations still viable, and if not, what should replace them?

One approach is for arts organizations to continue to fund-raise on an individual organization basis but to tailor their techniques and appeals more closely to the opportunities available in the local environment. Alternatively, they might employ a more collaborative approach. This could entail individual organizations working together to pursue funding from government, corporate, or foundation sources. Or nonprofit arts organizations might adopt a more businesslike approach by focusing more on the cost than the revenue side of the ledger. This might entail various forms of collaboration to reduce costs, e.g., by creating economies of scale in space, equipment, purchasing, marketing, and benefits. Finally, they might consider abandoning the nonprofit mode altogether and adopting a strategy of seeking individual investors to fund their programming in the hope of raising sufficient earnings to cover their costs, as Broadway theatres and some exhibitions have done (e.g., Clear Channel's "King Tut" exhibit or the for-profit Nomadic Museum's "Ashes and Snow" exhibit). Although this approach appears to run counter to Baumol and Bowen's maxim that the arts cannot support themselves from earned income alone, there is considerable evidence that large arts organizations, both for-profit and nonprofit, behave similarly in many respects.¹¹

Without a new funding strategy, the growth of the past few decades may no longer continue. Instead, the arts sector may now be facing a new period of consolidation. And, if consolidation rather than growth is the likely future pattern, how will that affect our understanding of a healthy local arts ecology?

The next chapter examines the organizational ecology of the arts in the eleven cities in some detail before we examine how those cities are adapting to the new environment.

¹¹ See McCarthy et al. (2001).

The Ecology of the Arts Sector

Introduction

By *ecology*, we mean the arts, culture, and entertainment infrastructure of a region; the local support structure on which that infrastructure depends; and the broader environment in which it operates. This chapter describes these components in the eleven cities in our study (Baltimore, Boston, Charlotte, Chicago, Cleveland, Denver, Detroit, Minneapolis-St. Paul, Philadelphia, Phoenix, and Pittsburgh). Our aim is not to provide a detailed picture of the ecology of each region but to examine them within a common framework to enable us to draw lessons to apply to Philadelphia.

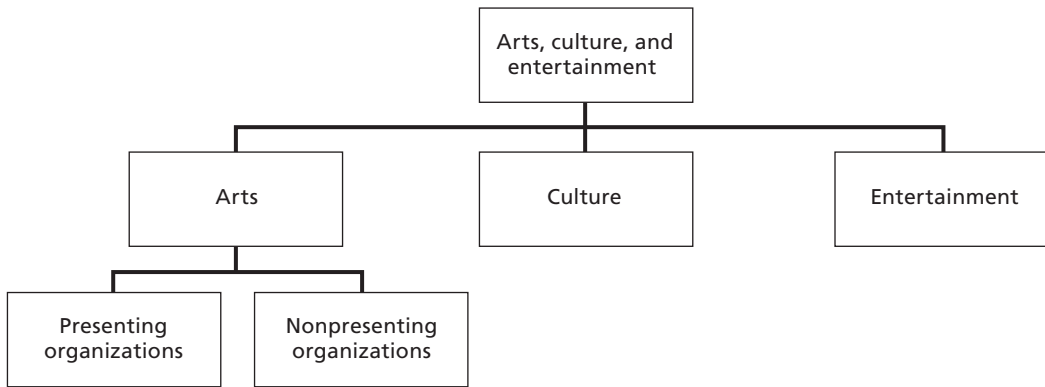
The arts are only one component of a community's broader cultural and entertainment infrastructure. In combination, all these components shape the leisure options available to the public and thus influence the public's perceptions of "what the region has to offer."

We begin by looking at the arts, culture, and entertainment sector as a whole, as shown in Figure 3.1. Next, we compare examples of the arts activities within that sector and look at how they are organized. We then focus on all nonprofit arts organizations, both those involved in presenting the arts and those performing other functions. Finally, we examine arts-presenting organizations in considerably more detail.

Table 3.1 classifies organizations in the eleven metropolitan areas as a whole by broad industrial categories and tax status.¹ These organizations conduct a wide variety of activities. The arts category, for example, includes not only various performing arts organizations, e.g., theaters, ballet groups, and orchestras, but also such visual arts organizations as art museums and galleries. It also includes local arts alliances, literary societies, and so forth, which do not directly present art to the public but rather service arts organizations through promotion, fundraising, and coordination. The cultural cat-

¹ These comparisons are based on data from the 2002 Economic Census, the only source that contains a comparison of both for-profit and nonprofit organizations. The data in the table exclude individual artists, writers, and performers who are included in the tabulations from which these data are drawn. Those data classify individual artists as for-profit activities. We have removed individual artists from our analysis of the data because their inclusion distorts the dynamics of the city-level analysis.

Figure 3.1
The Arts, Culture, and Entertainment Sector



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egory, on the other hand, includes non-arts museums and historical societies.² Finally, the entertainment category includes zoos, botanical gardens, spectator sports, casinos, amusement parks, and a host of recreation facilities such as golf courses, skating rinks, and bowling alleys.³

The number of organizations in each category differs significantly. There are almost eight times as many entertainment organizations as arts organization, which in turn outnumber cultural organizations by almost three to one. However, this difference is due primarily to the large number of activities within the entertainment category—80 percent—that are devoted to recreation. In fact, the fraction of arts organi-

Table 3.1
Percentage of Organizations in the Eleven Metropolitan Areas by Focus and Tax Status

	For-Profit	Nonprofit	Total
Arts	6	5	11
Culture	<1	4	4
Entertainment	71	14	85
Total	77	23	100

SOURCE: 2002 Economic Census.

² We do not mean to imply strict definitions of “arts” and “culture” here. We merely use these categorizations as an organizational tool. Similarly, the Economic Census data on “Entertainment” (Sector 71) does not include such entities as movie theaters, which one might consider entertainment but are instead classified as “Information” (Sector 51). Thus, the number of organizations one typically thinks of as entertainment is underreported here. However, these data still provide a common measure for comparison across the eleven sites.

³ The Economic Census counts only organizations with operating budgets over \$25,000.

zations (11) is roughly the same as the fraction of sports and amusement organizations (17), which are often viewed as the arts' major competitors for the public's time and attention.

Thus, we see that the arts face competition for the public's time and leisure dollars not only from sports and other entertainment activities, but perhaps even more importantly from a wide variety of for-profit recreation activities. But when it comes to charitable contributions, competition is greater between arts and cultural organizations and among the nonprofit arts organizations than between arts and entertainment organizations. This competition for dollars (both earned and contributed) is one of the primary challenges to the sustainability of the arts infrastructure.

The overwhelming majority of entertainment organizations are run on a for-profit basis. In contrast, over 95 percent of the cultural organizations operate as nonprofits. Organizations within the arts sector are more evenly balanced between for-profits and nonprofits, but this percentage masks dramatic differences within the arts category. Musical groups and dinner theaters, for example, generally operate on a for-profit basis; most of the other performing arts organizations and art museums operate as nonprofits. Within the arts category, only theater organizations have a substantial number of both nonprofit and for-profit organizations.⁴

Nonprofit Arts Organizations

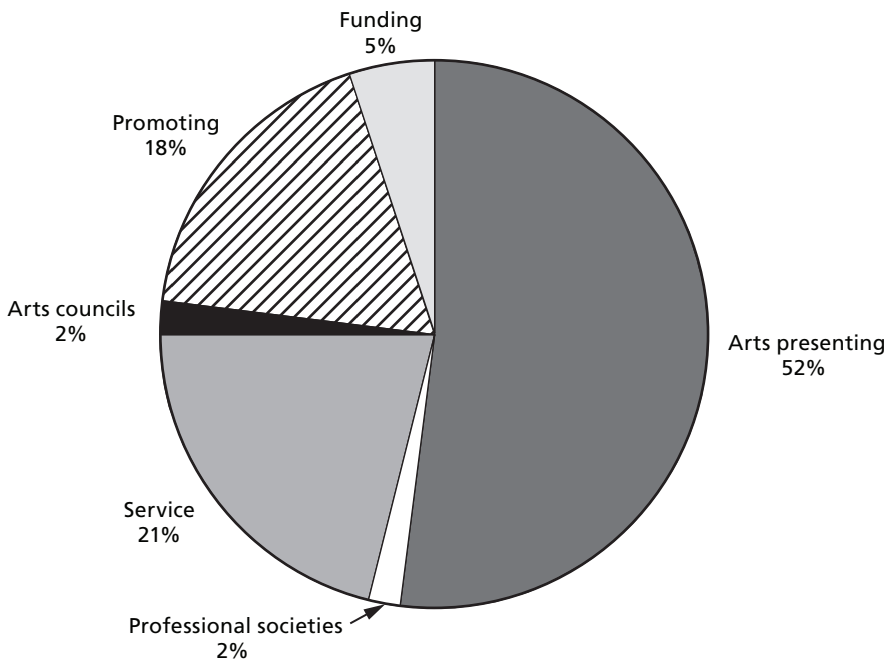
Figure 3.2 compares the principal activities of arts organizations within the nonprofit arts sector in the eleven communities.⁵ Although organizations that present the arts to the public are the most visible, they represent just a little over half of all arts organizations.⁶ Another 40 percent either provide services to the arts community or promote the advancement of particular artistic disciplines. Finally, a little less than 10 percent of the organizations are involved in fund-raising, promoting collaboration among arts organizations, or supporting artists. As we discuss in more detail in Chapter Four, many of the nonpresenting organizations, in particular umbrella organizations that serve the arts sector as a whole, perform important roles in the local arts ecology by facilitating exchanges of information and cooperation among the diverse arts-presenting organizations in the community. We now focus on arts-presenting organizations because they are the principal point of contact between the arts and the public.

⁴ About 60 percent of the theaters in these regions are nonprofit and 40 percent are for-profit.

⁵ This comparison and those that follow are based on data from Internal Revenue Service Form 990s (tax returns for organizations exempt from federal income tax).

⁶ We refer to these organizations as *arts-presenting organizations* in the sense that they are directly involved in presenting the arts to the public. We recognize, however, that this use of the term is much broader than its use in the performing arts, where it typically refers to organizations, such as performing arts centers, that are involved in staging performances in a number of artistic disciplines. Our use of the term includes both performing and visual arts institutions, such as museums, that directly present art to the public.

Figure 3.2
Functions of Nonprofit Arts Organizations in the Eleven Metropolitan Areas



SOURCE: 2000 Internal Revenue Service 990 forms.

RAND MG477-3.2

Arts-Presenting Organizations

Table 3.2 describes the composition of arts-presenting organizations in two ways. First, it shows each organizational type as a percentage of the total number of organizations; second, it shows the percentage of total revenues in the arts sector received by each type of organization. These two comparisons underscore a basic feature of the arts-presenting sector: It consists of a large number of very small organizations and a small number of very large organizations.⁷

Theaters are the single most numerous type of arts organization in these communities—nearly one-quarter—followed by miscellaneous organizations presenting a diverse array of music and dance, and choruses and bands. Although these three categories represent more than three-quarters of all organizations, they receive less than one-third of the arts sectors' revenues. By contrast, art museums, symphony orchestras, opera groups, and

⁷ In this table (and in subsequent analyses), organizations are sorted into broad categories. "Art museums" include not only museums but also other visual arts organizations. The "symphony" category includes all classical music organizations. The "ballet" category refers only to that particular subdiscipline. All other types of dance (e.g., modern, folk, etc.), as well as music other than classical music, are grouped in the "other music/dance" category.

Table 3.2
Percentage of Arts-Presenting Organizations in the
Eleven Metropolitan Areas by Type

	Organizations	Revenues
Art museums	7	30
Performing arts centers	4	10
Symphony orchestras	9	20
Opera companies	3	6
Ballet groups	4	3
Theaters	23	15
Choruses/bands	17	3
Other music/dance	34	13
Total	100	100

SOURCE: 2000 Internal Revenue Service 990 forms.

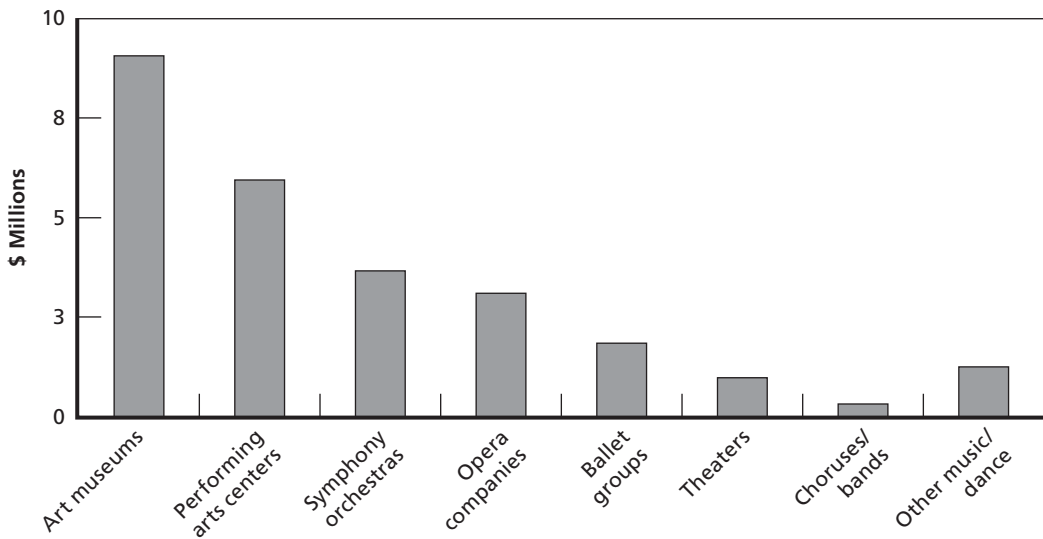
ballet companies represent less than one-quarter of all organizations but receive almost 60 percent of the total revenues.

This contrast reflects a central facet of the arts infrastructure of local communities. The scales of operation, revenues and resources, staff, and visibility of arts organizations differ dramatically between the major arts institutions—mostly art museums, orchestras, and opera companies—and the midsized and smaller organizations. Correspondingly, both the need for and access to financial, marketing, legal, and managerial skills are likely to differ—often dramatically—among organizations within the local arts sector. In addition, the major arts organizations in a community typically belong to national arts service organizations and have established ties to similar institutions in other communities. This provides them with access to information about developments in the arts environment as well as a variety of sources of expertise.

There are several reasons for the advantages that larger organizations enjoy. First, they are generally much older than the smaller organizations. Many were established in the 19th century and are now viewed as the major cultural institutions in their communities, with all the visibility, prestige, and financial sponsorship that this status carries. Second, these large organizations are concentrated in disciplines where the costs of starting up an institution—e.g., acquiring a building, putting together a collection of art works and/or performers—tend to be high. Smaller institutions, on the other hand, often rent their performance or exhibition space so that setting up their operations is much less expensive. Third, the larger arts organizations require a larger population to sustain them, so that, on average, they need a large market to reach a threshold of sustainability. As a result, the number of orchestras, art museums, and performing arts centers that most communities can support is limited.

These differences in size are shown even more clearly in Figure 3.3, which compares the average annual expenses of arts organizations by type.⁸ Art museums' operating budgets are almost twice as large as those of symphony orchestras, more than twice those of opera and ballet companies, and more than five times those of theaters and other types of organizations. Such differences are more than simply a matter of scale because they also reflect differences in organizational missions and the size and characteristics of their audiences. Most of the large institutions, for example, are canon focused. That is, they are dedicated primarily to supporting an established body of work in a particular art form, and they aim to attract a broad and diverse audience throughout their market areas. Smaller institutions, on the other hand, tend to be newer and to target smaller and more specialized audiences. They often view their primary mission as promoting the creation of new art or using the arts as a vehicle for promoting community identity and improvement. Thus, both their start-up costs and their operating costs are lower.

Figure 3.3
Average Expenses by Type of Organization in the Eleven Metropolitan Areas



SOURCE: 2000 Internal Revenue Service 990 forms.

RAND MG477-3.3

⁸ We use average expenses as our measure of size. Average expenses represent annual operating costs. Unlike revenues, which can be raised in one year and spent in another (e.g., capital campaigns), they are a more accurate measure of the annual scale of an organization's operations.

Financial Support

In addition to the size of their budgets, arts organizations differ in terms of the sources from which they derive their revenues and the form in which those revenues are received. In fact, the disparity in annual revenues (not shown here) is actually somewhat greater than the disparity in total expenses because the revenues collected in one year include funds that will not actually be expended until future years. For example, capital campaigns often raise a substantial portion of the necessary funds prior to starting the project. Similarly, the corpus of an endowment is rarely spent; rather, the annual return on that endowment is expended as it is generated over time.

This difference between annual expenditures and revenues is most pronounced for art museums, which typically have substantial capital assets in the form of buildings and collections. Museums are also more likely to have endowments than other arts organizations. Correspondingly, they often receive capital funding for buildings and new acquisitions that is received in one year but expended in another.

Arts organizations' revenues fall into two major categories: earned income and contributed or grant income. The primary source of earned income is admissions. But arts organizations increasingly seek to boost their earnings from facilities rental and gift shop and restaurant sales. Contributions and grants may come from individuals, corporations, the government, or foundations, as discussed in Chapter Two.⁹ Finally, in addition to earned and contributed income, arts organizations may also derive income from endowments and special events, such as benefit performances.

Revenues are typically cash but may also be in the form of in-kind services. Furthermore, cash support can be unrestricted or restricted. The most useful support is unrestricted or general operating support because of its fungibility. However, financial contributions to arts organizations are increasingly accompanied by conditions that specify how the money must be used. Such support may be targeted for capital campaigns (typically for capital projects or endowments); specific projects, such as diversifying audiences or sponsoring specific exhibits or shows; and capacity building, such as computerizing records or upgrading management practices. In-kind support can also come in different forms, for example, donated services such as printing, marketing, or specific expertise.

Table 3.3 lists the average share of total cash revenues arts organizations in these communities receive from different sources.

The arts organizations in the eleven communities obtain about half of their total revenues from earnings, the majority of which comes from admissions receipts. In addition, they receive slightly more than 40 percent of their revenues from contribu-

⁹ Unfortunately, the IRS 990 forms, our principal data source for comparing revenue patterns in this analysis, do not distinguish among various types of revenue, with the exception of government funding. Thus, the comparisons presented below do not report separate totals for individual, foundation, and corporate funding.

Table 3.3
Revenue Sources in the Eleven
Metropolitan Areas

Source	%
Contributions and grants	43
Private	33
Government	6
Dues	4
Earnings	49
Admissions	38
Other	11
Endowments	5
Other	3
Total	100

SOURCE: 2000 Internal Revenue Service 990 forms.

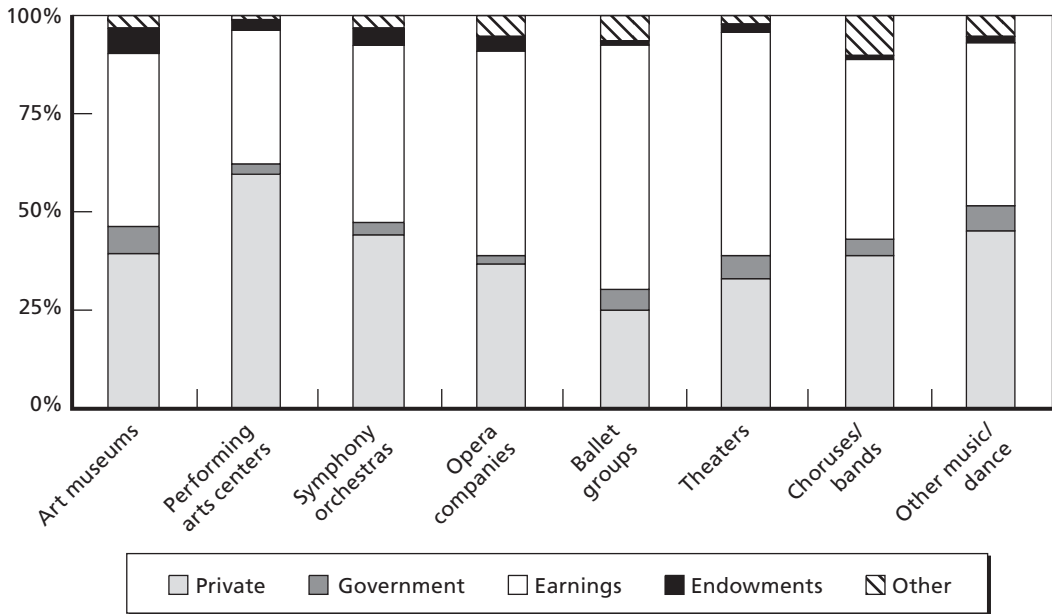
tions and grants—the majority of which comes from private contributions. Although, as we noted above, we cannot distinguish among contributions from individuals, foundations, and corporations, our prior work suggests that for the country as a whole, over half of these dollars come from individuals; and about one-quarter each comes from foundations and the corporate sector.¹⁰ Funding from all levels of government makes up only 6 percent of the total—slightly more than the amount raised from membership dues. Endowment income constitutes about 5 percent of total revenues; fundraisers, special events, and other fund-raising sources make up just 3 percent of the total.

There is considerable difference in the share of total revenues from various sources across types of arts organizations (see Figure 3.4).¹¹ Several points are worthy of note here. Admissions receipts are an important source of revenue for all the organizations, but their importance varies. They are greatest for theater and ballet companies and lowest for art museums. Indeed, art museums receive a larger share of their earned revenues from other sources, such as gift shops, restaurant sales, and rental earnings, than they do from admissions. Although classical music organizations (principally symphony orchestras and opera companies) also raise substantial earnings in addition to their admissions receipts—far more than other types of arts organizations—their total receipts from these sources are less than half those of museums.

¹⁰ See McCarthy et al. (2001).

