SUPPORTING THE NEED: A COMPARATIVE INVESTIGATION OF PUBLIC AND PRIVATE ARTS ENDOWMENTS SUPPORTING STATE ARTS AGENCIES

DISSERTATION

Presented in Partial Fulfillment of the Requirements for

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School of The Ohio State University

By

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*****

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ABSTRACT

In American Canvas, Delaware’s Arts Stabilization Fund (ArtCo) received national prominence as an innovative method to increase and leverage public and private dollars to support arts development at the state level. Arts endowment formation is not a new phenomenon, North Dakota and Montana both introduced endowments in the 1970s (Warshawski 1998, Barsdate 2000). Additionally, the parallel or companion foundation as endowment strategy also has a longstanding presence in public administration. The Indiana Endowment for the Arts, established in 1971, was among the first companion foundations at State Arts Agencies (SAAs) and became defunct in 1984. Additionally, the California Arts Council considered an endowment fund in the late 1960 but was advised against establishing it by consultants Adams & Goldbard (1978).

After the Culture War of the late 1980s to 1990s, SAAs sought to replace reduced federal appropriations as the National Endowment for the Arts’s (NEA) funds were no longer available at prior high levels. Unlike in Delaware, most SAA fund development initiatives were created without adequate planning and infrastructural development. Some SAAs pursued passing legislation for their cultural trust endowments and cultural trust funds as in Delaware with ArtCo and in Indiana with the Indiana Cultural Trust Fund (ICTF), while other states developed and expanded companion foundations, 501 c3 organizations, as in Ohio. In 1998, Warshawski reported that nearly a quarter of the
states had begun processes to establish arts trust funds and endowments. Within the past twenty years, federal cutbacks, national disaster, and international crisis resulted in more SAAs shifting their foci to their own stabilization and sustainability through public arts endowments (PAE) development.

This investigation is a collective case study of PAE that and reviews of arts management and fund development practices in Delaware, Ohio, and Indiana. Fund development policy and administration fall into three primary approaches that are: Collaborative Management in Delaware; Project Management in Ohio, and Policy Formation in Indiana. Multiple questions are addressed in this research to include: (1) How are PAE defined by SAA, (2) What organizational management and conceptual frames are being utilized in fund development by SAAs, and (3) Are policy and cultural heritage strategies are being used in program innovation and design to attract private donors? Additionally, several research areas are reviewed: (1) conceptual frames or organizational philosophy for trusts and endowment funds formation and implementation, (2) management views and approaches by policymakers and public arts administrators, (3) influences on program designs like Arts Education, Artists Services, Professional Development, Leadership Institutions, and workforce development, and (4) links between financial, social, intellectual, and human capital in endowment formation. Reassessment of technology and its related infrastructures are also essential components in the
development of social and financial capital. Yet, technological capacity in fund
development remains an issue for future investigation.

This research also introduces Social Pluralism as a conceptual frame to further
group and individual understanding about how cultural heritage and individualism are
synthesized through ethnic and socio-economic cultural lenses that are complete with
group assessment, construction of new practices, and strategies for participating in
domestic, international, and global context. Social Pluralism, as an strategic process and
application, is based on four tenets: (1) social cooperation, (2) social construction, (3)
entrepreneurism, and (4) cultural affirmation. The intent of Social Pluralism is to align
operating strategies with administrative practices related to public administration.

Most SAAs share functions of being preserver, conveyor, arbitrator and
researcher of culture in their states. As SAAs continue to address issues like social,
intellectual, and human capitals in pursuit financial capital to support statewide arts
development, more collaborative arrangements between public arts agencies and
nonprofit arts organizations will evolve. PAE share similar purposes and missions as
community foundations and United Arts Funds in community and arts development. In
the public sector, endowment formation and implementation fall into five categories: (I)
Name Only, (II) Cultural Trust Endowment, (III) Cultural Trust Fund, (IV) Companion
Foundation, and (IV) Multiple Agency Collaborations.
DEDICATION

To
Jacqueline A. Lee
Mother

And
In memory of
Ms Alversa Williams Lee
Grandmother

And
A community of family and friends
who allowed me to borrow their strength
in the completion of this study
ACKNOWLEDGMENTS

This document represents the completion of a long and arduous process that has also been filled with wonderment and joy. Let me begin with thanking Dr. Margaret Wyszomirski, dissertation advisor, and Drs. Vesta Daniel, Anand Desai, and Wayne Lawson, committee advisors, for staying the course. I also express gratitude to Dr Donald Krug for his initial participation as a committee advisor and to Dr. Patricia Stuhr for her encouragement throughout my enrollment. I am grateful for generous gifts of time and information supplied by the Indiana Arts Commission staff with special thanks to Mr. Rex Van Zant, Ms Bobby Garver, Ms Monica Peters, Ms Dorothy Ilgen, former Commissioner Joan David, and Regional Arts President. Jeff Khuel. My appreciation also extends to Dr. Lawson and Ms Kelly Barsdate, director of research at the National Association of State Arts Agencies for interviews and other data.

This process would not have been possible without the support of family and friends. Special thanks are extended to my mother and sister, Ms Jacqueline A. Lee and Ms Jada Lee Walls, who encouraged and supported me when hope was near lost. To Ms Tawanna Brown, Ms Thea Olvera, Mr. Derrick Ransom, Ms Beth Schoch, and Mr. Douglas Franson, I am grateful for your editing and revision advice. I also acknowledge Ms Jackie Rucker, Mr. Jim Nelson, Ms Jasmine Robinson, Mr. Jack Linson, and Mr. Vernon Irvin for uplifting and in-kind support throughout the writing and drafting phases. Much appreciation to the former Center for Arts and Culture that provide a seed fellowship for this research and to Mr. Jim Powell for a travel loan ten years ago that began this doctoral process.
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Arts Policy & Administration

Africana Studies & Diversity

Community Development & Philanthropic Studies

Creative Writing—Poetry & English
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<td>ACA</td>
<td>American Council for the Arts</td>
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<td>AE</td>
<td>Art Education</td>
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<td>AFA</td>
<td>American for the Arts</td>
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<tr>
<td>AIE</td>
<td>Arts in Education</td>
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<td>ARNOVA</td>
<td>Association of Researchers on Nonprofit Organizations and Voluntary Action</td>
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<td>ArtCo</td>
<td>Delaware Arts Stabilization Fund</td>
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<td>CNAEA</td>
<td>Consortium of National Arts Educator Association</td>
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<td>COF</td>
<td>Council on Foundations</td>
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<td>CFO/s</td>
<td>Companion Foundation/s</td>
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<td>CTE/s</td>
<td>Cultural Trust Endowments</td>
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<td>Cultural Trust Funds</td>
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<td>CMF/s</td>
<td>Community Foundations</td>
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<td>DASF</td>
<td>Delaware Arts Stabilization Fund</td>
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<td>ED</td>
<td>Executive Director</td>
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<td>H.B.</td>
<td>House Bill</td>
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<td>IAC</td>
<td>Indiana Arts Commission</td>
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<td>ICMA</td>
<td>International City Managers Association</td>
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<td>ICTF</td>
<td>Indiana Cultural Trust Fund</td>
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<td>NALAA</td>
<td>National Association of Local Arts Agencies</td>
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<td>NAS</td>
<td>National Arts Stabilization</td>
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<td>NASAA</td>
<td>National Assembly of State Arts Agencies</td>
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<td>NCSSL</td>
<td>National Conference of State Legislatures</td>
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<td>NEA</td>
<td>National Endowment for the Arts</td>
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<td>NPAO</td>
<td>Nonprofit Arts Organizations</td>
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<td>Nonprofit Organizations</td>
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<td>Ohio Arts Council</td>
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<td>Ohio Arts Foundation</td>
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<td>P.L</td>
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<td>State Arts Agency/Agencies</td>
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<td>State of Ohio Arts Research</td>
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<td>Salisbury Wicomico Arts Council</td>
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<td>Statewide Arts Service Organizations</td>
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<td>UAF</td>
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CHAPTER 1

INTRODUCTION AND METHODOLOGY

My interests in financial development in arts agencies were the result of educational experiences at Indiana University Bloomington where I earned a Master of Arts degree in Arts Administration and a Master of Fine Arts degree in English. As the Arts Administration Program was then housed in the same building with the M. B. A. (Master of Business Administration) program, arts administration students enrolled in multiple business courses such as marketing and strategic planning. In addition, the arts administration degree required courses in board and fund development to graduate. To that end, I had the good fortune of being instructed by John Ross, who was a development officer for the Indiana University Foundation in Bloomington, Indiana in the early 1990s. Ross’s class was a principle reason for my interest in fund development, particularly endowment fund development. In this course, students were instructed in preparing organizations to raise annual and endowment funds.

“Organizational readiness” is a term used specifically by fund developers to discern and differentiate managerial, marketing, technological, and personnel needs to successfully construct an infrastructure to support a fund development campaign. A host of issues linked to leadership, multiculturalism, and program and policy development are conjoined in capacity building. Determining an organization’s ability to raise funds, i.e. organizational readiness, focused on the development of leadership skills, management
capacity, planning skills, marketing techniques, and public relations are included in the assessment of an organization’s ability to attract financial donors to support its programs, services, and administration. In the public sphere or government, organization readiness parallels the development of social capital—both bonding and bridging capital— as each leads to cultivation of supporters and donors in a fund development effort for public arts endowments (PAE). Bonding capital refers to internal networking that leads to in-group collaborations and bridging capital refers to outreach to external groups with both similar and dissimilar shared interests (Putnam 2006).

Moreover, organizational readiness most often implies a need for a critical assessment of leadership and administrative practices at board/commission and senior management levels. The implementation of a fund development operation also mandates the review of tactical management practices associated with intermediate and front-line staff (Broce 1986; Renz and Atlas 1999; Wagner 1997). The current use of the terms “capacity building” and “organizational readiness” in nonprofit administration have become interchangeable. Once a fund development operation accumulates income, expectations hold that fund development investments, maintenance, and sustainability are associated with good stewardship practices as the corpus increases.

In the summer of 1993, I was named an Arts Corps Fellow in a joint program of the National Endowment for the Arts (NEA) and the National Assembly of Local Arts Agencies (now merged with the American Council for the Arts and renamed Americans for the Arts). As an Arts Corps Fellow, I worked with the executive directors of the Salisbury Wicomico Arts Council (SWAC) and the Chipman Foundation in Salisbury,
Maryland to develop and implement literary arts residencies at a local high school and a local community services center. SWAC, the local arts council, provides technical assistance to local, rural, and regional arts agencies. SWAC served as the principal partner with the Chipman Foundation in coordinating this project. In its inaugural years and in addressing a long-term need to create an endowment fund to sustain future annual and long-term operations, the Chipman Foundation struggled to support its annual funds and therefore could not focus solely on establishing a long-term endowment. To my knowledge, this organization, fifteen years after 1993, has not advanced its endowment efforts and may no longer be in existence. The challenge for this organization, as with other nonprofit organizations, is that the planning and implementation processes for the development of an arts endowment was hurried and not methodical.

In 1994, I graduated and relocated to Indianapolis, Indiana. My first non-volunteer job there was as a Development and Administrative Fellow at the Indiana Repertory Theatre. In that position, I worked in the development office and reported to the Director of Annual Gifts and to the Director for the Capital Campaign and the Endowment. My primary duties were to research private and corporate foundations for annual operating funds and later for endowment campaigns. I also prepared initial drafts for grant proposals, applications, and periodic reports. Many daily tasks included reading annual reports, developing a coding and filing system, and researching foundation and grant publications at the Marion County-Indianapolis Library which housed one of only even national foundation centers in 1994. These centers contained extensive philanthropic and development literature.
Among the foundations that provided capital and endowment support were the National Endowment for the Arts, the National Arts Stabilization Fund, the Kresge Foundation, the Andrew Mellon Foundations, and several regional foundations. Each foundation developed its own programs and criteria for funding annual, project, and long-term support for arts organizations. The trend, then and now, among foundations is to redefine their granting programs’ foci and missions to support a variety of specific interests (Renz & Atlas 1999). This trend has also lead to the development of guidelines focused on specific projects and collaborative arrangements among several organizations to benefit communities. This shift is the nonprofit sectors attempt to support arts organizations and projects that are aligned with community values as well as meet foundation and corporate visions for their gifts (Broce 1986; Indiana Donors Alliance 1993; Renz & Atlas 1999). Where libraries were once the primary stewards of fund development information, today’s Internet has become the primary tool in acquiring timely information and research on philanthropy via foundation and government granting programs.

My second position in Indianapolis was as a Volunteer Manager, later expanded to Community Relations and Volunteer Programs Manager. My position was housed in the Development and Communications Department at the local Public Broadcasting and National Public Radio affiliate, WFYI TelePlex. In addition to recruiting volunteers to staff telephones for membership (fundraising) drives, I managed volunteers and interns for departmental support within the TelePlex. I held this position for three and a half years. While there, I also participated as a member of the Policy and Procedures
Committee, the Strategic Planning Committee, and the Community Relations Committee. In my experiences at WFYI TelePlex, I attended national development conferences for PBS and participated in many staff discussions for generating annual revenue through membership drives. During my employment, WFYI TelePlex, like the Indiana Repertory Theatre, had begun a capital campaign and endowment to support its long-term operations.

My third position in Indianapolis was a Community Development Specialist at the Indiana Arts Commission (IAC), a public sector agency. In 1994-96 before my employment, the IAC had undergone a strategic planning process and had developed multiple initiatives. My position was one of the new job functions generated by the planning process. This position advised executive directors and development officers at local and regional arts organizations in the preparation of grants for the IAC and for other funding organizations. Under this new managerial infrastructure, the IAC provided block grants to twelve regional partners for local arts grants distribution within their designated regions of the state. A portion of my responsibility was to provide technical assistance in preparing four regional partner organizations with cultural assessment within their regions, building capacity for their boards and organizations, and managerial infrastructures for becoming a re-granting agency. The function of this new position was to assist those partners in planning for staff expansion, financial stabilization if necessary, and in building capacity so that these organizations would be able to assist smaller organizations within their regions with arts services similar to those of the state agency.
The IAC plan followed a national study that endorsed decentralization of core services and funding to local and regional arts providers (NASAA 1995).

Concurrent to staff development and changes, the IAC was in the process of planning for a cultural trust fund that Indiana lawmakers passed in its first introduction to the State Assembly. Indiana continues to boast that it is the only public state agency to receive approval for its cultural endowment fund on its first legislative attempt in 1996. While a monumental feat, the fund did not achieve a million dollar corpus until 2006. As Indiana is a state that enjoys a Rainy Day fund for emergency use during unexpected shifts in the economy, state lawmakers remain familiar with associated concepts of set-aside funds in the form of cash reserves or temporary trusts. In part and indirectly due to the efforts of the Lilly Endowment and Indiana Donor Alliance (1993) that established a GIFT (Giving Indiana Funds for Tomorrow) Initiative Program that expanded and created local community foundations throughout Indiana, local and regional politicians and lawmakers had been sensitized to growing interests in trust and endowment fund development in the state. Even as national support for the arts waned, Indiana lawmakers, via efforts and promotion of the GIFT program, were continuously being educated and sensitized to the growing need and benefits of endowment funds towards stabilization of arts and culture organizations via community foundations in Indiana.

This introduction is therefore necessary for the reader to understand that I come to this research with previous knowledge about how fund development campaigns are initiated and structured as a sub-category under organizational theory, behavior, and development. In many academic efforts to conduct research, the researcher attempts to
present data that is neutral of assumptions. In this case, I possess previous knowledge and assumptions about fund development processes that will influence and direct some discussions in this investigation. For instance, my previous work experience in nonprofit organizations and in government agencies provides me with insight about differences between endowment implementation strategies per sector. Few government agencies attempt to raise income from donors through marketing and media spectaculars whereas many nonprofit arts organizations (NPAO) host very visible special events for broad public appeal. The level to which philosophical strategies link social capital development to financial capital development is crucial and will have both positive and negative outcomes on a fund development campaign. In other words, if a government arts agency (GAA) has a negative reputation linked to programs and services, information delivery, technical assistance, and frequent personnel changes, then that GAA will have a more difficult time securing philanthropic gifts of time, money, and expertise. When initiating fund development operations, few public administrators link social capital to financial capital in efforts to raise income; and even fewer public administrators dedicate time or staff resources necessary for the planning and implementation of such endowment funds. This research begins exploration of how three states invested time, money, and personnel in the developing the PAE and the types of endowment processes that followed.

The Research Area and Questions

This research does not enter a political debate about whether or not the Arts are needed as a public good, rather this research assumes that funding, maintaining and
supporting the Arts and SAA programs and services are beneficial public goods. In agreement with Schuster (1994) that an increasing amount of literature continues to emerge on the topic of public need, this research explores the phenomenon of how three SAAs formed cultural trust endowments (CTE), cultural trust funds (CTF), and companion foundations (CFO) to support the Arts in their states and focuses on fund development and implementation strategies employed by those agencies when establishing new administration procedures. The fact that some states choose to support their arts programs and services with supplemental income addresses á priori the question of need for the arts in those states. This research will also link philanthropic studies with arts policy research and practices, based on commonly accepted fundraising and administrative strategies for developing, maintaining, and/or increasing financial support, with fund development practices at public arts agencies.

This investigation focused on “how” not “why” SAAs’ have implemented endowment strategies. This comparative investigation is an administrative study of practices and procedures used to develop financial capital, social capital, intellectual capital, and human capital at state arts agencies with endowments (SAAE). Indicators such as leadership, administrative practices, and political strategies are among factors identified by other NPAO that affect an agency’s ability to raise and sustain funds. This dissertation research will also decipher and identify a typography and classification scheme for public arts endowment. Identification and classification will assist SAAs with planning and infrastructural development when naming and operating endowment funds.
Although the original research foci were CTEs and CTFs at SAAEs, it quickly became apparent that CFOs were also utilized as alternative funding sources at some SAAs. Therefore, this latter format was also included in this review to determine what features are shared amongst the three types and what features are distinguishable. This is a collective case study intended to review PAE located at three state arts agencies and identify implementation and formation strategies at those agencies. Originally, I also want to explore and examine the use of technology in educational and fund development processes at SAAE. However, I learned quickly that SAAs, in general, were not technology savvy. More has occurred in state government to enhance technology at SAAs, but the fact remains that many SAAs have neither capacity nor income to upgrade and interconnect fund development software with state department software, especially in states of considerable size and populations. These are topics that need future research.

Two overarching questions exist: (1) What exists in common throughout fund development practices at SAAE? and (2) What organizational management and philosophical strategies were and are being utilized by these agencies to develop social capital through existing and/or new agency programs and services? Three frames are established for this research which are: (1) to determine if typology can be constructed for future discussions via the study of PAE funds in Delaware, Ohio, and Indiana; (2) to examine organizational behavior and political strategies in public fund development; and (3) to review public administration as leadership and management reinvention practices for SAAs directly involved in fund development.
The relationships between financial capital, social capital, intellectual capital, and human capital continuously overlap and have similar characteristics. In practice, the development of social capital cannot be achieved without group education, marketing preparation, and collaboration formation, i.e. intellectual and human capital. Developing intellectual capital often means the development of new educational and professional development programs and services for board, staff, and volunteers, as well as introduction of new philosophical strategies and ideologies to support fund development activities. Intellectual capital includes educating the field about the work of the SAA and professional development and training for staff. Two of the states in this investigation clearly understood that social capital development included education for its member organizations, volunteers and personnel alike, as the third state highlighted in this study continues to struggle.

**Theoretical Frame**

Once, endowment funds were utilized as the primary mean to stabilize and sustain arts organization in local communities. The emergence of endowments to support stabilization and sustainability processes have been a part of the nonprofit community for decades, as have trust funds for highway construction and social security been a part of government for decades. Originating concepts for establishing arts endowments to preserve creativity and artistic activities as public goods are also connected to the original missions of community foundations (CFO) and united arts funds (UAF). Additionally, these originating concepts extend further to national goals and community development
strategies developed by philanthropic foundations like the Ford Foundation, the Kresge Foundation, the Mellon Foundation, and the Wallace Fund through their active and continuous interests in quality of life issues in American communities. These and other foundations have historically, and continue to, invest heavily in arts stabilization and sustainability programs.

Many early arts endowment initiatives were funded by the Ford Foundation as early as the 1960s. Throughout 1970s to the 1980s, the Ford Foundation with the matching grants of the National Endowment for the Arts (NEA) provided most income for new endowment funds. What each national organization came to learn was that nonprofit organizations first had to stabilize their annual income for operations before they could focus wholly on long-term stabilization as sustainability. They also learned that even when a NPAO held endowment funds in trust, that same organization might have neither expertise or programs and services to attract financial benefactors.

Implementation of PAE uses a variety of fund development and capacity building approaches to be identified and analyze. No two SAAs are administratively alike in the United States and its territories; therefore, no exact comparison of programs and services, commission/board functions, or endowment policies can be made. In many ways, the uniqueness of each SAAE’s implementation process lends itself to continuous study of their funding infrastructures. However, administrative practice changes over time as do political power and agency leadership. This investigation will provide additional information for public arts administrators in the construction of public-private partnerships and collaborations that led to stronger arts environments.
Figure 1: Four Types of Capital Development in Public Arts Endowment Formation and Implementation
Fund Development and Philanthropic Studies Literature, Arts Policy and Public Policy and Management, Capacity Building Literature, and Political Theory and Thought Literature illustrate the connection and philosophies associated with programs and services that these funds support. Business, development, and foundation literature also illustrate the philosophical and theoretical trends and directions in systemic change and training of new leaders to meet new challenges as political and fundraising environments continue to change. However, no reader should leave thinking that a “cookie cutter” approach exists for PAE at state, federal, or local levels. Again, SAAE and their implementation strategies are as diverse as the programs and services offered to its stakeholders.

The classic implementation study of Martha Derthick (1967) served as a critique for President Johnson’s housing program for the urban poor and as an illustration of diversity in administration and project design to show how each can positively or negatively influence the success and/or failure of a new initiative. In brief, President Johnson wanted to use surplus government lands in American cities to create urban housing communities that were racially mixed and intended for citizens of low to middle-class ranking. Derthick’s investigation, New Town In-Towns, focused on four of the seven cities where the housing programs were implemented after much controversy. Derthick (1967:xiv) writes: “Even in these seven, the programs failed. Three projects—in San Antonio, New Bedford, and San Francisco—died outright. The other four—Washington, Atlanta, Louisville, and Clinton Township, Michigan—encounter serious difficulty and delay.” In Washington, the program met citizen opposition. Other
opposition came from the Departments of Defense and Department of Justice that owned the land in designated states and had reserved some properties for future designation. The Department of Housing and Urban Development, also known as HUD, developed hasty plans at the request of Johnson’s administration that had essentially dictated the ideal housing model for each city without consideration for local citizenry and government. Johnson’s administration soon learned that that approach produced similar problems in each city where implementation was attempted.

The project also failed "because HUD and Johnson assumed that different social classes and races could be integrated [in the late 1960s] through shared attachments to place and the symbols, lifestyle, and activities associated with it” (Derthick. 92). The program also failed because HUD and Johnson’s administration did not understand the management of sub-systems that are autonomous with decentralized and centralized practices. In short, as with some SAAEs, leadership moved too quickly into implementation without enough planning and collaboration building among the various stakeholders to include policymakers and philanthropic donors.

Derthick’s study cited as an example for collective case study methodology through which seven cities were examined for common characteristics related to implementation with only four cities of the seven having advanced implementation processes for data collection. Similarly, the SAAEs chosen in this study have been identified as successful in collaboration building in Delaware, in project funding in Ohio, and in lobbying in Indiana. These areas represent common characteristics associated with the development of management approaches for PAE. The unique challenges of these
three approaches in formation and implementation will also provide other states with
information on how address those areas initially in the planning stage. Derthick’s study
establishes a model for data analysis that shows differences in implementation processes
while simultaneously highlighting successful and ineffective activities in those processes.
Though no exact replications in issues appear in Derthick’s investigation, similar
mutations occurred in city after city to affect implementation in those communities.

The legacy of her study is its demonstration that multiple political coalition
activities must simultaneously occur on local, state, and federal levels before programs
can be successfully implemented. Clearly indicated as well is that large-scale projects can
not be initiated in haste and speed. In addition, evaluation and assessment practices must
be built into each program component through and beyond completion. Moreover, local
leaders and special interest groups must be consulted or at least informed of development
plans if they are need to support a new endeavor, not just at final stages before “the
reveal” or announcement of the new project. Finally, Derthick’s report demonstrates that
projects of magnitude intended to address systemic change should have financial
resources available as matching incentives at the beginning of the project.

SAA are exploring PAE as a mean to stabilize arts development in their states, yet
they have not recognized that stabilization and sustainability are separated but connected
processes. In public fund development, these processes are required to get the “buy-in” of
policymakers, artists, NPAO and other organizations. Strategic Grantsmaker Services
(1994, SGS) reports: “Today’s stabilization programs are sensitive to the difficult macro-
environment that arts organizations have faced since the mid-1980s” and continues with
“Success is determined by whether an organization is stronger at the end of a stabilization process, and not necessarily by whether it has increased programs and financial resources.”

Methodology

When identifying what is common or different in all of these endowment formats, I use the term PAE; and when discussing individual distinction, I refer to each of the endowment formats as a CTE, CTF or CFO. In order to determine generalizability in development of administrative practices and codification to support fundraising and organizational strategies at other SAAs, collective case study combined with content analysis methodology appears to be the best options. Writing on benefits of case study analysis, Stake (1994: 245) reasons:

Case studies are of value in refining theory and suggesting complexities for further investigation, as well as helping to establish the limits of generalizability. . . .The purpose of case study is not to represent the world, but to represent the case. Criteria for conducting the kind of research that leads to valid generalization need modification to fit the search for effective particularization. The utility of case research to practitioners and policy makers is in its extension of experience.

Content analysis and collective case study as a methodology share similar features in their treatment of text to establish patterns and themes. The major difference is that case study methodology and method have not traditionally been used to draw conclusions or to establish generalizations (Stake 1994).
In this investigation, both collective case study and content analysis methodologies are used to extract information and to establish transferable and generalizeable information about public arts endowments as a phenomenon. Stake (1994: 238) explains:

Many social scientists have written about case study as if intrinsic study of a particular case is not as important as studies to obtain generalizations pertaining to a population of cases. They have emphasized case study as typification of other cases, as exploration leading up to generalization-producing studies, or as an occasional early step in theory building. Thus, by these respected authorities, case study method has been little honored as intrinsic study of a valued particular, as it is generally in biography, institutional, self-study, program evaluation, therapeutic practice, and many other lines of work.

Information produced from this investigation will be reported in individual studies that comprise a collective case study and conclusions about similarities and differences will be drawn and presented. The intent is to build theory and delineate administrative practices of SAAE when planning and implementing PAE as extensions of public policy.

Reinharz (1992: 148) offers various ways in which other disciplines have utilized content analysis and explains that different disciplines call the research form by different names while the primary function of text analysis remains the same. She writes that “Sociologists tend to use the term ‘content analysis,’ historians the term ‘archival research, and ‘philosophers and students of literature the term ‘text analysis’ or ‘literary criticism.’ Different disciplines also apply different interpretive frameworks to the analysis of cultural artifacts. Discourse analysis, rhetoric analysis, and deconstruction are additional terms that refer to the examination of texts.” Reinharz and Stake seem to agree
that the researcher has the ability to decide how best to communicate the story that he or she wishes to tell. Stake (1994:238) explains that it is the right of the researcher to determine which aspects of the case story that he or she wants to tell when writing: “The case study researcher faces a strategic choice in deciding how much and how long the complexities of the case should be studied. Not everything about the case can be understood--how much needs to be? Each researcher will make up his or her own mind.”

Collective case study and content analysis will help to determine if patterns in leadership, philosophy, legislative design, management and other categories can be established. According to Stake, researchers use case studies to seek out what may be common in the phenomenon, but in doing so usually finds something unique about each as well. Stake (1994: 238) further contends that “Uniqueness is likely to be pervasive, extending to: 1) the nature of the case; 2) its historical background; 3) the physical setting; 4) other contexts, including economic, political, legal, and aesthetic; 5) other cases through which this case is recognized; and 6) those informants through whom the case can be known.” In summation, Stake (1994:237) defines the tenets of collective case study as:

With even less interest in one particular case, researchers may study a number of cases jointly in order to inquire into the phenomenon, population, or general condition. We might call this collective case study. It is not the study of a collective, but instrumental study extended to several cases. Individual cases in the collective may or may not be known in advance to manifest the common characteristics. They may be similar or dissimilar, redundancy and variety each having voice. They are chosen because it is believed that understanding them will lead to better
understanding, perhaps better theorizing, about a still larger collection of cases.

Drafts of the legislation, website content, strategic plans, SAA commission meeting notes, 990 tax forms, articles of incorporation, and other documents were reviewed for patterns and themes in historical, theoretical, and/or philosophical strategies related to infrastructural development of PAE. Administrative leadership, managerial trends, and SAA social and political climates during implementation of initial infrastructures were also reviewed. Content analysis is closely related to this research.

Describing the general use of content analysis, Reinharz (1992: 146) contends:

People who use content analyses study a set of objects (i.e., cultural artifacts) or events systematically by counting them or interpreting the themes contained in them. Sociologists, historians, literary analysts, anthropologists, and archaeologists --whether feminist or not--are interested in cultural artifacts as something produced by people. These products stem from every aspect of human life including relatively private worlds, ‘high’ culture, popular culture, and organizational life. The only limit to what can be considered a cultural artifact -- and thus used as ‘text’ for research -- is the researcher’s imagination.

Both collective case study and content analysis attempt to identify patterns and issues for building theory. In regular case study methodology, however, the researcher only identifies patterns and themes, but leaves the comparison of case-to-case patterns and themes to the reader’s interpretation (Stake 1994). According to Stake (239), “Starting with a topical concern, researchers foreshadowed problems, concentrate on issue-related observations, and interpreted patterns of data that reform the issues as assertions . . . . Which issues bring out our initial concerns, the dominant theme?” Greater flexibility to
interpret and establish comparison is achieved when combining collective case study methodology with content analysis methodology for this investigation. Important to note, Stake (1994: 245) also contends that “issues used to organize the study may or may not be the ones used to report the case to others.”

In reporting this information as an exploratory and comparative analysis, the narratives on each of the chosen three states will reveal multifaceted and complementary components that were organized and coordinated in each initiative. Methods used to collect information were content analysis, interview, and informal focus groups. A representative sample of promotional material, organization charts, annual reports, website documents, strategic plans, 990 forms, articles of incorporation, and other documents including original and revised legislation were also reviewed in this investigation. These materials were reviewed for thematic patterns and categories associated with fund development and management practices.

**Multiculturalism, Social Capital, and Social Pluralism**

Multiculturalism and diversity are linked to capacity building and management as well as to the development of intellectual and social capital. Fund developers have expressed concerns about their inability to raise funds from ethnic and racial groups and individuals. A variety of strategies inform public agencies about the potential to secure funds from specific ethnic and racial donors. Reviews and assessments of SAA arts programs and services for ethnic and racial groups show that such programs and services are limited and continue to diminish in capacity. One fund development concept states
that people give to issues that have significance and relevance to their own life, heritages, and backgrounds. Therefore, the belief that ethnic, especially racial, groups do not have economic capacity to give is false. The fact is that SAAs and NPAO have not historically developed arts programs and services to attract donors from ethnic and racial groups and have not done enough to develop ethnic and racial leaders as volunteers and staff in the Arts who can assist in fund development.

