



## **America Needs a New System for Supporting the Arts**

By BILL IVEY

I believe it is time to begin a conversation about a new model for building a vibrant arts landscape. Since I left federal service in the fall of 2001, I have had an opportunity rare for former chairmen of the National Endowment for the Arts -- the chance to create a research center engaging the very issues that fascinated me during my tenure with the endowment. So I still get up in the morning and think about the American arts system, how it works (or, at times, doesn't work) to serve the public interest, and ruminate on what kinds of interventions might make the system more effective for artists and citizens.

Toward the end of my tenure with the NEA, I began to feel that we needed a new approach to thinking about the ways we try to collectively influence the cultural landscape. Here's what got the gears turning:

During the Clinton administration, thousands of dedicated people inside and outside government devoted countless hours to advancing the budget of the NEA. Ultimately that effort succeeded, and our Challenge America Initiative brought in first \$7-million, for the 2001 fiscal year, and then \$10-million, for the 2002 fiscal year, in new appropriations for the agency. We cheered; high-fives all around. We'd notched America's cultural scene higher.

But during those same years, the term of copyright was extended by at least 20 years, the 1996 Telecommunications Act laid the groundwork for the consolidation of radio stations, and the Digital Millennium Copyright Act toughened criminal penalties on unauthorized duplication of recordings, films, and software code, and extended the penalties' reach into the homes of average citizens.

The disconnect between the priorities of the cultural sector and the reality of the arts

system made me slightly queasy. Had those of us who cared about the health of America's system for supporting the arts, by concentrating narrowly on cultural nonprofit groups and the agencies and nongovernmental organizations that help them, overlooked the policy interventions that were *really* shifting our cultural landscape?

After all, when the Federal Communications Commission got around to easing restrictions on the ownership of radio and television stations, the agency received more than two million negative comments in response. Now that's arts policy with impact. But, as far as I can tell, no one from our self-identified "cultural community" was at the table when deregulation was first proposed; since the regulations were enacted, we haven't been part of the public response. Are we guilty, in a sense, of "fiddling while Rome burns," engaging in cultural skirmishes over the NEA while ignoring the quiet onslaught of business practices and regulations reshaping our cultural system?

A slight disclaimer: I've always been a bit uncomfortable with our sector's be-all-and-end-all focus on the needs of the nonprofit arts. I directed the Country Music Foundation for 25 years, mostly working with professional songwriters, studio musicians, and recording artists. I'd twice been the chairman of the Recording Academy -- the Grammy Awards organization -- so before coming to the NEA I'd spent more time talking about arts issues with record-company and television executives than I had with the heads of nonprofit cultural organizations. And when I did get the opportunity to contrast the approaches of leaders across the for-profit/nonprofit spectrum, well, there just wasn't much difference.

Here's what I mean: Some 20 years ago, my friend Jim Ed Norman -- then head of the Nashville division of Warner Brothers Records -- explained to me why he signed a fine black gospel vocal group, Take 6. "I thought they were really good," he said. "I thought we could sell some product; and I thought it was important that the Southern division of our label have at least one African-American act."

Just a few years ago I was talking with Leonard Slatkin, music director of our National Symphony. As he explained the reasons for booking the percussionist Evelyn Glennie and developing the orchestra's Drums Along the Potomac Festival, his comments echoed Jim Ed's: "I thought it was artistically excellent. I was confident we'd sell tickets, and it seemed that embracing something a little different positioned the orchestra well with our audience."

If those two statements convey an underlying truth -- if every arts leader is basically engaged in the same juggling act, simultaneously pursuing artistry, financial success, and some sense of the public interest -- how have we come to have an approach to analysis and intervention that serves only the nonprofit part of America's complicated arts system?

The answer, of course, goes back to the late 1950s and early 1960s, when the Ford and Rockefeller Foundations crafted America's first effort at wholesale intervention in the arts. Arts specialists of the day -- mostly big-city philanthropists -- began with the assumption that the public interest would be served if the supply of refined arts

experiences across the nation was increased. (Rockefeller produced most position papers; Ford the precise model for action.) By first describing the challenge (insufficient access to the refined arts), and then by crafting a specific solution (matching grants to nonprofit cultural organizations), they laid out the boundaries that have enclosed our cultural-policy agenda over the past half-century.

The growth in influence of the nonprofit part of the arts system was possible because the basic model invented by Ford's vice president, W. McNeil Lowry -- matching grants -- was successfully handed off from Ford and Rockefeller to other parts of the system: first to other nongovernmental organizations, then to new federal agencies like the NEA, and onward to state and local arts councils. To this day, the "Ford model" remains the gold standard shaping intervention in America's arts system. For those who make grants, it's certainly no surprise that our partners over the past 40 years have been nonprofits, mostly in the refined arts.