¹¹ In reviewing these data, it is important to bear in mind that the total revenues raised by organizations differ sharply. The total amount of money raised from admissions by art museums, for example, may well be much larger than the similar sum raised by say opera companies—even though the percentage raised from admissions to operas is considerably larger than the percentage raised by museums.

Figure 3.4
Revenue Sources by Type of Organization for the Eleven Metropolitan Areas



SOURCE: 2000 Internal Revenue Service 990 forms.

RAND MG477-3.4

This difference may be partly because art museums charge lower or no admission fees to encourage attendance from more diversified audiences and partly because art museums are much more likely to have gifts shops and restaurants than are performing arts institutions.

Private contributions play a central role in the revenue streams of all types of arts organizations, constituting between a third and over two-thirds of their revenues. Government funding does not appear to play a major role in any of these organizations' revenue streams, although government grants can have a legitimating role—particularly for smaller organizations—that subsequently helps arts organizations raise funds from other sources. Endowment income is primarily concentrated among the largest arts organizations, e.g., museums, symphony orchestras, and opera companies.

Although we lack data on the form in which these revenues are received, interviews with arts organizations and national data suggest that there are also differences in the types of revenues arts organizations receive. As noted, major arts institutions are more likely to have endowments and to receive capital grants. In addition, art museums, particularly major museums, have been more successful in obtaining corporate funding for special exhibits—a form of funding that is often more difficult for performing arts organizations to secure. Larger arts organizations typically have more visibility both within and outside their communities and thus are better able to attract support from

wealthy individuals, corporations, and government than are smaller organizations. In addition, many of the smaller organizations lack the development and marketing staffs that have become increasingly essential to attracting contributions and earnings and audiences. Finally, given the increasing tendency for corporations and some foundations to favor project-specific funding, organizations that rely on these sources for a substantial fraction of their revenue receive a larger share of project funding.¹²

Community Context

The arts infrastructure and support systems of the eleven communities have developed in specific community contexts. This section examines those contexts and their influence on the arts infrastructures and support systems in individual communities. Our comparisons focus on the sociodemographic, historical, and institutional characteristics of the communities.

All the communities included in our analysis are large metropolitan areas with populations of between 1.9 and 9.1 million. They fall into three general categories. The first category consists of older manufacturing centers, such as Baltimore, Cleveland, Detroit, and Pittsburgh, that were once affluent manufacturing centers but have faced major economic adjustments as employment in the manufacturing sector has lagged behind that of other economic sectors. The second category consists of mature regional centers, such as Boston, Chicago, Denver, and the Twin Cities, that have diversified economic and population profiles and serve as commercial centers for the regions in which they are located. The third category (Charlotte and Phoenix) consists of newer emerging centers whose arts and economic infrastructures are still developing and whose populations are growing rapidly. Philadelphia, interestingly, exhibits qualities of both the first and second categories.

Sociodemographics

Our comparisons highlight two sociodemographic dimensions: population growth and selected features of their socioeconomic profiles—income, education, and occupation. These dimensions have been consistently linked to aggregate patterns of demand for the arts.¹³

¹² In our field studies, we learned that some arts organizations may take earmarked funds when they are financially strained but then cannot deliver on the project-specific requirement—thus worsening their financial situation.

¹³ There is a growing literature on demand for the arts (see, for example, Seaman, 2006). A detailed summary of that literature is beyond the scope of this monograph. We note, however, that studies of differences in the pattern of aggregate demand focus on four sets of factors: sociodemographic factors, e.g., population size, growth, and composition; tastes for the arts and different art forms; practical considerations, such as the supply of artistic events and their cost, the availability of leisure time, income levels, and the availability of information about the

Table 3.4 indicates that sociodemographic features differ significantly across general categories. All the central cities at the core of the older manufacturing centers lost population between 1990 and 2000 (an average loss of 8.5 percent), while population in the metropolitan areas as a whole remained relatively stable (average growth of 5 percent). In contrast, the mature regional centers experienced slow but positive growth (an average gain of 7.4 percent) in their central cities and their metropolitan areas experienced relatively strong growth (an average of 16.3 percent). Finally, the newly emerging centers experienced rapid growth in their central cities (an average gain of 35.5 per-

Table 3.4
Selected Sociodemographic and Economic Comparisons

Area	Growth Rate 1990–2000		Total Population 2000		Median Family Income (\$)	College Graduate (%)	Mgr/ Prof (%)
	MSA ^a (%)	City (%)	MSA (000s)	City (000s)			
Philadelphia	5	-4.3	6,188	1,518	57,868	26.9	36.9
Manufacturing centers							
Baltimore	13.1	-11.5	7,608	651	59,324	29.2	39.8
Cleveland	3.0	-5.4	2,945	478	52,115	23.5	32.8
Detroit	5.2	-7.5	5,456	951	59,380	23.7	33.8
Pittsburgh	-1.5	-9.5	2,358	334	47,546	23.8	33.9
Average	4.5	-8.5	4,592	604	54,591	25.1	35.1
Regional centers							
Boston	6.7	2.6	5,819	589	64,538	34.4	42.1
Chicago	11.1	4.0	9,159	2,896	60,367	28	35.5
Denver	30.4	18.6	2,581	554	61,088	35.5	39.4
Minneapolis/ St. Paul	16.9	4.5	2,981	669	65,450	33.3	38.9
Average	16.3	7.4	5,132	1,170	62,861	33	39
Emergent centers							
Charlotte	21.7	36.6	1,499	540	53,868	26.5	33
Phoenix	45.3	34.3	3,251	1,321	51,126	25.1	33.4
Average	33.5	35.5	2,375	931	52,497	25.8	33.2
Total	14.3	5.7	4,530	955	57,515	28.3	36.3

SOURCE: 2000 U.S. Census of Population.

^aMSA = metropolitan statistical area.

arts; and individual experience with the arts (arts education, prior experience, and knowledge) (McCarthy et al., 2001). Analyses of changing attendance patterns demonstrate that virtually all the growth in national arts attendance that has taken place over the past three decades in America can be attributed to growth in population and education levels (particularly the number of college graduates). See McCarthy et al. (2005).

cent). Unlike the other groups, the central cities in this group grew at approximately the same rate as their metropolitan areas as a whole.

There are also significant differences in the socioeconomic profiles of their populations. The mature regional centers rank highest on median family income, percentage of the adult population with a college degree, and proportion of the employed population working in professional and managerial occupations. However, the older manufacturing centers have higher median incomes and a higher percentage of their labor force in professional and managerial occupations than do the newly emerging centers and about the same percentage of adults with a college degree.

Philadelphia shares characteristics with both the older manufacturing areas and the major regional centers. Like the former, Philadelphia has been losing population, but its socioeconomic profile lies between the two groups of communities in terms of family incomes, the share of the adult population with at least a college degree, and the percentage of the workforce in professional and managerial occupations.

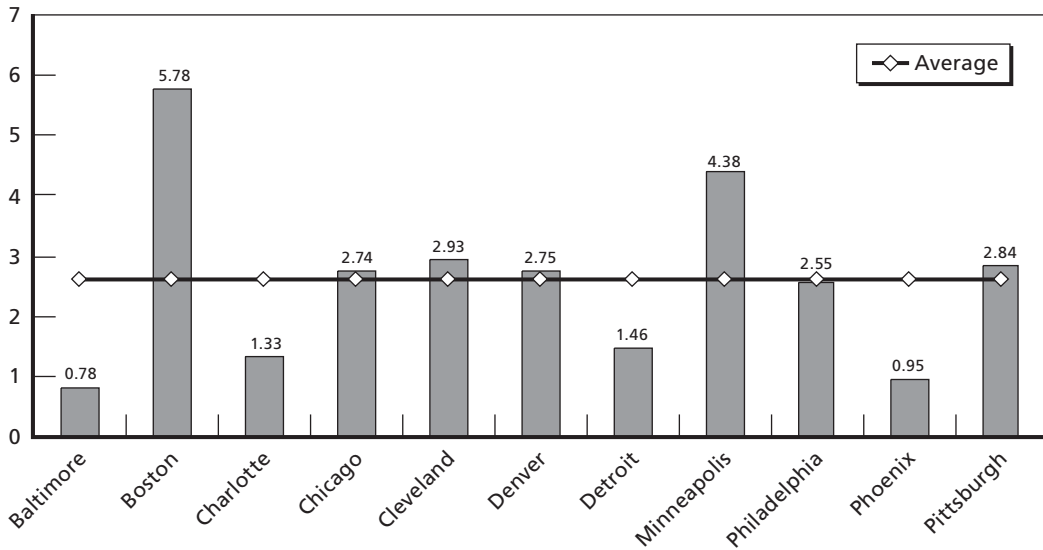
As we suggested above, these differences are likely to affect the overall demand for the arts. Other things being equal, higher rates of population growth increase the total demand for the arts, just as communities with higher socioeconomic profiles have higher rates of arts participation per capita.¹⁴ As Figure 3.5 demonstrates, the two areas with the most arts organizations per capita, Boston and the Twin Cities, also have high median family incomes, a high percentage of adults with a college degree, and a large percentage of their workforces in high-status white-collar positions. The average number of arts organizations per capita is higher in the major regional centers (which also have the highest incomes and education levels) than in either of the other two categories. The data suggest, however, that neither the rate of population growth nor the socioeconomic status of the population alone explain the differences on this measure. The two fastest growing areas, Phoenix and Charlotte, rank well below the average in number of arts-presenting organizations, and two of the older industrial centers, Cleveland and Pittsburgh rank above the average.

Historical and Institutional Factors

Historical and institutional factors also play a role in shaping the arts infrastructures and support systems of local communities. The manufacturing and regional centers, for example, established their art museums and symphony orchestras at the end of the

¹⁴ Apart from the measures of population size and growth and other sociodemographic features compared here, we lack data on most characteristics linked to aggregate demand levels in these communities. Even more important, we lack data on participation patterns in these cities, including attendance and other forms of participation, such as hands-on participation and participation through various media (radio, television, recordings). As a result, we use an indirect measure of demand in these communities—i.e., the number of presenting organizations per capita—to compare levels of demand.

Figure 3.5
Arts-Presenting Organizations per 100,000 Residents



SOURCE: Internal Revenue Service 990 forms, 2000, and U.S. Census of Population, 2000.

RAND MG477-3.5

19th or the beginning of the 20th centuries. These institutions have national prominence and long traditions of support within their communities, and they are a source of community pride. Communities that lack this history, such as Charlotte and Phoenix, are attempting to build their arts infrastructures and their reputations. In both of these areas, community leaders view developing their arts sectors as central to the ability of their areas to attract high-skilled workers and as a key component in building civic pride.¹⁵

Additionally, the degree to which city and suburban residents identify with the region as a whole rather than the specific jurisdiction in which they live can influence the base of support for the arts within the region. This may in part be a function of the age of the metropolitan region and the composition of the central city's population relative to that of the suburbs, but historical factors also appear to play a role. We were told, for example, that despite the difficulty of traveling from the suburbs to the city, suburban Bostonians identified with the city and were frequent attendees at city arts events, whereas residents of the Phoenix metropolitan area, despite its youth and

¹⁵ Discussions with respondents in both of these areas stressed the importance of the arts to their economic development. Both areas have established organizations to promote this development. Charlotte's Arts and Science Council, which we discuss in greater detail later, serves as a model private-public partnership effort in this regard. Along similar lines Phoenix is developing the Maricopa Partnership for the Arts. Indeed, among the areas in our sample, the fastest growing places (Charlotte and Phoenix) were more inclined to invest in the arts than were the declining areas.

rapid growth, identify not with the area as a whole but rather with the specific communities in which they live.¹⁶ One by-product of this phenomenon is that many of the communities in the Phoenix area are building their own arts centers even though they duplicate similar centers in surrounding communities. This city-suburb fragmentation fosters competition rather than collaboration for the audiences, funding, and other resources that arts organizations need in the new and more challenging funding environment.

Working across jurisdictions—particularly to promote collaboration between central city and suburban arts organizations—is becoming more important because many suburban jurisdictions are committed to providing opportunities for residents to participate in organizations in their own communities. This desire stems, in part, from the historical concentration of arts institutions in central cities and the increasing disinclination of many suburban residents—whether for reason of congestion, distance, safety, or cost—to travel downtown.

Detroit is a clear example of the problems that can arise when there are sharp differences between city and suburban residents and their arts organizations. We were told, for example, that competition among large, midsized, and small arts organizations, as well as between city and suburban organizations, has resulted in increased competition for both audiences and funding within the Detroit arts sector.¹⁷ This competition appears to have been intensified by the city's decision to terminate funding for the Detroit Zoo and historical society—both of which are located in the suburbs but owned by the city.

Baltimore represents a special case because its proximity to Washington, D.C., means that the city's arts institutions compete directly with those in the nation's capital, both for funding and for audiences—effectively reducing the size of the Baltimore market and its population support base.¹⁸ Discussions with members of Baltimore's arts community suggest that the small average size of the area's local arts organizations¹⁹ is in part a by-product of the importance of smaller community-based organizations in the city and its surrounding areas and the competition their arts organizations face from their counterparts in the District.

¹⁶ The umbrella organization for the arts in Phoenix was named after the county rather than the city to ensure the participation and cooperation of the surrounding cities, which view themselves as separate entities and do not identify with Phoenix.

¹⁷ Interestingly, a national foundation grant to a local foundation to encourage collaboration within the Detroit arts sector appears to have been successful in establishing communication among arts organizations in the community. Indeed, we were told by several arts organizations in the Detroit area that this was the first time several of these organizations had worked together. However, when the funding for the effort terminated, so did the collaboration. There is currently an effort under way in the metropolitan area to create a new alliance of arts organizations.

¹⁸ Baltimore is part of the Washington-Baltimore Consolidated Metropolitan Statistical Area.

¹⁹ The average expenses for arts organizations in Baltimore are less than half of that of the next-largest area.

Institutional factors can influence the arts infrastructure and its support systems.²⁰ Of particular note is the presence of a strong private foundation sector. Wealthy private foundations in several of the communities (Philadelphia, Pittsburgh, Cleveland, and the Twin Cities) have taken an active role in supporting the arts both financially and organizationally. In addition to providing financial support to individual arts organizations, foundations have actively promoted the establishment of arts alliances, arts service organizations, and individual artists. Support for such service organizations—even though they are not directly involved in presenting the arts—helps promote a community’s identification with and allegiance to the arts, provides support for presenting organizations, and promotes cooperation. Similarly, the degree to which a community provides support for individual artists through commissions, stipends, and the provision of space for living and working makes the community attractive to artists and boosts the level of artistic activity in general—a phenomenon that we observed in the Twin Cities.

In addition, a corporate sector that provides strong support for the arts can play an important role in the local arts sector. This support is manifest not only in corporate funding for the arts but also the presence of Arts and Business Councils that provide a range of services to arts organizations. Charlotte’s Arts and Science Council (ASC) is the most noteworthy example of local corporate support for the arts. The ASC not only provides substantial financial support for local arts organizations, including administering a United Arts Fund in which employers collect individual contributions for the arts much like the United Way, but also provides a host of other services to the arts sector as a whole. Indeed, Charlotte’s corporate sector views the arts as a central asset to its community’s economic growth.

In contrast, the loss of locally owned major corporations in cities such as Cleveland and Pittsburgh has contributed to the financial stress of arts organizations. Mergers and acquisitions have resulted in the replacement of local corporate owners—who traditionally served as both business and civic leaders—with outside managers who focus more on the corporate bottom line, causing the arts sector to lose an important source of sponsorship.

The willingness of local governments to support their local arts sector is another institutional factor that is evident in the eleven communities. This support is manifest in local government offices of cultural affairs that typically provide some level of financial as well as other support to their arts sectors. In addition, Pittsburgh and Denver have established dedicated funding sources for the arts through taxes of one sort or another. Of particular note is the Scientific and Cultural Facilities District (SCFD), funded by a portion of the sales tax in Denver’s seven-county metropolitan area. The

²⁰ The various ways that institutional factors affect the arts sector are discussed in greater detail in the next chapter.

SCFD has contributed over \$100 million to local arts, scientific, and cultural organization since its establishment.

Interestingly, we were told by respondents in several communities that the availability of long-standing foundation, corporate, and governmental support for the arts has inhibited the development of a tradition of individual giving to the arts.

Discussion

A diverse mix of historical, institutional, social, and demographic factors has shaped local arts infrastructures and their support systems. It may not be surprising, then, that it is difficult to identify a single pattern in the role the community context plays in the local arts ecology. However, several patterns are evident in each community. With at least one million inhabitants (and several with considerably more), all the communities have reached a market threshold to support a diverse blend of arts organizations in all disciplines. Moreover, the arts infrastructure in each of these communities has a similar pyramid shape, that is, it includes a small number of very large organizations (typically art museums, performing arts centers, and symphony orchestras), a larger number of medium-sized organizations (most particularly theaters), and an even larger number of small organizations (including both community-based organizations and dance and music organizations presenting a wide set of artistic styles). In addition, the average size of arts organizations in these communities (as measured by annual expenditures) is around \$1.4 million.²¹ However, this very diversity suggests that the average size of organizations may not be a very good measure of the health of the sector as a whole. Consider, for example, that a vital arts infrastructure may give birth to many new and smaller organizations, whereas an arts sector that is experiencing consolidation because of financial and other stresses may have a smaller organizational birth rate and a higher death rate, thereby raising the average size of the remaining organizations.

The sources of financial support for the arts organizations in these communities differ somewhat. In general, earnings constitute the single most important source of revenue (between 45 and 60 percent). The one exception is Detroit, where earnings make up just 30 percent of total revenues. In most cases, the vast majority of these earnings come from admissions receipts, but arts organizations in Pittsburgh, Boston, Chicago, and the Twin Cities derive substantial earnings from other sources (between 15 and 25 percent of their total revenues). Private contributions from corporations, foundations, and individuals comprise between 33 and 45 percent of revenue.²² Government grants total about 6 percent in all the communities except Denver, where the Scientific and Cultural Facilities District, funded from a regional sales tax, provides 17 percent of the arts sector's revenues. Despite these similarities, however, the patterns of

²¹ Baltimore is the notable exception to this pattern.

²² Detroit is again the one exception. Contributions total about 58 percent of the arts sector's revenues.

arts funding in these communities suggest that successful fund-raising strategies must be adjusted to the opportunities presented in the local environment.

In the next chapter, we turn to a more detailed discussion of how individual communities have responded to the challenges facing their arts sectors.

Community Responses

Introduction

The changes in the environment described in previous chapters have raised challenges not only for individual arts organizations but also for local arts ecologies as a whole. The reduced funding levels and changing contribution practices that have put additional financial stress on individual arts organizations, for example, have also led local arts sectors to explore new funding mechanisms and to lobby local public and private sources to increase their funding of the arts. Similarly, the increasing competition for funding and audiences that has raised development and marketing costs for arts organizations has prompted the development of local alliances to facilitate collaboration among organizations in an effort to reduce costs and to provide access to expertise and services that most individual arts organizations could not otherwise afford. Finally, the growing competition for public officials' attention and resources—both from other arts organizations and other nonprofits—has led local arts sectors to consider a variety of arguments and organizational approaches to persuade local governments to integrate the arts into their planning and development efforts.

This chapter examines how local arts sectors and governments have responded to these challenges. It focuses not on the actions of individual arts organizations but rather on the sector as a whole. It attempts to answer the question: Why have particular organizational mechanisms and operational strategies been adopted and with what effect? We begin by describing the organizational arrangements that local arts sectors and governments have used and then examine the different services these organizations provide.

Organizational Arrangements

All the communities in our analysis either have established or are in the process of establishing organizations devoted specifically to dealing with the arts and arts-related issues, such as private alliances of arts organizations or offices of cultural affairs within local government. We focus here on public and private organizations established spe-

cifically to deal with the arts. Therefore we exclude from this discussion organizations that deal with the arts but have a much broader focus, such as foundations.

Structure

Within the eleven communities, there is considerable diversity in the form that these organizations take. Table 4.1 shows our classification of major organizations dealing with the arts.¹

Of the 27 organizations dealing with arts-related issues in these communities, 11 are governmental bodies, 14 are private organizations, and 2 are quasi-governmental organizations that operated as 501c3 nonprofits² but are primarily or exclusively funded by local governments.³ These organizations fall into four basic categories:

1. Private alliances of arts organizations that operate as 501c3 nonprofits and provide multiple services to the arts community.
2. City offices of cultural affairs that provide a variety of services to the public at large, other city government agencies, and arts organizations in their communities. These organizations deal primarily, although not exclusively, with arts-related matters.⁴
3. Governmental bodies that have been established for the primary purpose of providing financial support to the local arts sector.
4. Private-sector arts and business councils that provide technical expertise to the local arts sector.

Two organizations, the Arts and Science Council (ASC) in Charlotte and the Pittsburgh Cultural Trust (PCT), do not fall exclusively into any of these categories. The ASC is a private nonprofit organization to which the city of Charlotte and Mecklenburg County have designated responsibility for their arts programs. It operates in part as a funding body for arts organizations in the region, in part as a cultural alliance for arts organizations in the region, and in part as the city and county's office of cultural affairs. The Pittsburgh Cultural Trust, in contrast, is the managing agency for

¹ We have excluded temporary task forces that some communities use to deal with a variety of arts issues but that disband after they have published a report of their findings, e.g., St. Paul's Arts, Culture, and Entertainment task force. We also exclude the arts commissions that many cities appoint to serve in an advisory capacity for governmental arts policies or to approve public art works.

² "501c3" refers to the portion of the federal tax code that governs most arts and cultural nonprofit organizations.

³ The Baltimore Office of Arts and Promotion is a multifunction organization that provides a variety of services; the Philadelphia Cultural Fund distributes city funds to arts organizations.

⁴ The Minneapolis Cultural Affairs Office, for example, is a division of the city's planning department and thus handles the city's planning as well as its arts functions.