Pankrantz (1993) uses anecdotal information provided by Gerald Yoshitomi to explain racial and ethnic communities maintenance and preservation of their own arts and cultural activities by “attempting to counteract the actions of the government or other public systems.” In agreement with Yoshitomi’s assertion that ethnic cultures support arts and cultural activities through churches, educational, social centers, and fraternal organizations, Pankratz (1993:75) writes

Of course, many organizations have evolved from ethnic communities that fit the predominant model of an arts institution as a nonprofit organization, with the requisite board of directors, paid staff, and market orientation. As such they would seem to have the same access to funds as any other arts organization, at least in terms of formal eligibility requirements. But if the portrayal by Yoshitomi is accurate, then many ethnic arts programs are found in nonprofit, non-arts organizations.

Many ethnic and racial arts organizations are housed in cultural organizations and have less access to funding for operating and projects (Pankratz 1993, Rosenstein 2006). Additionally, programs housed at ethnic institutions “have virtually no access at all to major institution support, technical assistance support, or salary assistance” (Pankratz 1993:75).
Citing additional problems with access, Pankratz asserts that multicultural organizations compete in larger applicant pools for short-term and arts projects support because they do not qualify for state and federal operating support as formal and legal “arts” organizations. According to Pankratz (1993:75):

…[M]any multicultural arts programs, given the nature of the organization in which they take place, do not have equal access to funding. This is not an evaluative conclusion; it only points out that the claim of proponents of the open—access-to funding model that all can and will benefit from this policy mechanism must be qualified. Nor does it prejudge SAAs’ for apparent stress on rewarding programs under the umbrella of a nonprofit arts organization.

The open-access-to-funding policy mechanism is a competitive funding system that purports to be fair and open. It is designed to reward the best organized and professional applicants submitting requests for project and operation grants. Often larger and premiere arts organizations receive the greater percentage of grants funds because they are perceived as been more astute and professional based on their application preparations. This system, though intended to benefit all individuals and groups through fair and open competition, is frequently unfair to multi-ethnic communities because the Arts are not the primary mission of many cultural organizations with arts programming (Rosenstein 2006). SAAs have developed multi-ethnic goals, evaluative criteria, and peer selection processes often without the input, advice and counsel of ethnic group representatives. Moreover, a commitment to multiculturalism has not extended to the employment, contracting, or development of leaders, staff, and volunteers of color and ethnicity to
support statewide Arts activities. With these conclusions, why would SAA expect gifts and other income from patrons of color and ethnicity?

Communities of color and ethnicity remain disadvantaged because social networks with peer cultural institutions have not been fostered in development in statewide arts culture. Multicultural organizations, for a number of reasons, are at a competitive disadvantage in open-to-access-funding policies. To enhance the competitive capacity of multicultural organizations, a number of SAAs undertaken special initiatives to supplement those policies (Pankratz 1993; Lowell 2004; Lowell & Ondaatje 2006). Yet, most SAAs still have not significantly invested in organizational change at the level of senior staff, commissions, board committees, or peer panels. As an extension of social capital development, the development of multi-ethnic work and volunteer forces in the Arts, i.e. human capital, lags decades behind and will continue to influence beliefs about the ability of multi-ethnic cultural groups to make large gifts to philanthropic endeavors.

Both arts development and fund development depends on the ability of the cultural sector to include diverse geographic, racial, ethnic, and gendered populations in fundraising. Investment in innovation in the Arts related to administrative infrastructures, fund development, and multiculturalism is necessary to pursue new audiences and patrons to support the arts. Quoting Schuster, Amsterdam et al. (1999) writes:

About thinking “outside the box,” Schuster replied that he has had numerous conversations with arts agency directors who are frustrated by how hard it is to innovate. Arts organizations resist change. . . . And some staff members should come from outside the nonprofit sector. When arts
agency staff in Massachusetts learned about problems with their corporate matching program (described in Schuster’s presentation), they said, “We’re not program design people.” It would help more if more knew how to implement effective design and evaluation.

Investment in organizational change and in leadership must be encased in policies designed to increase and diversify funding at SAAs. Only after these agencies conduct comprehensive and inclusive assessment of programs and services will they be able to accurately plan for giving by multi-ethnic and other social groups.

Throughout 1980s to the 1990s, SAAs attempted to diversify their arts programs and services to include ethnic and rural populations (Pankratz 1993), however these same agencies did not develop the capacity of their staffs to achieve diversity goals. Pankratz (1993) discussion of diversity at SAA and Walzer’s Spheres of Justice concept illustrate administrative factors associated with membership, pluralism, and social capital. Political thought and ideology based on Dahl’s Majority Tyranny versus Minority Tyranny, Rawls’ Original Position Theory, and Walzer’s Spheres of Justice concept lay foundations for discussions of pluralism, diversity, and management. Social Pluralism lays a premise for managing diversity within both administrative and cultural contexts. Along with social capital development, intellectual and human capital must simultaneously be developed during times of change. Future Arts infrastructure and workforces must address diversity in funding alternatives, administrative skills, racial and ethnic participation or ethnicity, and leadership as factors that affect social and financial capital to advance American arts and culture.
Culture Wars and Social Capital

The political conflict surrounding arts and cultural organizations in the late 20th Century was known as the Culture wars and it contributed to the development of both positive and negative social capital. Culture Wars, sought to define and re-define how arts and artists functioned in American society and complemented other aspects of culture in this same society. Though not frequently acknowledged, social capital can take negative forms as well, especially when related to policies associated with racial and ethnic groups. Public debate, on the other hand, via the Culture Wars, informed staff at cultural and arts organization about the disconnection of their programs and services to issues and concerns of localized communities. Oddi (2003:35) contends

In conventional 20th Western art, the artistic institutions define the audience and the goal is to transform the audience into art patrons. In process-oriented, activist or new-genre art, the audience is defined by the issues and by the community the artist works within; the artist’s goal is based upon dialogue, developing relationships and vehicles of exchanges, and mutual respect (Jacobs 1995). It is this focus on local issues, relationships and respect that link this type of art, referred to as process-oriented, activist or new-genre, to the production of social capital. In much the same way, administrative processes connected to fund development and multiculturalism connect people and organizations and helps to develop social capital.

The Culture Wars, when exhibited in local communities, was not only about national cultural identity or high art versus low art, it also included conflicts about practices of cultural institutions that appeared to exclude alternative and ethnic arts groups. Oddi (2003:7) discusses social capital and identifies the term’s origin in the 1987
by Loury and contends that paradoxes exist in Putnam’s application of social capital through over use of generalization. Her claim is that, although trust is built through relationships, it is not always transferable to new entities. Oddi correctly asserts that the demonstration of goodwill towards one group does not always result in fair exchanges to a second or third group. In developing social capital among arts and cultural organizations, it becomes the role of the SAA to establish processes that permit open dialogue and critique of peer organizations and of the public agency itself. It is only after social capital has been constructed, that volunteers will aid in the enhancement of state appropriations through political action and lobbying and in the solicitation of alternative income for an endowments.

Definitions of social capital vary among scholars. It is primarily understood as the creation and utility of social networks between individuals, institutions, organizations, and communities in relationships and partnerships that formally and informally benefit member participants. Oddi (2003) synthesizes social capital and highlights discussions of localized and generalized capital. She advances Couto’s view of social capital as glue that helps to shape and mold societies, communities, and governments. In summary, Oddi (2003: 20 – 21) writes

. . . social capital exists at three levels; localized, generalized, and across the political and social environment When all five key elements of civil society – government, business, individuals, communities, and the non-profit sector – come together to pursue common goals, it is possible to achieve one or more of Couto’s four objectives that can be restated as 1) societal equity, 2) social harmony, 3) civic participation and 4) social cohesion.

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SAAs are faced with developing social capital through and with the five elements of civil society. Thus, the design of alternative funding systems to supplement state and federal appropriations must include dialogue and critique from each of the five civil elements. Social capital, therefore, correlates directly with other forms of capital such as economic, human, intellectual, and political in the design and creation of programs and services. The difference between positive and negative social capital can mean the difference between securing a financial goal and failing to solicit funds.

Putnam also deconstructs “social capital” by assigning other components like “bonding capital” and “bridging capital.” At the Mendoza College of Business on the campus of the University of Notre Dame, Putnam (2006) discussed additional the above forms of social capital. Bonding capital represents relationships that are built with others who are similar to oneself and bridging capital represents relationships that are built with groups unlike oneself. In response to questions about improved racial and ethnic relationships in America, Putnam introduced bonding and bridging capital and clearly asserted that only marginal advances have been made in racial and ethnic efforts to build social capital. He contends that more advancement in bridging capital needs to happen in the directions of intergenerational equity and gender equity. In his UND talk, Putnam provided examples of social capital and how it is created through organizations like bowling leagues, PTAs, biker clubs, mom and pop organizations in his study. However, not a mention of the Arts as nonprofit organizations that help shape and create social capital was made. For these reasons, case studies such as Oddi’s remain significant and
needed to accentuate the involvement, or lack thereof, of art organizations in shaping individuals’ viewpoints about social capital and about the Arts.

Putnam (2006) also acknowledges that social capital has both a positive result and negative result. Even when negative, social capital acts as glue that binds various players, actors, and benefactors. The development of either positive or negative social capital becomes a vehicle to create experiences that lead to more trusting relationships between individuals and the organizations through which they participate in a democracy. Oddi (2003: 35) contends that national cultural institutions like the NEA served dual purposes to catalogue and chronicle American arts and to also serve as symbol of how American culture was different from Russian culture. She continues to explain that once the cold war ended with Russia, new directions and challenges faced the NEA as its programming shifted to local communities. In part, this shift occurred because Americans were also changing perceptions about Art and artists from high culture to low culture and from elitist ideology protecting European aesthetics to more inclusive popular ideologies that include folk and ethnic art and artists (Lowell 2004). In other words, localized interests in creativity and art began to shift from preservation and conservation of cultural artifacts through flagship organizations like symphonies, museums, orchestras, galleries, etc., to community focused festivals, public arts development, and local art production with relevance at the community level.

Oddi’s review of social capital literature in application to the arts reveals both the positive and negative sides associated with the Culture Wars. On the one hand, public debates, in the 1980s, were sharply critical of cultural and arts organizations and many
individual donors and arts supporters began to request more financial and public accountability of public agencies and NPAO. Rebuilding trust through prudent managerial practices from individual to individual, from organization to organization, from organization to individual, and from organization to a general public is a new challenge of SAA involved in fund development. Negative social capital can also be produced by special interest groups including racial and ethnic groups that require building and rebuilding relationships, networks, and social organizations to support arts development, and eventually fund development. When social trust and public value appears negative, SAAs must turn to administrative processes to uncover, address, and repair failed partnership and collaborations before fund development campaigns are launched. In some instances, actual partnership and collaborations may only be perceived to exist between interest groups and the SAA. Those relationships must be correctly identified, monitored, and addressed as actual and potential partnerships in fund development research and planning. Moreover, the perception of goodwill towards all is a reflection of positive social capital to which arts patrons and donors respond with financial and other capital. Especially for public agencies, negative social capital can harm the best planned fund development campaign because the glue—goodwill—will not be strong enough to sell the campaign to potential donors if mass media focuses on a specific interests group with objections to alternative fund development strategies.
Conflicts in Culture, the American Dream, and Access

The formation and design of public policy to include diversity, multiculturalism, and pluralism has been debated before and since America’s beginning. The challenge for SAAs continue to be which culture to support when funding is limited and the major financial streams are developed through state and federal appropriations. Many SAAs have not addressed with their staffs, boards, and volunteers these issues even when accepting federal and state mandates to alter and change program guidelines for inclusion of more ethnic, racial, and folk categories. More rently, as SAA staffs are streamlined for efficiency and in response to budget decreases, fewer public arts administrators have acquired either the expertise or institutional history needed to manage, preserve, and advance heritage arts that are indigenous to their own states or to the nation. Three political theories influence the discussion on inclusion and diversity which are “majority tyranny over minority tyranny” developed by Dahl (1959), “justice as fairness” developed Rawls, and “distributive justice” developed by Walzer. In brief, Dahl postulate that any majority is comprised of multiple minority factions that join together to control power and other resources of the majority. Rawls asserts that negotiation must begin to form an “original position” that makes everyone the same and equally stripped of titles, wealth, agendas, etc., during those negotiations. Walzer explains that justice is achieved through spheres of power, knowledge, legal systems, and so forth.

Basing his observation on the Framers of the American Constitution, Dahl’s stance is that interest groups whether majority or minority will barter for membership and political power when brokering for a dominant position. Dahl is not necessarily speaking
about majority and minority in terms of race and ethnicity; he primarily addresses political factions or interest groups bartering for representation and access to power. However, Davis (1996:5) adds race this discussion of pluralism when writing

> When Jefferson wrote that “men are created equal” in 1776, he initiated a debate over the meaning of equality that continues today. During the nineteenth century Social Darwinists posited that liberty and equality were in constant conflict, and that, given the natural order of the society, we should cast it aside, and instead, strive for liberty. John Dewey and Martin Luther King, Jr., in contrast, argued that liberty and equality will remain unattainable until the promise of equality is fulfilled.

Davis clearly acknowledges, like Dahl, Rawls, and Walzer, that conflicting beliefs are substantial in developmental processes related to founding concepts of pluralism in American ideology.

Americans continue to seek the American dream and “the good life” through addressing “quality of life” that include culture, wealth, representation, and privilege associated with both race and gender. Davis explains that “All forms of pluralism stem from a notion that every man [and woman] should have representation in a democratic pluralistic society, such as America, in the search for the good life.” Davis reminds us that the “good life” has multiple interpretations from America’s Puritan roots to intercultural and global contexts today. Davis (1996:5) writes

> Although the acquisition of wealth has been central to the meaning of the American dream, alternative versions can be found in the history of American thought. Most easily traced to the Puritan, some alternatives have revolved around communitarian ideals rather than the pursuit of
individual self-interest. Others, found in the works of the Transcendalists, for example, have been thoroughly individualistic but have emphasized the value of spiritual, moral, and cultural over the material aspects of the good life. Still other versions of the American dream have emphasized self-determination and participation in public life. Members of groups that were denied access to public life until recently including but not limited to women and blacks have intended to emphasize equality as intrinsic to the American dream.

In comparison, Walzer acknowledges more candidly than Rawls or Dahl that money, titles, property and others factors are subjective, unequal, and disproportionately and adversely can affect free exchange when bargaining for power with individuals and with groups.

Davis introduces economics and wealth into her discussion of pluralism. She, unlike some others, states that gender discrimination and racism have played a significant role in shaping our American beliefs and ideology. Davis (1996: 5-6) continues

Another version of the American Dream, which dominated the ante-bellum South and comprised one of the major themes of Darwinian thinking at the beginning of the twentieth century, envisioned a civilization of superior white men. All this suggests that it may be more accurate to speak of multiple American dreams. Still, because the different versions are held together by common sources and shared cultural themes, we have chosen to refer to a single American dream.

Walzer’s spheres of distributive justice theory and Dahl’s beliefs about minority factions forming majority factions, but rejects the notion of the original position. Social Pluralism is introduced as a conceptual frame for furthering discussions of pluralism, and seeks to
replace issues related to ethnicity, gender, class, education, etc., that the original Framer’s of the constitution and the “original position” omits. Davis is correct that the foundations of American thought, ideology, and practice are based on multiple and multifarious concepts, ideas, and biased notions. All too often, when Americans discuss “the American dream” or “the good American life”-- which differs from definitions of a “good life” in European and African nations--the discussion addresses discrimination, exclusion, racial biases, and capitalism as an exploitative invention upon which this nation was founded.

Davis’s introduction of racism as white male superior ideology is not a condemnation of all white males today, rather a clear example to demonstrate the behaviors of this nation’s founding fathers. Bowles & Gintis (1986: 368.) tells us:

. . . no capitalist society today may reasonably be called democratic in the straightforward sense of securing personal liberty and rendering the exercise of power socially accountable. Democratic capitalism suggests a set of harmonious and mutually supportive institutions, each promoting a kind of freedom in distinct realms of social life.

Bowles & Gintis attempt to define how capitalism and democracy are not complementary belief systems. Their argument is that government institutions conflict with capital gains and benefits and interfere with aggressive markets. In their view, government also holds hostage business to individual and group philosophies for communal protections.

Dahl (1985) assumes the opposite position by calling for economic practices that benefit society and individual entrepreneurs as co-owners of political, social, and economic systems and markets. Dahl (1985: 391-92) writes:
Before considering whether an alternative to corporate capitalism might strengthen political equality without sacrificing liberty, we first need to search for a clearer understanding of the relationships between political equality and political liberty, and economic liberty. In my view, these relationships have often been misconceived, or asserted in so general a fashion that we can scarcely judge the truth of statements about them.

According to Dahl (1985: 392), “Americans have always been torn between two conflicting visions of what American society is and ought to be.” Capitalism has been understood by many to perpetuate inequalities and create boundaries on liberty for some while simultaneously increasing those boundaries for others (Desai 1996). Despite the views of Bowles & Gintis about capitalism competing with economic liberty, political liberty and political equality, democratic principles and capitalism do not always compete at opposite ends. Most Americans ascribe to some greater or lesser form of capitalism. Social Pluralism in its design seeks not to react or respond in a defensive manner to biased ideology.

**Defining Social Pluralism**

In addressing pluralism, many scholars have attempted to also address ethnicity and race through the use of multicultural and diversity concepts as a mean to include previously excluded populations. Concepts of multiculturalism and diversity have not fully been embraced by formerly disenfranchised groups because in practice and negotiation. Social Pluralism is the sequential conceptual frame to follow Multiculturalism. Social Pluralism, as an ideology furthers group and individual understanding about how cultural heritage and individualism are synthesized to develop a
unique blend of ethnic and socio-economic cultural backgrounds complete with assessment and construction of new practices and ideologies for participating in domestic, international, and global spheres. Social Pluralism, as an ideological process and application, is based on four tenets that are: (1) social cooperation, (2) social construction, (3) entrepreneurism, and (4) cultural affirmation. Celebration of differences and similarities is not the same as celebration of diversity in Social Pluralism. The intent of Social Pluralism is to align operating strategies with administrative practices related to public administration. All too often, public agencies operate through a pluralist strategy intended to treat all fairly and equally without the recognition that certain interest groups coalesced historically as a mean for survival and for purposes of collective bargaining. These interest groups, particularly ethnic and racial ones, as well as others bring political and social agendas to negotiations and often want to know: “What do we get out of this?” Most SAAs have not demonstrated or articulated well what localized communities and interest groups get from their products and services. Most have served, rather well, a national agenda to preserve and maintain cultural institutions based on European aesthetics, even with the incorporation of multicultural and outreach programs.

Social cooperation, the first tenet, is an extension of social contract theory through which multiple individuals and groups come together to develop distributive systems with full awareness of similarities and differences when brokering for political power and process. As an extension of social capital, social cooperation intends to bond and bridge cultural and interest groups through assessment and inventory processes that identify both common and different factors influencing formal and informal group decisions related to
political, social, and economic systems prior to, and throughout, negotiation processes. The success of fund development goals depend on the accurate matching of programs and services to group interests and their communal needs.

This research reviews three cases of public and private fund development planning and implementation at SAAs. States like Delaware, Ohio, and Indiana demonstrate aspects of Social Pluralism in their capacity building processes to support their fund development efforts. In Delaware, social cooperation was achieved through the formation of ArtCo as a planning collective for the endowment initiative. In Ohio, a comprehensive statewide assessment enabled its administrators to better plan, target, and request funding from local business owners. In Indiana, the development of a statewide arts infrastructure through a Regional Partnership Initiative was necessary. A fund development environment constructed for public arts agencies begins with the design of programs and services to attract supporters and volunteers. The development of enhanced programs and services encourages partnerships and collaborations and increases opportunities for alternative income streams to supplement state and federal appropriations. When shared meanings and visions are developed through group articulation, social construction, the second tenet, is the natural outcome of social cooperation.
Figure 2: Four Tenets of Social Pluralism in Policy Formation and Implementation
Entrepreneurial philosophy or entrepreneurism, the third tenet, focuses on innovation and changes in administrative practices and leadership. Derived from the commercial sector, its intent is to develop new operations and to improve an organization’s effective delivery of its products. In public agencies, its products are programs and services intended to benefit diverse groups of people, and therefore are different than those in private and nonprofit agencies. Entrepreneurism is also an extension of capitalism and assumes a focus on economic or tangible benefits to each negotiating member via mutual ownership, cooperation and negotiation. Entrepreneurial negotiations create win-win resolutions for individuals and groups and require coalition building and free exchange of information from a variety of staff, stakeholders, politicians, and other social groups. Recent versions of entrepreneurism, related to social contracts and public philanthropy, have been named social entrepreneurship that intends to combine philanthropy with effective business administration. In social entrepreneurism, philanthropists and philanthropic organizations are directly involve in producing services and programs of benefits to localized and regional communities. In similar ways, public administrators will be required to become more involved in the construction and oversight of new methods and procedures to achieve social welfare goals and agendas that benefit statewide, regional, municipal, and neighborhood communities while simultaneously connecting those communities to a national identity.

Entrepreneurism assumes ownership and inquiry for new constructions of methods and approaches to resolve existing and developing problems. Entrepreneurism assumes negotiation and that the best negotiators will negotiate needs, wants, and benefits
in free exchange of pertinent information and resources to address the issue. Who is
called to the negotiation table and who is not? What does each person bring to the table?
Etc.? It all depends on the issues, needs, the desert being exchanged to determine who is
invited, who accepts, and who declines. Social Pluralism recognizes Dahl’s political
strategies for power brokering from a majority group, even one comprised of multiple
smaller interests, and provides smaller social groups with the same options to
strategically place their own issues on agendas. With access and representation, cultural
brokers recognize that women, gay people, African American people, Asian people,
and/or Hispanic people have different reasons for wanting membership and recognition.
As in special interest group formation, cultural, ethnic, and social spheres are constantly
negotiated and re-negotiated based on political, socio-economic, international and other
temporal factors and circumstances.

Cultural Affirmation, as the fourth tenet of Social Pluralism, requires that social
groups critically assess their needs and wants before participation in bargaining process.
Unlike Multiculturalism, Cultural Affirmation does not apologize for rejection of a
discussion invitation that appears unrelated to a group’s internal agenda. Cultural brokers
as social leaders will determine when their group is ready for interaction and negotiations
in a public process. Cultural Affirmation is both a conceptual and practical process for
gathering information about one’s own cultural heritage, traditions and beliefs without
influence from external groups. In this manner, lived experience informs and helps to
construct cultural understanding, but it does not negate the fact that a group of people,
whether voluntary or involuntary, defined by events, issues, beliefs, traditions, and/or
history, can and do have a cultural heritage. Cultural assessment processes for groups and organizations are generally the first opportunities for groups and organizations to identify and systematize their own political agendas prior to group negotiations. Once in-group dynamics are managed and needs and wants are determined, then cultural brokers as social leaders can represent and bargain for individual and community agendas more effectively.

Cultural Affirmation relies on a broad definition that includes professional and social cultures, as well as ethnic. Women, gay people, African American people, Native American people, European people, office clerks, neighborhood associations, communities, etc. share common interests and reasons for in-group discussions. In most cases, these social groups need time and opportunity to assess, develop, and process their individual group agendas prior to negotiation with other social groups. With emphasis on negotiation for group benefits, cultural brokers are able to affirm group wants and needs when bargaining for representation, power, and principles. Whenever cultural brokers participate in bargaining processes as representatives of multiple groups, e.g. female and Native American, they must be fully aware of both groups’ resources, wants, and needs to enter the negotiation from a strong bargaining position.

With potential for misunderstanding, Cultural Affirmation, in most cases, is not a separatist practice; rather its intent is to prepare for negotiation of political power, economics, and recognition with comprehensive knowledge of a group’s resources, wants and needs. In this way, more relevant and beneficial solutions will be achieved for the community and for individuals. It must also be understood and acknowledged that
differences and similarities in preferences will exist in in-group dialogues even among minority factions. Nevertheless, these groups must be allowed time to identify their strengths and challenges while building stronger coalitions without aggression from external groups. Even if an invitation is extended, accepted, or rejected, the acceptance or rejection of invitations to join discourse does not affect a group’s internal agenda and dialogue. Additionally, cultural brokers must safeguard group issues until compromise or new agendas can be reached.

While celebration is one aspect of affirmation, celebration is too often used to celebrate a minority or majority interest as a response to having been excluded from a process, rather than included in an effective bargaining process. Cultural affirmation benefits a group and individuals by seeking to be inclusive of multiple socially constructed groups and factions. These groups are invited to negotiation and memberships because of their uniqueness and similarities, and also to accentuate ethnicity, race, gender, gender preference, social class, and heritage. Social Pluralism seeks to empower all individuals and groups in discussion processes and power bargaining with assumptions that group representatives the resources and wants of their respective interest groups. Rather than deny that social and/or ethnic distinctions exist as in Rawls's original position, Social Pluralism adopts Walzer’s ideas of distributive justice based of conceptual spheres. Thus, Social Pluralism advances the concept of bargaining through spheres of administration related to public process and management systems, especially ones designed for fund development. Spheres of administration will be developed in a later chapter.
Significance of the Study

New literature has come into existence since the beginning of this research in the mid-1990s. This literature embraces concepts on partnership and collaboration development in the cultural sector. The interest in the cultural sector, as opposed to the third sector or government sector, seeks to define relationships to extend beyond just arts discipline, geography, and agency functions. Reports like Policy Partners: Making the case for state investments in culture; Arts and Culture: Community Connections; Building Arts Participation; Building Capacity in Nonprofit Organizations; Organizing Change from the Inside Out: Emerging Models of Internal Collaborations in Philanthropy; and Ideas in Philanthropic Field Building: Where They Come from and How They are Translated into Actions are examples of collaboration and partnerships formed to address capacity building, philanthropy, and administration in the cultural sector. Many of these reports have been produced since 2002 and intend to link policy development with administrative practice. The primary financial sponsors supporting this research are foundations and universities in partnership with nonprofit organizations.

In addition to these reports, past studies like Comprehensive Cultural Policy for the State of California have become available on the internet and offer insight about policy initiatives and goals for the arts from the late 1970s. The occasional walk to a university library has also produced books and reports on government and the arts that have previously appeared through internet searches. Through scanning the content tables from books on library shelves and from surfing internet sites, two significant reports have been identified to share additional information on state arts and cultural policy. These are:
Multiculturalism and Public Policy and State Arts Agencies 1965-2003: who’s Interests to Serve? Collaborations, partnerships, capacity building through relationship building have become common catch words and phrases in the cultural sector as arts, humanities, government, and business organizations again attempt to redefine social and financial relationships. Among these new buzz phrases enter both social capital and cultural policy to describe both the type of relationships needed to sustain social and financial investments in the preservation of cultural institutions.

This study provides the field of Arts Policy & Administration with data on fund development campaign review and provides recommendations for fund arts development at the public agencies. The attempt to group state organizations by thematic dimensions like mission and intent, management and leadership, fund distribution, its impact on state arts agencies and arts organizations was unsuccessful. The concept of policy partnerships and collaboration is one factor that will grow in significance as additional fund development research on SAAE is collected for analysis. For the most part, SAAEs have neither established cultural assessment research nor analyzed data that is available for fund development initiatives. More similarities than differences exist in the implementation and procedures that lead to fund solicitation for PAE. However, as SAA learn from one another, they have not contracted fund development experts to work with SAA staff in analysis and revision of state agency practices in education, marketing, and community outreach. Even in the cases where consultants have been contracted, some agencies have chosen not to implement recommendations of their own consultants.
The search for funding for arts and culture stabilization and sustainability will continue to be explored by other state and federal arts organizations in times of budget cuts and political controversy. This investigation will provide additional information for examples for social and political context associated with public fund development. Additionally, it assists public administrators in the articulation and development of goals, objectives, and measurements through a variety of spheres of administration. While accomplishment of financial goals are important in public fund development, the opportunity to construct a stronger arts environment can also be achieved through the development of intellectual, human and social capital. This investigation demonstrates how a variety of factors are needed for program evaluation and managerial improvements to contribute to successful arts development and fund management. The relationship between arts management, arts education, and arts and cultural policy as fields of study and practices are also linked to the development of social capital, intellectual capital, human capital, and financial capital. Though the focus of this investigation is to acquire information and to construct meaning, it will not cover in depth analysis in every area that affects an organization’s ability or inability to sustain funds. Data collection about design, implementation, stabilization, and sustainability of public trusts and endowments will help future public fund administrators at SAA to set achievable goals in a variety of administrative areas. This study establishes a base for future long-term longitudinal research on public fund development on SAA related to arts stabilization and sustainability.
**Organization of Chapters**

This investigation is reported in seven chapters. It appears in three sections which are the Introduction and Literature Review, followed by a collective case study of three state agencies that have alternative funding: Delaware, Ohio, and Indiana, and the final chapter that discusses the similarities and differences in implementation and formation processes, as well as use spheres of administration as one method of analysis. Each of the above states chose to focus on different management approaches for implementation. These are Collaborative Management in Delaware, Project Management in Ohio, and Policy Formation in Indiana. Additionally, these three states represent an endowment format that was revealed through this investigation and these are: Arts Collaboration as in Delaware, Companion Foundation as in Delaware and Ohio, and Cultural Trust Endowments and Funds as in Indiana.

Chapter One introduces the research topic and provides information on the methodology used in this investigation. Three states will be profiled and analyzed which are: Delaware, Ohio, and Indiana. These states were chosen as example cases of CTE or CTF, and CFO, i.e. public arts endowments PAE. These cases will explore processes associated with the establishment, management, and objectives of the Delaware Arts Stabilization Fund (DASF), the Ohio Arts Foundation (OAF), and the Indiana Cultural Trust Fund. Chapter One outlines fund development literature, policy ideology, and the methodology used in this study and offers a mapping of the financial stability and sustainability processes being proposed for future planning and implementation in public fund development. This chapter also introduces Social Pluralism as a conceptual frame
and administrative process to achieve diverse and seemingly paradoxical goals in fund development evaluation and planning for success. A discussion of how social capital and intellectual capital are related to both fund development and American understanding of cultural arts also begins in this chapter and resonates throughout this investigation. At the end of Chapter 1, Table 1 list cultural trusts funds, endowments, and companion foundation that have operated, currently operate, and/or being formed.

Chapter Two develops the collective case study approach and introduces philanthropic studies as it relates to fund development in America. It also discusses the meaning and historical understanding of how Americans define “culture” and cultural heritage. This chapter also begins the discussion of how SAAs took their administrative structures from the NEA with little modification for state and local culture. The literature reviewed in this chapter also introduces organization theory, behavior, and policy as it relates to administrative infrastructural changes and fund development. The chapter ends with a discussion of the contributions that non-government organizations like community foundations and arts united funds have made in advancing arts collaborations, partnerships, and fund management.

Chapter Three continues the discussion of management and innovation. The literature review begins with policy development and advocacy by arts community in general then discusses a variety of management formats including council manager at the municipal levels that has some bearing on commission manager at the state level. The significance of this chapter is that it conceptually links local, state, and federal cultural policy and administrative infrastructures in practice and in fund development. It then
goes further to address the building of intellectual and human capital as well as a professional and general pool of employees for arts development, e.g., a knowledge-based arts workforce to support public fund development in the Arts.