And growth within the nonprofit part of America's arts system has been *extraordinary*. According to Americans for the Arts, in 1965 there were 7,700 nonprofit arts organizations; today there are well more than 40,000. In 1970 there were 60 symphony orchestras; today, more than 350. In fact I'd assert that, in terms of employment opportunities and the sheer number of corporations, the nonprofit sector grew more than any other part of the arts system -- more than film, radio, and television. Any assessment of our more than 40-year intervention in the arts would declare the model wildly successful.

The nonprofit sector has also grown in influence, and today it has come to think of itself as the only significant source of quality arts programming in the United States. Our dismissive term to characterize the for-profit arts is "commercial," suggesting an arena in which bottom-line concerns consistently trump artistry. In contrast the nonprofit arts are "mission-driven" -- purveyors of "excellence." The assumed differences between for-profit and nonprofit work are so ingrained that university programs designed to train arts managers teach toward one kind of organization or another, hardly ever both. Of course the distinction between the two sectors does not hold up to even superficial scrutiny -- many of our most highly regarded arts activities are almost exclusively organized for profit -- but the notion survives as an oft-invoked indicator that makes it all too easy to substitute prejudice for policy.

However, financial gains associated with early growth in the nonprofit world have flattened over the past decade. Today inflation-adjusted giving by state, local, and federal arts agencies is actually less than in 1992, and arts grants as a percentage of total foundation giving have also declined. Indeed, foundation giving to the arts actually decreased slightly last year. Finally, as Americans for the Arts recently reported, modest recent gains in overall giving to culture disguise the fact that the percentage of philanthropy devoted to the nonprofit arts -- our "market share" of all giving -- has declined by nearly one-third since the early 1990s.

So the sector has grown bigger without getting richer. Between 1982 and 1997, the

number of arts organizations expanded by 80 percent, double the percentage of growth in the for-profit arts industries; however, average revenue per nonprofit organization declined. Not surprisingly, percentage growth in the number of workers employed in nonprofit companies was also substantially greater than in other parts of the economy, but, as we now know, a growing nonprofit work force in a period of flat financing simply generates depressed levels of compensation.

The intervention model is more than 40 years old. Our primary partnering strategy has matured, but, for the past 10 years, our nonprofit refined arts have presented striking indicators of an overbuilt industry -- depressed wages; lack of capital; defensive, conservative business practices. To paraphrase the tune from *Oklahoma*, "We've gone about as far as we can go."

How have we responded? Well, for the most part, we've tried to generate new tactics for pumping up venerable nonprofit revenue streams, either by expanding existing resources or by placing the nonprofit arts on new agendas. Early on we hitched our wagon to the education star. By convincing parents that exposure to the arts would bump up math and reading test scores, we justified school arts programming and increased financing for cultural nonprofit organizations. Today we argue the economic impact of the arts to community leaders, trying to convince them that the presence of a vibrant symphony will move a city up a notch on Richard Florida's "bohemian index," a measure of what attracts knowledge workers to an area. Such engagements produced some wonderful, productive relationships between the arts and the community, but it's probably fair to say that for the past decade the search for "new partners" has been, for the most part, a thinly disguised search for new money.

"Leverage Lost: The Nonprofit Arts in the Post-Ford Era," an influential 1996 article by John Kreidler, then an official at the San Francisco Foundation, painted a gloomy picture of an intervention model that had grown to overtax the capacity of society to continually expand government and nongovernment streams of funds, but I view the situation more positively: The last 40 years of matching grants stands as one of the most transforming interventions ever, in any cultural system, in any nation. It's time to declare victory and move on.

It's time to consolidate the gains of the past four decades. It's time to stop thinking that the potential for societal support for the current nonprofit arts agenda is limitless, constrained only by our inability to craft the "right" argument or motivate the "right" financial partners. Instead we should think about strategies that will minimize the erosion of our gains. Then we must take on new challenges -- draw a bigger, more-inclusive map of America's arts system, redefine the "public interest" in relation to the arts, and identify new points of leverage and new intervention strategies.

Circumstances have changed; we have no choice but to engage the problems of too much success. The matching-grants-to-nonprofits approach has succeeded beyond anyone's reasonable dream; now we're bumping up against the outer limits of the model. But more important, more urgent, our concentration on the nonprofit refined arts has left "culture"

as the only component of American public policy that has not yet been gathered into a coherent whole. We've resisted being pulled into a broader set of cultural questions. As a result, neglected parts of the arts system are spiraling out of control. By advancing a public interest *only* in relation to the nonprofit arts, we have abandoned the larger arts system to the unfettered forces of the marketplace, and that abdication of engaged policy leadership is generating negative consequences for artists, art, and the public interest.