Table 4.1
Classification of Major Organizations

City/Organization	Public/ Private	Type	Area
Baltimore			
Office of Promotion and the Arts (BOPA)	Quasi	OCA ^a	City
Greater Baltimore Cultural Alliance (GBCA)	Private	Alliance ^b	Region
Boston			
Mayor's Office of Arts, Tourism & Special Events (MOATSE)	Public	OCA	City
Arts and Business Council (BABC)	Private	A&B council ^c	City
Charlotte			
Arts and Science Council (ASC)	Private	Mixed	Region
Chicago			
Department of Cultural Affairs (CDCA)	Public	OCA	City
Arts and Business Council (CABC)	Private	A&B council	City
Cleveland			
Community Partnership for the Arts and Culture (CPAC)	Private	Alliance	Region
Arts and Culture as Economic Development (ACE)	Public	Funding ^d	County
Lake County Visitors Bureau Arts and Culture Fund	Public	Funding	County
Denver			
Scientific and Cultural Facilities District (SCFD)	Public	Funding	Region
Denver Office of Cultural Affairs (DOCA)	Public	OCA	City
Colorado Business Committee for the Arts (CBCA)	Private	A&B council	Region
Detroit			
Detroit Cultural Forum (DCF)	Private	Alliance	Region
Twin Cities			
Minnesota Cultural Affairs Division of Planning Dept. (MCAD)	Public	OCA	City
St. Paul Sales Tax Revitalization Program (STAR)	Public	Funding	City
The Arts and Cultural Partnership of St. Paul (SPACP)	Private	Alliance	City
Metropolitan Region Arts Council (MRAC)	Public	Funding	Region
Philadelphia			
Philadelphia Cultural Fund (PCF)	Quasi	Funding	City
Greater Philadelphia Cultural Alliance (GPCA)	Private	Alliance	Region
Arts and Business Council of Greater Philadelphia (ABCP)	Private	A&B council	Region

Table 4.1—continued

City/Organization	Public/ Private	Type	Area
Phoenix			
Phoenix Office of Arts and Culture (POAC)	Public	OCA	City
Maricopa Partnership for the Arts and Culture (MPAC)	Private	Alliance	Region
Arts and Business Council (PABC)	Private	A&B council	City
Pittsburgh			
Allegheny Regional Asset District (ARAD)	Public	Funding ^d	County
Pittsburgh Cultural Trust (PCT)	Private	Other	City cultural district
Greater Pittsburgh Arts Council (GPAC)	Private	Alliance	Region

^aOCA = Office of Cultural Affairs.

^bAlliance = Cultural Alliance.

^cA&B council = Arts and Business Council.

^dFunding = Special Purpose Art Fund.

NOTE: Quasi = quasi-governmental.

cultural institutions within the city's cultural district. By and large, the governmental agencies limit their services to organizations in their own jurisdictions (primarily cities but, in few cases, counties), while the private organizations serve arts organizations throughout their region.

There is considerable variation in size, function, and specific organizational features within each of these four categories. The seven arts alliances, for example, range from well-established organizations that provide a wide range of services, both to arts organizations and to the public, to more recently established institutions that provide a forum for convening arts organizations to explore opportunities for collaboration.

Similarly, the seven offices of cultural affairs (including the privately run Arts and Science Council, which contracts with the city of Charlotte and the county of Mecklenburg for many functions typically provided by government offices of cultural affairs) vary significantly in the size of their operation and organizational status within the government (see Table 4.2).

Chicago's Department of Cultural Affairs, for example, had a budget of \$17 million in 2005 compared with Boston's Mayor's Office of Arts, Tourism & Special Events, which had a budget of \$1.5 million. To some extent, such differences reflect the different organizational statuses of these offices. In Chicago, Denver, and Phoenix, these offices are separate branches of city government. In Boston, the function is part of the mayor's office; in Minneapolis it is incorporated into the planning department; and in Baltimore and Charlotte, the functions are placed in private organizations. We discuss the various functions these offices perform below. But it is noteworthy that

Table 4.2
Characteristics of Cultural Affairs Offices

Organization	City	Status	Budget (\$millions)	Staff	Year	Other
BOPA	Baltimore	Quasi	\$4.7	31	2002	Reorganized
MOATSE	Boston	Public	\$1.5	19	2004	Reorganized
ASC	Charlotte	Private	\$16.5	30	1958	Contract with city and county
CDCA	Chicago	Public	\$17	300	1986	Independent department
DOCA	Denver	Public	NA	10	1991	Independent department
MCAD	Minneapolis	Public	NA	3	1991	Division of planning department
POAC	Phoenix	Public	\$2.2	12.5	1985	Independent department

NOTE: Staff figure for CDCA includes staff for tourism. Budget figures were not available for Denver and Minneapolis. Quasi = quasi-governmental. NA = not applicable.

these cities differ not only in the way they organize their arts-related activities but also in whether they bundle those activities with other city functions. For example, in Baltimore, Boston, and Chicago, the cities' arts offices also include their tourism activities, whereas in other cities the tourism function is located in a different city department or a private convention and visitors bureau.

Although all the cultural affairs offices provide some type of direct financing for arts organizations, five cities have organizations whose sole or predominant purpose is to provide financing for the arts. These institutions differ markedly in the scale of their funding efforts; the range, volume, and types of support they provide; and the sources of their funding (see Table 4.3). The three smaller programs, with total grants

Table 4.3
Characteristics of Single-Purpose Funding Agencies

Organization	City	Type	Total Support Provided	Source of Funding	Dedicated?	Area
Cuyahoga ACE	Cleveland	Project	\$500,000	General fund	No	County
Lake County Arts & Culture	Cleveland	Project	\$50,000	General fund	No	County
SCFD	Denver	GOS ^a	\$20.5 million	Sales tax	Yes	Region
STAR	St. Paul	Project/capital	\$1.4 million	Sales tax	Yes	City
MRAC	Twin Cities	Project	\$650,000	State general fund	No	Region
PCF	Philadelphia	GOS	\$2 million	General fund	No	City
ARAD	Pittsburgh	GOS	\$4.6 million	Sales tax	Yes	County

^aGOS = General operating support.

ranging from \$50,000 to \$650,000 (the Lake and Cuyahoga programs in metropolitan Cleveland and the Metropolitan Regional Arts Program in the Twin Cities), provide project-specific funding from their governments' general fund. The two midsized programs, with total grants ranging from \$1.4 to \$2 million (the STAR program in St. Paul and Philadelphia's Cultural Fund) provide general project and capital grants (St. Paul) and general operating grants (Philadelphia). St. Paul's STAR grants are funded from dedicated sales tax revenues; Philadelphia's Cultural Fund receives its funding from the city's general fund. The two largest programs, with budgets of \$4.6 to \$20 million (Pittsburgh's Allegheny County Regional Asset District and Denver's Scientific and Cultural Facilities District), provide substantial general operating support from a dedicated regional sales tax.

Division of Labor Among Agencies

Although considerable variety exists in the types of organizations dealing with the arts in these communities, there are two basic approaches. The first approach, used by three cities, relies primarily on a single multifunction agency. In Boston and Chicago, this agency is a city office of cultural affairs, the Mayor's Office of Arts, Tourism & Special Events (MOATSE) in Boston and the Department of Cultural Affairs (CDCA) in Chicago.⁵ In Charlotte, the city and county designated a private agency, the Arts and Science Council (ASC), to perform these functions. The city supplied approximately \$3 million and the county approximately \$500,000 in fiscal year 2005.

In seven of the eight other communities, the responsibility for arts and cultural affairs is divided among a variety of public and private agencies. In Denver and the Twin Cities, for example, a combination of public agencies (regional and city in Denver and regional as well as separate city agencies in St. Paul and Minneapolis) deals with different aspects of the arts and culture sector. In the other five cities, these functions are distributed among a private arts alliance and various governmental (or quasi-governmental agencies). The only community that does not follow one of these two approaches is Detroit, where—in response to the closure of its office of cultural affairs—the arts sector is currently trying to build an alliance of regional arts organizations.⁶

These approaches share several general features. First, virtually all the government agencies dealing with the arts limit their services to organizations and residents located in their jurisdictions.⁷ Thus, when a single government agency is established to deal with arts issues, as in Boston and Chicago, its services are limited to organizations that

⁵ Both Boston and Chicago also have Arts and Business Councils. As we discuss below, however, they serve a limited technical assistance function.

⁶ The city of Detroit closed its Office of Cultural Affairs in 2005. This closure was one of several factors that led to the current effort to form a cultural forum to serve the arts organizations in the region.

⁷ The principal exception to this pattern concerns agencies that deal with tourism. They typically view their market as including residents and nonresidents.

serve city residents. This restriction can create jurisdictional conflicts that hamper city-suburban cooperation within the arts sector. Many suburbs have seen rapid growth in their arts sectors (especially among smaller and midsized organizations), and suburban communities and their residents desire to have their own arts and cultural facilities.⁸ This phenomenon has spurred communities to establish private arts alliances to serve the region as a whole and its arts organizations.⁹

Second, cities with cultural affairs offices have programs that often use the city's governmental powers to impose development fees to pay for public art or to own local arts facilities. Such programs rely on governmental powers that are difficult to delegate to private agencies and thus are better situated within government agencies.

A third feature concerns the relative malleability of the organizations that local governments use to manage their arts-related activities. Detroit and Philadelphia, for example, recently closed their offices of cultural affairs. In addition, Minneapolis recently folded its cultural affairs functions into its department of planning. And Baltimore and Boston have recently reorganized the responsibilities of their cultural affairs offices.

This malleability reflects several factors. First, as we discussed in Chapters One and Two, the arts are often viewed more as a luxury than as an essential public service. Thus, when a city's fiscal situation worsens, mayors identify the office of cultural affairs as a nonessential government operation that can be cut. This inclination is often shared by local officials who see such offices as focusing more on the needs of local arts organizations, especially smaller and newly established organizations, than on such broad citywide goals as economic development, neighborhood revitalization, and boosting tourism revenues. Interviewees in Philadelphia and Detroit reported that the mayors who closed their cultural affairs offices held this view.

There are several strategies for dealing with this situation. One is to identify and recruit strong leaders both within the arts community and among political officials who favor a broader role for the arts in their communities. Such leaders can build the alliances and networks needed to promote this perspective. Indeed, the way communities organize their cultural affairs operations appears to be related to their view of the role of the arts in promoting their communities' broader goals. Operations in cities such as Charlotte and Chicago, which view the arts as a central element of their economic development strategies, are designed not just to support the arts but also to integrate the arts into a wider range of community goals.

A second approach is to establish a dedicated funding source for the arts. In many cases, this requires voter approval. Such efforts have had mixed success: They have succeeded in a number of cities, including Denver, but they failed in Detroit, Cleve-

⁸ See *You Are Here* (2005) and *Bye* (2002).

⁹ This phenomenon appears to have played a major role in the establishment of the Maricopa Partnership for Arts and Culture (a regional alliance), even though the city of Phoenix has an active office of arts and culture.

land, Philadelphia, and initially in Denver.¹⁰ Pittsburgh's dedicated funding source, the Allegheny Regional Asset District (ARAD), was established by the county's board of commissioners following the passage of enabling legislation by the state legislature. The establishment of ARAD was prompted in part by the city of Pittsburgh's warning that, given its fiscal situation, it could no longer continue to provide ongoing support for the city's arts and cultural facilities and in part because those facilities served not just city residents but a wider regional market.

As Welch (2005) points out, a dedicated sales tax appears to fare better with voters than add-ons to the existing property tax. She suggests that this reflects the public's perception that property taxes are already too high. Other factors also influence voter acceptance of such measures. For example, there may be a strong local tax limitation movement. The public may want to know the range of arts and culture institutions supported by the dedicated tax and how the funds will be allocated among them. Organizations in the arts and culture sector must be able to agree on the allocation of the dedicated funds. Finally, voters may be concerned about the free-rider problem, i.e., many of the visitors to the affected institutions live outside the jurisdictions whose citizens will pay the added levies.

Organizational Functions

The key to knowing how different communities support their local arts sector is understanding the functions that arts organizations perform. Table 4.4 distinguishes among five groups of functions—financial support (grants), technical assistance, arts presentation, arts promotion, and economic development—and sorts organizations by the level of service provided in each: basic, moderate, and full service. With the exception of the financing function, these service levels frequently build upon each other so that organizations providing a moderate level of services also provide the basic level, and organizations providing a full level also provide basic and moderate levels.¹¹ Since we are interested in the total services available in each community, the service levels in each functional area are based on the combined services available from all sources. Thus, if

¹⁰ A useful summary of the various ballot initiatives is contained in Welch (2005). Philadelphia's attempt to create a Southeastern Pennsylvania Regional Cultural and Scientific District, along the lines of Pittsburgh's ARAD, failed in the mid-1990s.

¹¹ Two words of caution about the information in this table are warranted. First, as noted, services provided at each successive level tend to be additive so that agencies providing the moderate level also provide the basic level and agencies providing the full level provide both the basic and moderate level as well. However, this may not always be the case. Second, we gathered information on the services provided by different organizations from interviews, the organizations' Web sites, and published sources. However, the information on these organizations may be incomplete as a result of new organizations coming into being (e.g., Detroit's Cultural Forum), closing (Philadelphia's and Detroit's offices of cultural affairs), or reorganizing (Baltimore's Office of Promotion and the Arts, and Boston's Mayor's Office of the Arts, Tourism & Special Events).

Table 4.4
Comparison of Service Levels by Function

Function	Service Level			Provider	Target
	Basic	Moderate	Full		
Grants	<\$500,000	\$500,000–\$4 million	>\$4 million	OCA Funding	Arts sector
Technical assistance	Convening	Workshops/seminar	Strategic planning for sector	Alliances	Arts sector
	Information	Access to experts		A&B Council	
Presentation	Public art (statues/murals)	Presentations, performances, festivals	Own/operate	OCA	Public
Promotion	Information on schedules, events, organizations	Fun guide, discounts	Advocacy/policy	Alliances	Public
		Special interest marketing, Interactive Web sites	Package promotions	OCA	Arts sector
Economic development	Permits	Active promotion of film and tourism	Neighborhood development and cultural districts	OCA	Community
	Information on area to outsiders		Art as a civic asset	Other governmental	

two organizations provide a particular service in a community, the combined services from those providers determine the community’s service level. Below, we discuss the services provided at each level within each functional area.

Financing

Financial support is typically supplied by governmental agencies (either cultural affairs offices or single-purpose funding agencies) to arts organizations, artists, and related organizations.¹² All eleven communities have at least one grant-making program, and several communities—Cleveland, Denver, the Twin Cities, and Philadelphia—have more than one. These programs are generally operated either by a single-purpose funding agency, as described in the previous section, or by municipal cultural affairs offices. Indeed, six of the seven cultural affairs offices listed in Table 4.2 provide grants to

¹² As noted above, our discussion of organizations providing financial support to the arts includes only organizations established specifically to support the arts and culture. It excludes other organizations, such as foundations and businesses, that fund other types of organizations and activities in addition to providing financial support to the arts.

arts organization. The one exception, Minneapolis' Cultural Affairs Division of the Planning Department, lacks an annual grants program but has provided substantial capital support to purchase and/or refurbish arts facilities in the city. In addition to the single-purpose funding agencies and cultural affairs offices, there are three other funding programs. Charlotte's Arts and Science Council serves in several respects as a cultural alliance and funding body; the Twin Cities' Metropolitan Region Arts Council distributes state arts funds to the Minneapolis metropolitan area and functions in some respects as a regional arts council; and Philadelphia's Five-County Arts Fund, administered by the Greater Philadelphia Cultural Alliance, re-grants funds from the Pennsylvania Council on the Arts, the state's arts agency.¹³

Sorting programs by the total value of their grants reveals three different service levels (see Table 4.5). The basic service level (total grants of less than \$500,000) includes the cultural affairs offices of Baltimore, Boston, and the city of Denver, together with the Lake County Visitor's Bureau in metropolitan Cleveland and the Cultural Alliance's Five-County Arts Fund. These programs provide small project-specific grants (from a few hundred dollars to around \$7,000) to arts organizations and artists in their jurisdictions.¹⁴ The programs are usually funded by their jurisdictions' general fund, although the Baltimore Office of Promotion and the Arts' grant program is also funded by private donations, and Philadelphia's Five-County Arts Fund is funded primarily by the state arts agency as part of a program to distribute grants at the regional level. The grants on this level target smaller arts organizations, and funding decisions are typically made by panels of individuals from the arts community (peer review) and, in some cases, the business community. Typically, the motivation of these programs is the desire to increase public participation in the arts.

Programs on the second or moderate service level (total grants between \$500,000 and \$2 million) also provide small grants (on average, a few thousand dollars), but their maximum awards are larger than those in the basic category. Most programs on this level focus on project-specific support, although a few also provide general operating support. Moreover, many agencies make more than one type of grant, depending upon the nature of the recipients and the purpose of the grant program. Chicago's Department of Cultural Affairs, for example, provides general operating grants to arts organizations, capacity-building grants to artists and new arts organizations, and neighborhood grants that benefit youth and special needs populations in the city's neighborhoods. Similarly, the Phoenix Office of Arts and Culture offers grants to arts organizations

¹³ Detroit also has a mini-grant program administered by the city's Recreation Department and funded by the Michigan State Arts Council that distributes small grants (maximum of \$4,000). This program has a one-for-one matching requirement.

¹⁴ The Mayor's Office of Arts, Tourism & Special Events in Boston also has a program to cover the costs of students attending arts events in the city.

Table 4.5
Characteristics of Grant Programs

Characteristics of Grants									
Organization	City	Type	Range	Total	Type	Grant Category	Decision	Source of Funds	Dedicated?
Basic service level									
BOPA	Baltimore	OCA	\$500–4,000	\$130,000	Project	3	Peer	Mixed	No
MOATSE	Boston	OCA	\$1,800–4,500	\$106,000	Project	2	Peer	General fund	No
Lake County	Cleveland	Funding	\$2,000–7,000	\$50,000	Project	1	Peer	General fund	No
DOCA	Denver	OCA	\$1,000–2,000	\$50,000	GOS	1	Peer	General fund	No
GPAC	Pittsburgh	Alliance	\$1,000–3,000	<\$200,000	Project	3	Peer	Mixed	No
Five-County Arts Fund	Philadelphia	Alliance	\$1,000–3,000	\$125,000	Project	1	Peer	SAA	No
Moderate service level									
CDCA	Chicago	OCA	\$4,000–10,000	\$1 million	GOS	4	Peer	General fund	No
STAR	St. Paul	Funding	Unknown	\$1.4 million	Project/ capital	3	Unknown	Sales tax	Yes
PCF	Philadelphia	Funding	\$1,500–15,000	\$2 million	GOS	1	Peer	General fund	No
POAC	Phoenix	OCA	\$1,000–120,000	\$970,000	Project/ GOS	4	Peer	Mixed	No
MRAC	Twin Cities	Special	<\$1,000–7,500	\$650,000	Project	4	Peer	SAA	No
Cuyahoga County	Cleveland	Funding	\$3,000–40,000	\$500,000	Project	1	Peer	General fund	No
Full service level									
ASC	Charlotte	Special	\$34,000–1.9 million	\$10.8 million	GOS	4	Formula	Mixed	No
SCFD	Denver	Funding	\$1,000–3 million	\$20.5 million	GOS	3	Formula	Sales tax	Yes
ARAD	Pittsburgh	Funding	\$2,300–1 million	\$4.6 million	GOS	1	Peer	Sales tax	Yes

NOTE: SSA = State arts agency; GOS = general operating support.

for capacity-building, project-specific grants for community arts projects, general operating support for arts organizations, and career development grants for artists.

The majority of these programs are funded from the jurisdictions' general fund. However, Minneapolis's MRAC relies primarily on funding from the state's arts agency (the Minnesota State Arts Board); St. Paul's program, on a special sales tax (a portion of which is dedicated to the arts); and the Phoenix program, on both general fund and special fund support. Although peer panels generally make the funding decisions, applicants' past performance, financial capabilities, and their total revenues are also considered. Chicago's operating grants program, for example, classifies arts organizations into four categories based on their annual incomes and adjusts the size of their awards accordingly.

Programs on the full service level (total grants over \$4 million) provide the largest grants (up to \$3 million) and exclusively offer general operating support. Unlike programs on the other two service levels, they were explicitly designed to provide a significant share of the operating revenues of the organizations they fund. Denver's SCFD and Pittsburgh's ARAD rely on dedicated sales tax revenues instituted for this purpose. Charlotte's ASC, on the other hand, relies on substantial transfers from the city and the county and a wide-scale annual giving program from individuals and corporations, including the United Arts Fund. In Denver and Charlotte, the scale of these grant programs reflects the significant role that community leaders attach to the arts as an element in the region's economic development strategies.

Programs in both Charlotte and Denver have several grantee categories. Charlotte's ASC, for example, maintains a small grants program for artists and community organizations and annual support grants for associate organizations, in addition to its basic operating grants for affiliate organizations. Denver's SCFD also recognizes different classes of grantees based on the scale of their operations and the original authorizing legislation. For example, it sorts applicants into three tiers. There are four arts and culture organizations in Tier 1, which, by formula, receive 59 percent of the SCFD's grant funding. Tier 2 contains 25 regional organizations (up from the original 7), with annual revenues of approximately \$1 million. They receive 28 percent of the funds. Finally, there are 280 Tier 3 organizations, which receive 13 percent of the agency's grant funds. Unlike organizations in Tiers 1 and 2, which apply directly to the SCFD, Tier 3 organizations apply to the arts councils in the separate counties that make up the SCFD.¹⁵

As the preceding discussion suggests, several programs rely as much on formulae as on peer panels in determining grant recipients and amounts. The SCFD sorts organizations primarily by size and history; the ASC sorts organizations by scale of operation

¹⁵ We were told by respondents that this arrangement works to the disadvantage of Tier 3 organizations in Denver because Denver has more Tier 3 organizations than surrounding counties do. The history of Denver's SCFD is described in Hansberry (2002).

and history of prior funding. The Allegheny County Regional Asset District, which was authorized by the Pennsylvania state legislature and established by the Allegheny County Board of Commissioners, allocates 9 percent of its \$74 million annual revenues (2005) to arts and cultural organizations. A citizens advisory committee makes the specific allocation decisions based on organizations' managerial capacity, financial stewardship, programming, and staff diversity.