Chapter Four discusses the implementation of the Delaware Arts Stabilization Fund (DASF) also known as ArtCo in the state of Delaware and identifies the processes that public administrators, policymakers, and NPAO leaders established through collaborative management. This chapter also provides more information on United Arts Funds (UAF) as an additional collaborative model that preceded the Delaware Model in the Arts. UAF are parallel foundations used by three or more arts organizations to raise annual funds from local businesses. Chapter Five utilizes literature on parallel or companion foundations in discussing the Ohio Arts Foundation (OAF). Just as ArtCo transformed the DASF into a 501c3 foundation by the time that it reached its goal of $21 million, the OAF maintains a separate 501c3 designation as a sibling or companion foundations to the Ohio Arts Council (OAC). Chapter Five provides a detailed analysis of key factors that influenced fund development success in Ohio and continues to do so currently.

Chapter six discusses the Indiana Cultural Trust Fund and the Indiana Endowment for the Arts, that latter of which is now defunct, and utilizes Moore & Moore’s (2005) Strategic Public Value Triangle to discuss socio-economic and political climates within this state. This chapter focus on Indiana’s success in passing legislation related to its the Indiana Cultural Trust Fund (ICTF), this chapter illustrates political and social climates through which the IAC navigated in development of a comprehensive statewide arts
infrastructure. Several socio-economic and cultural factors indirectly and directly influenced the IAC’s ability to raise funds. Among those factors past and current initiatives like the GIFT community foundation initiative of the Indiana Donor Alliance and of the Lilly Endowment as well as the Regional Arts Partnership that decentralized arts programs and services in partnership with the twelve regional community organizations. Faced with legislative challenges related to license plate income, a $50 million fund ceiling, and an unseated fund development board, the ICTF is not generating funds.

Collectively, the fund development planning, implementation, and management in Delaware, Ohio, and Indiana are used to highlight stabilization and sustainability goals and objectives for public arts endowments. Each state has been successful in some area of fund development and has achieved national recognition by peer and national arts organizations. This research also places in perspective terminology used to define PAE which include cultural trust funds, cultural trust endowments, and companion foundations. Chapter Seven synthesizes literature and data of the three presented cases in terms of spheres of the administration which is the administrative component to Social Pluralism. Through the concept of spheres of administration, social pluralism as a conceptual frame becomes a management and communication tool for planning and implementation.
Conclusion

When determining whether a majority or minority faction will create the best partnership arrangement in group membership process, social groups must strategically participate in multiple spheres related to justice, administration, and heritage. In practice and process, the Majority Tyranny versus Minority Tyranny concept is a strategic premise utilized by all negotiating parties. The fear that group processes create shortfalls in individual or small groups remains dominant in American culture. In the Delaware Model that is discussed in Chapter 4, the Premiere Eight arts organizations created a partnership with DDOA to form ArtCo and were able to advance a collective agenda. Note also that smaller NPAO were not invited to the partnerships. As a primary mean to achieve social and financial goals, the development of social capital created through networks and collectives that operate in the best interests of members must also become a priority for emerging, smaller, and ethnic NPAO. Additionally, SAAs must also continue to foster those discussion and planning activities. When small and ethnic organizations are barred from membership or simply not included initially, how do they address future needs for their own group when they are not able to negotiate for future wants?

Social Pluralism provides all social, ethnic, and/or cultural groups with opportunities to assess their own strengths and challenges before political, social, and economic bargaining and negotiation begins. Social Pluralism seeks to give each cultural, social, or international group opportunities to discuss internal concerns without interference from external groups and provides for both majority and minority interest groups, aka social groups, with opportunities to address significant issues separately and
collectively without judgment if, or when, a social group declines to negotiate. Multiple ideologies or consciousness as ideology like capitalism, individualism, communitarianism, liberalism, conservatism, etc., based on American ideals have coexisted in America for centuries (Davis 1996), therefore diversity has always been a part of this nation’s framework, though not always acknowledged.

This recognition of multiple special and social interest groups lead to an acknowledgement that individuals participate in multiple groups simultaneously. Social Pluralism promotes a’priori recognition of differences, similarities, economics, and disadvantages associated with memberships, power, and justice. The Ohio Arts Council has multiple programs that cater to ethnic and disadvantaged cultural groups among these are Appalachian people. Some ethnic minorities and majority interest groups would not accept the logic for recognizing Appalachian people as having their own unique cultural needs and wants for artistic preservation. These interest groups may assert that such practice is a ruse by white Americans to attain set aside funds for disadvantaged ethnic minorities. Any such failure to recognize Appalachian people’s differences by majority or minority interest groups would be unfair and inappropriate within the frame of Social Pluralism. Recognition of differences and similarities even within white American populations by the Ohio’s Arts Council and other public institutions is an essential practice of a Social Pluralism frame.

Metaphorically, Social Pluralism seeks to construct a home after the house has burned or been demolished. Re-building occurs in a much different way than just salvaging, taking inventory, and then replacing the old structure with a slightly more
efficient version of the house before it. Social Pluralism does not seek to dismantle or ignore old structures and other housing types from one-story box houses to cabins to cottages to suburban mansions with ornate differences and functions. When a neighborhood of houses is designed by regional planners to have different ornate and functional themes as facades, the common link in each house’s function is still protection of its occupants from outside weather. Americans appreciate differences in houses and also acknowledge similarities in their social and economic compositions. Americans also appreciate differences in cars, electronics, clothes, toys, pets, etc., then why can’t we appreciate differences in our domestic and international cultural appreciation of art?

As Americans, the expectation is that each house will cater to individual and family choices in aesthetics and community prefaces in terms of bedrooms, bathrooms, kitchens, fireplaces, locations, etc. Many of us would be reluctant to state that every house is equal, rather that every house is customized with individual taste and preference while maintaining its original function. Some members in some communities develop strict standards for external housing facades while other members in other communities appreciate eclectic facades. Social Pluralism may be thought of as the midway between types of neighborhoods where people and their houses are appreciated both for individual and collective uniqueness. Moreover, while an individual’s home interior may be of his or her own preference and appreciation, this same individual also recognizes that the neighborhood association may develop limits and standards for external facades that must be compliant with neighborhood standards. Change, therefore, means negotiation, leaving that community, or even election of new officers to neighborhood planning boards and
commissions. Individual preference, collectively and independently, shapes decisions in any community in which Americans choose to live; nevertheless, the community, composed of one or multiple social groups, directs social behaviors and constructs rules for groups and individual interactions. Social Pluralism shifts the focus from reaction and submissive response of Multiculturalism to strategic negotiation and affirmation.

No longer can Americans define, or make a hypothetical claim of a single American ideology and community, for us, for them, or even us against them. Now we are searching for new methods and practices to understand multiple communities in which we are global and domestic members concurrently. While defining how we participate in multiple communities as Americans and as Others, we must take inventory and assessment for effective negotiation and compromise in free exchange of what is valued in our cultures, what must be safeguarded, and what can be negotiated. W.E.B. DuBois, noted African American scholar, stated that “The problem of the 20th century would be the colorline.” Whether or not everyone agrees or disagrees with this belief, it was and is still correct.

With advances in entrepreneurism, business administration, and technology, globalization as individual and grouped concepts have been mass marketed. Therefore, the problem of the colorline now includes international and domestic relations with embedded meanings about who is to become recognized in what context, and with what concerns related to both domestic and international issues. The challenge of this new millennium is, and will continue to be, the colorline defined globally. International arts diplomacy and artists exchanges like those sponsored by the Ohio Arts Foundation will
continue to provide localized opportunities to create bridges and bonds between artists, arts administrators, and public officials.

Architects like artists, houses like art, building inspectors like public administrators, neighborhood associations like public commissions and boards conduct their work through spheres of administration that must be planned and managed simultaneously. Fund development is conducted through multiple administrative spheres related to fund purpose, assessment, capacity building, stabilization, and sustainability. Each of these areas will also lead to other interests and topics associated with fundraising to include: social and political influence on organizational culture, administration skills, political partnerships and relations, the design of programs and services, and human and workforce development. See Figure 3: Mapping Financial Stabilization and Sustainability Processes use as a guide for discussing stabilization and sustainability in arts and fund development. This figure also illustrates the variety of administrative foci that fund development administrators must address throughout planning, implementation, and management of an endowment initiative.

Stabilizing annual contribution and administration processes in fund development are derived from multiple spheres and factors in administration. Detailed attention to multifaceted aspects results in healthier and more ethnically and administratively diverse workforces, work environments, community programs, and localized partnerships. These results will also include increased peer-to-peer collaborations and partnerships and statewide arts service organizations (SWASOs) will increase in popularities and utility as educational and financial resources increase to assist SAAs in arts development. In sum,
financial capital is the tangible asset of positive social, intellectual capital, and human capital.

Multiple questions, concerns, and means for understanding administrative processes linked to foundation formation permeate this research. While some questions will be addressed, new questions will be raised. Stephen Cohn, Arizona’s executive director, suggests that the greatest present need in the Arts is for research on fund development administration (Amsterdam et al. 1999). Quoting Mark Schuster, Amsterdam et al. (1999) writes

> The need for more information is especially urgent because, in Schuster’s view, the debate about arts funding over the past decade has not been so much about censorship as it has been “about how we should structure an arts funding system.” Who should pay? Once we have resources, who decides how to spend them? What form should state intervention take? There’s a “rich repertoire of possibilities out there, many of them poorly understood.” How can various funding bodies learn from one another?

When you locate new resources, the first question is always how to deploy them. New money offers a chance to break with past practices, and the most innovative programs spring from new money, even if it requires the establishment of a new administrative structure.

Bingo! Amsterdam et al. (1999) summarizes the intent of this research which is to address questions of “Who is to contribute to a PAE? Who decides on which programs and which services the funds should support? How were those decisions reached, etc.” Since 1999, some SAAs, like Vermont and Connecticut, have hired development directors and new executive directors with fund development knowledge and/or
Figure 3: Mapping Financial Stabilization and Sustainability Processes For Public Arts Endowments
experiences while other SAAs continue to struggle with legislation development and administrative implementation processes.

The formation and implementation of a CTE, CTF, and CFO follow political and economical processes differently, and it includes policy construction and administrative change. This investigation continues the work of Amsterdam et al. (1999), Reiss (1999), Sapadin (1999) and Warshawshi (1998) in the attempt to supply public administrators with a codification scheme and with information as a guide to direct future efforts associated with trust funds, endowments, and foundations at SAA. Warshawshi (1999: 10) reports that “Many other states [than Delaware] did not build this [administrative systems] into their trusts’ charters, and therefore are in the ironic position of having more money to administer and/or raise but with the same staff and no additional resources.” Continuing to define this problem of public fund development administration, Warshawksi quotes Cohn, former executive director of Arizona’s SAA, as stating “We are not equipped for fundraising. . .Anyone thinking about this type of trust should find ways to fund the administrative side.”

SAAs, throughout their formulation processes, continue to learn that to raise financial capital, other forms of capital such as political, social, intellectual, human, bonding, and bridging capital are needed prior to donor solicitation. The management of public fund development initiatives is a complex network of relationships, collective actions, and innovation. To that end, as the need for information and practices at SAA change, cultural policies, arts administration education, and arts education must also change to include professional development and technology as education tools in arts
development. As alternative strategies in fund development for the arts gained significance in the 1980s, the political storm known as the Culture Wars continued in the late 1990s and early 2000s. As this storm passed, state and federal appropriations increased but without matching levels of the prior highs of the 1980s.

Though initial foci for fund development at SAAs resulted from the assault on the NEA by legislators, individual citizens, and religion factions, the arts and cultural communities have come to the awareness that constant and organized vigil must be kept to address shifts in economic and political climates. In America and internationally, global events also shape discussions of philanthropy and fund development. Events like terrorist attack on September 11, 2001, Tsumani of 2003, and Hurricane Katrina of 2005 have altered the flow of monies to arts and cultural organizations and, consequently, has compelled local arts and cultural communities to once again pay closer attention to quality of life issues, heritage, and cultural preservation at local and regional levels. At the time of terrorist attacks, foundation funding levels like government appropriations gradually increased in arts and cultural investment. Yet, after the explosion of the twin towers, the attack on the pentagon, and the heroic sacrifice of passengers on United Flight 93 in Pennsylvania, a warranted shift from arts and culture to civic welfare and health became the priority of individual and organized philanthropic giving. In addition to calls for increased scholarship, arts practitioners and cultural researchers have begun to develop and to apply theory to practice in fund and arts development.
<table>
<thead>
<tr>
<th>SAA</th>
<th>Name</th>
<th>Date Established</th>
<th>Legislation</th>
<th>501c3</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Arizona Trust Fund (1989) aka Artshare (1996)</td>
<td>1994 or 96</td>
<td>Yes</td>
<td>Yes</td>
<td>Training for mid-sized arts organizations, capital grants for mid-sized to large arts publication; Education/Outreach and Arts Education--non-SAA staff; Will stabilized nonprofit arts organizations and support SAA operations</td>
</tr>
<tr>
<td>Colorado</td>
<td>Cultural Council Trust</td>
<td>1998</td>
<td>No</td>
<td></td>
<td>To stabilize arts funding and replace annual appropriation; to move from tax-based funding to interest based funding</td>
</tr>
<tr>
<td>Colorado</td>
<td>Colorado Federation of the Arts</td>
<td>1999</td>
<td>Yes</td>
<td>No</td>
<td>Affiliated with Colorado Arts Council; traveling tours and exhibitions; grants to organizations and individuals; recognition programs, artists fellowships, professional development, artists, teacher training; other council services</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Connecticut Arts Endowment</td>
<td>1988</td>
<td>No</td>
<td></td>
<td>Used to stabilize and seed for large nonprofit arts organizations; to stimulate the development of private sector funding resources and ensure the long-term stability of Connecticut’s arts industry</td>
</tr>
<tr>
<td>Delaware</td>
<td>Delaware Arts Stabilization Fund, aka ArtCo</td>
<td>1992</td>
<td>Yes</td>
<td>Yes</td>
<td>Promotes and enhances longterm stability of eight member arts organizations; provides capital expenses for building maintenance and construction; debt reduction; and operation; provides 5% of interests to DDOA for small and emerging arts organizations</td>
</tr>
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Table 1: List of Cultural Trust Endowments and Funds
<table>
<thead>
<tr>
<th>SAA</th>
<th>Name</th>
<th>Date Established</th>
<th>Legislation</th>
<th>501c3</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>Florida Cultural Institution Trust Endowment Fund, formerly Florida Fine Arts Endowment Program</td>
<td>1985</td>
<td>Yes</td>
<td>No</td>
<td>Creates an endowment matching funds programs that will provide operating resources to cultural organizations; comprised of two components: (1) Cultural Sponsoring Organizations and (2) Receipts of a $240,000 State Matching Share</td>
</tr>
<tr>
<td>Hawaii</td>
<td>Hawaii Foundation for the Arts</td>
<td>N/A</td>
<td>Other</td>
<td>No</td>
<td>Represents Name Only Category</td>
</tr>
<tr>
<td>Illinois</td>
<td>Illinois Arts Council Foundation</td>
<td>1967</td>
<td>No</td>
<td>Yes</td>
<td>Affiliated with the Illinois Arts Council and promotes arts leadership, technical assistance, arts education, governor’s arts awards, Governor’s International Exchange Programs; supports the artist registry service, literary award, one-time programs; and receives contributions from individuals and corporations</td>
</tr>
<tr>
<td>Indiana</td>
<td>Indiana Endowment for the Arts</td>
<td>1968-1984</td>
<td>No data available</td>
<td>Defunct</td>
<td>Affiliated organization to support the programs and services of the Indiana Arts Commission and to receive private gifts to the Indiana Arts Commission</td>
</tr>
<tr>
<td>Indiana</td>
<td>Indiana Cultural Trust Endowment</td>
<td>1995</td>
<td>Yes</td>
<td>No</td>
<td>Supports arts programs and the administrative budget of the Indiana Arts Commission; provides for a variety of funding resources including general appropriations, public and private donations, and sale of license plates</td>
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<tr>
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<tbody>
<tr>
<td>Iowa</td>
<td>Iowa Cultural Trust, aka Iowa Arts and Cultural Enhancement and Endowment</td>
<td>1991. 2003</td>
<td>Yes, Terminated in 1998</td>
<td>No</td>
<td>Stimulates local investment in local cultural institutions; supports operating budgets; encourages new relationships between cultural organizations and local funders; awards grants, fellowships, and scholarships to arts and cultural programs and organizations; solicits and accepts SAA gifts</td>
</tr>
<tr>
<td>Kansas</td>
<td>Kansas Cultural Trust</td>
<td>1986</td>
<td>Other</td>
<td>Yes</td>
<td>This is a private nonprofit organization that is not connected to the Kansas Arts Commission but was created to help visual and performing artists overcome financial obstacles through Enabling Grants awarded early in their careers.</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Kentucky Foundation for the Arts</td>
<td>1998</td>
<td>Yes</td>
<td>No</td>
<td>Enhances the stability of Kentucky's arts organizations and to ensure Kentuckians have access to the arts; focuses on a growing number of mid-side to large organizations; and supports the Performing Arts and Visual Arts Touring Subsidy Program and Institutional Stabilization Program</td>
</tr>
<tr>
<td>Michigan</td>
<td>ArtServe Michigan, Inc</td>
<td>1997</td>
<td>Other</td>
<td>Yes</td>
<td>A private nonprofit organization supporting statewide arts and cultural education, works with artists, educators, NPAOs businesses, volunteers and others through programs and services like Creative Artists Grant, Education Program, Special Projects, Cultural Marketing, Initiatives, and Volunteer/Advocacy</td>
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<tr>
<td>Missouri</td>
<td>Missouri Cultural Trust</td>
<td>1993</td>
<td>Yes</td>
<td></td>
<td>Removes SAA from general revenue funding</td>
</tr>
<tr>
<td>Montana</td>
<td>Montana Arts Foundation</td>
<td>No data available</td>
<td></td>
<td></td>
<td>Services to Montana Arts Council, emerging cultural organizations, artists, plus 3 exempt organizations; continuing cultural exchange with Russian Academy of arts,</td>
</tr>
<tr>
<td>Montana</td>
<td>Montana Cultural Trust</td>
<td>1977</td>
<td>No</td>
<td></td>
<td>Supports the Montana Cultural Advocacy, provides administrative support to SWASO and NPAO</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Nebraska Cultural Preservation Endowment, formerly Nebraska Endowment for the Arts</td>
<td>1998</td>
<td>Yes</td>
<td></td>
<td>Represents a unique partnership between the State of NB and the people of NB. It enables support of the arts and humanities programs in schools and communities beyond what is now currently available through the Nebraska Arts Council and National Humanities Council.</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Nebraska Cultural Trust Endowment, aka Nebraska Cultural Preservation Endowment Fund</td>
<td>1974/97</td>
<td>Yes</td>
<td></td>
<td>Arts publications, operates Directors' programs; administered 70%:30% by SAA and Humanities Council;</td>
</tr>
<tr>
<td>Nevada</td>
<td>Nevada Foundation for the Arts Fund</td>
<td>No data available</td>
<td>Yes</td>
<td></td>
<td>Housed at the Nevada Community Foundation</td>
</tr>
<tr>
<td>New Jersey</td>
<td>New Jersey Cultural Trust</td>
<td>2000</td>
<td>Yes</td>
<td>No</td>
<td>To provides a permanent interests generating revenue sources to stabilize cultural institutions; to build the endowments of nonprofit arts, history, and humanities organizations; to finance capital projects; to improve organizational and financial management of cultural groups</td>
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<tr>
<td>North Dakota</td>
<td>North Dakota Cultural Endowment Fund</td>
<td>1979</td>
<td>Yes</td>
<td>No</td>
<td>Creates a vehicle through which NDCA can secure private and public funds; provides stable funding source for the SAA; maintains arts endowment; folk arts program; individual, artist fellowships administered by SAA</td>
</tr>
<tr>
<td>Ohio</td>
<td>Ohio Arts Foundation</td>
<td>1995</td>
<td>No</td>
<td>Yes</td>
<td>Receives funds to assist the Ohio Arts Council goals and mission through one-time programs, arts research publication; international exchanges, special projects, contracts independent consultants/experts</td>
</tr>
<tr>
<td>Oregon</td>
<td>Oregon Cultural Trust Endowment</td>
<td>1999</td>
<td>Yes</td>
<td>Yes</td>
<td>Oregon counties and nine federal tribes, stabilization, capacity building, capital improvement for cultural organizations, subsidy to SAA</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>National Fund for the Financing of Cultural Work</td>
<td>1989</td>
<td>Other</td>
<td></td>
<td>Supports the arts and humanities; individual artists and nonprofit organizations; purchase artwork</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Rhode Island Art Fund at The Rhode Island Foundation, formerly known as Rhode Island Foundation for the Arts</td>
<td>1985</td>
<td>Other</td>
<td></td>
<td>To supplement the arts council’s GOS grants--endowment receives initial support from the NEA, to provide support to small and medium size arts groups considered “critically challenged in their development;” and conducts a joint expansion arts program with SAA</td>
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<tr>
<td>South Carolina</td>
<td>South Carolina Arts Foundation</td>
<td>1972/1989</td>
<td></td>
<td>Yes</td>
<td>Organizes business support for the arts in the state; receives donations for agency programs and activities; occasionally co-sponsors event; artist development; arts education, community development through the arts; Business appreciation arts awards; Artist Development; Arts Education; Community Arts Development</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Tennessee Arts Council Foundation</td>
<td>No data available</td>
<td>No</td>
<td>Yes</td>
<td>Dedicated to further the appreciation of the arts in the State of Tennessee to provide grants/awards to deserving recipients; fellowships, classes and operating expenses</td>
</tr>
<tr>
<td>Texas</td>
<td>Texas Cultural Trust Council</td>
<td>1995</td>
<td></td>
<td>Yes</td>
<td>To provide a stable funding source for the arts in Texas, and the State of the Arts license plate as a way for TCA to generate additional revenue.</td>
</tr>
<tr>
<td>Texas</td>
<td>Texas Cultural Trust Endowment Fund</td>
<td>1993</td>
<td>Yes</td>
<td></td>
<td>To provide a stable funding source for the arts in Texas, and the State of the Arts license plate as a way for TCA to generate additional revenue.</td>
</tr>
<tr>
<td>Utah</td>
<td>Utah Individual Artist Endowment; Ethnic Arts Endowment</td>
<td>1998</td>
<td></td>
<td></td>
<td>Individual Artist Endowment is to support two artists categories of Emerging Artists and Established Artists; Ethnic Arts Endowment is designed for Utah's ethnic communities to revitalize, strengthen and present their traditional or national art forms</td>
</tr>
<tr>
<td>Utah</td>
<td>Utah Arts Endowment Fund</td>
<td>1990-96</td>
<td>Yes</td>
<td></td>
<td>To provide seed monies for arts organizations to establish their own endowments</td>
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<tr>
<td>Vermont</td>
<td>Vermont Council on the Arts. Formerly the Vermont Endowment and managed by Vermont Community Foundation</td>
<td>1990</td>
<td>Other</td>
<td>Yes</td>
<td>Maintains arts endowment, employees non-SAA staff; grants to artists and arts organizations for new works; professional development and technical assistance; from 990- to support the activities of the council; to expand and increase revenue sources, to increase statewide partnerships, and to highlight the work of the council</td>
</tr>
<tr>
<td>West Virginia</td>
<td>Mountain Arts Foundation (1993)</td>
<td>Defunct</td>
<td>No</td>
<td>Yes</td>
<td>Created to pay artists in a timely manner for works sold at the state's craft store and employs non-SAA staff; used for agency mini-grant programs and small presenters for one-time only grants; in 2004 a change occurred</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Wyoming Arts Endowment, aka Wyoming Cultural Trust Fund</td>
<td>1991-93</td>
<td>Yes</td>
<td>No</td>
<td>Provided fund to cultural and historical organizations to support development of endowments</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Wyoming Cultural Trust Fund</td>
<td>1998</td>
<td>Yes</td>
<td>No</td>
<td>Receives funds to support cultural and arts organizations and serves cultural heritage through grant funding of innovative projects for the enjoyment, appreciation, promotion, preservation, and protection of the arts and cultural historic resources</td>
</tr>
</tbody>
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CHAPTER 2

LITERATURE REVIEW: FUND DEVELOPMENT, PUBLIC POLICY AND ART ADMINISTRATION¹

Introduction

Government arts agencies have primarily been granting agencies with some technical assistance programs and services. These agencies receive funding in the form of appropriations from city, state, or federal policymakers. Government agencies in the arts have not generally been able or wanted to solicit funds directly from private donors for fear of competing with their own grantees. In the 1990s with government cutbacks to the NEA, SAAs began to seek alternative funding sources (Rafool & Loyacono 1995). Policymakers at all levels of government increased their interests in endowment formation and implementation. National Conference of State Legislatures (NCSL, 2003:17) offers this definition for cultural endowments

Endowments or trust funds are the most common way that states supplement cultural funding. Endowments are independent pools of money set aside for specific use. Public endowments are created through legislation and managed by the state. The principal is invested in long-

¹ A portion of this chapter was presented at the ARNOVA Conference at the Hotel Intercontinental, Miami, FL, 28 November to 2 December 2001. The paper was entitled Contributions of third party agents to fund development and management practices at government arts agencies. This research was partially supported with a doctoral fellowship grant 2000) from the Center for Arts and Culture, Washington D.C.
term securities, and the interest income usually turned over to the beneficiary as discretionary funds. Cultural trusts exist in 17 states. At least three state arts agencies with endowments (SAAEs) are managed as private foundations that contribute most or all of the interest income from the principal fund to state’s arts programming and services and also raise income through project grants. Privately endowed funds are the same as public endowment funds because they are managed by state arts councils, commission staffs, and state treasurers (Rafool & Loyacono 1995). However, some of these endowments are funded by state earmarked revenue such as taxes and lottery systems, or require legislative authorization. At present, clear set of standardized or descriptive management principles exist to determine how to name a cultural trust fund versus endowment. Some organizations like the NCSL do not make distinctions between CTEs and CTFs. This investigation treats any public or private endowment intended to benefit or support an SAA’s operation as a public endowment for research purposes while simultaneously acknowledging the difference.

The exploration and development of cultural trust endowments to support SAAs began in the late 1970s in Montana (1977) and in North Dakota (1979). These funding strategies have been both embraced and ignored in state political cultures. In the late 1970s, the California Arts Council commissioned a cultural assessment report from Adams & Goldbard (1978). In that report, those consultants advised the Council not to form a parallel foundation as it would require too many resources that would conflict with the mission to develop a statewide arts infrastructure. Instead, these consultants advised the Council to focus on decentralizing its administration and decision-making authority, developing grants services and programs, and hiring flexible staff to utilize
their cultural development expertise and to attract private support for the arts and culture. Ironically, Adams & Goldbard’s recommendations for California’s arts development focus are similar to goals and missions given by SAAEs for establishing CTE, CTF, and CFO currently. For decades, strategies related to fund development in SAAEs have included both legislative authorizations for cultural trust funds and endowments and independently managed 501c3 parallel foundation. Adams & Goldbard missed the opportunity in California’s arts development and implementation to link its projected arts programs and services to alternative funding resources and strategic partnerships with corporations, foundations, and social services agencies that could have strengthened that state’s arts environment in future years.

In recent years, a general distinction has been made between government agencies that have a public duty to serve, regulate and protect public interests and goods and nonprofit organizations (NPO) that have chosen missions to serve and protect public interests in public goods (Schuster 1994, Fleishman 1999). For example, whereas a public arts agency like National Endowment for the Arts has a public duty to support, to fund, and to regulate Arts activities nationally, a nonprofit arts organization (NPAO) like the Guggenheim Museum is presumed to have a public benefit as it pursues its own mission in search of that benefit (Schuster 1994, Fleishman 1999). This public versus not-for-profit distinction is associated with political and conceptual issues related to management and solicitation of funds, as well as to the appropriateness of government organizations to solicit funds for maintenance and administration of endowment funds. Some NPAO have expressed concerns about CTE and CTF competing for the same
private donors and dollars. Most SAAEs have developed fundraising concepts and practices in a vacuum without staff and other agency resources. To gain public support from voters, politicians, and not-for-public arts and other community organizations, SAAEs must connect internal operations to fund development.

Three Cases: Apples to Apples

In American Canvas, Delaware’s Arts Stabilization Fund (ArtCo) received national recognition as an innovative method to increase and leverage public and private dollars in the arts. Warshawski (1998) and Barsdate (2000) inform the public that fund solicitation and endowment formation at the state level is not a new phenomena. Yet, during the 1990s when SAAs and other state and federal cultural agencies were seeking to replace federal appropriations that were cut and no longer available through NEA, endowment formation as a strategy was embraced by some SAAs without adequate investment in planning and time. During this same period, some SAAs pursued different strategies to leverage and raise public dollars through parallel or companion foundations. Examples are founded in Ohio, the Ohio Arts Foundation, and in Indiana, the Indiana Endowment for the Arts. In 1998, Warshawski reports that nearly a quarter of the states had begun processes to establish trusts funds and endowments to support arts activities in their states. Within the past twenty years, nearly one-third of SAAs have considered developing public trust funds and endowments and another ten to twelve have considered establishing companion foundations. In fact, Indiana and Texas are examples of states that had companion foundations that preceded legislation that create their cultural trusts.
Creating an endowment is like selecting apples from an orchard producing many
varieties. Public administrators, like merchants and consumers in any market, must
determine what characteristics, brands, textures, hues, and other attributes of apples to
purchase for future distribution to its customers and donors. Some SAAs have moved
towards the creation of the right mix of products with the right mix of characteristics and
attributes to appeal to corporate, foundations, and individual donors, lawmakers, and
educators in reference to public value, while others have only bred confusion about how
endowments benefit state arts organizations. The three cases selected for this
investigation represent activities that have been successful in some area of strategy and/or
operations in achieving fund development goals. Delaware raised its designated goal of
21.5 million dollars for ArtCo; Ohio successfully leverages private foundation grants for
special projects and professional development opportunities for OAC staff; and Indiana
remains the only SAA that passed its authorizing legislation on first introduction to
lawmakers in both the House and Senate. Nearly a decade apart, both Delaware and
Indiana have received national recognition for their arts development achievements
linked to collaboration and partnership formation. A review of these cases will identify
additional challenges and opportunities that continue to be addressed in public fund
development and public arts administration.

Three dominant approaches in public fund development are: (1) Collaborative
Management, (2) Special Project, and (3) Policy Construction. Though each approach
overlaps some aspects, the collaborative management approach focuses on the
distribution and development of managerial processes to form partnerships and to
identify common interests for fund development among a group of stakeholders. The special project approach focuses on projects and events with short-term significance and funding potential with long-term impact on arts and cultural policy. Short-term projects are funded for one to three years and this strategy generally develops through a companion foundation with 501c3 status. These projects have included governor’s arts awards, professional development for staff, professional fees for consultants and researchers, international project exchanges to mention a few. The policy construction approach primarily focuses on the political players and legislative authorization processes needed to ensure passing of legislation and for raising state appropriations in the arts. The three approaches co-exist in concept, practice, and program implementation, and share similarities in fund solicitation methods and personnel.