A few quick questions:

Is the expansion of the footprint of copyright and trademark good or bad? Should the Martha Graham Dance Company spend a year without dancing its founder's works because of an intellectual-property dispute?

Today the average radio station in a large market in the United States programs music from a playlist of 20 to 22 selections. (On average two tracks are substituted on the playlist each week.) Only five years ago, stations routinely rotated 40 cuts, adding three or four each week. To make matters worse, the consolidation of radio-station ownership permitted under the 1996 Telecommunications Act makes it possible for a single media giant -- like Texas-based Clear Channel -- to program (and even air) music from a central location, imposing identical, simultaneous playlists on hundreds of stations.

Despite the growth of new media, the majority of consumers still learn about new music by listening to the radio: The most important medium lets fewer and fewer recording artists through the gates. Consolidation makes it especially difficult for local artists, new performers, and mature artists to obtain radio exposure. Do regulatory changes that shrink choice really serve the public interest?

Within the past few months, the merger of Sony and BMG music companies and the acquisition of Metro-Goldwyn-Mayer by Sony have placed several million historical sound recordings and thousands of vintage films in the consolidated hands of non-U.S.-based multinational corporations. What value do we place on maintaining citizen access to art that is simultaneously cultural heritage and corporate asset? Should public policy nudge media companies that own heritage art material to guarantee preservation and citizen access?

I could continue presenting compelling anecdotal evidence that our larger arts system -- the one that encompasses both for-profit and nonprofit companies -- is in serious disarray. But let's look ahead: How can we sketch the outlines of new approaches to building and maintaining a vibrant arts landscape?

A starting point would be to affirm that the often-assumed for-profit/nonprofit distinction cannot be used to predetermine artistic quality. Our society boasts many fine nonprofit arts organizations, but much art making that we value flourishes almost entirely on the for-profit side of things -- art galleries, small literary presses and journals, classical-music recordings, architecture and design companies, HBO and its production of *Angels in America*. By the early 1990s, a National Opinion Research Center poll already found that

an overwhelming majority of respondents agreed with the statement, "Artistic excellence can be found in popular and folk culture just as much as in the fine arts." So we can't make policy by assuming *any* part of the arts system has a monopoly on quality; excellence is where you find it.

If worthy art is everywhere, let's back up and widen our field of vision to understand how the entire arts system interacts with individuals and communities. How does a painter, actress, or musician navigate the whole complex system? How do citizens gain access to it? How does an aspiring professional find work as a manager in our arts industries? Does the system serve the larger public interest, or does it tilt too far toward special interests, owners' rights, and protected revenue streams?

Whether nonprofit or commercial, a vibrant arts system requires a reasonable balance among artistry, the bottom line, and the public interest. I believe we can evaluate that balance and judge the health of our system by looking at two processes: nurturing and gatekeeping.

First, do arts leaders -- whether they be the heads of record labels, film studios, art galleries, nonprofit dance troupes, performing-arts centers, or local arts councils -- possess the resources and the creative flexibility required to invest in the work of artists and nurture new or established art of quality?

Second, are the gates sufficiently open, with paths of distribution sufficiently broad and clear, to allow a diverse variety of art and artists to readily connect with audiences?

If, under our current system for financing the arts, the nurturers are ineffective and the gates too narrow, then society should find ways to intervene; it's in the public interest. If parts of the system fail art, artists, and the public, we must identify points of leverage where money, legislation, regulation, or corporate policy can enhance nurturing and open gates.

In the nonprofit fine-arts sector, we long ago settled on our intervention of choice: the grant -- more specifically, the matching grant to a cultural nonprofit company. But our arts community has not been much interested in nurturing, gatekeeping, or locating the unique points of leverage that can be mapped in the commercial part of the American arts system. From time to time, we've used nonprofit go-betweens to provide grants to boutique publishing houses, independent filmmakers, and other commercial, for-profit arts activities that have somehow found favor with supporters of the fine arts. Generally, however, we've not directed our grants toward HBO, Warner Brothers Records, Disney, and the like.

Historically we've also been little interested in the policy issues of for-profit arts industries, like intellectual property, trade in arts products, media regulation, and mergers and acquisitions. But just because nonprofit arts groups haven't devoted much time to understanding nurturing and gatekeeping in the for-profit arts, and haven't moved far beyond matching grants in developing tools for leveraging change, doesn't mean that

others haven't. A multitude of actors is already defining pieces of our policy agenda. After all, it is the Federal Trade Commission that approved the merger of Sony and BMG; it is the FCC that deregulated radio ownership, unintentionally wounding our recording industry. It is the Office of the United States Trade Representative that promotes the sale of television shows and movies around the world; it is copyright that determines what kind of access citizens and artists have to creativity of the past. So in America's arts system, nonprofit interventions have settled into a pattern of private philanthropy and government grants, while the rest of the system is shaped by a hodgepodge of legislative and regulatory interventions, few of which even acknowledge the unique role of art and artists within society.