A grant program's service level also reflects differences in the roles it views the arts as playing in its community. Virtually all the programs describe their goal as increasing citizens' access to the arts and providing support to artists and arts organizations to advance this mission. At the moderate service level, grant programs extol the ways local arts organizations promote the quality of life for their residents. At the full service level, the rationale for grant-making includes these reasons plus the view that the arts are a key component of the region's economic development strategy. Thus, support for the arts on this level hinges on the role that the arts play in the city's broader development agenda.

This connection clearly pays off for the arts sector because the full-service grant programs provide substantially more support for the arts than do the programs at the basic and moderate service levels. By and large, grant programs at the basic level provide small grants of a few thousand dollars; those at the moderate level also generally provide small grants; while those at the full level provide much larger grants that often constitute a significant share of arts organizations' revenues. Thus, the grants awarded by full service programs provide greater benefits to larger arts organizations in comparison to the more modest grants at the basic and moderate level. At those levels, the grants provide only a small portion of a large organization's budget.

Technical Assistance

Recognizing the value of collaboration, almost all our eleven communities either already have or are in the process of establishing organizations designed to promote cooperation within the arts sector.¹⁶ Most of them are private arts alliances but a few, as in Chicago, are city agencies. In addition to the technical assistance provided by the various cultural alliances, Boston, Chicago, Denver, Philadelphia, and Phoenix have local arts and business councils.¹⁷ These organizations and agencies provide technical assistance to arts organizations in the form of board development and mentoring; workshops on financial management, grant-writing, and other managerial and legal issues; and helping organizations with their development needs.

¹⁶ Interviews with staff at several alliances suggest that local foundations have played an important role in the financing of these organizations.

¹⁷ Several of these business groups are affiliated with the Americans for the Arts' Arts and Business Council program and are participating in the National Arts Marketing Project, a three-year effort sponsored by American Express to help arts organizations design marketing strategies.

Although the largest alliances typically provide a range of services, even the newer and smaller ones provide some kind of technical assistance to the arts sector—often both to arts organizations and artists. At the basic level, this may be little more than providing a forum for arts organizations to share information about the issues the arts sector is facing and the resources that are available in the community (as in Baltimore). As these organizations increase their membership and add staff and expertise, they typically expand the range of issues they address to include such topics as grant writing, financial and management issues, board development, and legal matters. Initially, this information may consist of lists of available resources and experts, but later it may include seminars and workshops on these topics. The Greater Pittsburgh Arts Council, for example, uses funding provided by a local corporate foundation for tuition grants to senior and middle management arts administrators to take leadership courses.

At the moderate level, alliances work with arts organizations to promote joint marketing and fundraising efforts. At the full level, technical services might include developing cultural plans for small communities and strategic plans for the arts sector as a whole, including cultural facilities planning (as in Charlotte's ASC). The Greater Philadelphia Cultural Alliance even provides arts organization with group rates on such personnel benefits as health insurance and directors' and officers' liability insurance.

The level of services provided depends on a variety of factors: when the alliances were established; the degree of cooperation within the local arts sector; the availability of local support, especially foundations, to establish alliances; and the presence of city offices of cultural affairs. Current efforts to establish the Detroit Cultural Forum, for example, were triggered by the closing of the city's Office of Cultural Affairs. Efforts to establish arts alliances often confront the issue of whether to adopt a particular agenda to attract member organizations first or wait to develop an agenda once members convene.

Art Presentation

All the cities in our sample present art to the public. The presentation and public art function is typically managed by government cultural affairs offices. At the basic level, this includes commissioning and displaying sculptures and painting in public places and mounting temporary exhibits in City Hall. The responsibility for selecting public art is typically vested in an appointed arts commission—although the responsibility for managing and maintaining public art may rest with a city's office of cultural affairs. Charlotte is the only community in which these public arts functions have been delegated to a private organization, the Arts and Science Council.

Baltimore, Charlotte, Chicago, Denver, and Philadelphia have instituted "percent for art" programs that require developers either to spend a percentage of the total development's costs for art on the site or to donate it to a public art fund. The program applies to select capital improvement projects—typically those built on public land that exceed a fixed dollar threshold. Boston lacks a percent for art fund but employs

two unique programs to provide for the maintenance and purchase of its public art. The first is a voluntary adopt-a-statue program through which individuals and business contribute to a permanent endowment for the annual maintenance of public art. The second is an endowment established in 1892 by a prominent citizen to commission public art.

At the moderate service level, city offices of cultural affairs—e.g., in Boston, Chicago, and Denver—program an active slate of concerts and plays in private and public venues. For example, Chicago’s Department of Cultural Affairs provides not only programming in its Cultural Center and Millennium Park but also restaurants and shops for arts audiences. Baltimore’s Office of Promotion and the Arts puts on a month-long Artscape Festival in July that offers a diverse array of concerts, performances, visual arts exhibits, and “poetry slams,” as well as opportunities to purchase works of art and designs by local artists.

At the full service level, several cities own and maintain facilities for presenting the arts, such as band shells, theaters, and art museums. The scale of these facilities is sometimes relatively small (e.g., Boston’s MOATSE acquired the Strand Theater during the latter’s financial crisis), but it can be substantial. Philadelphia and Denver, for example, own the largest art museums in their respective cities—and contribute well over a million dollars annually to their maintenance.¹⁸ Similarly, the city of Minneapolis and the Minneapolis Community Development District have acquired and renovated several theaters in the Hennepin Cultural District, including the State, Orpheus, Hay City, and Pantages.

Promotion and Advocacy

One function that is routinely shared by both public and private agencies is the promotion of their local arts sectors to residents and prospective visitors to increase public participation in the arts. This function is often provided by both private alliances and government offices of cultural affairs. The range of those activities, however, differs markedly. At the most basic level, promotional activities may consist of lists of arts organizations and their Web sites as well as calendars of activities and events. This type of information, particularly when provided by city agencies, often includes a wide range of activities beyond arts and culture, e.g., sporting events and food festivals. It typically requires the public to be aware that the information source exists (or to find it through Web searches) and to purchase tickets to events from the organizations advertised. Detroit’s Web site (<http://www.ci.detroit.mi.us/culture/>) is a good example of basic promotional activity.

A moderate level of promotion focuses on increasing participation by centralizing information about arts and cultural activities online and providing special offers and

¹⁸ The city of Denver also owns the city’s Performing Arts Center.

services to encourage people to attend.¹⁹ These efforts entail publishing an online guide that describes the events, lists their schedules, sends email to subscribers notifying them of upcoming performances and events, and may include discount coupons for purchasing tickets. The Greater Philadelphia Cultural Alliance issues the PhillyFunGuide and the Greater Baltimore Cultural Alliance publishes the BaltimoreFunGuide, both of which feature half-price or discount tickets for selected events. A private nonprofit in Phoenix, Showup.com, includes reviews, artists' profiles, and information about arts classes.²⁰ The Chicago Department of Cultural Affairs publishes calendars of arts and cultural events by neighborhood. It also takes an active role in promoting the arts in the city by packaging tickets to arts events, such as plays and concerts, with meals at restaurants and rooms in hotels. Boston's Mayor's Office of Arts, Tourism & Special Events has a similar program that includes a public service announcement by the mayor promoting his "Holiday Special" to boost sales at more than 40 city and regional arts groups. Baltimore and Philadelphia have created free festivals of the arts.²¹

Denver's Office of Cultural Affairs sponsors several programs in the city to promote the arts, including the naming of a city poet laureate to promote the reading of poetry and the "One Book, One Denver" program in conjunction with the Denver Public Library. Chicago's mayor and public library also sponsor a "One Book, One Chicago" program.²²

A second form of promotion links artists with businesses through lectures, demonstrations, and hands-on experiences. The ASC's "Artist in the Workplace" program places artists in businesses workplaces throughout the region. Denver's Office of Cultural Affairs sponsors "Create Denver" to promote the growth of commercial arts in

¹⁹ Previous RAND research identified a number of practical obstacles to participation that these Web sites attempt to reduce: lack of information about events; requirements for advanced ticket purchases; cost; and lack of familiarity with the venue, directions, and parking. More advanced services at these sites also attempt to address perceptual barriers that determine whether an individual is inclined or disinclined toward an arts activity. These include chat rooms about a performance or exhibit, background information on artists, "Dummies' guides" to an art form, information on free classes and lectures, events sorted by special interests (e.g., gay/lesbian, kid friendly, Latino), links to social network groups, etc.

²⁰ See <http://www.showup.com/>. Showup.com is a creation of Alliance for Audience, a membership organization founded in 2003 by nonprofit arts and culture organizations in greater Phoenix and supported by member organizations and private foundations.

²¹ After the Baltimore Museum of Art and the Walters Art Museum announced free admissions this fall, the Baltimore Office of Promotion and the Arts obtained city money to create a two-month citywide series of free programs with 75 arts organizations (Trescott, 2006). Philadelphia's four-day free arts festival involves arts venues in the Center City District sponsored privately by the district itself, the Greater Philadelphia Cultural Alliance, Theatre Alliance, Rittenhouse Row, Metro, Philly's 106.1, Philadelphia Style, and Amtrak (see Greater Philadelphia Cultural Alliance, 2006).

²² In "One Book" reading programs, a community highlights one or two books a year to promote reading among its residents. Baltimore, Detroit, Cleveland, and Philadelphia also operate "One Book" programs, but they are public library programs without affiliation with the arts sector.

the city. Create Denver includes policy recommendations, programmatic initiatives, technical assistance, and advocacy to further this end.

At the full service level, promotional activities take advantage of new technologies and new forms of communication, particularly among younger adults. These services include Web sites with blogs and chat rooms for arts participants to discuss performances or exhibits; Listservs and intranets for artists to communicate about upcoming events, supplies, space, and reactions to their work; and interactive guides for visitors to use in preparing an itinerary. A more advanced promotional slate would include instant messaging and text messaging capabilities to reach Generation Y (12- to 25-year-olds) and some parts of Generation X (26- to 39-year-olds) by promoting events that erupt spontaneously (e.g., flash mobs), providing downloadable information (e.g., to iPods and MP3 players), and supporting unconventional partnerships between arts and cultural providers and venues that already attract these groups (e.g., coffee houses, clubs, gyms, malls).

Also at the full service level, several private alliances take an active advocacy role in promoting the arts before local and state governmental bodies. They inform their members and those in the arts about pending legislation that might affect the arts sector, and they lobby governmental officials about arts policy. The Greater Philadelphia Cultural Alliance, for example, periodically notifies member organizations of pending legislation, recent research, and other developments that might interest and affect their members. Cleveland's Community Partnership for the Arts and Culture (CPAC) actively promoted a referendum to increase funding for health care and was credited by the initiative's sponsors with being directly responsible for its passage. This effort was subsequently followed by an initiative to create a dedicated funding source for the arts and culture. Although the initiative ultimately failed, the fact that it came close was a sign of CPAC's success in improving the prospects for the arts sector in the community. Indeed, in November 2006, voters in Cleveland approved a ballot measure orchestrated by CPAC to increase the county tax on cigarettes to generate about \$20 million annually for arts organizations and individual artists.²³

Economic Development

Every city is committed to economic development. As a result, all large cities have offices, agencies, or departments to deal with such economic development issues as tourism, neighborhood revitalization, and attracting new businesses, especially those that employ high-skilled workers.

Cities differ, however, in whether they view their arts sectors as integral to these economic development functions and whether they coordinate their arts programs with these other functions. Correspondingly, we found significant differences among the eleven communities in how they coordinate their arts and economic development

²³ Jack (2006).

functions. When the arts are incorporated within a community's economic development efforts (which they are not in a majority of the communities), the arts component is sometimes included in the office of cultural affairs or provided by other city departments. But unlike with the other functions we have been discussing, these efforts are directed not at the public or at the arts sector but at the community's economy.

At the basic level, arts and culture are typically related only tangentially to economic development functions. For example, cities may include information on an area's cultural attractions in promotional materials for tourists and new businesses; grant permits and related services for film productions and neighborhood festivals (e.g., street closures, police details, parking); and pass zoning ordinances, such as building codes that allow space where artists can both live and work, that can influence artists' decisions to locate in particular neighborhoods.

In cities at the moderate level of our analysis, the arts are viewed as playing a more central role in economic development policies—a role that is reflected in the broader function of offices of cultural affairs. For example, both Baltimore and Boston recently reorganized their offices of cultural affairs to incorporate previously separate tourism offices. Chicago's Department of Cultural Affairs, which also added the city's tourism program to its functions eight years ago, has a particularly active tourism promotion program that includes, as noted above, tying packages of tickets to arts events with meals at local restaurants and weekend stays at local hotels, as well as culinary festivals tying ethnic food to arts programs in particular neighborhoods.²⁴

In Boston, Chicago, and Minneapolis, the office of cultural affairs also runs the film office. In contrast to cities that handle film production primarily by issuing permits, these film offices actively promote their cities as a location for television and film production.

One indication of a city's focus on the arts as a vehicle for economic development is its efforts to measure the economic effects of the arts. Baltimore, Charlotte, Minneapolis, St. Paul, Denver, and Phoenix have recently completed economic impact studies. Although offices of cultural affairs do not always conduct such studies, they reflect an increased awareness of the role the arts can play in supporting a city's broader economic goals.²⁵

Cities also look to the arts to promote community revitalization and as a vehicle for attracting workers. Community revitalization efforts can take two forms. Boston

²⁴ Two examples are the Field Museum's enormous cake in the form of a dinosaur and the Oriental Institute's Egyptian food festival in conjunction with one of its exhibits.

²⁵ An Americans for the Arts report, *The Arts and Economic Prosperity: The Economic Impact of Nonprofit Arts Organizations and Their Audiences* (2002), has been instrumental in increasing the awareness of the economic role of the arts. In addition, their methodology for calculating these effects (the Arts and Economic Prosperity Calculator) has been used by Baltimore and other cities in our sample. For a discussion of the opportunities and potential pitfalls associated with economic impact studies, see McCarthy, et al. (2005b). See Kotkin (2005a, 2005b) for criticism of arts-led urban renewal policies.

and Chicago, for example, look to the arts to revitalize neighborhoods by revising zoning codes to allow more spaces for artists to live and work, especially artists willing to work in troubled neighborhoods with abandoned warehouses and dilapidated buildings. In exchange for large, inexpensive space, artists serve as pioneers in the transformation of neighborhoods. Some of the neighborhoods in Boston's community centers program use the arts as a centerpiece for neighborhood improvement. Chicago has developed several programs to encourage artists to work in buildings slated for redevelopment and has modified its zoning codes to promote inexpensive live-work space for artists.

A second approach to community revitalization has been taken by Minneapolis. The city has used a variety of financing mechanisms—tax increment bonds, community redevelopment funds, and revenue bonds (in which the revenue from increased parking fees is used to repay the bonds)—to purchase and rehabilitate older theaters in its cultural district. The city has also constructed parking facilities to increase access to such well-established organizations as the Walker Arts Center.²⁶ Pittsburgh and its privately funded cultural alliance have used the arts to revitalize the city's Cultural District in the heart of downtown.

Charlotte's Arts and Science Council provides an additional example of integrating the arts into a community's economic development goals. Lacking natural amenities such as mountains and beaches, Charlotte's civic leaders view their arts and culture sector as a key asset for attracting the younger, high-skilled workers they need to continue to grow as a major financial center. In furtherance of this goal, the public and private sectors in the region have developed a unique degree of collaboration—as manifest in the city and county's delegation of its arts and culture functions to the Arts and Science Council. Each sector, for example, takes a different funding role: The private sector provides ongoing operating support and the public sector provides capital support. The ASC developed a long-term operating and facilities plan for the region and subsequently executed that plan for the public and private sectors.

Using the Framework As a Strategic Planning Tool

By providing an analytical framework for describing a local community's arts support system, this approach can serve as a strategic planning tool. It can be used, for example, to evaluate a local community's support for the arts. Such an evaluation provides a basis for communities to assess the strengths and weaknesses of their support systems and to compare themselves with other communities. In addition, it provides a framework to evaluate the benefits of the current system for the different components

²⁶ The mayor and city council of Minneapolis recently adopted a master plan for integrating the arts into the city's economic development agenda (including specifying short- and long-term goals and interim steps to progress further toward realizing these goals).

of the local arts ecology. The discussion below amplifies these points by applying the framework to evaluate local communities' support systems of the eleven communities in our analysis. We then discuss how the framework can assess the benefits the system provides to different elements of the ecology and how changes in one functional area might affect service needs in other areas.

Comparing Communities by Service Levels

The framework laid out in Table 4.4 can be used to compare the service levels provided by communities' support systems across the five functional areas, as shown in Table 4.6. These comparisons, however, should be viewed as instructive rather than definitive, for three reasons. First, they are limited to public agencies and private organizations that have been established specifically to work with the arts. As discussed in Chapter Three, the support systems upon which the arts rely for financial and other kinds of assistance also include individual arts contributors, businesses that support the arts, and private foundations. Taking account of the entire array of organizations and individuals that provide services to the arts community might alter these rankings.²⁷ Second, the comparisons are based on the five functional areas described above. Including different functional areas, such as arts education, might have yielded different results. Finally, as noted above, the information about the various organizations and their service levels may not be complete given changes in the cities involved in the study.

Caveats notwithstanding, this classification provides a good measure of the public and private support systems in these communities and the factors that influence them. It indicates, for example, that service levels tend to vary across functional areas. Only Detroit's and Phoenix's service levels are the same in all five functional areas. More typically, communities provide more services in some areas than others. Thus, the support systems in these communities typically reflect a division of labor among organizations: The absence of specific types of organizations will affect the types and levels of services provided. The two major exceptions to this division of labor are Charlotte and Chicago, where the Arts and Science Council and the Department of Cultural Affairs are large, multifunction agencies that provide a wide range of services to the arts sector.

Ratings by Grant Levels

The three communities on the full service level are served by organizations with dedicated funding sources: Denver's Scientific Cultural Facilities District, Pittsburgh's Allegheny County Regional Asset District, and Charlotte's Arts and Science Council, the latter

²⁷ Private foundations play a major financial and technical assistance role for the arts sector in Cleveland, the Twin Cities, Philadelphia, and Pittsburgh.

Table 4.6
Community Ratings by Function

Function	Basic	Moderate	Full
Grants	Baltimore	Chicago	Charlotte
	Boston	Cleveland	Denver
	Detroit	Twin Cities	Pittsburgh
		Philadelphia	
		Phoenix	
Technical assistance	Baltimore	Boston	Charlotte
	Detroit	Cleveland	Chicago
	Twin Cities	Denver	
		Philadelphia	
		Phoenix	
		Pittsburgh	
Presentation	Cleveland	Baltimore	Boston
	Detroit	Charlotte	Chicago
	Pittsburgh	Twin Cities	Denver
		Philadelphia	
		Phoenix	
Promotion	Detroit	Baltimore	Chicago
	Twin Cities	Boston	Denver
	Pittsburgh	Cleveland	Philadelphia
		Charlotte	
		Phoenix	
Economic development	Cleveland	Boston	Chicago
	Detroit	Baltimore	Charlotte
	Philadelphia	Phoenix	Denver
		Pittsburgh	Twin Cities

with combined funding from the city and county and their private annual United Arts Fund appeal. By contrast, the three communities with basic service levels, Baltimore, Boston, and Detroit, rely exclusively on grants from local offices of cultural affairs (Baltimore and Boston) and the city's neighborhood mini-grant program in Detroit. Funding in communities at the moderate level is more diverse but typically relies on a variety of sources (Cleveland, the Twin Cities, and Phoenix), has a special-purpose funding agency (Philadelphia), or has a particularly strong cultural affairs office (Chicago).

Ratings by Technical Assistance Function

A number of organizations provide technical assistance to the arts sector—arts alliances, arts and business councils, and, in Chicago, the Department of Cultural Affairs. Typically, arts alliances are the leading provider. Communities on the basic service level—for example, Baltimore, Detroit, and the Twin Cities—either lack an arts alliance (the Twin Cities) or are just developing one (Baltimore and Detroit). At this level, an arts alliance might serve as a convener for the local arts sector and maintain information on resources that artists and organizations may consult regarding technical issues. Communities on the moderate level have stronger alliances (Cleveland) or a combination of an arts and business council and a city office of cultural affairs (Boston, Denver, and Phoenix). Philadelphia has an arts and business council but no city office of cultural affairs. At the moderate level, providers typically offer workshops and seminars on financial, management, board, and marketing issues as well as provide referrals to specific experts on these topics. At the full service level, providers are involved in strategic planning for the entire arts sector or specific communities within that sector. This planning might include master facilities planning as well as plans for developing the arts sector in particular communities. The two cities on the full service level (Charlotte and Chicago) have multifunction agencies whose visibility and strength give them substantial leverage with their arts communities as a whole.

Ratings by Arts Presentation and Public Art Functions

Presenting art tends to be a public function performed by a public agency.²⁸ The three communities at the basic service level (Cleveland, Detroit, and Pittsburgh) lack public agencies that deal with the arts. All the communities at the moderate service level have such agencies, with the exception of Philadelphia. When Philadelphia's Office of Cultural Affairs closed in 2004, responsibility for its rich collection of public art was transferred to other city agencies. The three communities at the full level (Boston, Chicago, and Denver) have strong offices of cultural affairs, high public participation in the arts, and an active program of presenting public performances. They also own performance venues such as Boston's Strand Theater, Chicago's Cultural Center, and Denver's Performing Arts Center.