Even with the formation of auxiliary boards, commissions and SAA staffs have chosen to keep fund development activities separate rather than integrated into agency operations. This latter practice is counter to all fund development literature that discusses organizational readiness and, of late, capacity building related to fund development in NPO sector. Evidence shows that Commissions and SAA staff engage in strategic planning for fund development campaigns; yet those plans have not resulted in the redevelopment and hiring of new staff who understand the intersection of program design, education, and marketing with fund development. Moreover, SAAEs have not adequately created opportunities for staff to work with fund development consultants, event planners, or lobbyists.

Comparative information about SAAEs will inform future discourse for strategic
leadership and planning for the privatization of arts endowments. The difficulty with identification of programs and services is that many CTEs, CTFs, and CFOs operate without their own staff or programs and services. Instead, they share key personnel, like executive director (ED), arts in education (AIE) directors, and public relation (PR) staff and share reputations with the SAAE. Therefore, a PAE’s capacity to raise funds for arts endowments is entangled with the positive and/or negative social capital of the SAA. If the SAAE has a positive reputation in its state, it is more likely to raise funds than if it has a negative reputation among its stakeholders or with the general public. Additionally, regional and local arts environments are influenced by cultural policy on the national level, meaning that positive or negative public relations at the federal level also affect fund development capacity at the state level.

**Fund Development and Public Policy**

Arts Policy and Public Policy and Management literature illustrate the connection between policy development and administrative practices. Business, fund development, and philanthropic studies literature reveal entrepreneurial strategies and theories of systemic change, new leadership, and arts workforce development in politically charged and fundraising environments. Literature used in this study identifies political, historical, and educational viewpoints associated with fund development, arts stabilization, SAAs leadership and management, and strategy development. Government involvement in the solicitation of funds from private citizens has primarily been achieved through tax-based incentive and user-fee programs (Patashnik 2000). Throughout the 1980s and even
today, some policymakers support the elimination of federal and state budget appropriation to PAO like the NEA in favor of direct donor support from corporations and individuals. However, what SAAs continue to discover is that corporate and individual donors do not want to give large sums to support the PAO operating expenses, but will support projects with specific foci and definitive completion dates, e.g. project grants.

An examination of fund development practices and policies at the state level by government and nonprofit organizations will inform fund development strategies and policies at both federal and municipal levels. Salamon (1995:35) writes “even the basic scope of the partnership between government and the nonprofit sector has been unknown until recently . . . the phenomenon of government—nonprofit interaction has been largely ignored in both public debate and scholarly inquiry.” Rainey (1991) informs his reader that many think that all public and private management skills and tools work the same in private or public agencies. Although he disagrees with this perspective, Rainey acknowledges that some skills are transferable across public and private sectors. The use of trust funds is a long-term public policy strategy that utilizes user fees and other government incentives (Patasnik 1995). However, the invention, or at least the wide use, of endowments is primarily a NPO vehicle to secure long-term financial stability and sustainability (SGS, 1994).

Salamon’s research explores partnerships between social service government agencies and nonprofit organizations, lessons learned from those partnerships also inform organizational theory, behavior, and policy infrastructures. Often, the contribution of
third party agents includes reinvention of administrative infrastructures. Third party
agents, as defined by Salamon, are nonprofit organizations that assist public agencies in
serving public goals and missions. Several SAAEs have been successful in acquiring
large gifts from corporate and private individual donors to support research and short-
term projects. Others have reached endowment campaign goals with closing dates as in
Texas, Arizona, and Delaware. SAAEs, however, have been more successful in acquiring
seed funds and research grants to assess and increase arts development in localized
communities.

Dual public views of government interaction as a large bureaucratic machine that
limits freedom or as a complex system of organizations to support positive public welfare
leaves the arts and non-arts public struggle with public trust of PAO and of policymakers
(Salamon 1995). Filicko (1997) explains that similar conflict exists in the public’s
understanding of “art” and “culture.” Balfe & Peters (1999), supporting Filicko’s stance,
stating that the public holds varying viewpoints to define art and culture. Providing terms
like “market failure,” “government failure,” “contract failure,” and “voluntary failure,”
Salamon insists that public benefit is a complex system of third party agents serving the
public and calls for new research in theory development for the human resource sector of
NPO. Building capacity for change and fund development also calls for new
examinations and inventions of human resources in public administration and NPAO
management.

American government traditionally has established trust funds to reduce debt and
subsidize road constructions, pension plans, and social security at the federal level
Little is known about how government and NPO fund development strategies interact when developing a CTE, CTF, and CFO. For this reason, policymakers and PAO administrators relied heavily on third party agents like community foundations, United Arts Funds, arts advocacy, arts alliances, and local nonprofit organizations to help devise new understandings and strategies for arts development. The cultivation of civic participation from individual donors, volunteers, and advocates are crucial components of strategic fund development efforts (Joyaux 1997) and cultural policy. Arts endowments and foundations exist in various stages of development and continue to increase in number. Some funds have not been well-defined and others resemble companion foundations with annual short-term support. Few have begun to generate income from planned events and activities while others still focus on legislation development. Considerable gaps exist in the literature and in research on CFO, the projects that they support, or how these are connected to SAAE management. Additionally, demographics for states vary from rural scarcely populated to major urban populated centers. Arts endowments in all their variety appear to be mostly Midwestern and East coast phenomena.

Complex and multiple reasons exist for the NEA’s lack of defenders (DiMaggio & Pettit 1999). While those reasons go beyond the scope of this study, they explain why the NEA and SAAs were so vulnerable and susceptible to budget cuts. America’s political and arts policy climate was volatile and the NEA did not have a strong sister advocacy group to come to its defense. Wyszomirski (1995) reasons the arts community has not demonstrated its ability or exhibited an infrastructure that is able to coordinate
and negotiate political adversarial forces. Rainey (1991) asserts that public managers must be able to skillfully negotiate external political forces with effective management practices and infrastructural development. Lowell (2004:6) credits the New York State Council on the Arts (NYSCA) for supplying the model for the NEA. She asserts “Although federal-state partnership was created (in large part) to offset possible cultural domination by Washington, there was no positive vision of what the SAAs themselves should be.” Lowell continues to explain that SAAs adopted wholly the authorizing language of the NYSCA as the only model available to the NEA. Subsequently, SAAs adopted the NEA as their model and the result was that “early SAAs operated under elite assumptions about the arts” (Lowell 2004). Because larger arts organizations could be more accountable with tax dollars, the NEA and SAA focused on more established cultural institutions (Lowell 2004: 8). Multicultural and diversity concepts influencing arts council programs were initiated in the 1970s (Pankratz 1993, Lowell 2004). Whether or not a state uses an elitist, pluralist, multicultural ideology, some type of conceptual frame will govern that state’s ability to raise funds.

Lawmakers often increase and reduce federal and state appropriations based on media influences, scandals, individual/group endorsements, etc., related to the SAA and/or its grants recipients. Similarly, private foundations and corporate donors consider those same media and informational sources in their review of requests for gifts. Traditionally, SAA have used the NEA as an administrative prototype and model for distribution and re-distribution of federal block grants and appropriations. Other SAA appear to use programming and technical assistance aspects of community foundations
and/or corporate foundations as prototypes for administrative and development policies, strategies, and practices for creating and sustaining fund raising activities. These states, as in the 1978 directions to the California Arts Council, focused on quality of life and cultural democracy issues. Adams & Goldbard (1978) informs

> A policy of cultural democracy has as its main goal the development of a society of autonomous and cooperative individuals, a society which values participation and activity—in all subcultures—and seeks to overcome passivity and stasis. The State’s activity in cultural development must, in turn, promote these values above all others.

In determining strategies for fund development, SAAs must once again must determine policies linked to cultural democracy and goals for arts development within the state and in the nation. Lowell (2004) explains that SAAs and their staffs, in the 1990s, realized that significant changes in administrative and conceptual orientation remain necessary to thrive in future decades. Among those changes, Lowell (2004:22) lists:

± Find common ground in a pluralistic, multicultural America, where opinions about what sort of art should be publicly funded are divided;

± Respond to taxpayers’ desire for an efficient and effective government; and

± Demonstrate the value of what they do to a majority of Americans, including those who are largely indifferent to art.

Program allocations and assessments that only evaluate the impact of arts services and programs through “arts aficionados” and the arts stakeholders are reasons why the public has become disinterested in the arts (Lowell 2004:25). Lowell (2004) suggests that SAAs abandoned community needs in favor of its own arts stakeholders and, those actions, in part, resulted in the decline and support of arts audiences. SAA staff, appointed
commissions, elected politicians, and the public have not quickly adjusted to newer systems intended to build capacity for fund development operations. In order to enhance management capacity to meet fund development and technical assistance goals, SAAEs must also invest in human and intellectual capital. SAA management practices, for the most part, have not been designed to accommodate fund development or rapid change and innovation in public arts administration.

**Benefits and Challenges of Arts Endowments**

Donor cultivation and prospect research are major aspects of NPO fund development strategies. However, when PAO and SAA adapt NPO strategies in total for their programs and services, PAO programs and services do not appeal to wealthy donors due, in part, to their connection with government. PAO and SAAs must seek new ways to engage and expand public interests and support of their fund development programs. In *American Canvas*, Larsen (1996: 47) writes

> Conventional wisdom in the arts suggests that the most recent lean times are anomalous, merely a temporary setback. However one demarcates those “lean times,” – the leveling off of federal arts funding that began in the early 1980s, or the political squabbles that broke out later in that decade, or the draconian cuts in the Arts Endowment [NEA] budget that Congress exacted in 1996 and sustained in 1997 [through FY2000].

At the national level, the NEA and other arts related and humanities agencies were under attack from multiple sources. In anticipation of sustained budget cuts, some SAAs planned for alternative funding opportunities and discovered that long-term strategies require additional administrative resources. Most states suffered cuts due to negative
national and state political climates associated with the Cultural Wars, while a few states experienced the same level of funds or slight increases (President’s Committee on the Arts and Humanities—PCAH, 1997). The new interests in the development of arts endowments were a quick response strategy to stimulate private sector giving to the arts particularly from individuals. Unfortunately, administrative systems to support fund development initiatives required more structure than the simply identification of fund development mechanisms.

Explaining the new popularity of arts endowments, Rafool & Loyacono (1995:14) contends “Arts endowments are popular because they offer flexibility. They can be designed to serve any purpose from ongoing operations to capital improvements to just providing unencumbered financial support for the arts.” Rafool & Loyacono also note that because SAA are usually small, an endowment fund in many cases can support the entire agency operations if enough money is earmarked for the endowment’s principal. Other advantages of an endowment fund are that they enable long-term planning process to increase efficiency in expenditures and foster self-sufficiency once revenue is accumulated. These funds also provide seed money for leveraging private donations with simultaneous development of new revenue streams for new programs and services. Endowment funds are interest-based, not tax-based like budget allocations. Disadvantages include: they can tie-up money in the principal and may cause a reduction in general fund allocations from state general assembly if the principal appears large enough to support a SAA operations. Also, in difficult financial times, lawmakers can redistribute and draw down the corpus. Arts endowment management requires (1)
additional and/or re-developed staff, (2) assessment of agency operations, (3) additional research on state culture and arts patrons, (4) steady donations to build the endowment’s principal, and (5) the assistance of advocacy groups like Citizens for the Arts and Arts Alliances.

Many states attempt to earmarked mechanisms like license plate sales, lotteries, filing fees, the sale of public land, and income tax check-offs that are already under government control as first revenue streams for their endowments. These allocated funds demonstrate public commitment of both policymakers and public administration. PAE are also thought to promote competition between SAA and local NPAO. Earmarked revenue streams have also been known to promote conflict and competition with other state agencies as traditional public revenue generating mechanisms increase in use and popularity for PAEs. Therefore, fund development initiatives require anticipating future conflicts and predicting new partnership arrangement with other state departments, agencies, and NPAO such as the Offices of State Accounting Office, Bureau of Motor Vehicles, Tourism and Culture, Treasury, etc. and departments of Education. Additionally, as PAE corpuses increase, the number of arts organizations and public agencies making claims as potential benefactors may also increase. Because legislation associated with some public endowments includes provisions to revisit authorizing documents after a designated number of years or after a designated corpus has been achieved, those arts organizations and public agencies making claims may also be needed for future support of subsequent legislation.
Patashnik (1995) reveals that most trust funds, at least at the federal level, function without a corpus rather the funds exists in a general pool that can be temporary used for deficits in other areas of government. One fear remains is that that cultural trust funds can also be dissolved to address budget crises in other areas government. Patashnik (1995: 4)) asserts that trust funds also operate as “political contracts” at the national when writing

Federal trust funds are political mechanisms, not economic ones. As such, they differ fundamentally from trust funds maintained in the private sectors. In the case of private trust funds, trustees have a fiduciary responsibility to abide by the terms of the trust, which they cannot alter. By contrast, elected officials can change the law and divert some or all of the money in government trust funds to other purposes (OMB 1995: Schick 1995). Moreover, federal trust funds do not cumulate resources that can be drawn down to finance benefits. When a federal trust fund takes in more than it pays out, the actual cash goes to the Treasury, and the trust fund is credited with a special, nonmarketable federal security—in essence, an IOU from one part of government to another (Koitz 1988).

State trusts funds operate in a similar manner, however some CTEs and CTFs are separate funds that are invested with other funds but have separate accounts for its holdings like in Indiana.

Policy designers of PAE have generally placed stipulations in legislation to prevent divestment or diversion of funds from the principal. However, the condition remains that today’s policymakers’ can neither anticipate a state’s future financial need nor predict who will be elected policymakers in subsequent years. This condition therefore leaves any endowment or trust fund vulnerable to the whims of future
politicians and governors. Additionally, it leaves any pre-determined match of appropriation to privately raised dollars vulnerable as well. For instance, lawmakers can authorize a $2 million matching pledge over five years to a $1 million or less pledge as a one time gift if a state begins to experience budget shortfalls. For these reasons, corporate donors and individuals continue to express caution before contributing to state-owned and government controlled endowment fund. Patashnik (1995: 4) writes

> What a trust fund does is establish a linkage between income sources and spending for particular programs, and lend “a degree of assurance to beneficiaries and grantees that trust fund benefit or grant schedules once established will be protected” (President’s Commission on Budget Concepts 1967). If a budget can be characterized as a “contract” stipulating how the government intends to use taxpayer money (Wildavsky 1964), the trust fund device is meant to make certain of these political commitments more explicit.

As political contracts, trust fund promises ultimately depend upon the political process for their enforcement. Hence, they are subject to revision and renegotiation when the political climate changes.

Strategies about trust fund formation and accountability at the federal level can also be applied at the state, especially as these relate to program design and fund investments. Private donors to government funds continue to seek high levels of assurances that their gifts will support the programs and services in perpetuity.

Patashnik (1995: 19) reasons that government controlled trust funds change both political dynamics and policy discourse. In some cases, policymakers are held accountable for bad decisions of their predecessors. In other cases, policymakers and agency staff feel more autonomous and politically savvy to make changes and challenge
budgetary decisions thereby strengthening the SAA strategic position when negotiating budget allocations. Even if their purpose is expected to span multiple decades, Patashnik also emphasizes the temporal nature of government controlled cultural trust funds. Other warnings include the use of state treasurers as exclusive guardians and fund managers. About public guardians, Patashnik (1995: 36) asserts that they can: 1) impose ceilings on trust fund spending, 2) siphone off revenues from one trust fund to replenish another, 3) expand the permissible use of the fund beyond its original intent, 4) claim portions of the fund for other purposes, and 5) open trust fund contracts for new political negotiations. Even with such warnings, CTEs and CTFs hold great potential for alternative funding at the state level. Yet before this potential can be realized, PAO and the arts policy community must clarify definitions, implementation processes, and fund development management related for government controlled endowments.

The NEA, Public Administration and Fund Development

In the mid-1960s through the mid-1980s, NPAO experienced significant growth in their endowment funds with the assistance of private foundations like the Ford Foundation and the Mellon Foundation, especially symphony orchestras (SGS 1994). The Ford Foundation is credited for introducing endowment strategies to the arts community in 1966. In addition, the NEA simultaneously experienced growth and national recognition of its programs and services. As it grew, the NEA provided not only growth dollars for many young, small to mid-sized organizations, but in 1976, began to provided stabilization funds to major arts organization as Challenge and Advancement
grants (SGS 1994, NEA Guidelines earmarked for stabilization projects). By the 1980s, SAAs often partnered with local and national arts agencies in funding organizational development and stabilization projects in planning, assessment, and management training (Hillman-Chartrand & McCaughey 1989). Ironically, political crises at both state and federal levels often result in financial decline in public dollars.

Stabilization as discussed today differs from the Ford Foundation’s original meaning. Stabilization generally refers to annual operating support via short-term and long-term capacity building strategies. The systemic developments of managerial procedures and staff support for short-term funding are presumed indicators of an organization’s capacity for long-term stewardship and accountability. Stabilization formerly was thought to include both stabilization and sustainability, but have more recently been divided in two interrelated streams for financial support that are stabilization and sustainability. Strategic Grantmakers Services (1994: i) describes arts stabilization as:

> . . . a specific type of targeted intervention by a funder intended to strengthen arts organizations and help them move from one developmental stage to another. Such an intervention can involve financial support (grants for cash reserves or endowments, for example); it can involve technical assistance (in the form of strategic assessment or long range planning); or it can involve some combination of the two. But in every case, the goal of arts stabilization is to build long-term institutional capacity.

In the late 1970s, this view of stabilization as endowment development and growth expanded to include technical assistance in board development, fundraising strategies,
assessments, etc. In essence, foundations sought proof of good stewardship and accountability via sound management practices as components of stabilization known as sustainability or the competence to maintain programs and services once established.

The Ford Foundation discovered early in its program operations for symphonic orchestras that technical assistance, as capacity building was also needed in developing long-term stabilization and sustainability processes (SGS 1994). SGS (1994: ii) explains Arts stabilization has gone through a significant metamorphosis since it was first developed as a funding strategy in 1966 by the Ford Foundation. The earliest stabilization programs focused on institutional development through endowment growth and were aimed primarily at large arts institutions. The Ford approach was tremendously influential over the next decade but eventually the original model evolved into the so-called “balanced sheet strategy” which placed far greater emphasis on financial management and control.

In efforts to create an organization that provided technical assistance to NPAO, the Ford Foundation, the Mellon Foundation, and Rockefeller Foundations in the early 1980s were major contributors in the establishment of the National Arts Stabilization (NAS) Fund in New York City (SGS 1994, Zinno 1998). NAS was developed to focus on making grants, developing research, and linking organizational goals to organizational missions, strategic assessment, and accountability. This organization helped to develop financial and program development, leadership in boards and senior staffs, and organizational continuity and organizational readiness to support and raise funds at NPAO. Under its stabilization mission and program, NAS provided technical assistance in endowment formation to SAA in Texas, Arizona, and New Jersey.
NAS uses four following indicators in organizational assessment: 1) financial health; 2) management and organizational health; 3) artistic products and audience development; and 4) economic issues for building organizational capacity. Renz & Atlas (1999: 26) explains:

Changes are driven by factors inside and outside of the foundations. The principal internal factors named by grantmakers included a change in leadership or significant changes on the governing board; changes in program staff, including generational changes; foundation or corporate restructuring; periodic programs reviews; new funding initiatives created in response to needs assessments; the desire to be more effective, and significant growth—or reduction—in foundation resources. The principal external factors that we named included changes with the arts ecology and in the economic and social climate, local issues affecting non-profits and arts groups, globalization, changes in other sources of arts support, and collaborative funding opportunities. In addition, shifts in business interests, and the impact of mergers and acquisitions affect corporate funders’ programs, while community foundations and other public foundation are influenced by opportunities to obtain funding for new initiatives. It is impossible in this report to examine all factors. However, this section explores two stimuli for change—leadership transition and restructuring and changes in public sector support—in greater depth.

Other factors including leadership, strategies, program staff, marketing devices etc., can forecast an organization’s ability to build capacity and arts endowments. Each SAA must adapt managerial strategies and policies to support individual State’s missions. Some states may require preparation before funds can be raised from general public.

Explaining organizational readiness to raise funds, SGS (1994: iii) explains:
organizational readiness to raise funds with:

There appears to be a universal need in stabilization process for a first step which includes a strategic assessment of all aspects of an organization: mission, governance, constituency, audience and market, staffing and management systems, programs, finances, and fundraising capacity . . . .

There appears to be a certain institutional characteristics that indicate an organization’s readiness to participate successfully in a stabilization program including: Organizational continuity; strong leadership; clarity about mission; clearly identified constituencies and markets; realistic and achievable goals; and linkage of new initiatives with core activities.

As SAAEs re-invent their management and funds distribution infrastructures, multiple questions with reformation and construction must be managed and addressed with the general public, lawmakers, and with arts stakeholders.

While some have included more technical assistance directed at benefiting NPAO, many have not included those stakeholders in discussions about policy and fund development. Most PAO and policymakers as heads of state remain loyal to traditional administrative systems and reporting structures and have not shifted foci to improve programs and services that benefit their NPAO constituencies. Moreover, administrative expense associated with new programs and services are not sufficiently earmarked in SAA budget and appropriations. SAAs are, therefore, seeking alternatives through fund development activities at the same time that NPAO that they serve seek alternative funds.

For this reason, collaborations between stakeholders and public agencies increase in importance as related to fund development implementation and planning. For example, the collaboration formed between the Delaware Division of the Arts (DDOA), its public officials, NPAOs, volunteers, and consultants in Delaware serves as a significant model
in demonstrating partnership building. “Today’s stabilization programs are sensitive to the difficult macro-environment that arts organizations have faced since the mid-1980s . . .” posits SGS, and “Success is determined by whether an organization is stronger at the end of a stabilization process, and not necessarily by whether it has increased programs and financial resources” (SGS 1994: ii). Multiple environmental factors may affect the ability of SAAEs to raise and maintain funds. Philanthropic and public policy implementation literature also informs new directions in public administration research and policy development.

**NPO Fund Development Practices and Professionalism**

Wagner (1997: 1) explains that most people do not think of fundraising as a discipline, an organized practice or as a logical process, but as a quick fix for financial setbacks and budget cuts. She also explains that successful fundraising requires seasoned professionals who understand multiple aspects about an organization’s potential to attract financial donors. Wagner states:

Successful fundraising is based on years of accumulated experience by seasoned professionals. While it isn’t necessarily an easy endeavor, it’s a worthwhile practice because of the valuable results to the nonprofit organization and the publics they serve.

Well-meaning individuals perceive a need and immediately seek to remedy it by seeking funds, this kind of practice frequently results in failure or a disagreeable experience. Those who engage in social activism forget or don’t realize that certain steps must be taken in order for resource development to be effective and productive.
Wagner (1997:2) also informs new administrators in fund development that fundraising is a “highly integrated management process. Each step in a successful fundraising program may not require the same emphasis for each organization, but no steps can be missed without diminishing the likelihood of favorable results.” Wagner offers ten steps for developing fundraising programs:

   *Step One: Know basic marketing principles.*
   *Step Two: Consider the environment and climate for fundraising.*
   *Step three: Create and examine the case.*
   *Step Four: Involve board and other volunteers.*
   *Step Five: Determine markets.*
   *Step Six: Select programs and strategies.*
   *Step Seven: Research prospects.*
   *Step Eight: Create, use and communicate a plan.*
   *Step Nine: Solicit the gift.*
   *Step Ten: Renew the gift.*

While government agencies have been concerned with grants distribution, guideline preparation, equity, and stewardship associated with NPOA organizations, NPAO have been concerned with receiving grants and therefore have advance knowledge and techniques for soliciting gifts from private donors. Therefore, government organizations that are now soliciting funds are learning to design programs and services, marketing principles, and assessment processes.

   States like Arizona, Delaware, New Jersey, and Texas have approached fundraising as an organized discipline with logical processes as those identified by Wagner. These are among the few states that have sought outside expertise during the planning process for their PAE. Many SAE have simply not developed a capacity to
solicit gifts or to demonstrate good stewardship behaviors and oversight once those gifts are received. The exploration and use of multiple technology formats are required in the development of funds, tracking contributions, and matching donors at appropriate recognition levels. Most SAAEs still do not have software to track the number of solicitations, donor information, volunteers and/or staff who secured the gift, and/or if additional cultivation is needed for the donor to fulfill the pledge. These agencies do not have planning processes to recognize donors as important components of stewardship. SAAE in Arizona, Texas, Delaware, and New Jersey have also begun online merchandising and collective marketing via e-commerce procedures. California is another state that collects fees for the sale of published research books and photography portfolios. To reiterate, Wagner’s counsel that fund development processes should not be hurried if they are to be successful.

**Organizational Theory, Behavior and Policy Management in the Arts**

Rainey (1991: 4) explains that three branches exist for administration and organizational management. These are organizational theory, organizational behavior, and organizational development. Organizational behavior originated in industrial and social psychology fields and is concerned with individual and group behaviors. Organizational theory originated in the field of sociology and is concerned with whole departments or sets of organizations’ operations. Organizational theory examines the goals, effectiveness, strategy and decision-making, change and innovation, structure and design, birth and death of the organization. Organizational development and
management are concerned with organizational behaviors and organizational theories for developing and strengthening management practices and concepts in organizations (Rainey 1991). Rainey (1991:4 –5) notes “A strong tradition that pervades organization theory, organizational behavior, and general management rejects the belief that public organizations differ fundamentally from private ones.” He continues to explain that some management researchers insist that private and public organizations can utilize the same principles and frameworks for management. Rainey (1991: 5) reports

Many political scientists and economists, however, treat the public bureaucracy as quite different from private business. Political scientists concentrate on the political role of the public organizations and their relations with legislators, courts, chief executives, and interest groups. Economists analyzing public bureaucracy emphasize the absence of economic markets for its outputs. They usually conclude that absence of markets makes public organizations more bureaucratic, inefficient, change-resistance, and exposed to political influence than private firms. They codify into theory the general public belief in the inferiority of public organizations, a belief that the management literature tends to reject as a crude stereotype.

Rainey rejects the notions that public organizations are inferior to private organizations due to lack of economic markets. Rather than economic markets driving effective managerial issues, the quest for financial capital means that SAA must re-examine both positive and negative aspects of their organizations’ social and intellectual capital before, during, and after implementing fund development strategies.

Rainey also rejects political scientists’ focus on external factors as the only factors to affect public management and its effectiveness and efficiency. Rainey (6) rationalizes
Although economists offered impressive intellectual exercises in developing abstract theory, they relied on simple, very general assumptions. They assumed, for example, that since public administrators cannot gain profits in economic market, they do not strive for efficiency and innovativeness, that since they have no clear performance indicators from sales and profits, they administer through profusion of rules. . . .Neither the political science nor the economic literature on public bureaucracy paid as much attention to internal management—designing the structure of the organization, motivating and leading employees, developing internal communications and teamwork—as did the organization theory, many of the general observations of political scientists and economists about motivation, structure, and other aspects of the public bureaucracy appeared oversimplified.

Rainey seeks to redefine the role of the public administration as it relates to both political processes and program management. He writes “Public management connotes active, effective management of government organizations, as opposed to preoccupation with politics or acceptance of a caretaker administrative role. The statement has significant implication for SAA and their leadership as related to strategic change and fundraising. Public administration in fund development processes will continue to change from monitoring to facilitation and student learning.

In discussion similar to Rainey, Moore & Moore’s (2005:15) compare market failure of public sector to the private sector and highlight ways in which products and services differ for each sector when asserting:

In the private sector, the strategic problem is typically finding a set of products and services that the organization can produce and sell in markets to willing customers. A firm fails when it is unable to offer a product or service that meets a real market demand at a reasonable cost or when
competition offers a better version of their product or service at a comparable or lower price. Firms also face issues with capital costs, labor conditions, changing technologies, and their ability to position their products in the market. . . .

In the public sector, however, the strategic problem is a bit different. An important part of the public agency’s environment resembles the market: there are individuals who receive products and services from the organization, and the number of clients it helps in varying ways determines—at least in part—the value of the organization’s efforts. But the individuals who receive valuable products and services from the public organization do not pay directly out of pocket. Instead, elected representatives set levels of taxation and, based on their decisions about what important collective purposes the state should pursue, pass on a (larger or smaller) portion of tax revenues to public agencies. These agencies offer products and services free of charge to those clients who can help achieve important collective purposes. Thus, the proper arbiter of the value of public-sector is less likely to be the customers or clients and more likely to be legislators who make choices on behalf of citizens and taxpayers. This fundamental difference requires public managers to rely on a different framework to guide them toward value-creating strategies.

The re-invention of public management as it relates to organizational capacity building is crucial in fund development administration. Many SAAE commissions attempt to design or re-invent leadership behaviors based on NPAO and corporate board formats and privileges. Policy communities and political systems must also be considered in decisions related to cultural democracy. A state’s political environment, agency’s behavior and theories, and stakeholders and strategic actors will inform policy
designs and will, in turn, inform the agency’s philosophy and management strategies in fund development. Strategic actors are individuals and organizations that help to define long-term purposes and desired results of SAA activity, mobilize support for the SAA, and deploy resources to achieve the desired goals and mission of the SAA (Moore & Moore 2005: 12). Political leadership, management philosophy, and administrative practices work together in illustrating an SAA’s ability to manage its own administration and policy designs throughout re-organization. In cultural policy at the federal level, some re-organization related to resource development centers on collaboration and partnership formation (Barsdate 2001); however, at the state and municipal levels, SAAs and other cultural organizations continue to complete for individual resources over group benefits.

NPAO organizations can co-exist in the market because the assumption behind nonprofit status is not to make profits rather to break-even by covering the cost of programs and services. Sound financial management will inevitably lead to cash reserves and to endowment implementation. NPAO need not compete for resources when by creating collaborations they learn to share resources. The philosophical shifts from scare resources to resource development will primarily come through education and changes in senior leadership at SAAs. In their learning to collaborate, they also learned that additional funding must be secured for smaller and emerging arts groups in order to reduce future conflict and to protect their own financial interests. SAAs and SAAEs must develop innovate practices while also increasing awareness about government and nonprofit relationships.
In *Creating Public Value through State Arts Agencies*, Moore & Moore (2005: 40) develop these issues further by explaining

Despite the obvious importance of the enterprise, public managers often feel a bit uncertain—even ethically squeamish—when they are invited to look closely at the political environment that surrounds them and consider how they might effectively engage those powerful forces and individuals. On one hand they may worry that it is beyond their authorization and competence as public officials to participate actively in the political process that defines their purpose. On the other hand, they feel a deep sense of responsibility to the people who work for them and the purposes they seek to achieve. They have something important to offer in political discussions about the public value of the agencies they lead, but are often inclined to focus more of their attention on internal operations. Even when they find the psychic space to think about the political issues they face, they tend to deal with them alone and only sporadically.

Participation in public administration often means reconciling opposing forces or the perception of opposing forces into management systems that deliver, articulate, and communicate information in a consistent manner to arts participants and non-arts participants alike. A major difference between SAA commissions and NPAO boards is that commissioners generally are appointed by elected officials and serve at the pleasure of those officials, whereas philanthropic boards choose and select their own replacement members. A few SAA commissions and boards also appointed at-large members with varying levels of membership and voting privileges.