What we need to do is seek new ways to serve the public interest by leveraging change in the entire

arts system. Now I know that some arts leaders have already begun to open a new conversation about our national arts policy. In 1998 participants from the profit-making, nonprofit, and public sectors, at a meeting of the American Assembly, issued "Art and the Public Purpose" -- a report advancing a broad public interest in a healthy, open arts system. In recent years some state arts agencies have been formally aligned with departments of tourism or economic development. Foundations are exploring such topics as how to maintain activities essential to the field of jazz, what role the media plays as an arts "gatekeeper," how intellectual-property legislation affects America's cultural landscape, where art-school alumni find jobs, and how we can advance new arguments for the value of art to society.

That is all to the good; we're crafting bits and pieces of a new approach to arts intervention.

But I think we need to do more. Those of us invested in a vibrant cultural landscape need to define a new agenda before our enthusiasm and talent are dulled by repeated collisions with the outer limits of the nonprofit funding model. In other words, let's define our future, instead of letting the future define us.

First, let's conduct the basic research necessary to understand the way our arts system works, find models that advance art and the careers of artists, locate places where the gates are too narrow -- places where careers can't advance or where works of art can't break through to find a deserved audience. For example, do the bottom-line pressures of global media companies make it impossible for book publishers or music executives to adequately nurture new talent? Do the fees required for premium cable hookups or the small inventory of DVD's maintained by Wal-Mart or Target unreasonably limit what art has a chance to find a broad audience?

Second, let's work together to define the public interest in the arts. Fifty years ago, when Ford and Rockefeller began to transform our arts system, the interest of the public was simply assumed -- the public needed more access to the refined arts, and policies emerged to provide it. The notion of access -- seeing the availability of fine arts as a

public good in a democratic society -- was handed off to the NEA and reaffirmed in the 1990s, when the agency fought for its very existence.

That vision has served us well, but today it is not enough to assume the public purpose; instead we need to derive, demonstrate, and defend our sense of the public interest. We must devote the time required to explore the relationships among art, art making, and the well-being of citizens, communities, and the nation. We must define the relationship between access to community heritage and community identity, test the impact of arts practice on quality of life, and explore expressive life as an arena in which citizens can comfortably engage diversity and difference.

Finally, when we've mapped the arts system and defined a public interest for the 21st century, let's link nonprofit arts organizations, sources of funding, and public-interest groups with those policy partners in government and industry who can help shape the arts system to serve art, artists, and the public. Those partners may not be grant-givers -- at least not at first -- but individuals and organizations that lead in regulation, legislation, and in corporate practice.

At my own center, for example, our Washington office has launched the Arts Industries Policy Forum, with partial support from Ford. It is a bipartisan, policy-neutral seminar on the arts for senior staff members on Capitol Hill and in a broad range of federal agencies. Although it will take time, we are confident that our Forum will ultimately help shape a more coherent approach to cultural issues in a nation that does not have -- and probably will not create -- a cabinet-level Department of Cultural Affairs.

A policy forum for career government professionals is an obvious first step beyond the confines of our model of nonprofit intervention, but it is just the beginning. We need similar opportunities for leaders in the arts industries -- for-profit and nonprofit -- to come together to take on the issues of access to heritage, gatekeeping, and the nurturing of art and artists. We need to bring experts from many fields into the conversation, incorporating recent research on global trade in arts products, risk management, and quality of life and happiness.

Once foundations get beyond the old model, they will see a horizon of new possibilities. Some may choose to finance for-profit art galleries or literary presses that have a good track record of nurturing new artists or art forms. (Remember, for years the NEA has supported boutique presses and literary journals by making grants to nonprofit intermediaries.) Other foundations might subsidize a local music act or, less directly, support nonprofit film and music festivals that advance the work of commercial artists. Still others might direct their resources to nonprofit organizations dedicated to influencing public policy, corporate practice, and public opinion to secure the public interest within the cultural system.

If our shared purpose is to build a public good by shaping an equitable, open, and exciting arts system, we must first paint a picture of that ideal landscape, then create public policy and private practice that will make our dream reality. Nearly a half-century

ago, arts leaders crafted just such a vision of a cultural landscape enriched by a deeper connection among the fine arts, citizens, and communities, and they found a way to realize that dream. We must take up the challenge again and shape a new model for supporting the arts in the next half-century.

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