Ratings by Promotion and Advocacy Functions

Promoting and advocating for the arts tend to be shared between arts alliances and cultural affairs offices. The three communities at the basic service level either lack cultural affairs offices (Detroit and Pittsburgh) or locate that function in another city agency (Minneapolis' cultural affairs division is part of its planning department and,

²⁸ Of course, private arts organizations do present art to the public. However, public agencies, unlike private arts organizations, provide art to the public as a whole rather than to specific audiences. Typically, their presentations are free or available at a minimal charge because public agencies are not trying to recoup their costs through admissions.

as noted below, focuses more on economic development than on arts promotion).²⁹ The communities at the moderate level have either strong arts alliances (Cleveland), active public promotion programs for the arts (Boston and Charlotte), or both alliances and cultural affairs offices (Baltimore and Phoenix). The three communities at the full service level are Chicago and Denver—both with strong cultural affairs department—and Philadelphia, whose cultural alliance is among the oldest and most established. Indeed, the PhillyFunGuide that the Philadelphia Alliance developed has become a model for other communities.

Ratings by Economic Development Function

The communities included in our analysis vary considerably in the importance they attach to the arts as a vehicle for economic development. The strongest programs are found in Chicago, Charlotte, Denver, and Minneapolis, where the lead agencies use the arts as a key development tool. The lead agency differs from city to city (Department of Cultural Affairs in Chicago, Arts and Science Council in Charlotte, the planning department's Division of Cultural Affairs in Minneapolis, and a combination of the Office of Cultural Affairs and the SCFD in Denver), but all view coordinated investment in the arts as part of an economic development strategy for refurbishing buildings and neighborhoods, attracting creative industries and workers, and boosting cultural tourism. The three communities at the basic level (Cleveland, Detroit, and Philadelphia) not only lack a city office to coordinate and promote the arts for economic development tool but also show few signs of a concerted attempt among groups to stress economic development in their arts investments. Boston, Baltimore, Phoenix, and Pittsburgh have city offices to promote the arts and to coordinate their tourism and film functions, but their efforts do not have the higher-profile status of the full service cities.

These comparisons suggest the importance of the organizational structure of communities' support systems for the arts. The communities on the highest service levels are those with either a particularly strong multifunction agency—whether a public agency as in Chicago or a private organization as in Charlotte—or a division of labor between public and private agencies devoted to the arts. Communities that lack both public and private agencies, such as Detroit, or depend primarily on a single private agency, such as Baltimore and Cleveland, tend to provide a more basic level of service to their arts sectors.

²⁹ It is interesting to note in this respect that St. Paul established a task force to promote arts, culture, and entertainment within the city and included a recommendation to strengthen public promotion of the arts. However, the task force's recommendations were not adopted when a new mayor took office.

Support Systems and the Local Arts Ecology

In addition to its use in comparing support systems, the framework can also be used to address related issues, such as which organizations can best provide which services and how the various organizations are related. By providing a basis for describing the character of the support system and the needs of its arts sector, communities can assess the capacity of the support systems to meet those needs. This planning process begins with a description of the providers and service levels in each of the five functional areas, then assesses how well the support system performs.

Such an assessment requires communities to address two specific issues. First, how do different service levels in the various functional areas affect elements of the arts ecology? Second, how do different service levels in specific areas affect service levels in other functional areas? The arts ecology, for example, consists of many presenting and service organizations, as well as individual artists. Just as the characteristics of these elements differ in resources, experiences, and location within the metropolitan area, so do their service needs differ.

Consider, for example, the effects of various grant programs on arts organizations. Basic grant programs provide small, often project-specific grants to arts organizations and, in some cases, to artists. Such grants are typically of greater importance to small arts organizations than to large ones because they need less revenue and project-specific grants can be used to meet specific needs, such as marketing or management. Small grants can also be important to artists needing funding to prepare a portfolio for a show or to rehearse for a performance before a local audience. Full grant programs, on the other hand, provide much larger grants, typically for general operating support, which often constitute a significant share of larger arts organizations' budgets. Indeed, the formula used to determine grant amounts in Denver's full service funding program (the SCFD) was cited by small organizations in the city as working to their disadvantage. City-funded grant programs that limit their financial support to city-based organizations also work to the decided disadvantage of arts organizations located outside that jurisdiction.

In the technical assistance area, however, full service programs are more likely to favor small and newly established arts organizations that lack both the experience and resources to bring needed expertise to their staff and the contacts and budgets to locate and hire outside experts. Major arts organizations, on the other hand, often have staff who specialize in various technical areas or are able to get needed technical expertise through board members and affiliations with national service organizations. Similarly, newly emerging artists are more likely to need technical assistance than are well-established artists who have experience, agents, and gallery contacts.

Presentations of public art, whether in the form of statuary, painting, or performances, are targeted at the public rather than at arts organizations. Thus, the major beneficiaries within the arts sector are likely to be performing artists and arts organi-

zations who are hired to perform and visual artists whose work is displayed. Although public art may help to generate greater demand for the arts—one of the principal goals of public arts programs is to increase the public's access to and participation in the arts—this effect is likely to be indirect. The major target and beneficiaries of such programs is the public at large, particularly those groups who live in neighborhoods where the art is displayed or performed.

Promotional activities, on the other hand, are specifically targeted at the arts sector at the basic level.³⁰ Dissemination of information (about events, schedules, and arts organizations) benefits organizations that have less public visibility and cannot afford extensive marketing and advertising campaigns. Thus, promotional activities are likely to provide greater benefits to smaller and newer arts organizations. Arts advocacy efforts are also designed to benefit the sector as a whole. When such efforts consist primarily of disseminating information about legislation, research, and related activities, they too provide more benefit to smaller organizations that might not otherwise be able to track those developments. They will be of particular importance if a community's arts sector lacks organization and cooperation.

Economic development activities typically target elements of the arts sector that contribute most to the local economy. In the case of tourism and activities designed to attract outside businesses and workers, these activities are more likely to benefit larger and better-known arts organizations—generally the major arts organizations in the community. Neighborhood revitalization efforts, on the other hand, particularly zoning regulations that expand the range of live-work options, will be of particular benefit to artists in the community. Cultural districts will primarily benefit the organizations located in those districts.

The second issue communities must address is how service levels in each particular functional area affect service levels in other areas. In principle, service levels in one area may substitute for or complement those in other areas. For example, full service grant programs may provide sufficient funding for arts organizations—or at least large organizations—to enable them to hire staff with the technical and marketing expertise that full service technical assistance and promotion programs might supply. As a result, full service programs in those areas may be less necessary. Alternatively, basic and moderate grant programs that typically supply much smaller, project-specific funding could well increase the local need for full service technical assistance and promotion programs to relieve the pressures on small and mid-sized arts organizations' general operating budgets. Moreover, the direction of these substitution effects may differ by organizational type—for example, large organizations are more likely to substitute grant dollars for technical expertise and small organizations the reverse.

³⁰ At moderate and full service levels, such promotional activities as an interactive Web site, trip planners, and discounted tickets are designed to provide additional benefits to the public.

Higher service levels in one area may also help produce positive effects on the arts ecology in others. To the extent that full service promotion programs are successful in increasing demand for the arts in a local community, they may increase admissions and thus the earned revenues that continue to be the principal source of most organizations' revenues. Similarly, successful public arts programs that are visible, well-attended, draw media attention, and bring the arts to diverse neighborhoods may well increase public visibility and support for the arts, which can in turn help convince public officials to provide more financial support. In addition, successful use of the arts as an economic development catalyst in terms of their effect on tourism, neighborhood revitalization, and perceived attraction to new residents and businesses can also convince public officials of the importance of the arts.

Finally, effective coordination across the various functions and arts organizations can produce synergies that increase the effectiveness of the arts sector as a whole. Such coordination might begin with the consolidation of the various government programs in the arts in offices of cultural affairs to eliminate stovepiping of programs into separate government offices. But it must also include communication and coordination among public and private agencies. Certainly, the apparent success of single multifunction agencies, such as those in Charlotte and Chicago, suggests the benefits of those synergies.

These examples are, of course, only illustrative. If individual communities are to use this framework as a planning tool, they will need to base their analyses on the strengths and weaknesses of their own support systems, as well as on the framework's suitability to their local arts sectors.

Philadelphia

Introduction

In the previous chapter, we examined how our sample communities have coped with the many challenges their arts sectors are facing. We also introduced an analytical framework for describing three levels of service in five functional areas. This framework provides the final stage of the groundwork for our analysis of Philadelphia.

We begin by describing the ecology of Philadelphia's art sector: its arts infrastructure, support system, and sociodemographic and economic context. We present a general profile of each component and identify its key strengths and weaknesses. This description frames our discussion of the threats and opportunities facing Philadelphia's arts sector and our recommendations. We conclude with some reflections on the longer-term issues facing Philadelphia's arts sector.

Philadelphia's Arts Ecology

The Arts Infrastructure

As the nation's fourth largest metropolitan area, Philadelphia contains a large and diverse mix of entertainment and recreation options. These include teams in all major professional sports, as well as myriad recreation activities. Moreover, Philadelphia's location in the northeast corridor gives residents relatively easy access to such metropolitan centers as New York, the nation's economic and cultural capital; the District of Columbia, the nation's political capital; resort centers like Atlantic City; and a wide range of natural amenities like the Atlantic Ocean. The Philadelphia region also has a wealth of historical institutions, including Independence Hall, the Liberty Bell, and Valley Forge, as well as hundreds of smaller historical sites. In sum, the arts sector in the region must compete for residents' time and attention with a broad and deep array of entertainment and recreation alternatives.

Although the region's arts infrastructure consists primarily of nonprofit institutions, it does have a commercial arts sector made up of touring theater companies, music groups and venues, and a growing number of galleries. Philadelphia has a

number of large, nationally prominent institutions, such as the Philadelphia Museum of Art, the Philadelphia Orchestra, and the Pennsylvania Ballet; midsized organizations, including a rapidly growing theater sector; and a host of smaller music, dance, and community-based organizations. Indeed, virtually all the artistic disciplines are well represented in Philadelphia's arts sector.

The region's arts organizations pursue a wide range of missions: It has canon-focused organizations that emphasize opportunities for the public to experience art; community-based organizations that emphasize the use of art as a vehicle for improving the community; and creativity-focused organizations that concentrate on training new artists and on new art. Philadelphia also has a remarkable concentration of specialized arts schools: The Curtis Institute of Music, the University of the Arts, Moore College of Art and Design, and Philadelphia University (formerly the College of Textiles); and universities with strong arts programs—Temple University, the University of Pennsylvania, and Drexel University.

Although there are arts organizations throughout the metropolitan area, approximately 70 percent of the region's nonprofit arts institutions are concentrated in the city, accounting for over 80 percent of the sector's total spending.¹ This concentration includes the cultural institutions on the Benjamin Franklin Parkway (the Philadelphia Museum of Art, Rodin Museum, the Franklin Institute, and the Free Library in addition to a series of statues, sculptures, and small parks) and a notable array of music and theater organizations in the Center City District. Although much of the city's arts infrastructure is located in the Center City and adjacent areas, arts organizations are geographically spread throughout the city and its various neighborhoods as well as in the suburbs. In addition, a growing informal, community-based arts sector² throughout the city's neighborhoods has been a contributing factor to the revitalization of both the Center City and outlying city neighborhoods. In the suburban area, the number of smaller arts organizations has been increasing even faster than in the city.

Building on its long history as the nation's cultural capital for the first half of the 19th century (many of its major arts organizations were founded before 1900), Philadelphia's arts and culture sector has recently experienced significant growth. Between 1995 and 2004, for example, the number of nonprofit arts organizations in the five-county Pennsylvania portion of the region increased by 91 percent, and gross receipts more than doubled.³ This growth is manifest in the dynamism of the theater sector; the opening of the Kimmel Center and the Avenue of the Arts; the impending move of the Barnes Foundation to the city; and the growth of art galleries, community-based arts organizations, and the folk arts. This vitality is also evident in the emergence and

¹ These figures are reported in Pennsylvania Economy League (1998).

² See Stern and Seifert (2000).

³ The Greater Philadelphia Cultural Alliance supplied these data based on information from the National Center for Charitable Statistics.

growth of such festivals as the Philadelphia Live Arts Festival and Philly Fringe as well as various film festivals over the past decade.

Further evidence of the energy in the region's arts sector can be found in its growing attraction to both performing and visual artists. This attraction was cited repeatedly in our interviews and was attributed to several factors, including the livability and affordability of the city, the growing local market for artists' work, and the city's proximity (and thus an easy commute) to New York City. Moreover, the expansion of the region's community of artists generates its own benefits because it increases the opportunities for collaboration, the exchange of ideas, and general fellowship. Respondents also noted that the influx of artists had helped to revitalize older neighborhoods in the city.

The region also has developed an array of organizations that provides services to the arts sector along the lines discussed in Chapter Four. These include the Greater Philadelphia Cultural Alliance, an arts and business council, and a quasi-governmental funding agency (the Philadelphia Cultural Fund), discussed in greater detail below. In addition, universities and other arts schools train artists and help them secure employment and commissions, and a variety of organizations provide support services to small arts groups, e.g., the Folklore Project and Raices Culturales Latinoamericanas.

Finally, as reflected in the importance of admission fees to the sector's revenues, the strong subscription base of the city's theatres, and the success of various festivals, Philadelphia's residents are active participants in the arts. Factors that explain this pattern include the large university community in the area,⁴ the strong participation by suburban residents in the city's arts sector, and the revitalization of the city—particularly the Center City District—in attracting city and suburban residents as well as tourists to the city's arts institutions.

Strengths and Weaknesses of the Arts Infrastructure

The one strength of the region's arts structure that was mentioned by the vast majority of our Philadelphia interviewees was the size and diversity of arts organizations and programs in the region. As one respondent noted, "There are virtually dozens of options available every night." As shown in Table 3.5, Philadelphia hosts about 2.5 arts presenting organizations per 100,000 residents, comparable to Chicago, Cleveland, and Denver. The region's theater sector is particularly strong, both in terms of its size and its revenues. Theaters comprise 31 percent of its presenting arts organizations (compared with an average of 23 percent in the eleven cities) and receive 27 percent of its revenues (compared with an average of 15 percent in the other cities). The number and vitality of the various arts and film festivals add another dimension to the arts

⁴ According to the Knowledge Industry Partnership (2004), Greater Philadelphia has 80 colleges and universities enrolling over 300,000 students. In comparison, colleges and universities in the Boston metropolitan area enroll approximately 375,000 students (Collegia, Inc., 2003).

offerings and provide an opportunity to experience innovative programs, many by local artists. These programs come from a varied mix of organizations that range from nationally recognized long-standing institutions to small, newly formed groups. Moreover, in addition to the arts, the region is home to a remarkable collection of cultural organizations, especially historic sites.

The vitality of Philadelphia's arts sector is reflected not only in its diversity and growth but also in the degree of collegiality among its organizations and its attraction to artists. Several respondents, especially those who had worked in other cities, noted that the collegiality and cooperation among the regions arts organizations far surpassed those of other communities.

Artists and others from the Philadelphia arts community also noted that Philadelphia is a particularly agreeable place for artists to live and work. Although not all these respondents felt that the region fully appreciated artists and their contributions to the community, they made frequent reference to the affordability of the area, the increasing opportunities to work there, and the opportunities to join communities of fellow artists.

The respondents also frequently mentioned other aspects of its arts sector as distinctive strengths of the region. They often cited the region's higher education sector and the wide range of programs it offers in the arts. Indeed, few metropolitan areas can match the quality or number of training programs in the arts provided by Philadelphia's academic institutions.

Finally, many respondents also referred to the pride many Philadelphians (both city and suburban residents) took in their arts sector. As examples, they cited a strong culture of theater going, the success of the Philadelphia Live Arts Festival and Philly Fringe, the solid participation patterns, and the various expressions of appreciation for the arts they heard from civic leaders.

The most frequently cited weakness was the uneven distribution of resources among arts organizations. Specifically, the large major arts organizations, particularly those in the Center City, receive the vast majority of resources. Interviews revealed that many smaller arts organizations were struggling to obtain funding and, in some cases, to survive. As we have already noted, this distribution pattern is similar to that in the other communities we examined and reflects the fact that arts organizations differ, often dramatically, in their ability to secure funding. Although it is impossible with our data to determine whether the distribution of resources is more uneven in Philadelphia than in other regions, this pattern is in part a by-product of the very diversity and vitality that our respondents cited as the foremost strength of the region.

Indeed, the growth of the arts sector raises questions about its long-term financial sustainability, as more arts organizations find themselves competing for funds. If growth outstrips revenues, particularly for smaller arts organizations, the funding advantage will lie with the larger and more visible organizations. Interestingly, this possibility was raised by some of the respondents who suggested there might already

be too many arts organizations in the city. Specifically, they referred to a “sector that is ripe for consolidation” and cited the need for more strategic partnerships, alliances, and mergers.⁵

Although Philadelphia ranks about average among the eleven cities in our analysis in the number of arts organizations per capita, it is not clear whether, given the absence of population growth and of increases in percentage of well-educated residents (who are typically the most frequent arts attendees), the region can maintain the recent growth of the region’s arts sector. Indeed, given rising operating costs, it is also unclear whether the region can sustain its current arts infrastructure without increased funding and/or admissions revenues.

Similar trends may be affecting artists in the region, especially in the city, where it is difficult to find affordable workspace. Philadelphia’s success in attracting artists (as well as other residents to these areas) has increased demand for artists’ working space—and thus its cost. Several respondents, for example, noted that when artists moved into lower-cost neighborhoods, e.g., the Old City, Northern Liberties, and Fishtown, they triggered a cycle of revitalization that subsequently made the neighborhood attractive to more affluent buyers and tenants but unaffordable to artists.

To the extent that growth threatens the sustainability of the region’s arts sector, collaboration and cooperation within the arts sector will be a critical factor determining how this threat is addressed. Although collegiality within the arts sector was frequently noted by representatives of the region’s arts organizations, several respondents also said that it was often difficult to get arts organizations to think and act cooperatively across disciplinary lines, which is essential in light of the possible threats to the sector’s sustainability.

This complaint may reflect the diversity of organizations within the infrastructure and their different access to resources. Smaller organizations may not have the luxury of thinking about issues that relate to the sector as a whole rather than to a specific discipline or organization. While noting that Philadelphia’s arts organizations were far more collaborative than elsewhere, a representative of one of the major arts institutions in Philadelphia said that it was always hard for big organizations to work with smaller groups and, as a result, her organization spent more time collaborating with similar organizations outside the region than with smaller organizations within it.

The closure of the Office of Arts and Culture in 2004 was cited repeatedly as a problem, but the specific reasons varied. Some respondents, especially those who were not convinced that the office had always operated effectively, nonetheless saw its closure as symbolic of the declining value City Hall assigned to the arts. Others viewed the dispersion of the departments’ many functions to other city departments as remov-

⁵ We recognize that the current average of 2.5 presenting organizations per 100,000 residents in Philadelphia ranks in the upper range of the cities we examined here. But the uneven distribution of funding by organizational size as well as the slow growth of the area as a whole may indicate that the current size of the sector is unsustainable.

ing a single point of contact for the arts in the city and thus reducing coordination among the government's arts policies. In both cases, members of the arts community viewed the closure as a negative sign for the arts.

Several respondents noted the sharp contrast between the strength of the region's higher education sector and the weakness of its public school system, most particularly the Philadelphia city school district. Although the takeover of the city's system by the state appears to have stemmed what was viewed as a continuing decline (and may actually have reversed it in some cases), there was considerable agreement that the poor quality of the city's schools and the lack of arts education in particular was a real weakness. Interestingly, this factor was listed as a problem not only for the economic and social climate of the region but also for the arts sector. The major concerns revolved around its potential consequences for future demand for the arts and for movement of potential arts patrons into the city.

The final weakness identified by our respondents related not to the region's arts sector but to its historical sector. Specifically, we were told that the historical sector, like many such sectors in the country as a whole, faces a major crisis in the next decade because of aging caretakers, severe funding problems, deteriorating facilities, and the absence of general public appeal ("historical sites are not suited to today's life styles," said one interviewee). The disorganization and fragmentation within the historical sector could reduce the opportunities for collaboration with the arts sector. Moreover, a collapse of the historical sector may draw funds and attention away from the arts.

The fact that the Liberty Bell is the most frequently visited site in the region may indicate that the problems the region's historical sites face are less a by-product of a loss of public appeal and more a result of inadequate financial and staff resources to supply the marketing and programmatic initiatives needed to compete with other arts, entertainment, and recreation options in the region.

The Support Structure

The support structure of Philadelphia's arts sector includes several of the private and public organizations described in Chapter Four: the Philadelphia Cultural Fund, a quasi-governmental public funding agency that receives appropriations from the city's operating budget but operates as a 501c3 nonprofit and provides general operating support to arts organizations serving city residents; the Greater Philadelphia Cultural Alliance, a private arts alliance; and the Arts and Business Council of Greater Philadelphia, which serves organizations throughout the region. The Philadelphia Cultural Fund is a single-function agency (funding), while both the Cultural Alliance and the Arts and Business Council provide multiple services.

The most important of these organizations is the Greater Philadelphia Cultural Alliance, which serves as a private umbrella service organization for arts organizations in the region. In addition to facilitating collaboration and cooperation within the arts sector, the Cultural Alliance provides such services as advocacy, marketing,

information and expertise, strategic planning, and access to insurance coverage.⁶ It also undertakes collective efforts to benefit the entire sector, such as promotion, advocacy, and marketing. A particularly innovative example of these marketing services is the PhillyFunGuide, which not only provides information on individual organizations' programming but also markets the region's arts as a whole. The Cultural Alliance also acts as a re-granting agency for one of the state arts agency's funding programs for arts organizations in the region.