Moore & Moore (2005: 60-62) assert that keeping administrative cost low is important, but not at the expense of programs and services management or at the expense of an organization’s ability to be viewed as open and fair in its grants adjudication. “If all
[SAA commissions] want is fiscal integrity, then accountants will be enough. If they want,” contend Moore & Moore (61), “high-quality customer service, then a different kind of staff and technical infrastructure will be needed.” These authors continue further with “And if they want high-quality judgment about the capacity of the arts organizations and individual artists to produce artistic experiences with public value and outcomes, then it needs a still different kind of staff—one that understands how artistic efforts create public value.” Moore & Moore situate, like Rainey, the need for leadership and management opportunities at lower levels within the organization and not sole concentration on senior and commission management. If the organization is to become stronger, then new staff and innovation is necessary.

The questions of who manages and to what degree independent management occurs in SAA programs and services remains forever present and negotiable in public management. Rainey (7) argues

Too many public managers . . . do not seriously engage the challenges of motivating their subordinates, effectively designing their organizations and work processes, and otherwise actively managing their responsibilities. Politically elected and politically appointed officials face short terms in office, complex laws and rules that constrain the changes they can make, intense external political pressures, and sometime their own amateurishness. Many concentrate on pressing public policy issues, at worst exhibiting political showmanship and paying little attention to the internal management of agencies and programs under their authority. Middle managers and career civil servants, constrained by rules, have little authority and incentive to manage . . . . Experts also complain that too many of the elected officials charged with oversight of public
organizations know and care very little about their management. Elected officials have little political incentive to attend to “good government” issues, such as effective management of agencies. They often have little managerial background, and they tend to interpret managerial issues in ways that would be considered outmoded by management experts.

SAAE staffs often respond to challenges with creativity, but are also stifled and held to other public agency procedures. In fund development, a great responsibility rests on the actions of the board of directors and staff for leveraging financial gifts (Broce 1979, Wagner 1997). SAAE Commissions do not enjoy the same levels of flexibility or share the same duties and responsibilities for leveraging, donating and raising funds from private donors for PAE as NPAO boards. Some NPAO boards are assembled for the single purpose of fund development, while other NPAO manage every aspect of an organization in place of staff. While personal gratification remains the same for participants as a commissioner or a board member, the commissioner’s role is to support “whatever” is best for the public while the board of director’s role is to support whatever is best for the organization. Though these governing philosophies may not always be in conflict, the potential for NPAO board members to serve in the best interests of the organization are greater when policymakers’ opinions occur outside the political sphere.

What is good for a public organization may also be good for the public, but what may be good for the public does not necessary have to be good for an SAA’s internal operations. The development of administrative systems and infrastructures are necessary to raise funds and to gain support of arts programs and services. Management occurs on multiple levels of government as do policy formation and conflicting views of management and policy applications. SAAs staff must know how to navigate both
internal and external systems in public management when dealing with other government branches and with its grantees, media, and general public. SAA senior staff is often treated as first-tier managers who work “for the pleasure of the commission” that “works for the pleasure of the governor.” The assumption that state employees work for the commissioners is accepted in most SAA operations. Even when staff is hired for subject expertise, commissioner decisions govern program and services areas in some states. Additionally, not all SAAs are stand-alone agencies; some share their cultural work under the umbrella of Departments of State and Offices of Culture and Tourism.

Whereas commissions membership is often linked to arts patronage, geographic state regions, and/or community participation, the composition of third party agents’ board vary in criteria and is more often linked to knowledge, expertise, gender, ethnicity, etc. The recruiting process also differs for NPAO boards as some individuals are recruited for their ability to leverage future financial gifts and donations to the organization, while recruitment for commissions are “at the pleasure of the governor’s office.” Even when SAAs submit commission candidates for consideration, those appointed commission memberships remain outside the control of SAA staff.

When discussing management of programs and services at public agencies, Rainey (1991:12) contends that varied aspects of organizational theory, organizational behavior, and organizational development overlap in working systems, and emphasizes:

The public and private sectors that this analysis covers involve myriad variations in organizational level, type, and setting, about which we have not yet developed systematic frameworks. For each of the topics or variables covered in the analysis—power, political processes, motivation,
leadership, organizational structure, and others—there exists an extensive, diverse body of research, filled with controversies and inconclusive in some ways. Yet these challenges represent the realities we must confront, just as we must confront the inescapable paradoxes and conflicts inherent in public management.

The development of administrative systems to support fund solicitation activities must be addressed in agency operation as an integral component in management subsystems. Many agencies have attempted to keep fund development initiatives separate for other on-going operations, and these have not been successful in raising large sums for their endowments. In more than one way, fund development is synonymous with organizational change and management paradoxes.

The development of a financial infrastructure to support internal administrative processes and external political and cultural objectives will bring change in every operational sphere to include research, grants making, education as marketing and advocacy, and technology. Rainey (234), quoting Tichy, writes “Strategic change, as Tichy calls it, involves moving beyond these more fragmented approaches to effect large-scale transformations in the organization’s relations to its environment and the coordination of three dimensions in this new orientation.” These three dimensions that affect organizational changes are: the political, technical, and cultural aspects. Examples of mass scale change are demonstrated in collaboration and partnership formations like that of the Delaware Model and in Indiana’s Regional Arts Partnership through which successful policies were established to stabilize the statewide arts community.

Building an arts infrastructure within the state and within the organization resembles the same processes used by the NEA when establishing SAAs in America. It
becomes a complex and complicated network of overlapping institutions and issues being developed simultaneously to support art and culture. It requires staff and others to be both experienced and educated in arts management, arts disciplines, curricula development, and policy management in the public sphere. Increase arts participation was originally linked to audience development to increase paying consumers; it now represents information transference via marketing (Moore & Moore 2005). Increased arts participation also increasing social capital and public awareness that leads to both financial and symbolic support which can then be leveraged and utilized to structure long-term fund development initiatives. Moore & Moore (2005) explain that increasing arts participation of the general public is a direct result of SAA staff expertise and their relationships with other arts stakeholders and community leaders. These authors strongly suggests that middle and lower-level employees have as much positive or negative potential to impact arts participation as commission members and EDs. Fund development practice utilizes these same relationships in financial and social capital development. Moore & Moore (2005:62) write:

> Among the most important potential strengths and weaknesses of an SAA staff is its connections to diverse parts of the arts community. If an important aim of an SAA is to broaden and diversify the engagement of a state’s citizenry in the arts, then it helps enormously if the SAA has individuals on its staff who can effectively connect with the diverse communities it seeks to engage. This may be partly a matter of racial and ethnic diversity on staff. But it is equally a matter of openness, curiosity, and empathy . . .
In practice, most SAAEs have not invested enough time in planning or operations review before endowment implementation and policy formation. At record speeds, SAAEs are discovering that administration and infrastructure must undergo continuous review in fund development processes to ensure success. A few SAAEs have understood and articulated fully their public’s “needs” for specific types of arts programs and services as they built campaigns to solicit and promote PAE initiatives. These SAAEs do not assume that people and corporations will support CTE, CTF, and CFO simply because they are perceived as good for “quality of life” ideology or “good neighbor” strategies. The realization that social trust, whether positive or negative, affects the agency’s entire organizational infrastructure, theories, and behaviors are lessons-learned through trials and errors. Other factors that can also enhance or hinder an SAA’s ability to raise funds are associated with its innovative practices, hired expertise, and development of new programs and services. Adjusting these aspects in organizational readiness for fund development processes at SAAEs have been post facto procedures in the formation of endowments and trust funds.

Community Foundations, Family Foundations, and United Arts Funds

Much of this latter discussion focused on internal administrative changes, however the way that SAAs form partnerships with external components in an arts ecology also affects where or not social and financial capital can be built. Like SAAs, Community Foundations (CMF) and United Arts Funds (UAF) are also valuable grants distribution organizations and are potential partners for states to use in donor cultivation. Patashnik (1995) and Rafool & Loyacono (1995) list competition between arts providers...
and PAO as an area of potential conflict in public arts endowment and trust fund development. CMF are generally too small to singularly address all problems related to artists and arts organizations in their communities and often seek partnership opportunities to raise funds for addressing cultural organizations. Moreover, CMF foci on the viability and growth of the entire community rather than just the arts and culture; e.g. they are concerned with quality of life issues as community development stimuli.

Typically, CMF have been concerned with annual arts programming, rather than with long-term stability when providing assistance to local arts organizations. Rarely, do they give gifts large enough to build a comprehensive arts policy and practice infrastructure in their communities. CMF and larger foundations were studied by Grantsmakers in the Arts (GIA 1999) to determine foundation impact and giving strategies. As most community foundation gifts to organizations fall under ten thousand dollars, many of their gifts go unrecorded. Therefore, the impact of community foundations giving to arts organizations and other cultural groups remains skewed and unable to determine when referencing the Arts. Additionally, CMF are potential donors for seed monies to support planning and research and for matching opportunities in state and federal foundations. As more SAAEs consider partnerships and placement of their endowments at community foundations with large holdings, the public-private organizational relationship will increase in significance.

Recent trends show that SAAEs are reviewing CMF as organizations to serve as potential fund managers that can broker investments and higher returns on stocks, bonds, and other commodities. CMF appeal to SAA commissions and boards because CMF
staffs have accountability procedures already in place for managing large investments and because the practice separates SAA endowments from other state holdings. In part, placing a fund at a CMF addresses the fears of some donors about the potential emergency use of a CTE or CTF if necessary to balance shortfalls in state budgets. Partnership arrangements between SAAE and CMF also allow public administrators to work with professional fund development staff at reduced cost. Partnerships with CMF can increase resource pools of local donors, corporations, and other foundations for gifts and volunteer committees. Partnerships and collaborations with CMF can also result in increased and better coordinated marketing, public relations, and promotional strategies to support the funding initiative.

Family foundations, in fact, are leaders in support of local and regional arts projects and programs. The added value of community and family foundations in arts development, in addition to grants distributions, is that they also provide technical assistance to NPAO and help to raise awareness about important issues related to community development, quality of life, and social capital. Related to overall arts development and assessment research, CMF are sources of information about local and regional giving preferences. Information connected to giving patterns will enable policy designers to better match localized needs with foundation supported initiatives like arts education, youth development projects, leadership institutes and professional development, research and arts scholarships, and cultural heritage and ethnic arts, in addition to arts programming and capital operation expenses.
Community foundations have their greatest impact at the municipal level, but designated arts organizations like united arts funds (UAF) often have regional impact and are models for workplace giving programs. UAF, also named Allied Arts Funds and Arts United Funds, have other derivatives as names and are concerned with the development of annual campaigns to support financial operations and capital needs for their member arts organizations. They develop endowments and cash reserves for their member organizations only and these support the operations for those organizations. Well-established UAF have fully developed relationships with corporate donors within their state. Their member organizations tend to be the larger “fine arts” organizations like a regional theater company, symphony, dance organization, museums, etc. UAF campaigns are structured as workplace giving programs like those of United Ways for humanitarian efforts. United Arts Funds, like community foundations, develop local or regional objectives as incentives for local corporations and business owners to support community arts and culture. Some municipal and regional arts councils, like Durham Arts Council and Allied Arts Council of St. Joseph, also manage UAF drives as fundraising apparatuses to support their member organizations’ annual operating budgets. The partnership between Silicon Valley Arts Fund and the Santa Clara Community Foundation is a good example of two organizations collaborating to support arts and humanity initiatives in California.

CMF and UAF both operate short-term annual campaigns to support local and member organizations. UAF campaigns, like United Way campaigns, often schedule their campaigns at the same time of year and are seasonal. Although the long-term fundraising
strategies for each organization include permanence, they employ fund development vehicles like workplace giving and special events that are short-term funding options that repeat annually to operations and programs. A comprehensive review of composition, management infrastructures, and fund development practices of UAF go beyond the scope of this study; however, even cursory examination of workplace giving campaigns of UAF may contribute new information to an SAAE staff, auxiliary boards, and councils about partnership and collaboration development associated with its CTE and CTF. At the bare minimum, information about challenges associated with annual workplace giving programs and corporate relationships will provide the arts field with information about this fund development strategy.

As SAAs seek to promote the Arts and arts development through collaborations and partnerships, they must understand all philanthropic arrangements associated with arts and giving within their states. Partnerships and collaborations with third party agents must be based on information sharing, arts delivery systems, and research as a component in fund development strategies and objectives formation. Not all collaborations and partnerships with CMF and UAF will directly contribute to fund development, but such partnerships will nevertheless increase the long-term likelihood of success and learning about the fund development initiative and its benefit for local, regional, and state arts development, e.g. social, intellectual, and human capital.
Conclusion

Most scholars and fund development professional agree that the Arts contribute greatly to higher standards in quality of life. However, the arts remain one of the first areas to suffer budget cuts and donor purging in difficult times. New infrastructure and revisions of management practices, job positions, etc., are needed to reflect a variety of program design activities related to SAAE fund development. Changes in administration at PAO will also influence the number and types of services and programs offered in arts education at community-based organizations. Continued partnership between PAOs, especially SAAs, and community foundations, humanity organizations, and other NPOs will benefit all participants in the arts and cultural policy. The development of a consistent workforce in the Arts will bring new knowledge and energy to the field. The relationship between professional development of staff and education of the at-large public will also be constant and ever-evolving. Therefore, SAAE, their commissions, and staff must dedicate some portion of PAE interest pay-out to meet changing and future needs for professional development related to management and public fundraising. Lawmakers often increase and reduce federal and state appropriations based on media influences, scandals, individual/group endorsements, etc., related to the SAA and/or its grants recipients. Similarly, private foundations and corporate donors consider those same media and informational sources in their review of requests for gifts.

Traditionally, most SAAs have used the NEA as an administrative prototype and model for distribution and re-distribution of federal block grants and appropriations. While other SAAs use programming and technical assistance components of community
and corporate foundations as prototypes for administrative and development policies, strategies, and practices for creating and sustaining fund raising activities. Each sector, whether public, corporate, or nonprofit, in the arts have much to exchange. Competition for funds does not necessarily translate to diminished capacity or “scarce resources,” rather they can mean that proper investments in administration and time to identify, cultivate, nurture existing and potential donors need to be well planned. Even in times of national tragedy and concern, SAAs and NPAOs can forecast a future with art and creative expression. Just as with widespread budget cuts in the 1980s affected arts programs and services, philanthropic support will continue to shift from arts and culture to humanitarian efforts related to war relief while also providing opportunities for new thought paradigms in fund development and administration.

The question then is: How are we planning for future windfalls in the arts?

During the technology boom of the 1990s, multiple foundations and new philanthropic efforts were announced, including those supported by venture capitalism and social entrepreneurism at nonprofit organizations. With more focus on field of interest and donor advised funds at community foundations, family and individual foundations have increased their involvement in philanthropy and have explained that their benevolence at social service and educational organizations stem from positive childhood and adolescent experiences. However, similar windfalls of tens of millions of dollars towards future development of arts endowments have not been reported at local, regional, or state levels in the Arts. Innovations related to management, arts program and services, and workforce development must include racial and ethnic diversity in fund development planning.
CHAPTER 3

LITERATURE REVIEW: EXTERNAL FACTORS, MANAGERS, AND CAPACITY BUILDING

Introduction

Many factors surround and influence the implementation and formation of PAE. The number of policies that a commission and its staff create will shape the missions and purposes of PAE. Critics and supporters come from a variety of ethnic heritages, political backgrounds, and employment levels within other government and arts organizations. Moore & Moore (2005:23) posit:

The conflict is not simply among those who want to spend money on the arts and those who do not. It is also among those who have different ideas about what kind of art would be most valuable and appropriate for the state to support or what constitutes a fair and just way of distributing state support for the arts.

Whether or not a state uses an elitist, pluralist, multicultural ideology, some philosophy will govern its ability to raise funds from a narrow or broad funding base. Multicultural and diversity ideology influencing arts council programs were initiated in the 1970s (Pankratz 1993, Lowell 2004). This chapter explores some of the issues associated as external factors that find internal meaning and address in policy designs for PAE. These are not intended to be a complete list of issues that have potential influences.
on the development of PAE, rather to supply some information about significant areas that most likely will influence planning for CTE, CTF, and CFO. Government continues to change as elected and appointed officials change and as staff changes, this, in turn, means that policies are in constant review. Public opinion and public support also shifts over time.

A basic understanding of the variety of mayor-council plans or city manager relationship at local levels, as well as about local institution and topics like Community Foundations, United Arts Funds, Arts in Education and community-based arts programming, will assist SAAs in developing comprehensive plans for arts endowment creations and growth. In the 1960s when the NEA and other cultural institutions were created, the public believed in the federal and local government’s ability to create the “Great Society” inclusive of arts institutions that preserved and determined which cultural artifacts were of value to understand American heritages (Lowell 2004, Moore & Moore 2005). “Unfortunately,” reports Moore & Moore (2005:25), “in the subsequent decades, public enthusiasm for government as the engineer of a great society and the arts as an emblem of American society flagged.” Understanding management issues associated with cultural heritage, arts education, and community development will continue to influence fund development and its associated policies and financial targets for PAE.

Literature associated with fundraising in NPO and government sectors focus on planning and development of fundraising systems and tools. Fund development literature associated in the public sector also includes policy design and administrative systems
before practical and tactical aspects of fundraising can begin. All too often, either a focus on policy development or design occurs with little regard to administrative system to support fundraising or visa versa—tactical aspects have been planned without a policy and political context for raising funds—in both the non-public and public sectors. Writing about the arts environment just after the Culture Wars, Wyszomirski (1995: 10) explains

The arts community and its philanthropic supporters have often felt—with some justification—victimized, unlucky, and besieged by the turn of events in recent years. But it can also be argued that many arts advocates have been unwittingly complicitous in these travails. Complicitous because they neglected key elements of what might be called the intellectual and political infrastructure of cultural policy . . . . The arts battlefield of the so-called “culture wars” cannot properly be characterized as a debate, since epithets rather than ideas have generally been its driving force. Indeed, the persuasive power of virtually all of the arguments that helped establish and sustain federal arts support for the past thirty years has eroded. But little effort has been invested in the development of new ideas.

Wyszomirski posits that the arts community must share in partial blame for neglect of its own duties to grow and protect arts expansion at the federal, state, and local levels. She asserts that few ideas have contributed at the national level as viable suggestions for constructing new realities for arts expansion and infrastructural support.

Since her assertion in 1995, some SAAs have engaged in the exchange of ideas of innovated practices at the regional and local levels (Lowell 2004, Lowell & Ondaatje 2006, Moore & Moore 2005). New ideas were spontaneous and immediate responses to federal proceedings and public hearings against NEA budget cuts. Supporting this claim, Rafool & Loyacono (1995) contend that multiple strategies to diversify funding were
attempted at local and state levels immediately following the Culture Wars. The unfortunate factor is that these ideas have not been consolidated from multiple resources at local, state, and national non-arts government agencies, corporations, and foundations. Instead, new ideas were adopted wholly from one government level or from NPAO and applied to different government levels with the same expectations for success. Current trends, at the national level, continue to focus on collaboration and partnership development (Barsdate 2001, Pew Charitable 2004) and may give rise to additional fund development collaborations that are better suited for cultural arts agencies.

The arts community’s focus on the national arts scene and the culture wars contributed to “quick solution” seeking for funding at state levels. As NEA appropriations eroded or remained at minimum levels, SAAs began to seek funds to replace federal support via general operation grants. Unfortunately, SAAs did not develop a strong presence or demonstrate active engagement in changing policy infrastructures during the Cultural Wars. Wyszomirski (1995: 11) contends

Some critics of public art programs have been able to play fast and loose with accusations, innuendo, and exaggeration, as they seek to redefine issues to further their own agendas rather than to promote good public policy. Learning to deal with such “outsiders” has challenged—and unsettled—many members of arts community.

Arts administrators, even those who work at government agencies, have not understood public policy, agenda setting, and the difference between “policy management” and politics that has left the arts community vulnerable to attack and unable to distinguish political advocates—some of whom may be friendly—from adversaries (Wyszomirski 1995).
A limited number of SAAs and other arts agencies have begun to synthesis information needed to develop marketing, educational, and outreach infrastructures to support and promote the arts in their states (Moore & Moore 2005). However, for the most part, too many public administrators working at SAAs are neither trained as specialists in public policy and management nor educated in arts administration. These administrators, selected for their management abilities, rarely have significant knowledge of public policy and management, the not-for-profits, arts, fund development, or partnership management. Understanding the complex relationship of elected officials in policy development is highlighted in the third case study, Indiana, where policy modifications, changes, negotiations and relationships were in constant motion across the reigns of four governors. Some of whom appeared supported of trust and endowment issues but were nonetheless slow to appoint members to auxiliary boards responsible for implementing and managing the work of the PAE.

While most SAA administrators have management and/or subject expertise, they often lack contextual information for becoming change agents in state government and the Arts. Regrettably, NPAOs continue to select candidates with MBAs over candidates with degrees and training in arts administration (MAs) and/or public policy (MPAs). In the midst of re-occurring controversy, budget shortfalls, property taxes, and national, and international emergencies, the Arts and its practitioners are vulnerable to public critique, and most SAAs will not have time to train and develop professional staff to hit the ground running. Organizational change is complicated by the appointment of agency commissions and senior staff by elected officials.
Many PAO still choose sidelines in order to avoid political crossfire for fear that their organizations will become the targets of state cutbacks (Moore & Moore 2005).

About the arts policy community, Wyszomirski (1995: 11) explains:

In its quest to avoid polarization, the arts community confused politics with policy, and therefore failed to understand what the policy system is, how it works, how to influence the agenda, and where to find political allies. Focused on their own particular need and interests, many members of the arts community lost sight of political, economic, and social change that would frame the larger context in which policies affecting them would develop. Things were not always this way. And, historically, foundations played a key role in fostering policy innovation and public entrepreneurialship in cultural affairs.

She continues to explain that the policy community in the arts are fragmented and virtually non-existence. Wyszomirski (1995:13) contends:

It is fragment along many dimensions, such as discipline, generation, ethnicity, and geography. It is incomplete—many community components are disorganized and key resources (particularly information, evaluation, and analysis) are woefully underdeveloped. And it is uncoordinated—many community segments are essentially strangers to one another and have few occasions to interact. In other words, to become more policy effective, the present arts community needs to evolve into at least an *arts policy community*, if not into an even more extended, *cultural policy community* [italics Wyszomirski’s]. . . . Meanwhile few policy makers encounter policy scholars, and the academics and practitioner wings of the community are largely strangers to one another. Interaction among policymakers, practitioners, and policy scholars is much richer in other fields of public policy.
Wyszomirski calls for a cultural policy community as a larger communication nexus for an arts policy community and other cultural policy communities. While most SAAs are forbidden to act as political advocates, they can facilitate discussions and host annual conferences through which their arts constituency receive information and assist in the development of strategic directions for innovative ideas such as cultural trusts funds and endowments. Only a few SAAs like in Delaware, Ohio, Arizona, and Texas introduced models for creative and problem-solving dialogues with their arts constituencies. Texas, Arizona and Delaware engage some members of its arts constituency in dialogue to assist their States in the development of public endowment strategy and fund. Ms Amsterdam, citing the use of creative exchanges in Delaware, credits those dialogues for the success of ArtCo and for leveraging funds and other donor resources (Larson 1996). Similarly, the Indiana Regional Partnership Initiative is credited for its efforts to assist in raising state appropriation funding levels from just over $3 million in 1998 to $3.8 million 2001 (Barsdate 2001: 8).

Nonprofit, Government and Entrepreneurial Management Approaches

Management processes are not unlike policy design and implementation processes. They too operate on multiple levels in business and in government. The difference is that administrators employed at SAA come from a diverse range of expertise that often do not include public policy backgrounds related to legislative design and implementation. With commercial and private NPO management backgrounds, these employees bring creative and innovative skills that work in short-term applications but
may not work as long-term resolutions. However, government employees are limited by the things that they can do and are forever under the watchful eyes of media and other critics. The challenge for innovative and staff working in public administration is that government at all levels tend to move more slowly and be more conservative because elected and appointed officials view their own roles as custodians of public tax dollars rather than as innovators. Some government appointees and executives also view their roles as gatekeepers and nay-sayers that protect scare resources by limiting new ideas and creativity. Whereas for-profit and nonprofit environments encourage innovation and risk-taking in a localized context, public administration extends beyond the immediate organization to regional, state, and national public agencies. Independent policies created at the state level are connected to local and national cultural policies. Innovation in public management through program design therefore must also be concerned about positive and negative public relations that can change fund development support from positive to negative support overnight. Opposition from the public or elected official towards a specific program or general programs can be the result of a political agenda without actual wrongdoing by a public agency. In entrepreneurial management, SAAs must focus on resource development when addressing scare resources strategies and practices of other government agencies. In public management, the SAA has to be concerned with public perception while simultaneously introducing innovative management.

Not since the early 1960s and 1970s have arts supporters and staffs of SAAs been so involved in legislative agenda processes as they are in legislating fund development processes connected with tax levies, license plates sales, bond issues, and tax credit
check-offs. Some are even involved in the creation of entertainment and hospitality incentives, as well as in the creation of cultural and arts districts, as public law. As most SAA employees are forbidden from advocating specific political positions, the delivery of timely information and the formation of strategic partnerships with advocacy and affiliated groups in the development of social capital or cultural democracy have moved once again to the forefront. The strategic inclusion of the right partners and collaborators in general is a strange proposition that has to be carefully managed by SAA staff. Whereas arts and cultural recipients of SAA are the primary public being served, this same constituency is connected to other arts and cultural advocacy efforts throughout the states, regions, and perhaps nation.

Moreover, arts supporters like non-arts supporters can easily become staunch critics of new processes and procedures involving tax dollars. Even the perception of misused tax dollars can alarm special interest groups who then choose to support or advocate against the issue at hand. SAAs, especially in fund development processes, must manage the simultaneous development of social, intellectual and human capital through constructive dialogues and inclusion in planning and implementation processes. The following table compares NPAO policy approaches with PAO policy approaches as related to fund development and financial solicitation. Understanding that fund development implies the development of a philosophy and a strategy for raising funds from a public, solicitation relates to methods and vehicles used to acquire actual dollars to support the development of a CTE, CTF, or CFO.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>NPAO</th>
<th>Public/Government</th>
<th>Entrepreneurial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beneficiaries</strong></td>
<td>Organization’s patrons and general public</td>
<td>General public</td>
<td>Organization’s patrons, stock holders and owners</td>
</tr>
<tr>
<td><strong>Contract Flexibility</strong></td>
<td>Ability to choose bidders from several estimates and customize services to organizational needs</td>
<td>Lowest bidders are selected in most cases; Should also be concerned about ethnic diversity among contract bidders</td>
<td>More power to select and negotiate contract terms</td>
</tr>
<tr>
<td><strong>Corpus Maintenance</strong></td>
<td>Independent Investment Bankers and Community foundations</td>
<td>Auxiliary boards, State Treasurers and/or Community Foundations</td>
<td>Independent Investment Bankers and Brokers</td>
</tr>
<tr>
<td><strong>Dissolution</strong></td>
<td>Endowment is usually slated for NPO that have similar missions</td>
<td>Either incorporates as a 501c3 foundation to benefit community or reverts to general State Treasury funds</td>
<td>Sales company to highest bidder</td>
</tr>
<tr>
<td><strong>Identify leadership</strong></td>
<td>Leaders come from a host of civic and corporate business operating in the community</td>
<td>Leaders serve at the pleasure of the Governor and other designees and are nominated</td>
<td>Senior staff, board of trustees, and owners</td>
</tr>
<tr>
<td><strong>Marketing/Promotion</strong></td>
<td>Is directed to patrons who support specific NPAO activities and for promotion of events/activities</td>
<td>Tends to inform through outreach and education programs and services, i.e. application guidelines and events like Governor’s Arts</td>
<td>Is designed to satisfy diverse stakeholders and is targeted for long-term patrons and new patrons at the same time</td>
</tr>
<tr>
<td><strong>Matching Grants Requirements</strong></td>
<td>Need matching and challenging grants from for-profit, non-profit and government sector</td>
<td>Often requires matching grants of NPO organizations as cash and in-kind services</td>
<td>Often fulfills matching requirement to community grants</td>
</tr>
</tbody>
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Table 2: Management Criteria for Public, Nonprofit, & Private Arts Organizations
Table 2: Continued

<table>
<thead>
<tr>
<th>Criteria</th>
<th>NPAO</th>
<th>Public/Government</th>
<th>Entrepreneurial</th>
</tr>
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<tbody>
<tr>
<td><strong>New Ideas</strong></td>
<td>Encouraged for new programs and services</td>
<td>Legislative Amendments that can require multiple years and is based on political supporters in General Assembly; encouraged sometimes in program development</td>
<td>Encouraged in product development and marketing outreach</td>
</tr>
<tr>
<td><strong>Partnerships</strong></td>
<td>Key stakeholders and community partners, usually individuals, are identified for potential lead gifts and other support</td>
<td>Partnerships are careful nurtured with influential policy makers at state and national level, also with other state government and NGO organizations</td>
<td>Temporal Partnerships based on demands of market</td>
</tr>
<tr>
<td><strong>Perceived Benefit</strong></td>
<td>Immediately understood to be a financial benefit to long-term organizational stability</td>
<td>Immediate and delayed with the potential understanding that state appropriations to the arts will be replaced or subsidized</td>
<td>Financial savvy and ability to act independently and development marketable programs and services</td>
</tr>
<tr>
<td><strong>Prospect Research and Donor Cultivation</strong></td>
<td>Tends to utilize individual, corporate, and foundation research to target specific gifts</td>
<td>Tends to target national and regional foundations and corporations through recommendations of individuals working at nonprofit agencies</td>
<td>Uses resources in research and development of brand concepts for products that appeal to a variety of stakeholders</td>
</tr>
<tr>
<td><strong>Response to Stakeholders</strong></td>
<td>Make quick program design adjustments and re-designs</td>
<td>Commissioners approval required for changes in programs and services design and could require years before new program implementation</td>
<td>Financiers, Boards, Directors, Staff, and Consumers</td>
</tr>
</tbody>
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Table 2: Continued

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<thead>
<tr>
<th>Criteria</th>
<th>NPAO</th>
<th>Public/Government</th>
<th>Entrepreneurial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk</strong></td>
<td>Will take some risk but extremely cautious</td>
<td>Will take few risk and extremely cautious</td>
<td>Will take high risk to increase profits</td>
</tr>
<tr>
<td><strong>Social Trust</strong></td>
<td>Has to develop trust among patrons and supporters</td>
<td>Has to develop trust among patrons and supporters</td>
<td>Is not concerned about social trust, rather about patron loyalty to brand marketing</td>
</tr>
<tr>
<td><strong>Solicitation vehicles</strong></td>
<td>Special events, dinners, luncheons, pledge drives, direct solicitations, grants, sponsorships, membership associations, corporations, community foundations</td>
<td>Bonds, license plate sales, tax credits, filling fees, matching grants, individual donors, corporations, community foundations</td>
<td>Not Applicable</td>
</tr>
<tr>
<td><strong>Staff Incentives</strong></td>
<td>Serve in support of public benefit and community development, holds high regard for quality of life issues, some bonuses and perks</td>
<td>Serve in support of public benefit and community development, holds high regard for quality of life issues</td>
<td>Bonuses and perks based on performances; high salaries</td>
</tr>
<tr>
<td><strong>Staff Roles</strong></td>
<td>Serve in the best interest of the NPO and have flexible to expand grow and change programs to maximize output</td>
<td>Serve at the pleasure of the head of agency and may also be direct appointees of either Governor of the ED’s designee</td>
<td>Hired for independence and creative use of company resources to maximize profits</td>
</tr>
<tr>
<td><strong>Timelines</strong></td>
<td>Flexibility to change</td>
<td>Less ability to change and adjust</td>
<td>Has the ability to alter timelines and penalize contractors for late services</td>
</tr>
</tbody>
</table>
Council-Management Formats and Intra-State Governance

Public arts administration primarily focus on national and international relations, but cultural policy must also include government and third party agent relationships at the municipal and regional levels. The general public often thinks of the Mayor-Council relationship as the only form of local government as it is the most frequently used in America. However, understanding the diverse compositions and election processes for commissions, councils, city managers, and mayors in a State’s domain will also inform the types of programs that could be developed to attract local officials and supporters for statewide fund development. The types of council-manager governments, as well as the function of elected and appointed officials, are as varied as the initial creation of a municipal’s original governance. The council-manager forms of government ranges from elected officials choosing and appointing their own mayor and/or city manager to those in which the mayor is elected, then appoints or hire officials to municipal department heads. Five types of municipal forms of government relate to the city manager-council format. Only one involves a direct reporting relationship to the mayor of the municipality. Though this discussion of council management appears unrelated, its significance to state governance is that several underlying premises appear in the commission-manager infrastructures at the state level. Fund development implementation is related to local government in that mayors and city managers can be utilized in cultivating local community and corporate foundations for financial gifts.

The five Council-Manager formats include (1) General Manager who reports to the council or commission, but is the alone chief administrative officer. This type does
not have a mayor as a counter part and is receives minimum leadership directives from a council of overseers; 2) Traditional Council-Manager arrangement with a total separation of administration and legislative powers. The council is elected and hires a city manager. A mayor is chosen from among the council members and serves as ceremonial; 3) Modified Council-Manager. This process elects two official bodies of representatives the first is city council members and the second is a city mayor. The city manager is hired by, supervised, and reports only to council members; 4) Publicly- elected Mayor and a publicly-elected council, with a city manager reporting directly to the mayor (Childs 1965; IMCA 1984; Frederickson, 1995); and 5) A 50/50 partnership between the city administrator and the city mayor. This relationship demonstrates shared political and administrative domains, as well as the necessity to cooperate and negotiate authority for the mutual benefit of the city, thereby creating a governing team (Frederickson, 1995). Modified formats for council-managers can be observed in sub-committee and auxiliary board formations in state government. More importantly, if city governments are to be cultivated as donors for matching financial support, then SAA administrators must understand local government infrastructures and be capable of identify power players and stakeholders in those communities.

Much confusion appears in the literature to denote which was the first city to adopt a council manager plan which laid the foundation for today’s plans, but most agree that Richard S. Childs was the founder-author of the plan as it is primarily known today. The International City Managers’ Association (IMCA) has been a primary source for tracking and evaluating the council-manager form of government with its changes and
modifications over the past 91 years. IMCA explains

The first model city charter was drafted under the auspices of the National Municipal League in 1897. The major provisions included centralization of executive powers in the office of the mayor, centralization of legislative powers in a unicameral city council, a short electoral ballot, and the elimination of elected officials for city offices except the city council. The commission form of government was born in Galveston, Texas, in 1900, and thereafter the league quickly endorsed the concept for national application. The commission form of government reached its peak in 1917, at which time it was in effect in about five hundred communities across the country. By then, however, the league had already begun to favor the emerging council-manager plan, as was evident at its annual convention in Dayton, Ohio, in 1915, where it adopted a new model city charter providing for the council-manager plan. (IMCA 1984)

IMCA (1984: 19) explains “The council manager plan usually is dated to the appointment of a “general manager” in Staunton, Virginia, in 1908. By early 1983, the plan had spread to 2,500 cities and counties in the United States. If to that number are added the general mangers and directors of councils of governments, the grand totals in 1983 was 3,212.” After a tidal wave flooded the city, outside professional expertise was sought to better enable the city a recovery. Utilizing the base tenet of separation of city administration and legislative powers, the actions of the five-member commission in Staunton set the stage for the present city administrator and council-manager concepts. Various authors have assigned the original implementation of the council-manager plan to Dayton, Ohio; Sumter, South Carolina; or Largo, Florida, as evidence in Kammerer, Farris, DeGrove & Clubok’s (1962: 4) statement: “Council manager style of government is no new phenomenon in Florida. The first council manager style charter was adopted in
1913 in Largo, and by 1920 there were five other cities . . . that had chosen this form of
government.” Most scholars, however, agree that Dayton in 1915 was given greater
importance and significance than several of the smaller municipal governments because
Dayton was the first city of sizeable nature of 140,000 people to adopt the plan.”

Childs (1965) provides the best and most concrete history of the council-manager
plan from its beginning to through modifications. Three major reasons exists for
supporting council-manager formats over council-mayor formats that are: (1) Better
councils due to increased opportunity for “persons of modest means” to join the council;
(2) Better administration due to a professionally trained individual hired to perform in the
best and most efficient interests of the city; and (3) Better political terrain due to only a
small number of elected officials being selected through electoral process; therefore,
political influence and partisan politics are minimized (Childs 1965). Additional benefits
include separate roles, duties, and responsibility for nonpartisan city managers. The same
reasons exist for hiring EDs and appointing commissions that are nonpartisan.

Childs (1965:76) explanation of a commission format differs from some early
usages that interchange the terms “council-manager” with “commission-manager.”
Childs denounces the mayor-council format and governor-commission format in favor of
a council-manager format. The disappearing commission format that Childs (1965: 76-
78) references is one in which a commission is elected or appointed, then each
commission member chooses a domain in city services to become its administrator and
expert decision-maker. The commission plan described by Childs is one where elected
commissioners act as separate departments and administrators in delivering services to
the municipality. Though this format does not correspond exactly to practices in SAA commission development, it resembles regional decentralization strategies and appointments where commission members are selected for resident status in geographic regions. The development of regional arts partnerships are also examples of outreach efforts based on geography and representation for artists, arts organizations, local arts communities and ethnic diversity. The present format for public governance is a triad of elected governor, appointed commission, and hired ED.

Potasel (1995) also acknowledges modifications to the original commission or council manager plan and explains that major modification to the council-manager formats occurred with the addition of mayors by the general public. Potasel’s critique relates to a governance triad of council, manager, and elected mayor. He explains that “cities which abandoned the council manager form of government did not modify the council-manager plan to provide for mayoral leadership in the public arena to the extent that council-manager cities throughout the nation have.” In other words, the council responsibilities were not dissolved or evolve as cities began to elect mayors with leadership and required managerial skills. Because new roles and responsibilities for councils, city managers, and elected mayors were not clear, conflict occurs between the mayor and council in some instances. Potasel (1995) contends that modification of the council-manager was and is a necessary measure for insuring its future use. Potasel (1995: 201) also suggests that council-manager government works best in small to middle size towns without a mayor, but medium to larger size cities will directly elect either a mayor or abandon the council-manager plan altogether. Larger cities will develop more
sophisticated hybrid formats to share leadership, managerial, and political responsibilities between mayor, city administrators, and city council members. Similarly, SAA leadership consists of appointed commissioners and hired ED with each unit meeting and serving at the “pleasure of the governor.” The governance triad in each state varies and depends on the flexibility of its authority to act independently or in concert with other government units and departments.

In reference to city politics, Potasel (1995: 205) further explains that the gap in leadership relates to who acts and speaks on behalf of the city has always been unclear. While the founding designer(s) of the council-manager model and its variations provided a frame for separation of administration and legislative leadership, in practice, leadership is shared unilaterally by politicians, administrators, and city planners like council members. As explained by the IMCA (1983: 5)

Most [scholars and people] agree that this combination of politics, diversity, and publicness distinguishes the role of public managers from that of other executives. However, some practicing managers believe the distinction doesn’t have a significant impact on how public managers do this job. In fact, local governments are sometimes compared to business organizations--even conglomerates--because of the diversity of the “product lines” the manager oversees. A typical local government organization may have sixty or seventy vastly different “products” (street cleaning, street patrols, firefighting, and so on).

Some practitioners and scholars continue to distinguish the roles of policymakers and politicians from administrators. The fact however is that a politician in a mayoral capacity is also a public administrator who shares management oversight with the governor, the commission, and the SAA senior staff.
Just as the city manager roles continue to evolve, the ED role at the state level must also evolve into something different, if not new leadership and administrative roles. As the workforce continues to change from skilled laborer to more knowledge-based employees, the role of the ED at SAAs will also shift as more management knowledge and skills increase. The role of EDs and managers will encompass more knowledge about policy design, legislative process, human resource, and fund development. This, in turn, will require the SAA Commissioners and Governors to expand their own concepts related to SAA operations. As SAAE like in Texas and Arizona prepares endowments to replace state appropriations, the leadership at these organizations will, over time, begin to operate more independently than other SAAEs. The role of the ED in those states will take on more decision maker authority independently of public policy as they will not be as concerned with political actors. ED leadership changes at two of the SAAs, Indiana and Ohio, profiled in this study. Leadership change could also mean changes in status and operations for fund development planning and implementation in both states. Although the OAC has changed EDS, the OAF has not changed leadership as Dr. Lawson remains its manager.

Public administration roles are derived from a variety of levels and infrastructures within government. The Commission-Governor model is a derivative of Council-Mayor and Council-Manager forms of municipal governments. The Council-Manager form of government may have derived for variations and modifications of the Congress-President plan of governance. A variety of council-manager and board--executive formats operate at the state level. Some forms of council-mayor and council-manager formats reflect
commercial board-executive director arrangements where the ED has a great deal of autonomy in making and managing the organization. However, few public administrators and commissioners review their SAA’s management styles. Additionally, these governance triads of commission, ED, and governor are further complicated with subcommittees and auxiliary boards in fund development initiatives. SAAs when implementing plans must become clear about the administrative roles of its commissions, senior staff, volunteers, and elected officials.

**Leadership, Power, and Knowledge**

Walzer, a political theorist and philosopher, asks the question: “Who is the best to govern?” Walzer (1983) explains the act of governance tells us little about who governs and their specific interests. In the Arts and in endowment formation, SAAs have not clearly addressed the leadership roles of its staff, commissioners, and elected officials and have not clearly articulated the behaviors needed from each group in achieving fund development goals. Explaining the influence of power and governance, Walzer (1983: 284) comments:

But limited government tells us nothing about who governs. It does not settle the distribution of power within the sphere of politics. In principle, at least, the limits might be respected by a hereditary king, a benevolent despot, a landed aristocracy, a capitalist executive committee, a regime of bureaucrats, or a revolutionary vanguard. There is, in deed, a prudential argument for democracy: that the different companies of men and women will most likely be respected if all the members of all the companies share political power. . . . Power is not the sort of thing that one can hug to
oneself or admire in private, like a miser with his money or ordinary men
and women with their favorite possessions. Power has to be exercised to
be enjoyed; and when it is exercised, the rest of us are directed, policed,
manipulated, helped, and hurt. Now, who should possess and exercise
state power?

“State power” as used by Walzer (1983) means any national, regional, or local
government that creates, develops, and exercises policies and rules over a public. Walzer
continues with “There are only two answers to this question that are intrinsic to the
political sphere: first, that power should be possessed by those who best know how to use
it; and second, that it should be possessed, or at least controlled, by those who most
immediately experience its effects.” At its core, council-manager plans attempt to
address and balance power with knowledge as answers to the question: “Who is to
govern?” Yet, modification to the original plan seems to be the only manner through
which power and knowledge are balanced.

Conflicts centered on “who knows best” for a community involves, at minimum,
multi-spheres of authority, power, and knowledge. Acquiring knowledge and using it
well are minor components of effective leadership, many public managers, including
elected and appointed, possess leadership knowledge but they do not have administrative
skills for dealing effectively with public stakeholders. Similarly, politicians, commission
members, and others are appointed for a variety of reasons including knowledge of the
arts, but management knowledge is generally not among those reasons. Most
commissioners are private sector participants who bring new challenges, vested in
private-commercial enterprises, to bear on public policy and administrative decisions.
This is not to indicate that either group cannot become or performed well as leaders
Knowledge is a social construct and how individuals and groups acquire and distribute knowledge is also socially constructed. These constructions will vary depending on who is involved, the context, and what type of knowledge is generated from the process. In sum, decisions in public administration differ from private-commercial decision though they share similarities. Describing the role of knowledge, Walzer (1983:289) writes:

Knowledge has a distinctive role to play; we require qualified people and find them through a search rather than an election. In the course of the search, we attend to education and experience, the institutional equivalents of the helmsman’s grasp of seasons, sky, starts, and winds. And it is undoubtedly true that educated and experienced men and women are partially shielded from lay criticism. The more recondite and mysterious their knowledge . . . the more effective the shield-- a powerful argument for democratic education, whose purpose is not, however, to make all citizens experts but to mark off the boundaries of expertise. If special knowledge makes for power, it does not make for unlimited power. Walzer (1983) endorses the concept that qualified administrators are hired for their expertise that, in turn, shields an agency from some levels of lay critique. Walzer (1983) also describes knowledge as a defined product after education and experience, e.g. intellectual capital. Socially constructed knowledge is generated through formal and informal educational training and experiential learning. All too often, an SAA commission and/or its executive leadership remain outside the political and policy environment for one reason or another in the attempt to avoid becoming targets of lay or public critic through media and/or special interest groups processes (Moore & Moore
The key is to manage political involvement in a direct, yet non-threatening manner, while concurrently creating awareness and support for the Arts.

**Intellectual and Human Capital with Diversity**

Community organizations focused on quality of life issues that include education, the Arts, sports, and recreation. The definition of community development also must include varying definitions of culture at local, national, and regional levels. First comes the recognition that culture is expansive and enjoys multiple meanings and contexts related to the arts and to society, respectively and collectively. The National Conference on State Legislature (NCSL 2003:1) defines culture and relates it to shifts in workforce in this way:

Recognizing the breadth of the cultural community, the term culture, as it is used throughout this report, includes four different fields—arts, folklife/heritage, historic perseveration, and the humanities. The fields are thought to be a sample, rather than an inclusive list, of the cultural community.

Cultural agencies serve diverse groups of people of all ages and income levels. Cultural agencies serve both cities and rural areas. These agencies help make culture accessible and enhance the lives of those who otherwise would not have the opportunity to participate in cultural activities. In addition, culture offers intangible benefits. It helps create a community soul and develop a real “sense of place.” All these things combine to result in better more livable communities.

... In the space of a single generation, work and the workforce have changed dramatically. Knowledge has supplanted labor-intensive careers as the preferred path to economic growth and stability, and human
capital has become the primary determinant of a region’s economic health. Surveys indicate that knowledge-based workers place a high value on quality of life. Recognizing the value of the cultural sector to the quality of life, a number of state have become cultural leaders through innovative state policies. Increasing knowledge at all levels in the arts and cultural sector must include discussions of workforce development in terms of skills, expertise, experiences, compensation, benefits, research and policy.

In other words, SAAEs, intending to solicit funds directly from their public, must invest in workforce development—as human capital—and education, marketing, professional development—intellectual capital—for both its workers and its stakeholders. Explaining arts development in urban culture, the NCSL (2003:9) continues:

Cultural organizations help make up the heart of a community and are engaged in common struggles against the problems of crime, homeless, unemployment, disease and general turmoil. Arts and culture provide common grounds and reach the disenfranchised in ways that other organizations may not.

SAAs, especially SAAEs, no longer can reserve the luxury to define their stakeholders and authorizers as primarily people interested in arts organizations and artists (Lowell 2004, Moore & Moore 2005, NCSL 2003, Wyszomirski 1997). These and other cultural agencies must continue to expand their scopes to include participatory murals, “community garden” and neighborhood festivals projects under their rubric. Increasingly as art and culture beliefs are cultivated via neighborhoods and localized communities, small arts project, though often not professional, will continue to create gateways to accepted disciplines in art and culture.
The development of different marketing and educational outreach strategies to engage and raise awareness for the arts and culture through public services and advocacy leads to better communication and fund development opportunities from individuals, corporations, and foundations. When SAAEs utilize fund development mechanisms like grants, sponsorships from corporate and individual donors, benefit dinners, and merchandising, some NPAO insist that PAO have unfair advantages that compete against their own best interests. SAAEs have begun to find newer ways to market and build partnerships and collaborations as integral components to their fund development process. Increasing knowledge and awareness about the differences and similarities of fund development tools available to NPAO and PAO will benefit the field as a whole. For example, one ED interviewed for this study, when asked if his SAAE had fund development mechanisms for raising monies from individual donors, acknowledged that none had been developed. Later in this interview, the question was rephrased and he began to speak of contributions from his retirement dinner being directed to the PAE, as well as other gifts from individuals who wanted to honor his contributions to the Arts.

Upon further conversation, the ED revealed that previously conducted research would be published in limited edition books and revenues from the sale of those books would be added to the foundation’s principal. The “ah ha” moment came minutes after this revelation that proceeds from the retirement celebration and from book sales were fund development tools of NPAO. The ED expressed that he had not thought about fund development in those terms. For him, these were normal activities associated with his pending retirement and research distribution intended to meet the cost of book
production. Public administrators do not always link such activities to fund development campaigns or event strategies. The immediate placement of events and activities as fund development opportunities are strategies employed by a professional fund developer; while public administrators tend to focus on the goodwill aspects of the activity or event, NPAO fund development professionals target and develop events to raise public awareness and to raise financial and social capital. For this ED, the re-directions of gifts intend for personal use to a public arts endowment was simply “the right thing to do” in honor of his extraordinary service to the arts. The desire to make research available through books sales was not fund development, but an effort to offset cost related to printing and distribution, yet again “the right thing to do.”

**Art Education and Community-Based Arts Programs**

The Department of Education at most state and local levels provide the main oversight for curricula development and funding for education systems. However the development of art education initiatives focused on community arts, in-school and after-school arts programs are subsidized with grants from arts in education units and special project grants categories at SAAs. The relationship of third party agents to PAO, art education, and other educational issues are complex due to circular patterns between government and third party agents then back to government. Budget cuts at the federal, state and local levels to art education programs in the 1970s through the 1980s provided incentive for nonprofit arts agencies and educational agencies to form partnerships and to seek alternative funding opportunities (Bumgarner 1994). NPAO such as museums,
theaters, symphonies, and community foundations, developed arts education programs to assist teachers and individual artists with curricula planning and coordination.

Educational programming also supports NPAO’s 501c3 missions to educate. Moreover, collaborations with school systems, teachers, and artists continue to provide credibility to most NPAO educational programs. Educational programs at NPAO eventually lead to multiple discussions at the practitioner’s level about which unit in government, the Department of Education or SAAs should be responsible for arts curricula development and oversight. The simple answer is that they both are.

Different viewpoints exist about whether Arts In Education (AIE) or Art Education (AE) is the right caption for defining arts educational programming in state arts agencies. In practice, curriculum and professional activities of both AIE and AE staff face the same challenges in development of programs, curriculums, and strategies to support of art education programs and services in arts agencies, schools, community centers, and social service organizations. Recent trends in donor gifts highlight education of youth as the number one issue for individual donors to support (Charity Navigator 2005). Educational programs and services development have dual mission to benefit children and adult learners while also attracting potential sponsors. Some AE professionals who focus on primary and secondary education feel that NPAO and SAA develop educational programming only to attract corporate and foundation gifts. While this belief is false, many AE professionals argue its truth (Bumgarner 1997). Quoting university professors, Bumgarner (1997: 25) writes: “The focus of arts organization was described as being ‘fixed on funding.’ It is not clear to me how the real missions of arts
organizations connect with public education.” Bumgarner continues: “[Another] university professor summed up his observations: ‘For the arts organizations, marketing equals education.’” While these positions are not correct, the perception remains that NPAOs and SAAs are not concerned with quality educational programming in the arts. The misunderstanding about the difference between formal education and informal educational activities in the Arts exists in public, private, and nonprofit arts agencies will continue to be addressed in activities related to fund development and capacity building.

In agreement with Bumgarner’s research, most AE professionals in NPAO and K-12 school systems do not fully understand the nuances of marketing as it relates to fund development and promotion of events and activities. However, marketing and education from SAAs’ perspective are broader in scope than simple promotion of activities and events. Marketing also informs or address concerns of the general public and policymakers through direct and indirect messages about its capacity to serve the public and be responsible for the use of tax dollars. Marketing, done well, at an SAA serves multiple concurrent purposes that include increasing fund development and sponsorship awareness for educational programming at the state agencies and in NPAO. Moore & Moore’s Creating Public Value through State Arts Agencies (2005) goes into greater details about effective marketing in public agencies.

AIE program managers at NPAO and SAA have undeservingly gained bad reputations and continue to be misrepresented. The fact is their jobs, in part, include administration and fund development practices that must demonstrate how educational programs and services serve a larger public and promote the arts. The demands for
NPAAO to meet financial targets in order to sustain the organization translate differently in PAO. While true, commercial marketing outreach is a component of audience development and agency funding via sponsorships, SAAs do not generally promote educational program development in the same manner as NPAO. With steady emphasis on fund development for a CTE and a CTF, a SAAE, like NPAO, have begun to package educational programs as products both to educate and to attract potential donors. The realization that flexible marketing often serves multiple audiences through the same promotional campaigns is increasing. A clear divide remains in AE and AIE professionals’ understandings about differences and similarities in skills sets needed to accomplish their respective jobs as educators of individual artists, citizens, teachers, and organizations simultaneously.

Many SAAs, while primarily thought of as funders by schools and NPAO, also provide technical assistance in the forms of public relations, grant-writing, marketing, etc., technology development, as well as other educational programs and services. The role of SAAs and AIE program managers continue to change and require new skill sets. Moreover, AIE program managers do not compromise educational objectives and goals when developing programs and services at either SAA or NPAO. Bumgarner (1997: 30), in an expression to corporate funders and foundation, insists:

*The funding structure of a grant proposal should be in alignment with the program mission.* If support and improvement of education is your mission, then you must work directly with teachers, students, and other educational professionals. If support of arts organizations is your mission, then you will need to work directly with arts organizations. Give funding
to schools, school districts, and universities—not to arts organizations to develop educational programming and to effect curricula changes. The paradox of this situation is that SAAs are also funders of NPAO educational programs and K-12 projects. SAAs also work with artists and teachers, youth and adults, and grant funds to these same constituents. Nonetheless, the above statements highlight the complexity of marketing and programming associated with educational program design and cultural policy. Bumgarner’s statements also show the disparity between beliefs about SAAs and the work that they actually do. More dialogue and opportunities need to be created for K-12 educators to work with artists and public agencies in product development to support social, intellectual and human capital.

Hope (1988: 254 ) asserts that all educators believe “… that the primary purpose of education is to develop intellectual capabilities of individual minds, to make men and women truly free by enabling them to think for themselves about all areas of human experience, including the arts discipline.” Morris & Stuhr (2000), emphasizing “lived experience” use multiculturalism and social reconstruction as vehicles towards arts appreciation and arts education and agree with Hope. Yet, not only must AIE professionals and an increasing number of AE professionals become responsible for curricula and program development to support both public education and civic education, they also must understand how to assist in the procurement of financial resources through educational program design and program promotion. This, however, does not mean that programs and services de-emphasize educational objectives or goals rather that program planners understand the diverse populations and audiences for which they develop lesson plans. The term “public education” refers most often to primary,
secondary, and formal educational processes and “civic education” refers to embedded arts programs (Filicko & Lafferty 1994) such as those found in social service, community centers, public parks and spaces, neighborhood associations, and prisons environments. NPAO and SAA staffs will increasingly be required to demonstrate knowledge related to the intersection of education objectives, public awareness, and fund development in SAAE efforts to increase positive social, intellectual, and human capital. Curricula and educational programs must be designed to address both public and civic education when increasing arts participation for K-12 students, parents, and other adults.

Individuals and third party agents’ at local, regional, and national levels will continue to influence arts education policy via new programs and services development at SAAs. Arts patrons and donors’ willingness, or lack thereof, to support the SAAs’ education agendas will also influence social and cultural environments regionally and nationally. To best assist NPO, educational institutions, community-based human service organizations, and/or individual artists and teachers in project and curricula development, AIE program managers must reinvent their purpose and missions to include multiple strategies related to training and educating adults and youth alike. Collaborations and partnership formation continue to be discussed as external processes to management, but internal management procedures must also evolve in educational program design. Internal staff at SAA and NPAO must begin to share ideas in the planning processes before the launch of new educational programs and strategies. Simple questions to a public relations administrator like “Will this new concept support donor cultivation for the PAE? or “What affect will this new concept have on social capital and public
awareness?” will help an SAA build capacity and assist in it in preparation for fund development solicitation from the general public.

**Conclusion**

This research begins to synthesis public policy and management literature on organizational theory, development, and behavior with NPO literature on fund development and arts policy and management literature for both the government and NPO sectors. Such a synthesis of literature begins the discussion and may lead to better-defined goals and objectives when developing and implementing strategies for SAAEs. Leadership in PAO, whether hired or appointed, must continue to seek innovative ways to support and sustain the arts in their states. Moreover, the arts community, including PAO, must continue to critically examine its administrative and organizational practices. External and internal factors influence decisions about fund development strategies and philosophies. Community Foundations and United Arts Funds are closely linked to community preferences and needs. Personnel at community foundations have the capacity to serve as fund managers and supporters for arts development campaigns. Fund management differs from fund development where gifts are solicited from donors for principals that are then invested and managed in fund management. These are different skills sets and rarely does an individual possess knowledge to succeed at both whereas a group of individuals may.

The exploration of variety of seemingly unconnected topics likes CMF, UAF, arts in education, and local government formats inform policy design at the state level and
fund solicitation at local levels of government. The case for statewide fund development support has to be successful among local politicians, community leaders, and educators if they are to be successful. Commissions and boards will also be better able to determine reporting and management relations needed to sustain and motivate external and internal strategic actors throughout the construction of newer and more effective relationships and policies. Closer examinations of management formats in local and regional government and community arts will inform commissions and auxiliary boards about the state’s arts environment and how much additional work is still necessary to develop external infrastructures to support the arts within the state.

Recognition that a unique balance in power must occur at the state level between the governor’s office and the SAA and its commission members is crucial. Added to this mix of those in power are auxiliary boards that report to the fund development activities to the commission or act as stand alone. Many government agencies have modified and adopted either commission-manager government (Childs 1965 form of commission government) or council-manager forms of governance in which unclear dichotomies, similar to mayor-managers-council, exist in all the above variations, types, forms, and formats. Critical re-examinations of inter and intra-government practices in the development of innovative and progressive leadership strategies and models from other levels of government, like those of city administrators are needed. Executive directors, commission boards, governors, and fund development auxiliary boards will need to define new relationships through better coordinated management and governance. The triad of governor, commission, and ED will continue to expand and become more flexible
as senior staff is hired for knowledge-based expertise and as PAE increase. As a direct result of increased knowledge-based staff, fund development planning and processes will be fully integrated into SAA cultural policies and programs and services development.

The intentional design of programs and services to increase social, intellectual, human and financial capital through innovative practices will reflect an SAAs’ ability to achieve financial targets in fund development. This will mean also that strategies associated with Programs in Arts Education, Community Arts, Individual Artists, and Professional Development for field administrators must evolve and go beyond traditional thinking about curriculum development only for K-12 classrooms and museum environments. Arts infrastructure development requires multiple educational strategies designed for a variety of educational settings and entry points for arts stakeholders and non-arts supporters for fund development to work well.

SAA are beginning to demonstrate an understanding of their changing roles from monitors to facilitators, as well as be able to articulate their outreach and educational objectives through better marketing communication forums and through better structured arts management and policy systems, e.g. programs and services, technical assistance workshops, local and regional conferences, and administrative practices. Establishing networks of practitioners and convening forums for artists and arts administrators, local politicians, arts educators, and foundation supporters, etc., has also lead to better social capital and goodwill in states like Delaware, Arizona, and Texas that are achieving their financial goals in fund development. Some SAAs adopted the endowment strategy from third sector agents with little regard for how their organizational learning and change
would occur through practice and policy designs. Some states like Delaware and Texas continue to involve arts and non-arts stakeholders in cultural dialogue to assist in strategic planning and problem-solving as a form of research and cultural assessment. Other states like Ohio frequently host conferences, forums, and conduct research that involve its arts and non-arts public.

The next three chapters will describe the administrative and policy practices of Delaware, Ohio, and Indiana related to endowment formation and development. These chapters will describe three management approaches (1) Collaborative Management, (2) Project, and (3) Policy Construction. Each state in this collective case study has focused on one aspect of these approaches, but also utilized several components and aspects of collaborations, policy formation, and project management in PAE creations.
CHAPTER 4

BEHOLD THE DELAWARE MODEL: ARTS STABILIZATION AND SUSTAINABILITY THROUGH COMMUNITY-BASED ACTION

Red Delicious

This one’s a classic - America’s favorite apple. The heart-shaped fruit is bright red and sometimes striped. Crunchy with a mildly sweet flavor. Introduction to market: 1874. Place of origin: Peru, Iowa. Parentage: Unknown, discovered as a chance seedling on the form of Jesse Hiatt. The variety was originally known as Hawkeye.

Introduction

This is the first of three chapters that discusses the development of three PAE that support three SAAs Delaware, Ohio, and Indiana. With 17 states with CTE or CTF and over ten states that have investigated or established CFO, too many existed for a deep analysis of their administrative practices to form and implement those funds [See Table 1. and Table 2]. The alternative to general investigation of all trust forms was to investigate a small subset of those SAAs to decipher what some similarities and differences are in the formation and implementation of these public arts endowments. These states were chosen due to their representation as models in recent cultural policy literature. Delaware’s Arts Consortium (ArtCo) was heralded in Larsen’s American Canvas as a model for leveraging private dollars with matching state appropriation to endow the arts. As the red delicious apple, ArtCo was exampled for adoption by other states investigating
alternative long-term funding strategies and for leveraging public and private dollars. The second of these three PAE to be discussed is The Ohio Arts Foundation that supports the work of the Ohio Arts Council as a separate 501c3 foundation. Under the recent retired Director Wayne Lawson, the Ohio Arts Council (OAC) developed a stellar reputation as a leader in arts innovation via its programs and services. Through acquisition of federal grants and other resources that assist in the cost of international programming, professional development, arts technology, publications and awareness, the OAF supports the work of the OAC through its companion foundation status.

Due to their status of being a nonprofit organization whose primary purpose is to support and assist public agencies like the OAC, SAA companion foundation represents fund development strategy that are hybrid and alternative income strategies combining private contributions with public benefit. Utilizing the apple metaphor, OAF like most companion foundation could be represented by any apple varieties that fall between the red delicious to the gold delicious, or any combination thereof. One variety of hybrid apples is the Braeburn with sweet-tart and aromatic characteristics. The green apple in this metaphor, the Granny Smith, is used to demark Indiana as the state with the most promise and potential for developing funds in its cultural trust fund. Indiana Arts Commission (IAC) has a history of innovation in the arts and has attempted to raise funds for both companions and cultural trust formation in its past. Yet, the IAC never seems to reach its full promise in its fund development efforts. The formation of the Indiana Cultural Trust Fund (ICTF) will be discussed in the third and final section of this collective case study.
Each of these three PAEs represents management approaches in public arts endowment formation and implementation that will provide guides for other SAAs considering establishing trust and endowment funds. These three approaches are (1) The Management Approach, (2) The Project Approach, and (3) The Legislation or Policy Approach. Utilizing collaboration and facilitation methods from nonprofit and for-profit business strategic planning models, Delaware Division of the Arts (DDOA) and ArtCo follow the management approach to its implementation and development. Acquiring a majority of its funding for specific project support through its companion foundation, funds, the OAC and OAF utilize the project approach in its fund development strategies. The IAC in Indiana has focused primarily on income strategies associated with legislation modifications and corrections to increase its income investments to the ICTF. These three approaches will aid in understanding the strategies that these SAAEs have chosen in their policies and efforts to create alternative income streams to support the arts in their respective states.