In combination, these organizations provide Philadelphia with a wide range of services in each of the functional areas identified in Chapter Four. Their service levels generally fall at the moderate level except for promotion, which ranks at the full service level, and economic development, which ranks at the basic service level.

The arts sector in Philadelphia draws its financial support from earnings, government grants, and contributions from corporations, foundations, and individuals. The two most important sources in the Philadelphia region are earned income and contributions from foundations. Earned income, for example, accounts for almost half of the arts sector's revenues. Three-quarters of that total comes from admissions receipts, testifying to the culture of participation discussed in Chapter Three. The Philadelphia Museum of Art, and to a lesser extent the Philadelphia Orchestra, received most of the other earned income.

Although Philadelphia has several wealthy individual donors to the arts and many smaller contributors, we were told that, in general, its residents are not particularly generous and lack a tradition of individual giving.⁷ The absence of a tradition of individual giving in Philadelphia—as in several of the other communities we examined—appears to be abetted by the fact that other sources, most notably foundations, have historically provided support for the arts (as well as for other nonprofit organizations).

Indeed, Philadelphia's arts sector has benefited both directly and indirectly from the region's diversified foundation sector. This sector includes two major foundations (William Penn Foundation and The Pew Charitable Trusts) and many smaller ones.⁸ The large foundations provide substantial support (primarily in the form of general operating grants) as well as funds for a variety of special projects. The Pew Charitable Trusts, for example, is one of the three major sponsors of the move of the Barnes Foun-

⁶ For a complete list of services, see *Greater Philadelphia Cultural Alliance: Guide to Member Services*, 2004.

⁷ Interviewees referred to various lists of charitable giving, such as one in *The Chronicle of Philanthropy* (May 1, 2003), that ranked Philadelphia in the bottom third of the 50 largest cities in terms of residents' discretionary income given to charity. However, such comparisons should be made with caution because of the methodological questions they raise. For example, what is the proper basis for comparison—total population or just those who give? And is the best comparison the absolute amounts given or charitable giving as a percentage of total income or some measure of disposable income? All these measures can vary enormously across regions and depend upon the criteria used to define them.

⁸ The Annenberg Foundation has also played an important role in Philadelphia, but respondents were uncertain about the future of its commitment to the region.

dation from suburban Merion to downtown Philadelphia. William Penn Foundation sustained local arts organizations when the state cut back its arts funding. In addition, foundations have provided support for the Greater Philadelphia Cultural Alliance, as well as for research and for a variety of other arts-related projects. Although the mid-sized foundations provide smaller grants, they have carved out a niche of general support to smaller and community-based organizations and seed money for festivals and new arts organizations.

Foundations also provide a variety of indirect support for the arts sector of the sort described in Chapter Four. The leaders of the major foundations, for example, are well-recognized civic leaders who help shape the community agenda. The foundations' arts staffs are knowledgeable, well known, and centrally involved in the region's arts and are viewed as an invaluable source of technical expertise by the arts community.⁹

In the corporate sector, we were told, there is no coordinated program of support for the arts and no single industry leader who might create one. Some attributed this lack of corporate coordination to the lack of a significant cluster of corporate headquarters; others suggested that the real problem was the inability of the business community to unite around a single agenda. One respondent told us, "There are different layers of leadership with no central agenda . . . rather, different coalitions form around different issues." At least three different corporate groups were identified as potential champions for the arts: law firms, developers, and the large service and financial corporations. However, their only common goal at present appears to be reducing the city's wage and business taxes.

Thus, although business leaders express the belief that the arts are good for the region and several support the arts, corporate funding is concentrated on large arts organizations and is often tied to corporate marketing goals. Small arts organizations say that it is very difficult to obtain corporate support without a corporate executive on their board, a significant challenge for most small organizations. Moreover, we were told that the concentration of major arts organizations in the city can make it difficult to garner support from major suburban firms since they do not identify with arts organizations located in the city. The idea of introducing a general fund for the arts, along the lines of the Charlotte model, has been raised, but several respondents suggested that considerably more work is required to bring the corporate community together behind such an initiative.

Government support for the arts is also compartmentalized. The metropolitan area includes counties in three states: Pennsylvania, New Jersey, and Delaware. Penn-

⁹ One example of technical collaboration in Philadelphia and across Pennsylvania is the Pennsylvania Cultural Data Project, which collects data on arts and culture grant recipients and their programs and helps streamline the application processes. The Pennsylvania Cultural Data Project was launched in 2004 by the Greater Philadelphia Cultural Alliance, the Greater Pittsburgh Arts Council, The Heinz Endowments, the Pennsylvania Council on the Arts, The Pew Charitable Trusts, The Pittsburgh Foundation, and William Penn Foundation. See <http://www.pacd.org/>.

sylvania and New Jersey have state arts agencies that fund arts organizations in their respective states, and Delaware's state arts agency has a dedicated source of funding for cultural organizations, which was established in the mid-1990s, with an endowment supported by the governmental and corporate sectors. This multistate structure is a major hindrance to coordinated funding across the region. In addition, the Philadelphia Cultural Fund, an independent, nonprofit 501c3 organization funded by the city and housed in the Department of Commerce, provides about \$2 million a year to arts organizations located in the city, placing Philadelphia at the moderate funding level (total grants from \$500,000 to \$4 million). Although there has been considerable discussion of developing a regional funding source akin to Denver's Scientific and Cultural Facilities District within the five Pennsylvania counties in the region, there are several obstacles that must be overcome to bring this idea to fruition. The state constitution, for one, requires state legislative approval prior to placing a special tax measure on the ballot (something we were told is highly unlikely).¹⁰ In addition, the region's delegation to the state legislature is divided and difficult to unite around regional issues. Finally, a key issue that may well determine the willingness of voters to support such a fund is the formula that would be used to distribute the funds. Without a distribution formula beforehand it is difficult to determine whether suburban voters would support a funding measure that might disproportionately fund city-based arts organizations.¹¹

In addition to its Cultural Fund, the city sponsors a variety of other arts and cultural activities including a design review board (The Fine Arts Commission), the Arts in City Hall program, a Percent for Art commissioning program, the Marian Anderson award, a film office, and partial funding for a nonprofit office of tourism marketing (in addition to funding from the state and one of the city's major foundations).

In 2004, the current mayor closed the city's Office of Arts and Culture. This office had been established by Wilson Goode, a previous mayor, to coordinate a number of city programs, including Percent for Art, Art in City Hall, the city's public art, its Festival of the Arts, and the Marian Anderson award. When this office was closed, these functions were scattered among several different agencies in city government, including Commerce and Parks and Recreation.¹² While the combination of these activities

¹⁰ Although such a regional tax was approved for the transit system, Pennsylvania is sometimes described as Philadelphia, Pittsburgh, and the "T" (the rest of the state). This image reflects the political split within the state between the two major cities, which are predominately Democratic, and the balance of the state, which is predominately Republican. Legislators from the T are reluctant to back measures tailored specifically to the major cities. Although the state legislature's approval of Pittsburgh's ARAD funding appears to contradict this, we were told that it is unclear whether today's legislature would approve Pittsburgh's arrangement (ARAD was authorized in 1993).

¹¹ Initial efforts to gain voter approval for Denver's Science and Cultural Facilities District, for example, failed in part because the original proposal lacked a clear distribution formula.

¹² A senior official from one of Philadelphia's major arts institutions recounted a story about the effect of the closure on his institution. The mayor announced the closure on the day a representative of a significant corporate

placed Philadelphia at the moderate level for the presentation and public art function (see Table 4.6), the net effect of this dispersal, as well as the separation of the city's arts programs from its film and tourism marketing offices, is that it has become increasingly difficult to coordinate the city's various arts activities and develop a coherent arts policy. It has also been interpreted by the arts community as a sign of the low priority assigned to arts by the city's administration.

Strengths and Weaknesses of the Support Structure

As the preceding discussion indicates, the strengths and weaknesses of the Philadelphia region's support structure can be sorted into those related to funding sources and those related to the functional areas and support organizations discussed in Chapter Four.

Funding. Strong admissions receipts provide a solid revenue base for the region's arts organizations—at 43 percent, these receipts rank among the highest of the communities we examined. This feature of the revenue base is particularly noteworthy because the region's arts infrastructure is located predominantly in the city, although a large portion of the region's arts consumers live in the suburbs. Indeed, we were told that, by and large, suburban residents have a strong habit of coming to the city for their arts consumption. Representatives of both the Kimmel Center and the Philadelphia Museum of Art, for example, reported that a substantial fraction of their attendees and members come from the New Jersey suburbs. This strength reflects the pride the region's residents take in their arts sector. It may also help account for the support that the region's arts sector receives from wealthy individuals in the community.

In contrast, government and corporate support is more modest. This is partially a by-product of the jurisdictional fragmentation of the region—divided as it is among three states and multiple municipalities. Since coordination of funding among states is highly unlikely, much of the local effort to increase governmental funding has focused on establishing a regional mechanism to fund the arts within the five counties of southeastern Pennsylvania.

The final notable weakness in the region's funding picture is the modest level of funding support provided by the corporate sector. Despite expressions of support from the business community and the activities of the Arts and Business Council, the business community has not taken a leadership role in providing support to the arts. This situation may be a by-product of the fragmentation within the business community along city-suburban lines (we were told that many suburban businesses do not identify with organizations located in the city) and the business community's principal focus on non-arts related issues, e.g., reducing the city's wage and business taxes. Indeed, we were repeatedly told that the business community lacks a common issue agenda.

sponsor visited Philadelphia to finalize a major grant, and the project nearly fell through. In the end, the corporation delayed the project several months but eventually proceeded.

Other Support. The outstanding strength of the region's support base is its arts alliance. Indeed, the Greater Philadelphia Cultural Alliance's strong promotional and marketing program is the reason that its promotional function is the only one that ranks at the full service level. The Cultural Alliance, in conjunction with the region's Arts and Business Council and discipline-specific arts service organizations, also plays a lead role in providing technical assistance and advocacy for the arts sector. In contrast to the support provided by these private agencies, the closure of the city's Office of Arts and Culture and the consequent division of public arts programs among different city agencies, have made it more difficult to develop a full program of public art and presentation, despite the region's rich cultural tradition.

Although the Philadelphia Cultural Fund provides a modest level of support to the arts, the fact that its money comes from the city's general operating fund is a noteworthy sign of its recognition of the importance of arts and culture to the community. However, this funding is limited to organizations serving city residents, and the absence of a dedicated regional funding source (and dim prospects for establishing such a source in the near future) limits the area's strength in the grants service area.

The most notable weakness of the region's service function is the lack of alignment between the region's arts sector and its economic development. Although the arts sector has an impressive array of tourist attractions, has played a noteworthy role in neighborhood revitalization, and contributes significantly to the area's quality of life, neither the corporate sector nor the governmental sector appears to acknowledge this role. This finding stands in marked contrast to such cities as Charlotte, Chicago, and Denver, where the connection between the arts and economic development is stronger. Those communities tie their arts programming more closely to their tourism and new business promotion functions and promote their cities for film and television productions. They link the arts and artists to their neighborhood revitalization efforts and stress the arts as an essential element of their quality of life and the city's attraction for new residents. Philadelphia's relative weakness in tapping the arts' economic development potential is tied to the absence of a single point of contact within city government for arts and culture and the fact that the city's arts activities are separate from its economic development efforts and both are dispersed throughout city government. As a result, there is very little coordination between these sectors and no clear private-public partnership or coalition promoting the connection between these two functions.¹³

The Regional Environment

We now turn to a more general description of the Philadelphia region with a particular focus on features most relevant to the sustainability of Philadelphia's arts sector. As noted in Chapter Three, the sociodemographic composition of the Philadelphia region shares similarities with both the regional and the manufacturing centers used in our

¹³ This is true despite the efforts of the Pennsylvania Economy League (1998).

analysis.¹⁴ Like the other older manufacturing centers, the region as a whole is growing slowly and the central core has been losing population. But Philadelphia's sociodemographic profile also resembles that of the regional centers—ranking high in terms of family income, education, and occupation. These aggregate comparisons, however, mask the considerable variation that exists within the metropolitan region as a whole. Rather than having a declining central core surrounded by progressively more affluent suburbs as the distance from the core increases, Philadelphia shows a much more variegated pattern of community settlement.

The Metropolitan Philadelphia Indicators Project (MPIP), for example, identifies five different types of communities in the region: urban centers, stable working communities, established towns, affluent suburbs, and middle class suburbs. About 10 percent of these communities are urban centers,¹⁵ consisting of several of the city's planning districts together with older manufacturing suburbs located near the city. The urban centers are the most densely settled communities in the region and are generally losing population. Their populations have lower income and education levels and a much higher percentage of single-parent families than other communities.

Stable working communities, about one-third of the total, consist primarily of older inner-ring suburbs together with some city planning districts with a population density lower than that of the urban centers but substantially higher than that of outlying communities. The population of these communities is largely stable and somewhat older than the region as a whole and consists of households with income and education levels slightly below the regional average.

The established towns, about 4 percent of the total, are communities with older housing stocks, including the Central City District, which has undergone a substantial revitalization within the last two decades. Scattered across the metropolitan region, these communities have about the same level of density as the working communities and a similar pattern of stable growth. Unlike the working communities, however, their populations have substantially higher income and education levels.

The affluent suburbs, about 30 percent of the total, are much less densely settled than the other communities and have experienced modest population growth. As the name implies, these communities have much higher income and education levels than the region as a whole but, contrary to the popular image of wealthy suburbs located on the metropolitan area's periphery, they are, in fact, more centrally located.

Finally, the middle class suburbs, like the affluent suburbs, are much less densely settled than the other community types and have also experienced modest population

¹⁴ This section borrows considerable information from reports of the Metropolitan Philadelphia Indicators Project (MPIP). See *Where We Stand* (2004) and *Where We Stand* (2005).

¹⁵ Urban centers are primarily municipalities. Within the city of Philadelphia, however, they consist of *planning analysis districts*, as defined by the city's planning commission. A total of 364 communities are classified by type by the MPIP.

growth. Although located throughout the region, these suburbs are more likely than any of the other types to be at the periphery of the metropolitan area. Their populations have age and family structures similar to the affluent suburbs but lower income and education levels.

As these descriptions suggest, the sociodemographic profile of the Philadelphia region reflects neither a pattern of pronounced growth like that of Phoenix or Charlotte nor a pattern of sustained population decline like that of some of the manufacturing centers we examined (Baltimore, Cleveland, and Detroit). Rather, it shows a pattern of increasing community diversity within a relatively stable metropolis. This diversity is reflected both within the city, where some neighborhoods, like Center City, are experiencing considerable revitalization while others continue to lose residents, and in the suburban area, where older industrial centers are mixed in with more traditionally affluent suburbs. As one of our respondents expressed it, “The Philadelphia region is neither growing nor declining. It is churning.” Perhaps because of this variety, especially the revitalization of Center City, the Philadelphia region has received considerable attention in the popular media as a “trendy city.” *National Geographic Traveler* in its October 2005 issue, for example, citing the vitality of Philadelphia’s arts and culture sector, the growing population of first-rate restaurant and hotels, and the general affordability and livability of the city, named Philadelphia one of the country’s “hot” cities.

At the same time, this variety may well be increasing the fragmentation within the metropolitan area and making it more difficult to reach consensus on which issues should be at the top of the regional agenda. It may also help account for the difficulties the region’s arts institutions confront in soliciting funding from the corporate and governmental sectors. Despite the concentration of the arts organizations in the urban core, arts attendance rates are generally similar in all five types of community. The highest rates, however, are found not among the residents of the urban core but rather among the residents of the established towns, including Center City. This pattern, found in survey data,¹⁶ accords with the accounts of the arts organizations themselves. It suggests that future demand for the arts may not be sustainable because the growth of the region’s arts sector appears to be outpacing the rate of population growth.

Similar variation is evident in the region’s economic profile. Employment has grown moderately (a little less than 10 percent between 1995 and 2004).¹⁷ However, while a substantial fraction of the region’s employment remains in the city of Philadelphia, employment has become more decentralized during the past several decades, creating a substantial concentration of jobs in the suburban area. This pattern is particularly pronounced in industries that are believed to form the basis of the region’s future

¹⁶ See *Where We Stand* (2005), chapter 12.

¹⁷ Employment grew faster than population during this period. The Philadelphia area’s overall rate of growth lies around the midpoint of the communities we examined. See *Where We Stand* (2005), p. 48.

economic development, e.g., education, health, biotechnology, and pharmaceuticals. The city's wage and business taxes—an issue that was raised by a substantial number of our respondents both inside and outside the arts sector—may help account for this pattern.

The future growth of these industries will hinge, of course, on the region's ability to attract and retain highly skilled workers. In this respect, it is noteworthy that the percentage of the region's residents with at least a bachelor's degree is not increasing, despite an abundance of graduates from the its institutions of higher education. Although we were told that many of these students come from outside the region, many also leave upon graduation, despite efforts to retain them.¹⁸ However, we were also told that students from outside the area who experience the city's cultural offerings while in school are more likely to remain.¹⁹

Although the Philadelphia region has a wealth of arts and historical attractions, total employment in the travel and tourism industry appears to lag behind that of the other communities we examined.²⁰ Although employment in this sector has recently been growing more rapidly, much of this growth is located outside the city and appears to be associated with what the MPIP report refers to as "convenience" travel, i.e., concentrations of hotels, motels, and restaurants near highway interchanges.

The predominant feature of the region's political structure is its fragmentation. This fragmentation is evident in the spread of the metropolitan area over three different states, 253 separate municipalities within Pennsylvania, the divisions among the region's delegation to the Pennsylvania legislature, and the legislature's attitudes toward the region. Such fragmentation, combined with the variety of these communities and their residents, makes it difficult for the components of the government sector to coalesce around a common set of priorities, whether they be regional transportation, economic development, or more general public service issues.²¹ This situation will directly affect the feasibility of designing a regionally based funding option for the arts, as is currently under discussion in the region.

An additional feature of the local governmental environment that is relevant to the arts is its fiscal condition. Although the financial problems in the region appear to be most acute in the city of Philadelphia, which—like many other major cities—has faced tightened fiscal conditions in recent years, they are not unique to the city. A 2003 Brookings Institution report, for example, notes the increasing disparity in the

¹⁸ A number of different efforts to retain local graduates are under way, including Campus Philly, the Knowledge Industries Partnership, and Innovation Philadelphia.

¹⁹ Based on discussions with Carolyn Adams, Temple University, and Happy Fernandez, President, Moore College.

²⁰ See *Where We Stand* (2005), p. 52.

²¹ The Brookings Institution made a similar point in its analysis of Pennsylvania's economic development prospects. See Rusk (2003).

fiscal situation of the older and newer communities in the region.²² Mayor Street cited fiscal problems as one of the factors that led him to eliminate the city's Office of Arts and Culture. And, as the MPIP study notes, tax, service, and revenue levels are notably higher in the city than in surrounding communities. Moreover, in contrast to virtually all communities in the metropolitan area that rely most heavily on property taxes for the majority of their revenues, the city derives more revenues from its wage tax, which applies to all employees who work in the city regardless of where they live. Although several respondents acknowledged the city's need for revenues given its fiscal situation and its residents' greater per-capita reliance on public services, they also complained about the wage tax and its assumed effects on the city's business climate. In addition, several respondents suggested that it might deter suburban residents' from supporting a regionally based funding mechanism for the arts since so many of the region's arts institutions are located in the city.

Strengths and Weaknesses of the Regional Context

The preceding discussion has highlighted those sociodemographic and economic features of the Philadelphia region that are most relevant to the sustainability of its arts sector. The key challenge for Philadelphia's arts sector is how to build on the city's strengths and help it overcome its weaknesses. For example, despite the frequent references in our interviews to the proclivity of long-time Philadelphia residents to downplay the region's multiple assets, there was unanimous agreement that the city has undergone dramatic revitalization over the past two decades. While there was some disagreement among interviewees about whether the vitality of the arts sector was a by-product or a cause of that transformation, there was no disagreement that the city's thriving arts scene had contributed to making the city a more attractive and exciting place to live and visit. The contribution of the arts to this renaissance is evident in their ability to attract patrons from the city, suburbs, and outside the region to downtown,²³ in helping to trigger upgrading in the neighborhoods to which artists move, and in instilling a sense of community identity in other neighborhoods.

Although these contributions are widely cited within the arts community, they do not appear to be acknowledged within City Hall, despite the fact that the previous mayor made the arts a major component of his revitalization strategy for the city. Before government support for the arts is significantly expanded, the arts community will have to do a more effective job in convincing governmental leaders in the city and the region of its importance to the continued revitalization of the region and its image.

²² See Brookings Institution (2003).

²³ A study by Stern and Seifert (2000) highlights the significant role of the arts in encouraging residents of the region to cross neighborhood boundaries to attend performances outside their own communities.

Our discussions with Philadelphians produced considerable agreement that the future growth of the region's economy will be tied to the expansion of the education, health, biotechnology, and pharmaceutical industries. Because these industries depend upon highly trained workers, they are sometimes called knowledge, or creative, industries. Each already has a solid foundation in the region, but their future growth will depend, in part, on their ability to attract high-skilled workers.

As Florida (2002) and others have pointed out, such knowledge workers are typically attracted to regions rich in amenities and a high quality of life. However, the proportion of the region's population with a college degree has not been increasing. Moreover, despite the fact that the region's colleges and universities are able to attract students from outside, they appear to have had considerably less success in retaining those students after they graduate. The notable exception to this pattern, we were told, occurs among students who became involved with local organizations, such as arts groups, while they were in school. This observation and the Charlotte example discussed in Chapter Four suggest that the arts and corporate sectors might address this issue together. Such collaboration, however, may first require the corporate sector, particularly those in the suburbs where many knowledge jobs are located, to take a broader view of the region and to acknowledge the importance of quality-of-life factors in attracting well-educated workers (and "creative" industries). The arts sector will need to convince the corporate sector of the important role it can play in this effort.