In a “LegisBrief” from the National Conference of State Legislatures (NCSL), M. Rafool (2003) describes the arts funding environment of 2003 and prospects about the future when writing: “State support for culture is unlikely to recover any time soon. For most states agencies, budget cuts are nothing new. Many have seen their funding rise and fall in accordance with state fiscal health.” This author continues to explain that many state cultural agencies became creative after 1991-92, in diversifying their fund sources. Rafool (2003) describes the overall arts environment in the late 1980s through 1990s with What concern many supporters of culture this year is that unlike past years when appropriations have fallen, other traditional funding sources (earned
income from ticket sales, interest, foundation support and private contributions) have also declined. Earned income is suffering from wary consumers. A bearish stock market and slow economy have shrunk endowment fund and squeezed private foundations. In addition, corporate and individual donations are down.

Rafool (2003) does, however, offer glimmers of hope through collaboration formation that combine resources in partnership formations until better times. The Charity Navigator, a new website that reports survey and other research news and information, in March 2004, indicated that NPO giving was on the rise for all organizations except arts and culture. Individuals and corporations were not giving to cultural organizations, but many arts organizations report the near same level of giving from loyal donors. Some SAAEs like Delaware and Ohio that had begun endowments in the early 1990s weathered these shortfalls in gifts better than others.

**Choosing Development and Management Strategies in Delaware**

Delaware’s former Program Officer and Director Peggy Amsterdam\(^2\) explains the developmental process for the Delaware Arts Stabilization Fund (DASF), aka Art Consortium of Delaware (ArtCo)\(^3\), in *American Canvas* (Larson 1996: 132-136) Ms Amsterdam explains that two surprises for the Division of the Arts emerged during this

\(^2\) Ms Peggy Amsterdam was a Program Officer in the DDOA at the time that DASF and ArtCo was planned and implemented. She later achieved the Director position for the DDOA when much of the research on ArtCo was developed. For these reasons, she is referenced in this discussion and by other authors with either position title.

\(^3\) Most research literature reference the DASF as ArtCo. A subtle distinction should be made in that DASF is the original legislative name of the fund and ArtCo later represents the 501c3 endowment and the consortium of the eight arts organizations that it supports. The two are used interchangeably in this discussion.
process which were (1) no models existed for this group of arts organizations to follow in the 1980s and (2) that the individuals and foundations in Delaware were willing to leverage private dollars once public dollars had been committed by the State. ArtCo is of funding and policy interest primarily for these same two reasons. The formation of this CTE is also of interest because it clearly demonstrates the partnership roles of volunteer citizens and state administrators in facilitating this fund development process. Most SAAE research highlights the potential to replicate in other states fund development and cultural policy through collaborations and other practices. While perhaps unknown to ArtCo and Program Officer Amsterdam at that time of DASF’s implementation, parallel or companion foundations (CFO) and United Arts Funds (UAF) were two fund development strategies existing at that time to support arts activities in multiple states. Though not practiced widely at SAAs, companion foundation strategies were first considered in Indiana and California as early as 1970s.

Adams & Goldbard conducted a 1978 cultural assessment study for the California Arts Commission that included a recommendation not to form an endowment at that time. The incorporation articles for the Indiana Endowment for the Arts dates back to 1971. The companion foundation concept for SAAs, therefore, preceded the formation of ArtCo in the 1980s. Although ArtCo preceded the incorporation of Ohio Arts Foundation (OAF) in its authorizing legislation, the end results for both activities was the formation of a separate 501c3 corporation to assist respective SAAs in meeting their goals and objectives for the arts, arts education, arts projects, and the development of cultural activities within those states. Broce (1978) supplies nine principles to guide this
discussion of fund development activities. While these principles are generally applied to NPO, they will help PAA staff and policy makers understand that fund development principles highlight procedural successes as well as challenges that SAAEs will continue to face in the assembly of practices and policies for building endowments. As this consortium primarily consisted of the eight major arts nonprofits in Delaware and the partnership role of the DDOA was facilitation, it is no surprise that the Art Consortium followed management and policy strategies more closely associated with fund development practices of the nonprofit sector than those found in public administration. Broce’s nine principles in fund development will help to guide the discussion the DDOA’s and ArtCo’s management approach and frame the DASF implementation and formation process.

**Broce’s Nine Principles in Fund Development**

Nine principles, provided by Broce (1986:17-26), outline basic criteria for fund development administration. The principles are: (I) Institutional and organizational objectives must be established first; (II) Development objectives must be established to meet institutional goals; (III) The kinds of support needed determine the kind of fund-raising programs; (IV) The institution must start with natural prospects; (V) The case for the program must reflect the importance of the institution; (VI) Involvement is the key to leadership and support; (VII) Prospect research must be thorough and realistic; (VIII) Cultivation is the key to successful solicitation, and (IX) Solicitation is successful only if Cardinal Principles I through VIII have been followed.
Broce also explains that annual fund campaigns differ from long-term endowment campaigns and that one type of campaign emphasizes the need for the other rather than replaces the other. Some SAA have chosen language such as “to replace annual arts appropriations” in making their cases, while other states have chosen language such as “to supplement” their state appropriations. The choice to either supplement or to replace will affect the outcome and the determination for whether or not the goal amount is consistent with organizational purpose and its ability to achieve the campaign’s financial goal. Many SAAEs still have not re-organized their agencies to involve and/or attract an array of artists, politicians, administrators, entrepreneurs, educators (stakeholders) in the creative development stage of their endowments and trust funds (Principle VIII).

Similarly, SAAs considering fund development strategies have not hired consultants or employed staff as experts on organizational and fund development processes in anticipation of philosophical and administrative changes that will influence policy decisions and program development both internally and externally (Principles I, II, III, V, and VI). Moreover, little to no research associated with CTE, CTF—especially CFO, donor prospects, legislative policy design, community supporters (local arts advocacy organization), or politicians has been generated. Though research on cultural policy and the arts is increasing through Arts Midwest, NASAA, National Conference on State Legislatures (NCSL), the Wallace Fund, and RAND, SAAs do not appear to be utilizing this research in development and construction of their PAE. In Cultural Policy Innovations: A Review of the Arts at the State Level, Barsdate (2001) highlights four cultural and arts agencies that demonstrated creative fund and policy development.
Most SAA, their commissions, and staffs have not demonstrated a specialized or basic knowledge of fund development or of policy implementation when originating initiatives to create endowments and trust funds. Administrative roles, practices, and functions must be re-defined to provide flexibility to agency leadership in order to manage a variety of political systems, staff, and arts programs and services concurrently. The concept of an endowment fund is a “good idea” when the right development principles are simultaneously implemented and adapted in organizational structures.

**Red Delicious: Delaware’s Division of the Arts and ArtCo**

In the 1980’s, Larson (1996) reported Delaware’s process for stabilizing arts and cultural organizations in its state earned the SAA a stellar representation in cultural philanthropy. DDOA, housed in the Department of State, reports to the Office of Secretary of State which is one of the state largest administrative units. This office and position also is a primary advisor to Delaware’s Governor. This Office oversees a diverse array of issues and departments with responsibilities that include “economic development, finance, transportation, housing, education, and culture and quality-of-life issues.” The Delaware 2006 website explains the duties of the Secretary of State as “providing direction such as budgetary and policy guidance to the various operating divisions of the Department, this position also serves on the Board of Pardons as Secretary, is a member of the Delaware Economic and Financial Advisory Council (DEFAC) and the Cash Management Policy Board and chairs the Delaware Stadium Corporation. The roles of Program Officer Peggy Amsterdam and State Secretary Michael Harkens were extremely instrumental and supportive of new directions for
public arts fund development. At the time of the collaborative formation of ArtCo, Ms Cecelia Fritzgibbon was the director of DDOA and Ms Amsterdam was a program specialist in charge of working with this new entity (Sapadin 1999). Explaining the origin for the fund, Warshawski (1998) reports “. . . the initial impetus for the creation of the now $21.5 million Delaware Arts Stabilization Fund did not originate within the agency, but from her constituents.” This is an important point to understand that Delaware’s fund development strategy and process was initially driven by NPAOs and then facilitated by the public agency. Therefore, a unique balance of facilitation and management had to be developed in order for all partners to feel beneficial and useful in the development of financial, social, intellectual and human capital.

In Larson’s narrative about ArtCo’s formation, the DDOA assumed a facilitation role rather than one of top-down management that could potentially hinder arts organizations from furthering their own missions toward debt reduction, increase state appropriations and better public arts programs and services. The larger arts and cultural organizations in Delaware were intent on obtaining individual line items state appropriations in the governor’s budget when informed by the State Secretary Harkens that he would not support such individual attempts for line item considerations (Larson 1996, Warshawski 1998, Sapadin 1999). A central interest by the eight largest nonprofit organizations, the Premiere Eight, was building and facilities maintenance as these areas could not be appropriately covered with grants from the DDOA. As a counter, the State Secretary Harkens invited the organizations to submit a joint proposal for facilities maintenance and agency support. Harkens also advised the DDOA to facilitate and assist
the NPAO in the development of an alternative funding strategy that he could support and defend to Governor Michael N. Castle (Sapadin 1999). Larson (1996:132-33) writes

A few of the larger organizations in Delaware had come forward with rather severe economic problems, but their proposed resolution—going straight to the state legislature for individual line items—was likely to create more problems than it solved. So the arts council organized a meeting with the state official to which the agency reports, the Secretary of State, and invited the organizations to make their case for special assistance. “The Secretary of State at that time was a very savvy political person,” Amsterdam notes, “and he said, “You know what? You can all go in there asking for your individual monies, and you . . . all have influential boards, and some of you are going to win and some will lose, and you’re all going to look like idiots doing it. My suggestion is, put your heads together, come up with a solution to the problem, and I’ll support you in what you need to do, to get you the money from the legislature that you need.’”

Note here that in Delaware: “The Secretary is appointed by the Governor upon approval of the senate and serves at the pleasure of the Governor” (Delaware State Website 2007). Therefore this group had a direct liaison and connection to Governor Castle and if they could gain Secretary Harkens’ endorsement, then their proposal would have a better chance of gaining the Governor’s support as well.

Due to both corporate recession and the national crisis for federal arts appropriations, public officials and public arts administrators at state levels were also seeking funding solutions via innovation and creative management approaches. In these initial proceedings and early stage, the Governor’s representative could have shut down ArtCo’s proceedings with a simple dismissal of their line item consideration requests. He
could also have circumvented the DDOA and instructed the group to work collectively alone in developing a new plan. Instead, Secretary Harkens empowered and charged the DDOA staff to work with the Premiere Eight in the creation of a strategic approach that would benefit both the collective group and the State of Delaware. ArtCo’s development triggered a transformation of arts funding strategies and arts programs and services in the state and subsequently in the nation.

The Delaware Division of the Arts was created in 1989, less than two years after the Delaware stabilization collaborative process began in 1987-88. However, an arts council existed prior to the DDOA and had been under several State departmental offices. Below is the official history, taken from the Delaware State government’s website, describing the various locations of the agency with

An Executive Order, issued on March 31, 1969, established a Delaware State Arts Council. In 1978, in order to incorporate the arts program more directly into the structure of government, a later more recent executive order transferred to the administrative responsibilities of the Arts Council to the Division of Historical and Cultural Affairs. The State Arts Council experienced major reorganization in 1989. In that year the Division of Arts was created within the Department of State as an advisory, coordinating, and implementing agency for the promotion of the arts in Delaware. House Bill (H.B.) 331 amended Chapter 87, title 29 of the Delaware code, to create the Delaware Arts Stabilization Fund in 1992 and give the agency flexible to raise funds.

The historical narrative reports the creation of the Division of the Arts in 1989 with amendments through 1992--the official date used to establish the Delaware Arts Stabilization Fund. Although the collaboration process preceded the legislation to create
the DASF (H.B. 331) that also contain several significantly revised management policies related to the operations of the Division of the Arts in Delaware (Larson 1996, Sapadin 1999). Due to the timing of ArtCo and the restructuring of internal government, the State of Delaware benefited from the formation of ArtCo as both pursued goals and purposes to better support and sustain the arts. The Premiere Eight and DDOA shared a vision to create and leverage additional fundings while other states were seeking opportunities to replace state appropriations. Many policies related to the Premiere Eight and DDOA were simultaneously revised when new procedures were developed for ArtCo and fund distributions. About money and stabilization, the Sapadin (1999) writes “Amsterdam replied, ‘Money talks.’ Money was very important in 1989, when federal money was declining and there was a corporate recession. The aim of ArtCo is to loosen up more money for programming by providing money for facilities.” DDOA would have to be used for facilities improvement and maintenance so DASF would have to be used for those expenses in addition to program development (Sapadin 1999). From ArtCo’s beginning, the collaboration was clear that its initial goal was to raise money. Additionally, they realized that other types of individuals needed to be involved in planning and implementations for both fund development and policy construction.

The eight groups represented in ArtCo are: Christina Cultural Arts Center, The Delaware Art Museum, Delaware Symphony Association, Delaware Theatre Company, The Grand Opera House, Opera, Delaware, Rehoboth Art League and the Wilmington Music School. This group, the Premiere Eight, represents the largest and more established arts and cultural groups in Delaware. Mostly unaware of one another’s needs,
operations, products and services, this group had to first become acquainted and develop trust among its membership in order to create a plan for support. How to develop collaborative processes and to manage multiple approaches to fund development while creating a proposal that benefits the eight primary organizations and the overall arts environment in Delaware became the issues. Sapadin (1999) explains that the group explored various models for discussion and collaboration. One member of this group had early conversations with the National Arts Stabilization Fund and introduced two of its doctrines related to debt reduction and cash reserves formation.

Sapadin describes the development of ArtCo’s management infrastructure and use of the NASF objectives in the development of planning and implementation strategies with

While many of the details of the administration of the National Fund were not applicable to the Delaware organizations, at least two features of the National Fund were ultimately incorporated into the Delaware Fund: elimination of accumulated debt, and creation of a cash reserve. The organizations were also aware of and examined one or two other regional efforts to create arts endowments. However, the cultural organizations concluded that there was no off-the-shelf solution to their problems. They would have to invent their own model. After the first meeting, the Arts Council brought in a volunteer facilitator to help the organizations define their individual and common needs. The Council set the meeting schedule, prepared minutes and provided support services, but otherwise did not impose itself on this group.
Other aspects of management and fund development were discussed and finally implemented by this group in partnership with the DDOA. In sharing information and resources, ArtCo had to invest in intellectual, human, and social capital development.

In addition to identifying a facilitator, a variety of professional partners were needed as volunteer committee members. These individuals were recruited with the understanding that the committee would need to address issues in administration, investments, fund promotion and distributions, and fundraising. General knowledge included the understanding that the Premiere Eight would receive the greater share of DASF’s interest distribution, but this group also learned that it would have to address funding for emerging and other arts organizations that might make future claims the DASF. To address future planning, ArtCo provides five percent of DASF spin-off interests from DASF as an annual set-aside for grants distributions to smaller NPAO via DDOA grant programs and services. The inclusion of smaller groups was not within the initial purview of the arts organizations when discussing their own needs. However, as matters associated with public policies in the arts influenced this group’s agenda, the Premiere Eight learned to incorporate ideas about the overall Arts environment in Delaware. The shift from individual well-being to public benefits and cultural policy is most likely due to the participation of public administrators in early management and planning stages in this fund development effort. Cultural, arts, and public policies, even where nonprofit entities benefit, must have public benefit and appeal to diverse stakeholders to gain political support in state government.
The wonderment in fund development processes is that all participants become both educator and student simultaneously. Member organizations had to learn to trust one another and replace a economic mindset associated with “scarce resources” with an implied meaning of individual preservation and not enough for all with a mindset of “resource development” that implies shared visions and resources to benefit a collective. Sapadin (1999) reports that after a year ArtCo hired an accountant to help in its determination of an endowment size and recruited volunteers with financial backgrounds to devise a donor strategy. The state had already committed one million dollars per year for five years to DASF. In the development of additional donor strategies, the Arts Council Chair Stuart B. Young asked Governor Castle to increase the state’s $1 million pledge over five years to $2 million and received conditional approval based on ArtCo’s ability to gain legislation support. Sapadin (1999) reports that the final plan included

1. Five percent of principal would be allotted to smaller arts organizations for facilities expenses
2. Up to $200,000 over six years for administrative and fund development expenses
3. An allocation expense from 30% to 5% of spin-off interests to each organization in the partnership
4. Plan to solicit from organization and corporations only, not individuals as the nature of this endowment was for facilities
5. Agreed to have fund administered by Delaware Community Foundation (ArtCo’s holdings doubled the size of the Delaware Community Foundation.)
6. Hire a professional administrator to direct the project and assist in administering the fund.
7. Determined usages of the fund would be for: debt elimination and create a cash reserve as a loaning mechanisms for organizations,
8. Consists of two permanent endowments: A Physical Plant Fund and A Sustaining Operations Fund

Because this process began within two years of the DDOA being formed, it also provided the agency with opportunities to create a management process that would complement arts development via statewide cultural assessment of arts activities through its largest organizations. Although the initial intent was financial capital, social capital became a natural by-product of group interaction and networking among peer organizations. In achieving planning and implementation management, the eight major arts organizations with the DDOA had to define its membership, the fund’s corpus, and allocation terms up front. They had to discuss meeting formats, frequency, individual and collective benefits, staffing, fundraising, marketing, and promotional expenses, legislation development, etc., all items that seem to have nothing to do with raising funds from corporations, foundations, and other donors. The group collectively decided not to seek contributions from individual donors but rather to target in-state and national corporations for contributions to the ArtCo. In attempt to determine future expenses for the ArtCo and smaller arts organizations in the state, the assessment research identified an initial target of $50 million that was revised to $21.5 million. “The great irony of this endowment campaign is that one of the keys to its success was that no one else believed it could be done” explains Sapadin (1999).

Keeping in mind, Broce’s nine principles for fund development, note that not all principles in fund development are sequential, rather they coexist and must be managed
individually and simultaneously. ArtCo’s initial planning to build capacity illustrates Broce’s first three principles in fund development which again are (I) Institutional and organizational objectives must be established first; (II) Development objectives must be established to meet institutional goals; and (III) The kinds of support needed determine the kind of fund-raising programs. At the beginning, neither ArtCo’s eight organizations nor the DDOA knew what the outcomes or goals from their conversations would be established. They only anticipated that collectively they would create goals and objectives to benefit a collective. As Broce’s principles are applied here after ArtCo’s creation, they are present and evolved subsequently in the planning, formation, and/or implementation strategies as illustrative of a management approach to strategic fund development.

As this group refined their fund development concepts and identified people and institutions to assist in their cause, Broce’s middle three principles are demonstrated in ArtCo’s development. Broce’ middle three principles are: (IV) The institution must start with natural prospects; (V) The case for the program must reflect the importance of the institution; and (VI) Involvement is the key to leadership and support. Early planning discussions lead to the development of social networks and capital among the eight groups, as well as increased the DDOA’s understanding and ability to facilitate innovation and change in this state. As executives among the Premiere Eight learned about one another and about their own organizations, they were better able to share resources and to identify resources that were still needed to support the partnership. As a newer version of an old agency, the DDOA also learned details related to specific
operations of its state’s largest cultural institutions. These groups with state arts administrators, volunteers, and leaders entered into a learning community to produce and benefit from intellectual capital. This intellectual capital would then inform the organizations about what type of administrators they would need to hire and volunteers to recruit in assisting their goal attainment.

The identification and matching of the right volunteers and administrators to the right tasks in fund development is a key to the success of a campaign. As in any management process, jobs and tasks must be matched to skills and expertise of those involved. If the group does not process these skills, then new participants must be hired, recruited, or educated to benefit the group. For ArtCo’s leaders to send the right cultural messages to arts patrons and potential corporate and foundation donors, they had to address public image and public benefit as factors to include in their case statements to support its fund development activities. In acknowledging their own particular needs, the Premiere Eight also had to develop conditions to support all arts and cultural organizations within the state. Conversations about public benefit among private and nonprofit organizations are rare, except when attached to leadership agendas and public organizations support NPAO activities. After all, the ultimate goal was to develop a sustainable and financially healthier arts and cultural environment in Delaware.

In private NPO fund development, each organization would have determined individual missions and developed individual case statements. However, in this public process, the Premiere Eight had to address socio-economic and cultural value of the arts via a statewide policy environment. In essence, collective bargaining for programs and
services to stabilize their own longevity created by-products of social, intellectual, and human capital. Public benefit, therefore, equals individual organizational benefits. This realization was probably first-time awareness for participating individuals and organizations. Public fund development initiatives must always include cognitive processes that address of the creation of public awareness and public participation in arts development. In the public sphere, capacity building processes when constructed well also bring new awareness related to public value and public benefit of the arts to all stakeholders and other participants.

Related to arts education and the development of learning communities, the Premiere Eight had to learn principles of fund development while simultaneously creating learning systems and mechanisms for those who would be involved in financial solicitation to support the goal to strengthen Delaware Arts. Intellectual capital developed in two ways. First, the arts organizations learned about one another and secondly they had to educate potential volunteers and donors about their individual and collective value in support of overall arts environment. Additionally, these eight organizations found their involvement with art council representatives, policymakers, and other civic and community leaders was also necessary in creating a funding environment for the arts.

Larson (1996) reports

Beyond the funds themselves, Amsterdam cites as well a nonpecuniary benefit of the consortium effort, one that has allowed the participants to work more closely together in a variety of ways. “I never realized,” says Amsterdam, “that an art museum didn’t understand what a symphony did, and what their needs were and what their concerns were and what their challenges were, and vice versa . . . the symphony didn’t know what a
theater company did. It’s very interesting that our community now is very tight. . .

ArtCo’s dialogues lead to share interests in other areas of marketing and outreach as well. The disparate relationships of arts disciplines and the need for more coordinated efforts among them have been the topics of other scholars for decades (DiMaggio 1987, Hillmand-Chartrand & McCaughey 1989, Jeffri 1985; Zoe & Hutchens 1995, Wyszomirski 2001). In Managers of the Arts, DiMaggio (1987) forecasts a need for new directions in arts management at nearly the same time of this fund development effort.

The support of the State Secretary, the DDOA and its board, and the volunteers supporting the eight elite arts organizations was extremely important in the development of a leadership to support the new initiative. Reporting on the “Delaware Model,” Amsterdam explained “We could find no model anywhere across the country to follow, so representatives from the arts, business, government and foundation sat down together and designed the Delaware model” (Larson 1996). Seed monies for start-up procedures came from foundation grants that allowed educational processes to contribute to building of intellectual and social capital. Educational processes in the arts incorporated adult learning in nontraditional environments. The advancement of financial processes required initial investments in social, intellectual, and human capital.

A $2 million dollar commitment of State funds per year for five years as a match incentive for private donors was also important in the development of the fund (Larson 1996, Zinno 1998). The State of Delaware with Governor Castle’s support established the lead gift to be matched by other foundations, individuals and corporations. At the same time that ArtCo identified nonprofit leaders to approach foundations and
corporations, it had to also identify individuals to approach legislators to support DASF legislation. Selected civic leaders who would speak to the stability of the arts by soliciting additional dollars over and above the annual dollars usually contributed to arts and cultural organizations had to be chosen and trained to understand both a political message and nonprofit message related to community development via the arts. They would have to learn the language of NPAO to speak in terms of “new” dollars to support the arts rather than take existing “operating” dollars from annual NPAO campaigns; civic leaders understood and explained that new dollars were required for the match.

State Secretary Harkens as representative of the Governor also understood that both financial commitment and policy commitment were needed to signal the Governors’ support of DASF to the general public and other policymakers. DDOA legislation was amended to demonstrate a public policy commitment to the ArtCo. In understanding the language of the philanthropic community, nonprofit organizations establish “lead or seed gifts” and case statements before a public announcement of campaigns. However, the public nature of legislation creation and implementation prevent public agencies and their partners from withholding information until a lead gift is secured. In transparency and full disclosure, public fund development processes are also public especially when legislation is approved by lawmakers to include lead gift contributions through match of state appropriation dollars. The language of policymakers is “legislation” as the beacon to general public that a governor and other lawmakers support the development and preservation of state culture, heritage, and art activities through the legislative authorization of an endowment for cultural organizations.
Broce’s final three principles call for prospect research and cultivation of new prospects then concludes in a principle that combines all eight previous principles. These principles again are: (VII) Prospect research must be thorough and realistic; (VIII) Cultivation is the key to successful solicitation; and (IX) Solicitation is successful only if Cardinal Principles I through VIII have been followed. Organizations involved in public fund development should understand Broce’s final three principles lead to additional review and assessment of the fund development initiative and strategies. To that end, all of these principles co-mingle throughout the development processes that demonstrate conceptual stances related to increasing social, intellectual, and financial capital. An array of skills, expertise, and management styles are needed in the successful development of endowment campaigns. The collective agility of a group to match volunteers and prepare them for fund solicitation should first be practiced in its planning and capacity building stages.

Prospect research in public policy differs from private NPAO prospect research. Although individual donors and third party agents like corporate, community, and family foundations are targeted prospects in public arts development, public arts administrators and their designees must be careful in how they inform and solicit funds. PAA cannot appear to be in competition for the same dollars as the constituents that they serve. In this way, the Delaware Model also demonstrates compromise through its collaborative fund development processes. In addition to ArtCo executives, NPAO executives also participated in the identification of key stakeholders as leaders in government, business, the arts, and the community-at-large who would lead the cause and perform the “Ask,”
the request for a donor’s gift. The inclusion of stakeholders and their representatives demonstrated a unified message to potential donors that public, corporate, and nonprofit segments understood and articulated the same message to potential donors regarding the stability and sustainability of the Arts in Delaware. “ArtCo made sense to the corporate community because it was aimed at conserving existing structures and assets” reports Sapadin (1999).

This statement confirms that the corporate community was on board to support the initiative; yet what about the policy communities in the states? Through creative fund development strategies and knowledge of local history and future planning for the City of Wilmington and the County of New Castle, ArtCo representatives were able to garner supporters at local, regional, and state levels. Sapadin (1999) reports the acquiring of a matching gift through strategic management and leveraging of city and county governments when describing ArtCo also sought support from the County and City governments. With provisional commitments from the State and Longwood Foundation, Young [the ArtCo’s board chair] approached the New Castle County Council for a commitment of $1.25 million over five years. The County said it would do what the City did, knowing that perhaps that the City of Wilmington was grappling with its own financial problems at that time. However, the President of the City Council, James Baker, was a long-time supporter of the arts and a believer in a strong cultural environment, and the newly-elected mayor, James H. Stills, Jr. was interested in developing a cultural center in Wilmington. So when ArtCo asked for the same $1.25 million over five years that it had requested from the County, both the Mayor and the City Council President supported the request. Because the City was so short on
cash, the funding measure was put into a bond bill that made funds available for capital projects outside the City’s regular operating budget. One can only imagine the surprise of the County officials when ArtCo came back with a City commitment in hand and called in the County’s match.

Though often thought to be a competitor of nonprofit and private interests, the State was not viewed as a competitor here, rather as a facilitator and partner in Delaware’s process to build capacity for the Arts. In addition to its ten million dollar commitment, the State’s commitment to donor outreach and education were significant factors in cultivating a successful campaign and in developing goodwill for the arts community. The State saw that its best interests were also served through civic education, matching public dollars with private dollars to benefit long-term stability in the arts. In these proceedings, the State is not concerned about what agency manages the fund after its creation, but initial management and contributions to the fund. To repeat, it was fortunate that the DASF was begun near the time that intra-agency re-organization was only a couple of years old. In states such as Ohio with a long-standing and venerable reputation of arts support or as Indiana with a speckled history of arts development, a process like this may have included significant political risk and cost for elected officials.

Final Stage in DASF Implementation

Barsdate (2001) asserts that most SAAE did not carefully consider who would manage and invest their endowments once created. The overriding assumption is that SAAE endowments use auxiliary boards to help govern the endowments and that the Office of the State Treasury will invest and grow the corpus. In the DASF and ArtCo’s
case, the Delaware Community Foundation (DCF) would manage the fund once created. Additionally, the DDOA would not be the executor of the fund or ArtCo. An executive director was hired to oversee and assist with the fund during its formative years. The group would also assemble a board of directors. Sapadin (1999) provides the following information on board construction when writing

ArtCo’s board of directors consists of two representatives from each of the consortium members; one voting director (a board member) and one non-voting director (the organization's executive director); one community member-at-large; and one member of the financial community to serve as one of two ArtCo representative to the Delaware Community Fund’s Investment Committee (ArtCo appoints a second individual to the DCF Investment Committee, who need not be an ArtCo board member). ArtCo’s president is the organization’s liaison with the DCF.

Sapadin also reports that ArtCo constructed six board committees of which four were standing and two were temporary. Standing committees include an Oversight Committee, a Collaboration Committee, a Nominating Committee, and a Finance Committee. The two temporary committees were disbanded once the fund was successful and completed. Those committees were Fundraising and Steering. In September 1996, ArtCo achieved its $21.5 million goal.

With respect to management and oversight, H. B. 331 provides “The Director of the Delaware State Arts Council with authority to hire and contract experts in the development of the arts.” The director is also responsible for fiscal matters and auditing of state appropriations. The legislation also provides for dissolution of the funds if the endeavor is not successful. H.B. 331 sec 8729 (d) reads “... Moneys on deposit in this
special fund which are unexpended or unencumbered shall not revert at the end of each fiscal year.” Although H.B. 331 makes provision for administrative decisions by the Director of the Arts Division as it relates to fund development, that provision was not necessary beyond the formative years as the consortium acquired its own 501c3 status and hired its own employee. Sapadin (1999) also reports that the DDOA provided most of the administrative support in the first two years, and DCF gave ArtCo an operating grant in the latter formation stages. Increasingly SAAs are placing endowments at local community foundations that already have investment strategies and personnel in place to manage these types of funds as donor advised funds or field of interest funds. One major concern of individual and corporate donors is that gifts to a special fund for the arts remain susceptible to conquest by policymakers and politicians in times of budget restrictions. Therefore, language about a fund disposal has been included in enabling legislation to, in part, address donors’ concerns and eight member arts organizations and smaller NPAO that they will have access to the fund at their own discretions. The placement of CTEs and CTFs at community foundations ensure that community members’ gifts will remain in future service for the community when advisory boards are operational.

Optional Nonprofit Fund Development and United Arts Fund

In organization theory, multiple management philosophies, ideologies, and ideas co-exist among a dominant corporate philosophy and identity when managing people and projects. The influence of subdominant philosophies on corporate operations depends on
both the level of power of individuals and his or her department within the organization. Subdominant philosophies and ideologies can be shared by individuals and groups alike. Additionally, alternative influences can come to the organization via new employees or consultants, as well as from outside influences including industry business standards and mass media. The challenge for fund development managers and public administrators is knowledge attainment and awareness. Public administrators, especially at senior and programming levels, must acquaint themselves with multiple management philosophies in order to manage alternative philosophies with dominant philosophies. Employee motivation and inclusion becomes essential when developing new strategies associated with fund development.