Given the publicity Philadelphia has recently received, the region's proximity to the population concentration in the northeast corridor, and the wealth of arts and historical institutions in the region, it is somewhat surprising that employment in the region's tourist industry appears to lag behind other communities in our analysis. Although we cannot account for this phenomenon, it may reflect the need for a more active and successful marketing campaign outside the Philadelphia area. We were told, for example, that the region's historical sites generally lack the resources, experience, and inclination to update or market their institutions. Discussions with the representatives of the arts community also suggest that their marketing efforts were targeted inside rather than outside the region. Indeed, it was interesting to note that the city's former Office of Arts and Culture was independent of the city's tourism office, unlike the more effective offices in Chicago and Boston. Whatever the cause, the arts can play a more central role in Philadelphia's efforts to attract tourists.

The arts sector's lack of engagement with broader economic goals and its failure to form coalitions with government and the corporate sector is driven in part by the fact that it has traditionally depended upon earned income and admissions receipts for almost half its total revenues. This pattern may no longer be sustainable given the fact that the arts sector appears to be growing faster than either of the two principal determinants of aggregate demand for the arts: the population base and the number of highly educated consumers. Indeed, our research in the performing and visual arts indicates that, at the national level, the total increase in arts attendance over the past

two decades is due exclusively to a combination of population growth and increases in education (McCarthy et al., 2001 and 2005). The attendance rate for specific education groups, on the other hand, has either remained stable or declined depending upon the discipline. This suggests that, barring sustained population growth or increasing education levels (particularly the number of residents with higher degrees), total attendance levels (and thus earned revenues) are unlikely to grow. Indeed, the financial pressures currently being felt by many arts organizations in the Philadelphia region, particularly the smaller organizations, suggest that this may already be occurring.

Threats, Opportunities, and Strategies to Deal with Them

Our assessment of the Philadelphia region's arts ecology and its strengths and weaknesses suggests that the arts in Philadelphia face several major threats and opportunities. We next highlight the major threats and opportunities facing the region's arts sector and recommend how to deal with them.

Threats

The region's art sector may outgrow its support base. As we have noted, the arts sector in the Philadelphia region depends upon earnings, especially admissions receipts, for about half its total revenues. The two most important drivers of total attendance—population growth and the growth in the number of well-educated residents—have remained stable over the past decade. The arts sector, however, has been growing much more rapidly than either of these two factors. This discrepancy suggests that the support base for the region's arts infrastructure is not keeping pace. Although other factors, including nonmonetary ones, contribute to the arts sector's support, the fact that aggregate revenues are not growing poses a serious threat.²⁴

There are also signs of this outpacing in the increasing financial strains small and medium-sized arts organizations are facing. These strains are not limited to smaller arts organizations, as the budget deficits of the Kimmel Center attest. Respondents who suggested that the arts sector faces the prospect of consolidation in the near future provide further evidence. We also heard from both large and small arts organizations that they face a chronic and increasing structural gap (currently between 5 and 10 percent) between revenues and expenses.

Even a modest decline in admissions receipts could intensify this problem because lower earnings will increase the size of the structural gap. And, as we were told, efforts to reduce the current gap already imposes a real burden as arts organizations devote more resources to developing relationships with potential donors. As one respondent

²⁴ The arts sector also depends on nonfinancial resources—paid and unpaid high-quality labor—as part of its support base. They are crucial not just for providing disposable income as patrons and donors, but also for governance, social networks, and other nonmonetary contributions.

put it, “The burden is exhausting and the costs of hustling are going up.” In light of funding trends in the corporate and government sectors and the lack of a coordinated approach in cities, the arts sector has relied heavily on foundations to alleviate the strain. But as we have seen in other communities, foundations may not be able to continue to fill the structural gap.

Fragmented community leadership limits the region’s ability to develop a clear vision and take steps to deal with the problems facing the arts and the region as a whole. A common complaint voiced by the Philadelphians inside and outside the arts concerned the fragmentation of the corporate and governmental sectors in the region. The issues on which corporate leaders focused were said to vary depending upon their industry and whether they were located in the city or the suburbs. Similarly, local elected officials, reflecting the complexity and multiplicity of governmental structures in the region, were divided by political party, jurisdiction, and whether they represented the city or the suburbs. Such fragmentation makes it difficult to agree on a common agenda for the region—much less to produce a common vision of its future.

We understand that many efforts have been made to convene diverse groups of community leaders (corporate, academic, foundation, and governmental) with the aim of dealing with regional issues. In general, however, these efforts have produced more discussion than action. In the arts area, for example, there has been discussion of several options for dealing with the funding issue, including a United Arts Fund (along the lines of the Charlotte model); a regional surcharge on tickets to arts, sports, and entertainment events; a statewide surtax on alcohol purchases; and other regional support mechanisms. But as we have noted, these efforts face a variety of political and legal obstacles that are unlikely to be overcome without clear leadership, cooperation, and coalition-building among the governmental, corporate, and other sectors in the region.

Without a clear vision of where the region should be headed and without cooperation among civic leaders, advocates for the arts and other regional issues risk being viewed as just another interest group. It is not sufficient for the arts sector to assert its needs. There must be a clear vision of where the arts are headed, a strategy for achieving that vision, and cooperation among the various segments of the community to carry out this strategy. The fragmentation among the region’s corporate and governmental sectors makes these tasks very difficult.

The diversity of the region’s population and communities raises the possibility that the “center will not hold.” This diversity may well increase the centrifugal forces operating within the Philadelphia area. Diversity is evident not just between the city and the suburbs but, as the MPIP regional profile underscores, within both of those areas. The revitalization of such neighborhoods as the Center City and the Old City, for example, contrasts with the continued decline of other neighborhoods. As the MPIP study notes, the residents attracted to these areas appear to have more in common in

terms of their socioeconomic characteristics with residents of the established towns in the suburbs than with those in other city neighborhoods.

Similarly, there are major differences within the suburban jurisdictions and their populations—as the profiles of the urban centers, working communities, middle class, and affluent suburbs attest. These differences are evident not only in their population profiles but also in their fiscal situations and the service needs of their populations, as the Brookings Institution study of the Philadelphia region attests.

The potential for this diversity to drive the interests of these different communities and populations in different directions may well be intensified by what our respondents referred to as the “Philly disease”—the tendency of the region’s residents to downplay its strengths and to identify with their local communities rather than the region as a whole. In combination, the region’s diversity may hinder efforts to deal with regional issues, including those that affect the arts sector.

Financial pressures may increase divisions within the arts community. As we noted above, many of our respondents cited cooperation within Philadelphia’s arts community as one of its strengths, even if this cooperation is more likely to occur within rather than across artistic disciplines. Yet the financial strains within the arts community led many respondents to comment on what they viewed as the inequity in the distribution of financial support between the larger and smaller arts organizations. The possibility of increasing financial pressures on the arts sector, noted above, could intensify competition among arts organizations. On the other hand, the financial squeeze may act as a catalyst to greater collaboration and innovation, forcing the arts community to undertake transformative changes that lead to better conditions for sustainability. This has occurred in other communities, notably Cleveland and Pittsburgh. In short, financial pressures could serve as both a threat and an opportunity.

In any event, competitive financial pressures may become more evident between larger and smaller organizations. But the pressures may not stop there. Although our respondents noted that the kind of competition between arts organizations in the city and in the suburbs that exists in the Twin Cities and Detroit is not present in the Philadelphia region, more rapid growth of arts organizations in the suburbs than in the city²⁵ suggests that such competition could emerge if both the financial pressures on the arts sector and the growth differential persist. In addition, an acute financial crisis in the region’s historical sector could increase the competition between the arts and the historical sectors. Such competition could hinder the arts community’s ability to seek a common vision for the future of the entire cultural sector and its ability to seek common solutions to its problems. Although the historical sector’s problems are

²⁵ Data supplied by the Greater Philadelphia Cultural Alliance indicate that the rate of growth in the number and revenues of arts organizations in the suburbs has outpaced that of organizations located in the city.

not unique to Philadelphia, the large number of historical sites in the region makes this problem more significant there.²⁶

Intensifying fiscal pressures on the region's governments may create additional barriers to regional cooperation for the arts. Although fiscal pressures are currently most apparent in the city of Philadelphia, the Brookings study indicates that the city is not the only jurisdiction in a financial squeeze. Fiscal problems could create additional obstacles to establishing a regional funding mechanism in three ways: First, with their own communities facing increasing financial pressures, suburban residents may be less inclined to pass a regionwide tax devoted to the arts. Second, Philadelphia's unpopular wage tax may make suburban residents even more disinclined to support a tax levy for the arts because so many of the region's arts organizations are located in the city. Finally, disparities in tax rates and uneven service needs could intensify competition among communities, further weakening a common regional identity.

Lack of arts education for Philadelphia's children is both a current weakness and a future threat to the sustainability of arts participation. A key factor in adult participation in the arts—as artists, audience, and donors—is participation as children. Many children will be exposed to the arts by their families or local community organizations, but many others without these opportunities will learn about the arts in school or not at all. And without early arts exposure, adults are unlikely to participate. Moreover, there are equity issues: Those without arts education in school come disproportionately from the public (versus the private) school system, exacerbating the gap between the cultural haves and the have nots.

Opportunities

Philadelphia's image is being refurbished inside and outside the region. The perception that Philadelphia is undergoing a renaissance is growing. Residents point to new restaurants, increased entertainment activity, climbing property values and building activity, and the city's growing attraction to more affluent residents as evidence that the Center City and nearby neighborhoods have been revitalized. National media attention is bolstering the city's image to nonresidents, as has recent discussion of a possible Olympic bid for 2016.²⁷

Combined with the sense that the city is “on a roll” is the belief that the arts are leading the way. Triggered by Mayor Rendell's emphasis on the arts as a mechanism for the city's turnaround, the arts have been linked in the public's perception to the city's fortunes. The success of festivals such as the Philadelphia Live Arts Festival and Philly Fringe, the influx of artists to the region (and their role in neighborhood revitaliza-

²⁶ The foundation officer who works with the region's historical sector reported that these problems can be found in most regions.

²⁷ Philadelphia's bid did not progress beyond the first round, but the attempt brought considerable national attention to the city.

tion), the opening of the Kimmel Center and the Avenue for the Arts, the impending move of the Barnes Foundation into the city, and the rich and diverse artistic life at the neighborhood level have simply underscored this perception.

These developments open a window of opportunity for the region's arts sector to build on this momentum. However, doing so will require the arts sector to underscore to City Hall and other government actors in the region, as well as to the region's corporate sector, how it has helped in the city's turnaround. This task in turn will require building coalitions between the arts and other sectors in the region. Mayor Rendell's election as governor of Pennsylvania in 2002 provides an additional opportunity to build on this momentum.

The upcoming mayoral election provides a window of opportunity. The former mayor's emphasis on the arts stands in contrast to the current mayor's closing of the city's Office of Arts and Culture. Yet Mayor Street also called for the city's arts sector to devise a plan for sustaining itself, established a task force to do so, and helped mediate a labor-management dispute at the Philadelphia Orchestra. With a mayoral election in November 2007 (Mayor Street is prohibited by term limits from running for reelection), the arts sector has an opportunity to respond to the current mayor's challenge.

Currently, much of the election campaign appears to be focusing on the need for a change in the city's political culture away from a "pay to play" mentality toward a more open and merit-based approach. The arts community could use the election campaign to raise the broader issue of the city's future and the strategies that are needed to build on the city's current momentum. By introducing this theme, the arts sector could underscore how far the city has come and what factors (including the arts) have played a role in the city's revitalization.

These arguments should not be limited to the city of Philadelphia alone but should raise the issue of the future of the region as a whole and how the city and the surrounding area need to cooperate to make that future a reality. We were told that regional cooperation of this sort is the exception rather than the rule. But a more inclusive approach will help diffuse the centrifugal forces that are currently operating within the region and promote the arts sector as well.

Philadelphia's foundations are among the region's most important assets. Their involvement in a wide range of civic projects in the city and the region makes them a potent force for change. The presidents of the two largest foundations have both the visibility within the community and the prestige among the region's leaders to make them major civic leaders. Foundations are also the strongest supporters of the arts in the region, and this support provides them with considerable leverage within the arts community.

These qualities make the region's foundations, particularly the two largest foundations, instruments for change on regional issues as well as catalysts for building coalitions among the leaders of the business, governmental, and academic sectors. The arts sector has an opportunity to work with the region's foundations to advance a

broader vision for the future of the region and the role that the arts can help play in achieving that vision.

Both the corporate and governmental sectors have a positive view of the arts. Despite the modest levels of support provided to the arts by the governmental and corporate sectors, we were repeatedly told that both sectors have a positive view of the region's arts sector. The corporate sector's sponsorship of the Arts and Business Council and the use of city government operating revenues to support the Philadelphia Cultural Fund provide additional evidence of this positive view. However, as the current mayor's closing of the city's Office of Arts and Culture suggests, it is not always clear that the city government sees a direct link between the city's revitalization and the arts. Similarly, the corporate sector's modest levels of funding for the arts is evidence that corporations, too, miss the direct link between the arts and the region's development.

This situation provides an opportunity for the arts sector to convince both the governmental and corporate sectors of the central role the arts can play in the region's development. But the arts sector cannot simply identify its own needs. Instead, it must make a convincing case that supporting the arts provides real benefits to the broader community. The arts community needs to convince both government and business that the arts as a whole, not just the major arts institutions, promote economic development goals. This task will require the arts sector to build coalitions with government and corporate leaders as part of an overarching strategy for the arts. We next identify two key areas that, in our opinion, are particularly strong candidates to help the arts sector make its case.

Philadelphia's strong foundation in the high-skill "creative" industries. In its assessment of the region, the Brookings Institution points to the national shift away from manufacturing as contributing to the Philadelphia region's slow economic growth. But, as the MPIP study indicates, the region has a solid foundation in such highly skilled industries as education, medicine, biotechnology, and other "creative" industries. Indeed, these studies identify the "knowledge sector" as the most promising source of the region's future economic growth—a consensus judgment within the region.

The region's ability to shift its economic base, however, will depend upon its ability to attract the high-skilled workers these industries need. As the MPIP report also notes, however, the region has had little success in increasing the share of its residents with a college degree.²⁸ While the region could do a better job of creating a strategy to build on its current foundation, many other factors shape a region's economic development in addition to its attractiveness to high-skilled residents. Many of these—tax rates, the business climate, competition from other regions—lie outside the realm of the arts. But the arts are a direct contributor to such features as the quality of life in the region, the range of entertainment options available, and a sense that the region is

²⁸ According to the Knowledge Industry Partnership (2004), Philadelphia retains only 29 percent of graduates who are not originally from the area, compared to 42 percent for Boston.

an exciting place to live, work, and visit. Indeed, these are the very features that have contributed to the current perception of Philadelphia as a revitalized city and region.

Given the creative industries' importance to the region's economic future, pulling together a coalition of leaders from the governmental, business, academic, and foundation sectors to fashion a development strategy for the region's creative industries is a worthwhile enterprise. For example, the Knowledge Industry Partnership's "OneBigCampus" initiative to increase Philadelphia's attractiveness as a higher education destination for both American and international students provides a model of one such collaboration.²⁹ Building upon such efforts, the arts could secure a role in these and other strategies to expand the base of creative industry workers. This process would also provide the arts community an opportunity to make its case for broader support in the context of pursuing broader community goals.

Philadelphia's potential as a tourist destination. Despite Philadelphia's location in the populous northeastern corridor and its wealth of tourist attractions, employment in the region's tourist and related industries lags behind that of the other regions we examined. There are signs, however, that this situation is improving. As the MPIP study notes, for example, employment in these industries has grown more rapidly over the past decade. In addition, the Greater Philadelphia Tourism Marketing Corporation, a nonprofit established in 1996 with state, city, and foundation funding to promote tourism in the five-county region of Pennsylvania, reports that the number of overnight visitors to the area increased almost 50 percent between 1997 and 2004. Finally, the current local and national attention on the region's revitalized image offers the prospect that its attraction to tourists will continue to improve.

These trends suggest that the region has a clear opportunity to strengthen its tourism industry. If the arts are to play a significant role in this process, the arts and cultural sector will need to be linked more closely to efforts to promote tourism through joint marketing efforts; to develop stronger ties to the region's hospitality sector; and to target tourism promotions not just to local and regional audiences but also to national ones, as do the cultural affairs departments in Boston and Chicago. In addition, the looming problems in the region's historical sector will need to be addressed.

Recommendations

Most of the threats discussed above highlight the centrifugal forces that could potentially fracture the region and, in the process, exacerbate the financial pressures on its arts sector. Correspondingly, our discussion of opportunities focuses on trends or conditions available to the arts to relieve these centrifugal pressures and to demonstrate

²⁹ The Knowledge Industry Partnership is a collaboration among the Greater Philadelphia Tourism Marketing Corporation, the city of Philadelphia, the Pennsylvania Economy League, Innovation Philadelphia, and Campus Philly. It is led by the former president of the University of Pennsylvania.

how the arts can support broader regional goals. As this discussion suggests, there are several preconditions for the art sector to take advantage of these opportunities. First, the arts sector needs a clearer picture of the gaps in its support services and what the region can do to fill those gaps. It also needs a vision of its desired future not only to provide a target for its own efforts but also to help shape the message that it communicates to the wider community about itself and its role in promoting broader community goals. Second, it needs leadership (inside and outside the arts) to develop a plan to achieve that vision. Third, coalitions are needed among the different segments of the community to execute that plan. Fourth, the arts sector needs to think in terms not just of its own goals but also of how it can contribute to the goals of the wider region. We recognize that the Greater Philadelphia Cultural Alliance's long-range strategic plan deals with these issues, but discussions with representatives of the governmental and corporate communities in Philadelphia indicated that they are not aware of it. As we have noted repeatedly, the arts sector must do a better job of informing the wider community of its plan and how that plan fits with the civic agenda.

The specific recommendations discussed below develop these general points in greater detail.

1. The arts sector and the region should apply our evaluative framework to identify gaps and opportunities in organizational structures and functions of support.

The framework presented in Chapter Four identifies five functional areas (funding, technical assistance, arts presentation, arts promotion, and economic development) and a template for assessing the different levels of service provided in each. It also gives a preliminary assessment of how Philadelphia's support system ranks in each of these functional areas. Philadelphia's support structure ranks at the moderate service level in funding, technical assistance, and presentation of public art. It ranks at the full level in promotion and at the basic level in economic development. Our analysis also identifies how different organizations fill these functions. Philadelphia has a strong private arts alliance, an arts and business council, and a city grant-making program at the moderate level, but it lacks a city office of cultural affairs. If, for example, Philadelphia sought greater alignment of the arts sector with economic development activities in the region (i.e. a shift from the basic to the moderate or full service level in this functional area), the framework would help identify a missing or weak link in the policy structure in the absence of a coordinated city office or plan for the arts. Our framework and preliminary assessment provide a first cut, but the arts sector should undertake a more complete review of the region's support structure. In particular, there must be further analysis of how the current support structure affects the different components of the region's arts sector as well as how service levels in one area affect the need for services in others. Effective coordination across various functions and support organizations produces synergies that increase the effectiveness of the arts sector as a whole.

2. Both the arts community and its potential funders need a clear vision of where the arts sector should be headed and how it supports broader regional goals.

Despite the current vitality of Philadelphia's arts sector, it is unclear where it is headed and how it will deal with the challenges described above. If it wants to increase its support from the community, it needs to offer a clearer vision of its direction over the next two decades. For example, Charlotte and Denver both have a strong, unified vision of the role of the arts in their cities and substantial funds to support that role. Chicago offers a different example—that of a city with limited government funding but a clear vision of how the arts support key activities in the city.

A vision for Philadelphia should address the following issues:

- The importance of all segments of the arts community, not just the major arts institutions.
- The division of labor between arts institutions in the suburbs and those in the city.
- The broad range of geographic and demographic communities the arts sector serves.
- The challenges the arts sector faces and how it proposes to deal with them.
- The ways the arts community can promote the broader interests of the region as a whole.
- A clear strategy identifying how the arts sector will achieve its vision, including milestones for measuring progress and mechanisms to adjust the strategy as needed.

Scanning the organizational landscape of support structures described in Chapter Four, we believe that the Greater Philadelphia Cultural Alliance is well positioned to take the lead in developing this vision. But such a strategic planning effort will require both broad participation within the arts sector and collaboration with other segments of the community.³⁰ This process of articulating a vision and developing a strategic plan should be led by the arts community itself rather than by outsiders because a critical benefit of the process is building connections, relationships, and communication among the arts and other sectors of the community.³¹ It is particularly important for

³⁰ See San Francisco Arts Task Force (2006). The San Francisco board of supervisors convened the task force to make recommendations on updating or restructuring various elements of the city's agencies, programs, and policies concerning the arts. The report includes lists of participants, meeting agendas, and milestones that can serve as a guide to other cities attempting a similar public discussion and investigation of city functions in the arts. The aforementioned master plan for integrating the arts into Minneapolis' economic development agenda is another example. The Minneapolis report includes a discussion of the process by which the master plan was generated and detailed short- and long-term goals.

³¹ While the Connecticut state arts agency typically followed common practice by hiring an outside strategic planning consultant to develop a new strategic vision and plan for the agency, in 2003 the staff decided to con-

the arts sector to understand how it is perceived by the governmental, corporate, and academic sectors. For this effort to be successful, the arts community needs to identify how its vision of the future supports the region's broader goals.

It is also important to note that while leadership and participation for a strategic planning process should come from within the arts sector, the leadership necessary for moving the arts higher on the city and regional agenda should come from non-arts sectors (government, corporate, other civic groups). Charlotte's approach provides an especially good example of this kind of leadership.

3. The city of Philadelphia needs an arts agency that serves as a single point of contact for the arts and works in closer collaboration with other city and regional functions.

Although we were told that the current city administration has no intention of revisiting the decision to close the city's Office of Arts and Culture, the upcoming election provides an opportunity to reconsider this issue. But reopening an office for the arts is only one part of a larger solution. The case for reconsideration needs to be based on a recognition of the problems that led the current mayor to close this office and several of our respondents to criticize its operation. The general thrust of these criticisms was that the office focused exclusively on the needs of the city's arts community, and in particular certain organizations within that community, while ignoring both the wider arts community and how it might promote broader city goals. The office also appeared to lack a strategic vision of what it was trying to accomplish.

As the experience of the cultural affairs office in Chicago suggests, this need not be the case. That department not only serves as a single point of coordination for all the city's arts activities and inquiries but is also responsible for developing an overarching city strategy for the arts and for using the arts to promote broader city goals. Denver has a strong office of arts and culture (in addition to the SCFD), which plays an important role in galvanizing the city's leaders behind the arts sector. Although Boston's situation is more fluid, the Mayor's Office of Arts, Tourism & Special Events and the Boston Foundation have provided a vision for the arts in a host of arenas—tourism, redevelopment, and quality of life. These broader functions have helped convince both mayors in these cities of the value of these offices and the arts more generally.

Establishing a single office in city government with responsibility for arts and cultural affairs thus engenders an additional recommendation: Task this new office with other city functions (tourism, film, and television promotion) and make sure it has an important role to play in neighborhood revitalization efforts as well as efforts to attract

duct the research and undertake the planning themselves with a grant from the Wallace Foundation. They credit their approach for substantial progress toward their strategic objectives by virtue of the relationships forged throughout the state and their enhanced organizational capacity due to the professional development of the staff. See Brown (2004).

both new residents and businesses. In other words, the office of arts and culture needs to be part of the city and region's efforts to promote the community's wider goals. For both practical and political reasons, a city arts agency must be recognized as advancing the broader public agenda and not just the arts' community's agenda.

For example, given that the city's revitalization has not been experienced uniformly throughout its neighborhoods, Philadelphia might consider using the arts in neighborhood rejuvenation, as Boston has done. Similarly, the active promotion of collaboration between the arts and hospitality and development sectors, as is occurring in Chicago and Boston, could also serve as a model. The diversity and vitality of the Philadelphia arts sector should be marketed more aggressively as an important reason for visitors (as well as the region's residents) to visit the city. In light of the positive publicity Philadelphia is currently receiving, closer coordination between a reconstituted office of cultural affairs and the region's tourism function would have considerable value.

However, a reconstituted office of arts and culture may not solve the problem of lack of leadership in framing and advancing the cultural conversation we recommend above. While such an office would help, other entities and individuals may be better positioned to convene civic leaders and drive positive change, ideally supported by a city infrastructure. In Denver, a corporate executive and recognized civic leader doggedly led the campaign to establish the SCFD. In Charlotte, a small group of business leaders worked overtime to plan for the future of the city and region, placing arts and culture at the center of their plans. Chicago benefits from the combination of a well-established civic leader at the helm of the cultural affairs department with close ties to a mayor who is a dedicated participant and supporter of the arts. Philadelphia's Mayor Rendell placed the arts at the center of his revitalization and marketing plan for the city of Philadelphia, elevating the head of the Office of Arts and Culture to a cabinet-level position in city government. There are many models—public, private, individual, group—but they all have in common a high-visibility leader from outside the arts community.

4. Financial strains on the arts sector need to be addressed by the arts sector as a whole, not just by individual institutions.

Arts organizations have traditionally dealt with fund-raising on a one-to-one basis, with each organization approaching each funder separately. This approach serves the needs of neither the arts organizations nor their funders. It raises the transaction costs on both sides and can compound the fund-raising advantage that larger arts organizations often possess. The arts sector needs to explore collaborative fund-raising strategies along the lines suggested in the final section of Chapter Four. Such collaborative approaches, as the examples of Denver and Charlotte illustrate, can reduce costs for arts organizations and funders alike. Denver's Scientific and Cultural Facilities District and Charlotte's Arts and Science Council make the case for arts and culture and

raise the funds; the burden does not fall entirely on individual organizations. However, these funding approaches are based on widespread consensus and a shared belief in the importance of the arts in the city's overall health.

Whatever collaborative mechanisms are considered, two additional issues remain: the source of funds and their distribution. With regard to the former, a collaborative fund should target governmental, corporate, and foundation sources. With regard to the latter, part of a consensus around such a collaborative funding mechanism must involve a distribution formula to allot money to individual organizations.

Finally, although collaborative approaches to marketing and other cost savers should be explored further, individual arts organizations are best suited to pursuing earned and contributed income from individuals. Indeed, arts organizations' ability to raise funds and garner support from their own constituents provides a "market test" of their importance to the communities they serve. Community-based organizations, as the name suggests, are familiar with this test. Such tests may become more important throughout the arts community to avoid future consolidation.

5. The arts sector must attend to increasing demand.

Whatever joint solutions are explored in fundraising, the single most important source of revenues for arts organizations will remain earned income. In light of this fact and the possibility that the arts sector will outgrow its support base, it is critically important that the sector continue to focus on ways to increase demand for its services.

There are both short-term and long-term aspects to this challenge. As we noted in Chapter Four, there are three different ways that an arts organization can increase the public's participation in their programs over the short term: by diversifying their audiences (attracting those who are not currently inclined to attend arts programs); by broadening audiences (attracting those who attend other arts programs but not that organization's); and by deepening audience participation (increasing the level of participation in that particular organization's programs). Many organizations attempt to do all three. Yet each of these approaches is targeted at different market segments and requires different tactics and allocation of resources. Arts organizations risk doing none of them well when they attempt to do all three.

Correspondingly, arts organizations must carefully consider what population to target and how much effort to expend. By far the most difficult approach is to attract those who do not currently attend the arts. Yet in a market where attendance levels appear to be high already, this approach may yield the highest payoff. Whichever population they decide to target, however, arts organizations in Philadelphia need to focus

at least some attention on disinclined populations.³² This focus poses longer-term challenges to change perceptions about arts participation or the nature of arts experiences in Philadelphia. To this end, the arts community might consider a sector-wide campaign along the lines of the Dairy Board’s “Got Milk?” approach to promote milk consumption of all types, not just one product or company. In this effort, the arts sector might consider alliances with national advocacy groups such as Americans for the Arts and its “Art. Ask for More.” campaign. By changing perceptions about the arts in Philadelphia and the attitudes of the disinclined, Philadelphia’s arts sector could build upon the foundation of the PhillyFunGuide and other recent efforts to reduce practical barriers to participation.

The challenge of building demand is not unique to Philadelphia. Arts organizations nationwide are struggling to maintain and build participation rates. Philadelphia has a strong marketing base that other cities, such as Detroit, do not, but its effects are limited to a population that is currently positively inclined toward the arts. In the long run, if arts education is not integrated into the curriculum of Philadelphia’s schools, building participation will be a greater challenge because an increasing portion of the population will have had far fewer early arts experiences.

6. The arts sector needs to convince the government and business sectors that supporting the arts advances the region’s broader goals.

Several of our recommendations call for the arts sector to increase its understanding of the government and business sectors and its interaction with them. If the arts sector is to secure the cooperation of these other sectors, it will need to do a better job of convincing their leaders to cooperate. It must first demonstrate how the arts serve the wider community’s needs.

There are several grounds on which the arts can make this case. First, the arts have played a key role in the revitalization of Philadelphia and its neighborhoods. They have brought art patrons to the Center City district, rejuvenated neighborhoods such as the Old City as artists have moved in, and—less obviously but no less noteworthy—propagated community-based arts organizations in neighborhoods throughout the city. These activities, in part, have helped create the city’s “hot” image. Second, although this fact has not been adequately highlighted, the region’s arts and cultural sector is one of the key attractions for tourists and a spur to recent growth in the region’s tourism sector. Third, the growth of the region’s creative industries will hinge on its ability to retain the graduates of its academic institutions and to attract new high-skilled workers. As we have seen, there is evidence that students from outside the region are more likely to remain after they graduate if they are involved in the cultural

³² See McCarthy and Jinnett (2001) for an extensive discussion of the theory and practice involved in building arts participation.

activities while still in school.³³ In addition, migrants are drawn to areas with a high quality of life, to which the region's arts sector is a major contributor.

To raise the profile of the arts in the government and business sectors, the arts community needs to identify, recruit, and develop strong, visible, and committed leadership. Strong leadership was a feature of the healthy, collaborative arts sectors in the cities in our study (e.g., Mayor Daley's Chicago, Mayor Rendell's Philadelphia). Such leaders may be either individuals or organizations; they may arise from within the arts community itself or from outside. Leadership can be provided by the mayor or someone close to the mayor in city government, by someone from a foundation or the corporate sector, or by a civic coalition. But whether the leader is an individual, office, or organization, that leader must play several crucial roles: The primary roles are to advocate for the arts as a whole (versus a particular institution, discipline, or part of the city) in discussions of both short- and long-term issues; to lead the development and implementation of a strategic plan for the city's cultural sector; to raise the profile of the arts and their contribution to city life and prosperity; to galvanize support and form coalitions around key issues for the arts; to respond rapidly and with coordination to possible windows of opportunity; and to ensure that a representative of the arts is part of broader city debates and planning. Tangible initial steps might include holding a conference or convening a cross-sector task force (or enlivening the mayor's current task force on sustaining the arts). The key is to increase the arts sector's visibility among corporate and civic leaders and its engagement in discussions and planning in the broader community.

The Longer Term

These recommendations are primarily designed to address the near-term challenges facing the arts sector in Philadelphia. As such, they principally address the question of how the arts sector can make its sustainability efforts both more efficient and more effective, particularly through greater collaboration within the arts sector and between the arts and other sectors of the community.

However, such near-term efforts may not be enough to ensure the sustainability of a thriving arts sector over the longer term. Several challenges will confront the arts generally, and Philadelphia specifically, in the future.

First, we have hinted at our concerns about the long-term viability of the assumptions underlying the nonprofit business model. The chronic structural gap between

³³ For example, students not originally from Philadelphia who have an internship during college are twice as likely to stay in the area after graduation. (Knowledge Industry Partnership, 2004).

revenues and expenses operates like a “low-grade flu”³⁴ for arts nonprofits. As they struggle to fill this gap with a patchwork of contributions from various sources, they are especially vulnerable to declining funding from any one of these sources, since such a decline will exacerbate the gap and increase their reliance on other sources. To the extent that the arts nonprofits are all struggling with this flu, the whole ecology in these metropolitan regions is unwell.

Questions about the feasibility of the traditional fund-raising strategy raise the issue of alternatives to the nonprofit business model. What these alternatives might be is not altogether clear at present. We see potential in hybrid profit/nonprofit organizations; in for-profit spin-offs channeling funds back to nonprofit, leased enterprises; or in other models—but their feasibility is unknown. Moreover, organizations vary greatly in terms of the necessity and ability to adapt to these longer-term challenges. Larger nonprofits may well have the resources to succeed in the new more challenging funding environment. On the other hand, they may lack the agility of smaller, more innovative organizations to adapt quickly and prosper.

The feasibility of potential options will also depend on the future course of current government interest in nonprofit governance and accountability. Congressional hearings, investigations by state attorneys general, and media inquiries raise the specter or promise—depending upon one’s perspective—of increased government regulation of the nonprofit sector and possible new legal requirements attendant to nonprofit status, especially with regard to the for-profit activities of predominately nonprofit enterprises. In any event, the viability of the basic building blocks of the arts sector is likely to emerge as a longer-term issue.

A second long-term challenge that we have already discussed is the need for a greater focus on boosting demand for the arts. This need is particularly strong for communities like Philadelphia where the arts sector could outgrow its support base. Over the longer term, the key to building future demand lies with the region’s youth. Studies indicate that developing an attraction to the arts in childhood pays long-term dividends in higher rates of arts participation in adulthood. In light of these findings, the arts community should work to develop programs to involve children in the arts at an early age, especially through arts education in the schools. There are already many such programs provided to schools by arts organizations to help fill the current void. However, the longer-term solution ultimately lies with school districts, school boards, principals, and other education officials (rather than only those involved in the arts), who can ensure that high-quality arts education is part of every student’s curriculum. Doing so may also help improve the quality of the schools in the region, thereby improving Philadelphia’s appeal to new residents.

³⁴ Adrian Ellis, Doug McLennan, Andrew Taylor, and others have used this term to describe the ill health of arts nonprofits. See, for example, McLennan (2005).

In any event, without growth in demand, the arts sector will be forced to confront consolidation beyond what might be expected, given the normal birth-and-death process of all industrial sectors. Such consolidation also raises important questions about the central components of a healthy arts ecology. Should the ecology be based only on those arts organizations that can find a market to sustain themselves? Or will the market fail to sustain arts organizations that provide essential services to the community but lack sufficient support from market sources alone?

Finally, although the solution to these longer-term issues is currently unclear, the very uncertainties underscore the need for a longer-term strategic vision for the arts sector and an ongoing program to monitor progress in moving toward that vision. Proceeding without such a vision means careening from crisis to crisis without a clear path to the future.

List of Interviewees by City¹

We identified interviewees in each city in a variety of ways: through our own contacts, their subsequent recommendations, William Penn Foundation, and the Greater Philadelphia Cultural Alliance. We sought representatives from a diverse blend of arts organizations of various sizes (large, midsize, small), disciplines (performing arts, visual arts, etc.), and/or special interests; the funding community (foundations, public funders, corporate funders, board members), and others with a special vantage point or range of experiences in the cultural sectors (e.g., state officials, media, the leader of an arts-related ballot initiative). Most interviewees were the heads of their respective organizations or arts-related programs.

Baltimore

- Jill Barry, Walters Art Museum
- Deb Bedwell, Clayworks
- Claire Braswell, Baltimore Chamber Orchestra
- Sita Culman, Abell Foundation
- Margaret Footner, Creative Alliance
- Nancy Haragan, Greater Baltimore Cultural Alliance
- Randi Vega, Baltimore Office of Promotion and the Arts
- Melissa Warlow, Baltimore Community Foundation

Boston

- Peggy Burchenal, Isabella Stewart Gardner Museum
- George Fiffield, Boston Cyberarts
- Geri Guardino, First Night
- Susan Hartnett, Mayor's Office of Arts, Tourism & Special Events

¹ Several of the interviewees have since changed their institutional affiliations.

- Marty Jones, Bank of America Celebrity Series
- Steven Malen, Wang Center/Commonwealth Shakespeare Company
- Charlie McDermott, Massachusetts Cultural Council
- Ann McQueen, The Boston Foundation
- Charlayne Murrell-Smith, Children's Museum
- Catherine Peterson, ARTS Boston
- Lisa Pierpont, WCVB-TV (ABC affiliate)
- Candelaria Silva, ACT Roxbury
- Valerie Wilder, Boston Ballet

Charlotte

- Robert Bush, Arts and Sciences Council
- Adrienne Dellinger, Clayworks
- Suzanne Fetscher, McColl Center for Visual Art
- Tom Gabbard, Blumenthal PAC
- Lee Keesler, Arts and Sciences Council
- Katherine McAlpine, Arts and Sciences Council
- Dan Prickett, Wachovia & Former ASC Board Chair
- Cindy Rice, Davidson Community Players
- Till Schmidt-Rimpler, Moving Poets
- Anita Strauss-LaRowe, Charlotte Symphony
- Cassandra Tydings, Foundation for the Carolinas

Chicago

- Robert Alpaugh, Victory Gardens Theatre
- Michelle Boone, Joyce Foundation
- Julie Burros, Cultural Affairs Department
- Greg Cameron, Museum of Contemporary Art
- James Cuno, Art Institute of Chicago
- Kassie Davis, Chicago Community Trust
- Juana Guzman, Mexican Fine Arts Center Museum
- David Hilliard, board member, Art Institute, Newberry Library
- Carroll Joynes, University of Chicago
- Gail Kalver, Hubbard Street Dance
- Welz Kauffman, Ravinia Festival
- Lisa Simpson, IL Arts Alliance Foundation

- Alice Welsh Skilling, Art Resources in Teaching (A.R.T.)
- Lois Weisberg, Chicago Department of Cultural Affairs

Cleveland

- Kathleen Cerveny, Cleveland Foundation
- Pat Cirillo, Shaker Arts Council
- Dena Epstein, The George Gund Foundation
- Stephanie Morrison Hrbek, Near West Theater
- James Ireland, The Cleveland Orchestra
- James Levin, Cleveland Public Theater
- Barbara Robinson, Arts Midwest, Cleveland Institute of Music
- Tom Schorgl, Community Partnership for Arts & Culture
- David Shimotakahara, Groundworks Dance Theater
- Terry Stewart, Rock & Roll Hall of Fame

Denver

- Doug Adams, Colorado Symphony
- Kathy Branagan, Denver Brass
- Tara Brickell, Cherry Creek Arts Festival
- Jim Copenhaver, JC Enterprises-Focused Learning
- Pat Cortez, Wells Fargo
- Barbara Neal, consultant
- Tim Schultz, Boettcher Foundation
- Chip Walters, Curious Theatre
- Randy Weeks, Denver Performing Arts Center
- Mary Ellen Williams, Scientific and Cultural Facilities District

Detroit

- Graham Beal, Detroit Institute of Arts
- Antonia Bostrum, Getty Museum (formerly at Detroit Institute of Arts)
- Ken Fischer, University Musical Society
- Barbara Kratchman, Arts Serve Michigan
- Kate Levin Markel, McGregor Fund
- Deborah Mikula, Michigan Association of Community Arts Agencies
- Rick Nahm, Cranbrook Community

- Oliver Ragsdael, Arts League of Michigan
- Nettie Seabrook, Detroit Art Institute

Minneapolis/St. Paul

- Dianne Brennan, Guthrie Theatre
- Carolyn Bye, Metro Regional Art Council
- Neil Cuthbart, McKnight Foundation
- Nancy Fushan, Bush Foundation
- Wendy Knox, Frank Theater
- Linda Myers, The Loft
- John Nuechterlein, Composers' Forum
- Gayle Ober, St. Paul City
- Gary Peterson, Sowell Ballet
- Brian Sullivan, Minnesota Orchestra (Board)

Philadelphia

- Carolyn Adams, Temple University
- Yolanda Alcorta, Raices Culturales Latinoamericanas
- Peggy Amsterdam, Greater Philadelphia Cultural Alliance
- Cheri Astolfi, Astral Artistic Services
- Moira Baylson, Philadelphia Department of Commerce
- Beth Feldman Brandt, Stockton Rush Bartol Foundation
- Joan Myers Brown, Philadanco
- Duane Bumb, Philadelphia Department of Commerce
- Leslie Burrs, Opera North
- Russell Cooke, *Philadelphia Inquirer*
- Miguel Angel Corzo, The University of the Arts
- Nicholas Crosson, Greater Philadelphia Cultural Alliance
- Helen Cunningham, Samuel S. Fels Fund
- Diane Dalto, Pennsylvania Council of the Arts
- Happy Fernandez, Moore College of Art and Design
- Marian Godfrey, The Pew Charitable Trusts
- Nancy Goldenberg, Central City Business Improvement District, Philadelphia Cultural Fund
- David Haas, William Penn Foundation
- Gail Harrity, Philadelphia Museum of Art
- James Haskins, Theatre Alliance of Greater Philadelphia

- Julie Goodman Hawkins, Greater Philadelphia Cultural Alliance
- Philip Horn, Pennsylvania Council of the Arts
- Pete Hoskins, Zoological Society of Philadelphia
- Feather Houstoun, William Penn Foundation
- Debora Kodesh, Philadelphia Folklore Project
- Peter Lane, Mann Center for the Performing Arts
- Olive Mosier, William Penn Foundation
- Stephanie Naidoff, Philadelphia Department of Commerce
- June O'Neill, Philadelphia Cultural Fund
- Janice Price, Kimmel Center for the Performing Arts
- Michael Scolamiero, Pennsylvania Ballet Association
- Sandy Shea, *Philadelphia Daily News*
- Barb Silberman, Heritage Philadelphia Program, The Pew Charitable Trusts
- Amy Smith, Headlong Dance Theatre and Dance/Philadelphia
- Michal Smith, The Print Center
- Nick Stuccio, Philadelphia Live Arts Festival and Philly Fringe
- David Thornburgh, Pennsylvania Economy League

Phoenix

- Dick Bowers, Herberger Arts Center
- Shelley Cohn, Arizona Arts Council
- Mark Hoover, Arizona Symphony
- Colleen Jennings-Roggensack, Arizona State University Presenting Arts
- Molly Lakin-Hayes, Arizona Arts Council
- Matt Lehrman, Alliance for Audiences
- Myra Millinger, Maricopa Partnership for Arts and Culture
- Joel Rinsemma, Phoenix Bach Choir
- Nancy Welsh, Morrison Institute for Public Policy

Pittsburgh

- Michele de la Raza, Attack Theatre
- Jeanie Gleason, Pennsylvania Council on the Arts
- Philip Horn, Pennsylvania Council on the Arts
- Charlie Humphrey, Pittsburgh Filmmakers
- Kevin McMahon, Pittsburgh Cultural Trust
- Joanna Papada, Manchester Craftsman Guild
- Jeanie Pearlman, Pittsburgh Foundation

- Mark Southers, Pittsburgh Playwrights Theatre
- Tom Sokolowski, Warhol Museum
- Kerry Spindler, Heinz Endowments
- Mark Weinstein, Pittsburgh Opera

Others

- Steve Lavine, California Institute for the Arts
- Joe Smoke, Los Angeles Department of Cultural Affairs

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