Understanding a variety of ideologies associated with management of people and projects also permits public administrators to effectively deal with a variety of stakeholders and their issues and concerns, especially when those issues challenge core concepts associated with fund allocation and distributions. Such preparation equips public administrators, departments, and organizations with means for incorporating ideologies that are consistent with dominant policies and with means to dismantle those that are not aligned with organization policies. When developing successful development programs, organizations must be flexible and able to deal with temporal and longstanding change.

A closer examination of United Arts Funds (UAF), for instance, will reveal comparisons and similarities in strategies utilized by DASF and ArtCo in the implementation and formation processes. Although State Secretary Harkens was willing
to support arts organizations in the quest for additional funding, he instructed the DDOA to facilitate a process that would be more amenable for his support and recommendation to Governor Castle. In essence, his suggestion laid the foundation and the provided preliminary assurance that the Governor would hear any reasonable proposal to address their interests. The suggestion for variety of cultural and arts organizations to form a collaborative partnership in fund development that would benefit the whole group rather than a single arts organization was not new in strategies connected to arts development. Such strategies were developed under premises associated with UAFs but were not widely known to public administrators. American for the Arts (AFA 1997:1) defines UAF as

\[ \ldots \text{private agencies that work to broaden the base of support for the arts, promote excellence in the arts and arts management, and ensure that arts organizations are financially stable.} \ldots \text{a UAF as a combined or federated appeal for arts funding conducted annually to raise unrestricted money on behalf of three or more arts, culture, or science organizations. The UAF movement began in 1949 when civic leaders in Cincinnati and Louisville determined that community-wide campaigns, loosely based on the United Way model, could raise substantially more money than provide ongoing operating support to their major arts instructions.} \ldots \text{No two UAFs are exactly alike. They are custom-made to meet the unique needs and resources of the communities which they serve.} \ldots \]

Other researchers cite Winston-Salem, North Carolina with the establishment of the first UAF funds within the same year of 1949 (Strickland 1993).

Most scholars agree identification as a UAF requires the collaboration and representation of three or more organizations in a fund development initiative. Many UAFs also have primary and secondary functions as local and regional arts councils,
especially in small and mid-size communities. Strickland (1993) also informs that not all UAF have been successful. Those known to have failed were in cities like San Diego, CA and Providence, RI. Annual and permanent funds like UAF are also implemented to support single disciplines in the Arts such as dance, visual, or theatre art.

The process that DASF underwent at the request of the State Secretary is not reported to be connected to a prior knowledge of UAF, yet clearly similarities exist in implementation and formation strategies. The table located at the end of Chapter 4 describes advantages and disadvantages of UAF. Among the advantages is the perception that a UAF acts as both funding agent and advocate for the arts; can leverage additional corporate and government dollars, and can assist in building arts audiences locally and regionally. The following table outlines additional perceptions of advantages and disadvantages of UAF funds as perceived by both corporations and arts organizations. Some items listed share both negative and positive perceptions for those advantages and disadvantages such as: member organizations will exhibit similar levels of professional and business standards and therefore peer and lateral validation exists; sharing information and resources makes for a stronger arts, rather than create a competitive environment; or that larger organizations raise more monies individually than they receive from UAF allocations. Director Amsterdam (Amsterdam et al. 1999) summarizes her feelings about the fund development collaboration with

the intangible benefit of the camaraderie that came of sitting together over a year and a half to thrash out the structure and implementation of the Stabilization Fund, and achieving at the same time an understanding of each other and their common role in the State’s cultural community.
Statistical data on UAF collected over a seven year period by American for the Arts (AFA 1997) confirms that UAF generally increase corporate contributions in local and regional communities. This report, however, does not address the “plateau effect” describing positive up-start efforts in giving by corporations that then level off in subsequent years to consistent and standard levels of giving. Because DASF was achieved within a five year period, the plateau affect did not influence giving patterns in Delaware, but could influence the outcome of longer campaigns.

Although research on UAF was not readily available in the late 1980s when ArtCo was formed, examples and models of parallel and companion foundations as arts endowment formation were operable. In practice, UAF also operate as companion foundations supporting the operations of three or more arts and cultural organizations. However, companion foundations are generally thought of as individual sibling institutions that support one agency or purpose. UAF, as parallel foundations, though different in each instance, primarily focus on raising annual operating funds through corporate gifts and workplace giving programs. These are beneficial to arts organizations because they allow arts organizations to develop support for annual operations and to combine development staffs. UAF also benefit local arts partner organizations by increasing dollars in operations, building maintenance, programs and services, and education as areas where foundation and government grants continue to decrease as organizations expand. Among the major critiques and challenges of UAF are issues related to membership and eligibility for fund allocation. As most UAF support major and elite organizations, smaller, emerging, and ethnic arts and cultural organizations are
typically not members and do not have standardized operating procedures initially in place to satisfy eligibility requirements. Some scholars however report that membership requirements for UAF are beginning to change and grants procedures are being implemented in some arts communities to provide access to funds for non-member organizations (Bush 1997).

UAF have developed new opportunities to increase donated and earned income to support the arts. Workplace giving is the fastest growing area in UAF solicitation reports Robert Bush (1997). If accurate, then new educational efforts for volunteers who solicit gifts will be constructed and will require additional knowledge and expertise for future arts leaders. Bush (1997) also explains that workplace giving campaigns take time to establish and manage; but once this fundraising apparatus is in place and managed correctly, it is “both efficient and effective.” Merchandising is also increasing as a mean for raising funds through earned income and as promotion for the fund and arts development. Following a PBS marketing, promotion, and fund development strategy, donors are encouraged to contribute at suggested levels and to receive a mug, t-shirt, or some other item as a thank you gift with the identity mark and name of the UAF. New means for fund development has also required new methods of management and development of new leadership. Describing a UAF in Seattle, Washington, Bush (1997) reports how that community increased its arts leadership through a program that educated young business people as future leaders, volunteers, and patrons in the arts. Once educated, these young business volunteers are developed to solicit contribution from small and mid-sized businesses for the UAF.
Conclusion

In fact, many similarities exist in partnership formation processes for DASF to United Arts Funds and to companion foundations. Though no direct connection exists between the Delaware Model and UAF, similar reasons appear as advantages and disadvantages in both endowment models. Some advantages are also disadvantages. For examples, though the intent is to reduce some pressure on board and senior staff in fund development, this does not mean that board and senior staff are exempt from fund development or donor cultivation processes. As more cultural organizations move toward partnership and collaborations, the UAF model may be embraced by more SAAs and NPAOs to support arts development.

This discussion was to introduce some of the complexities associated with public administration of fund development processes and the management approach to public arts endowment formation. Delaware, like in Indiana, had to initially focus on leadership development at the same time that it developed an arts infrastructure that would increase funding and statewide arts. With the mandate to facilitate a discussion, planning and implementation process, the DDOA had to assume both leadership and partner roles to encourage and empower struggling arts organizations. Additionally, the partnership discussions were the first level of assessment to reveal any undisclosed issues affecting the eight arts organizations and other NPAO in the statement. These discussions were the first time that organizations created shared visions for statewide arts and arts funding. The process could have failed if the DDOA had not properly understood its multiple roles.
as manager and innovators, in addition to leader and partner throughout the planning, implementation, solicitation, and stabilization processes.

Participating member organization in the Premiere Eight also had to understand their roles as participants in a learning community designed to increase public funds through leveraging state appropriations for private corporate and foundation dollars. In developing goals, individual organizations began sharing information about internal operations, marketing strategies, and fund development practices. They also had to develop new understanding and appreciation for the DDOA and its public role in arts development. For the first time in NPAO history, they collectively and individually addressed, with small, emerging, and ethnic arts groups, public benefit when increasing public value and quality of life for Delaware’s citizens.

Even during the formation of legislation and introduction of collaborative process to raise social, financial and intellectual capital in Delaware, ArtCo intended to acquire a 501c3 status in order to have its fund managed by the Delaware Community Foundation (Sapadin 1999). Upon reaching its campaign goal and acquiring 501c3 status, ArtCo, in essence, created a parallel foundation to support the Premiere Eight and the DDOA. Investment and management of the fund was delegated to the Delaware Community Foundation that continues its oversight to date. Additionally, in short-term management of the fund and ArtCo, ArtCo’s board and hired executive director operated the fund as a donor-advised fund until its infrastructure to stabilize the arts in Delaware was built.
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<thead>
<tr>
<th>Perceptions</th>
<th>Advantage</th>
<th>Disadvantage</th>
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<tr>
<td>Limits number of organizations that approach corporate donors for a gifts</td>
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<tr>
<td>Limits number of annual requests from individual arts organizations</td>
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<tr>
<td>Implies a guarantee that organizations are ready to raise and steward fund, or at a minimum, participate in learning and educational processes to build capacity for fund development efforts</td>
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<td>Implies lateral validation from peer member institutions about arts quality of programs and services</td>
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<tr>
<td>Implies that organizations operate at some levels of professional standards for business, marketing, services and delivery, and presentation</td>
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<td>Acts as funding agents (Strickland 1997)</td>
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<tr>
<td>Acts as “new advocates for arts and emerging arts (Strickland 1997)</td>
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<tr>
<td>Bring unnoticed arts activities to corporate attention and donors</td>
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<tr>
<td>Free senior directors and board members from fund development activities</td>
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<td>Potential to increase volunteer participation in arts organization at the board and leadership levels and for special fundraising activities</td>
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<td>Potential to educate whole communities about arts and cultural activities through fund development activities and workplace giving programs</td>
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<tr>
<td>Reduce number of fund development volunteers needed for successful campaigns due to fewer fund development initiatives</td>
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<tr>
<td>Potential to develop more knowledge and larger arts audiences locally and regionally</td>
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<tr>
<td>Raise more monies collectively from corporate contributions</td>
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<tr>
<td>Leverage additional corporate and government funds via matching and direct gifts to targeted arts organizations and projects</td>
<td>+</td>
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<tr>
<td>Potential to connect UAF member organizations to prospective benefactors for targeting specific arts funding</td>
<td>+</td>
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<td>Encourages sharing of information and resources</td>
<td>+</td>
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<tr>
<td>Larger arts organizations feel that can raise larger amounts independently of collaborative process</td>
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<tr>
<td>Funding allocations and distributions can be unfair to more established cultural organizations</td>
<td>+</td>
<td>*</td>
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<tr>
<td>Smaller and emerging arts organizations are undeserving of UAF allocations until management history is proven</td>
<td>+</td>
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<tr>
<td>Corporate gifts eventually resembles a “plateau effect “when fewer organizations give to UAF after implementation years</td>
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<tr>
<td>Donors become equipped to say “No” in favor of individual arts projects</td>
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<tr>
<td>Gifts by individual benefactors remain weak, not including workplace giving with matching programs</td>
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<tr>
<td>Arts board members tend to lose interests in fund development and become over zealously focused on daily functions of paid staff</td>
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<tr>
<td>Imposed “black out” periods where arts organizations are forbade to solicit gifts or requests sponsorships</td>
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Table 3: Advantages and Disadvantages of United Arts Funds

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CHAPTER 5

OHIO ARTS, COMPANION FOUNDATIONS, AND FUNDING PROJECT MANAGEMENT

*Braeburn*

This apple’s rich, sweet-tart, spicy flavor is high-impact. Color varies from orange to red over a yellow background. Aromatic, juicy and crisp, this apple is very firm. Introduction to market: 1952. Place of origin: New Zealand. Parentage: Uncertain, discovered as a chance seedling. Its probable parents are Lady Hamilton and Granny Smith.

Introduction

This is the second study in the collective case study on the formation of PAE at SAAs. This chapter shows how the Ohio Arts Foundation (OAF), the Ohio Arts Council’s (OAC) companion foundation, was able to assist in the support the OAC through project grants. This chapter also demonstrates how well-established leadership, program innovation, management infrastructures, and reputation contribute to a SAA’s ability to procure endowment funding. Larson, in his discussion of the Delaware Model, referenced Program Officer Amsterdam’s comments about the size of the state, in part, allowing for ArtCo to develop and to foster goodwill. In contrast, in larger states like Ohio and Indiana, this model may not be replicable as a statewide process for capacity building to support the arts. ArtCo’s collaborative planning and implementation process minimized future friction through set-aside provisions for Delaware’s smaller NPAO
(Larson 1996:135). In larger states such as Ohio and Indiana that have far more than eight large cultural institutions and many emerging arts organizations, the same collaborative process alone could have been too costly and competitive.

Dr. Wayne Lawson (2006, Personal Interview), recently retired, former executive director of the Ohio Arts Council (OAC) and founding member of the Ohio Arts Foundation, (OAF) expressed doubts about the Delaware Model working in Ohio due to the state’s large geographic area. With at least seven epicenters of arts and culture in Akron, Athens, Cincinnati, Cleveland, Columbus, Dayton, and Toledo, many more NPAO administrators, policymakers, and cultural institutions would need to be involved as stakeholders. In addition to the arts communities in the above cities, other arts enclaves perhaps also exist within Ohio. Director Lawson also cited regional differences in terms of city scales, industry, ethnicity, urban versus rural, and a host of other socio-cultural factors associated with a state of massive land proportions and population. As a reminder, Cincinnati and Ohio were the origins of conflicts associated with the Culture Wars that lead to the eventual reduction of federal and state appropriations to arts funding and development.

OAF primarily supports OAC operations through the acquisition and distribution of project grants of three years or less. Activities funded by the OAF include international programs and travel, professional development for OAC staff, research, and technological advancement and improvements in the arts. This chapter explores the role of the OAF, as a companion foundation, supporting the OAC and begins with a review of parallel foundations, definitions, and practices that comprise their operations.
Parallel Foundations and Collaborations

In the previous chapter, United Arts Funds were discussed and shown how that structure closely resembles ArtCo’s final infrastructure to benefit member organizations. Yet, because of its five percent set-aside that goes directly to benefit the DDOA grants programs for smaller and emerging NPAO, ArtCo as a 501 c3 entity is best characterized as a Companion Foundations (CFO). Parallel foundations, more commonly known in government as CFO, are sibling endowment holdings that support a public arts agency. The formation and implementation of CTEs, CTFs, and CFOs must take into account overlapping issues in mission, strategy, and management associated with the SAAs. As a companion foundation, the emphasis is to support a parent or sibling organization in its mission and work rather than to become a independent actor. However, Ford Foundation, The Wallace Fund, and Lilly Endowment, all began as companion to parent companies and now are major actors in shaping national and international cultures. These foundations now have their own staffs and clearly are strategic actors in cultural, arts, and community development.

Draimen and Morrissey (2005) of the Tide Canada Foundation explain that “Endowment building strategies should be a priority for many charities concerned with ensuring their long-term sustainability.” Three options, according to Draimen and Morrissey, exist in endowment management which are

IN-HOUSE: An endowment as a specialized fund within the charity
FOUNDATION: A parallel foundation with a separate incorporation (often with a different but overlapping board) to specialize in fundraising
and managing the endowment. Staff could be separate from the sponsoring charity.

DONOR ADVISED FUND: At a public foundation, establish a donor advised fund with the specific purpose of supporting the initiating charity. An example of an in-house endowment would be the Indiana Cultural Trust Fund that is managed by internal components including an auxiliary board and the Office of the State Treasurer. Examples of companion foundations are both ArtCo and the OAF. Moreover, after DASF transition into ArtCo with its own 501c3 status, that fund becomes, in essence, a donor-advised fund at the local community foundation.

Endowment prototypes tends to blur in practice. Administrators who begin endowments borrow and interchange definitions and practices related to all three foundation types. Though improving, few systemic or categorical structures related to operation and practice appears in either private nonprofit or public spheres. Fund development administrators generally utilize a variety of practices and infrastructures related to endowment and foundation formation when developing long-term strategies to fund organizations. SAAEs tend to be equally creative in their applications and use of endowment strategies and practices. However, the nature and type of management infrastructures depend on the types of people introducing the fund development concept and/or original legislation. The “In House” option for endowment formation mimics those of some SAAEs and NPAO that use cash reserve funds to support short term—less than two years-- and annual projects.

These endowment structures initially utilize as many internal resources and auxiliary volunteers and staff as possible to maximize planning and implementation for
fund development. Different from “In House” endowments that focus on general operations, companion foundations tend to focus on short-term annual projects that provide immediate financial benefits. Similar to family foundations, companion foundations only hire clerical assistants to manage papers and accept application requests. Companion foundation endowments also imitate small family foundations through maintenance of holdings under $10 million dollars and through collective decision-making at the board level rather than through hired professional staffs. Not much research and data has been collected on foundations with holdings under $10 million (Council on Foundations 2000).

No classification scheme exists that provides a consistent means for public or private administrators to aptly name their long-term funding apparatus. Endowments and foundations are named at the whims of individuals and corporations without a set of operational principles. In this same way, government endowments and trust funds have been named and the operating principles for both nonprofit and government endowments appear to be interchangeable. A significant difference in funding operations for government versus nonprofit organizations is that government trust funds are usually invisible pools of monies like a Highway Fund or Social Security Fund that exist on paper budgets in an administrative office of government and generally do not have tangible assets (Patasnik 1995). This is not to suggest that endowment monies are not available but rather to suggest the government monies are intermingled with other funds.

Whereas nonprofit organization funds can consist of cash, bonds, stock and other tangible assets that are held in separate trusts, government agencies may not have the
same flexibility. In general, policymakers create trust funds through tax levies, bonds, dedicated fees like license plate sales, and corporate fees. In contrast, nonprofit fund development administrators focus on corporate and individual donations via stocks, grants, special events and merchandising to fund this long-term fundraising and investment strategies. These two strategies are not completely opposite. Each strategy informs what policies and guidelines are used in the creation and maintenance of long-term fund development and investment strategies. The decision of Delaware’s eight member art consortium to solicit corporate donors and to house ArtCo at the local community foundation is an example of a nonprofit fund development and investment strategy. The creation and development of legislation to support Delaware’s arts stabilization and Indiana’s cultural trust fund are examples of public fund development and investment strategies. Ohio Arts Foundation closely resembles a nonprofit strategy with strong ties to public benefit.

Some scholars address capacity building and organizational readiness through leadership, programs and services design, social capital, youth development, and expansion of ethnic, multicultural and heritage arts development in arts and cultural policy development. Most nonprofit organizations, in contrast, address capacity building through examination of administrative policies and practices, internal and external social environments, staff expertise and infrastructure, products and services and reputations as organizational outputs. These examinations also include in-depth reviews of an agencies policies related to workforce development, staff retention and promotion, marketing and promotion of the arts, technology and its educational uses, arts programs and services,
granting operations and procedures, as well as future strategies and operations related to human and intellectual capital development in all levels of a fund development campaign.

Building organizational capacity to address long-term stabilization and sustainability differs in nonprofit organization and in government. The founding members of the OAF understood that government processes to establish a fund development infrastructure and to build capacity for the arts would require more time, and therefore, they focused on building a nonprofit companion foundation. DeVita, Twombly and Fleming (2001), in *Building Capacity in Nonprofit Organizations*, observes

> The literature on organization and management theory emphasizes decisions and trade-offs that groups face when building their financial and political capacity. Decisions concerning the use of staff, choice of products and services, fundraising and marketing strategies, and even the selection of a board of directors can significantly impact the success or failure of an organization. Decision making involves foregoing one option in favor of another. In short, organizational management decisions produce trade-offs that may be either beneficial or detrimental to the short-run or long-term viability of the organization.

DeVita, Twombly and Fleming (2001:16) offer five areas of focus for capacity building: vision and mission, leadership, resources, outreach, and products and services. They continue to explain that the former three are interconnected with organizational board development and staff training. Outcomes, reputation, and products and services developed by SAAs will depend on resources available to the organization and its staff.

“Readiness for adoption of policy innovations” explains Barsdate (2001) “also depends to some extent on the goals and priorities of the individual state arts agency.” Barsdate (2001) further asserts
Some states arts agencies have boldly embraced their roles as policy entrepreneurs, actively encouraging the adoption of new ideas and taking steps to shape the policy environment so that it supports further innovation. Other agencies are more constrained in their options, and emphasize the implementation of existing policy to a larger degree. Examples of entrepreneurial (and nonentrepreneurial) states exist in every region, every population category, every budget tier and every bureaucratic situation, suggesting that variables within individual state’s policy environment may be the most significant determinants of a state’s readiness to adopt policy innovation.

A constellation of contemporary trends shapes the environment in which cultural policy in general—and arts policy in particular—is made at the state level. Each of these environmental factors affects the transfer of policy ideas from state to state; no matter how appropriate or necessary a particular arts policy may be for an individual state, a variety of factors in the state’s policy climate will intersect to affect its adaptation and adoption.

The OAC has been a policy leader in shaping regional, state, national, and international policy in the Arts. In part, its stability was due to the entrepreneurial spirit of Dr. Lawson and his unique ability to empower staff and to accentuate their unique personalities and abilities in management. In fund development initiatives, leadership and staff ability are key components of stability and sustainability. Dr. Lawson’s lively spirit and willingness to forge through successful and failed attempts in pursuit of new directions motivated OAC staff to share in his vision to shape a healthier Ohio’s arts environment. Dr. Lawson built the staff at the OAC to achieve and be innovative in arts development. The OAC staff intuitively design guidelines and policies to benefit and foster cultural arts climates where inclusion, particularly rural and ethnic, are addressed.
in all policies and guidelines. Even when OAC grant recipients claim inability to address diversity and inclusion policy goals, a measure of assurance exists that those organizations made reasonable efforts to achieve racial and ethnic goals. The leadership of the OAC was well-established with the same person as executive director for 25 years. By most local and national accounts, the OAC continues its operations with a stellar reputation among peer SAAs and among stakeholders since Lawson’s retirement in 2006.

Current trends in arts and cultural policies involve innovation that aligns new partnerships and collaborations to garner financial and political support for SAAs and other cultural institutions. Barsdate (2001). in *Cultural Policy Innovations: A Review of the Arts at the State Level*, reviews partnership and collaboration activities in Arizona, Florida, Indiana, and Oregon. Her analysis begins with categories of mission and goals, background and general description, projected outcomes challenges, sustainability, and ends with a discussion of replication potential. Her template also describes the political environment and context through which innovative policies exist. Barsdate’s research illustrate the multiple spheres of administration through which public organizations must operate when creating innovate strategies supporting change and growth. For this reason, a public agency and its companion foundation must be able to navigate political and artists terrain as unified and independent actors in spheres of policy development, culture and arts, and management. In essence, the OAF’s ability to raise and attract funds is linked to the OAC’s reputation, programs and services, and policy leadership, as well as to the OAC’s effective and/or ineffective investment in social, intellectual, and human capital.
External and internal political climates related to arts development in Ohio may shift in the coming years as this state has a new governor, former Congressman Ted Strickland, and a new executive director of its SAA, Director Julie S. Hennahan. Neither administrator has held his or her position more than one year at the time that research was completed, nor were their administrations foci of this research. This research covers the years between 1996 when the foundation was incorporated and 2006 when Dr. Lawson retired from the OAC and performed dual roles as lead administrator of both SAA and OAF. Dr. Lawson will remain the chief administrator for the Ohio Arts Foundation and will continue to designate and receive grants with board approval to support the OAC’s mission and staff. A new governor, however, may mean new policies related to Ohio Arts Council and arts development within the state.

Potential benefits and challenges can result from administrative changes in organizations that appear arm’s length from OAF operations. Just as controversial activities of the OAF can affect its ability to attract grants as income, it can also affect the income, support, and appropriations for the OAC. Not only are the programs and services of SAAs and CFOs conjoined, their reputations are socially, politically, and financially linked, especially in the formative years. A newly hired OAC director will definitely mean the construction of new political and social relationships that may also affect the OAF’s ability to successfully solicit funds on behalf of the OAC. The converse is also true that the OAF may become more fruitful due to changes in leadership in both the governor’s office and the SAA. Changes in positive and negative social and political capital can be the direct results of leadership changes in government at both state and
agencies levels. Only time can reveal changes in social and political environments affect income for the SAAE.

SAA have to be able to create, edit, and sell its vision through case statements to potential corporate, foundation, and individual donors. In addition, it has to gain the support of both policymakers and the general public. To its credit, the OAC seems to understand components for building case statements that speak to the general public, policymakers, and nonprofit supporters like corporations, foundations, and wealthy individuals. From the OAC 2007 Website’s *Building a case for the arts in Ohio* document provides an example of the OAC private-public income match:

*The Arts Are Cost Effective*

Less than 1/20th of one percent of Ohio’s state budget is allocated for the arts. In fact, it costs less to fund the arts throughout the state of Ohio than it costs to build 30 miles of highway. A little arts funding goes a long way because the arts, as an industry, deliver tremendous impact from a comparatively small investment. Ohio Arts Council grants are matched by private dollars on an average of 45 dollars to every one OAC dollar. When public funding is cut, there is a decrease in private support. Some of the required dollar match of OAC dollars are achieved through OAF research grants and activities. More importantly, individuals, corporations, foundations, and government entities can identify with some portion of this case statement that leads to a $45 to $1 success rate and distribution of grants throughout Ohio.
Compatibility of the Ohio Arts Foundation and the Ohio Arts Council

Recently retired OAC Director Wayne Lawson continues to head the OAF and relies on voluntary contribution of several hours per work week of administrative support from an OAC clerical assistant. As OAC director, he and a senior clerical assistant organized and administered the activities of the OAF. Dr. Lawson (March 2006 Personal Interview) was clear to explain that the OAF board makes decisions and distribute funding that support a variety of activities at the OAC. His and the administrative assistant’s donated time support the OAF board and that the administrative assistant’s time is donated to the OAF through OAC board approval. Dr. Lawson continues to donate time to develop and oversee OAF and its activities. Dr. Lawson explained that while he was OAC director his volunteer hours to the OAF were not in conflict with his duties and responsibilities of OAC director because OAF work was conducted after normal OAC business.

Initial intermingling and blurring administrative duties and policy construction in fund development infrastructures is common. Utilizing SAA staff is part and parcel of the same job when developing arts and fund development programs and services between a SAA and a companion foundation. The dual roles and responsibilities of SAA executive directors (ED) as the coordinator of a parallel foundation have enormous impact on the administrative structure of the CFO. In the beginning years, the organizations will share similarities in program services and interests due to their sharing of key senior and program administrators. The OAF and the OAC benefited from the use of shared staff at the senior levels because detailed information and knowledge sharing existed between
both government agency and nonprofit organization in the formative years. In subsequent years, different administrators and boards may diversify the program and services offered by the SAA and by a companion foundation. Less coordination may occur once the CFO establishes and defines its own programs and services even while continuing to support the parent agency. Though some administrators think of management of SAA operating programs and services as separate operations, leadership, SAA program and services development, community relations, policy constructions, technology, public relations and marketing and grants distributions are part and parcel of the same management package, especially in the CFO’s formative stages.

Most SAAs continue to sequester fund development operations for CTE, CTF, and CFO from daily management operations of the agencies. These SAAEs understand that connections exist between fund development activities and day to day management but have not understood how to integrate fund development activities into daily operations that benefit the overall health in the SAAE. SAAE with CFO or separate fund development auxiliary boards must operate as inter-dependent entities in administrative practices in formative years. SAAE’s and CFO’s visions and missions must be compatible, if not the same throughout implementation of the endowment. Once, the formative and implementation years are completed, two entities may develop with related yet separate missions and visions for managing and supporting the arts as the former gives birth to the latter as in the case of DASF and ArtCo. For these reasons, a high number of founding board members sitting on CFO, CTE, CTF boards are former commissioners and/or former employees of the SAA.
Coordinated activities in fund development must be discussed, planned, and accepted by senior staff at the beginning of new programs and services development and in the revision of existing programs and services supporting SAAE. These will include policy construction, public relations, programs and services, grants distribution, technology, and other daily managed areas. In Delaware, for example, it became necessary to align and amend the originating legislation to provide flexibility for the DDOA to conduct business related to ArtCo.

**Background and Profile of the Ohio Arts Council**

The Ohio Arts Council has been a leading SAA in the development of resources that address arts development for multicultural and international populations. Its programs and services support a variety of artists, arts constituents, arts formats which is evidenced in its previous and current grants guidelines and through ongoing research like its State of the Arts in Ohio Report 2002 (or SOAR) research. Its administrative divisions focus on Arts Learning, Public Information, Organizational Services And Community Development, Grants Administration, Individual Creativity, Riffe Gallery, General Administration And Special Project Consultants. OAC granting programs include Arts Learning, Capacity Building, Individual Creativity, Arts Innovation, Arts Access, Sustainability, and International Partnerships. This agency annually employs between 25 and 35 employees and also hires three or more consultants annually. OAC’s stakeholders and staff frequently engage in topical issues of research to include Art Revitalization in local neighborhoods, Civic Engagement and Social Connections through...
Art, Arts Basics to Education, Cultural Tourism, Art and Economy, and Globalism and the Arts via discussions and conferences. The OAC through strategic partnerships with NPAO continues to invest in learning and research about the state and its arts. In other words, the OAC has consistently invested in building human, intellectual, and social capital among its arts constituents, policymakers, and other stakeholders.

From *Facts About the Ohio Arts Council* (OAC Website 2007), the mission and vision reads

The Ohio Arts Council (OAC) is a state agency that funds and supports quality arts experiences to strengthen Ohio communities culturally, educationally and economically. With funds from the Ohio Legislature and the National Endowment for the Arts, the OAC provides financial assistance to artists and arts organizations.

The OAC Board is composed of 15 voting members appointed by the governor and four non-voting members, two each from the Ohio Senate and House of Representatives (OAC Website 2007). All the board meetings are open to the public. Ms Barbara S. Robinson was chair of the OAC Board for thirteen years and at the time of the OAF’s incorporation as a companion foundation. In 2001, Ms Susan R. Sofia was named Board Chair and, in 2006, Director Julie Henahan, who also served as interim director, was hired as Dr. Lawson’s successor.

Budget lines in public arts agencies are complex and comprised of multiple sources. The following budget description, also from the OAC 2007 Website, shows the ups and downs associated with state appropriations. It reads

The Ohio Arts Council receives biennial appropriations from the Ohio General Assembly and annual funding from the National Endowment for
the Arts. FY2007 funding from the NEA totaled $830,300. FY2006 funding from the NEA totals $766,300. The FY2006/2007 biennial appropriation is $22,476,322. This represents an 8.9% reduction to the OAC’s budget from the original FY2004/2005 biennial appropriation ($24,670,205). The FY 2006/2007 biennial appropriation represents an aggregate 31.3% reduction to the OAC’s budget from the FY2000/2001 original appropriation ($32,736,291), the biennium in which the OAC received its largest ever appropriation from the legislature.

This budget narrative explains the complicated financial resources of most SAAs, Furthermore, when CFO, CTE, and CTF are added to this financial mix, increased financial scrutiny is presumed to occur by oversight groups and the state agencies. However, not all SAAs have developed the capacity to handle additional scrutiny of their financial and operational resources by the general public and by policymakers when raising funds. It therefore becomes important for an SAA to conduct its own assessment about its programs and services in order to account for its funding, grants distributions, staffing, and other services. An SAA that is proactive about conducting and analyzing cultural assessment research at local, regional, and state levels tend to fair better with aiming to raise funds from corporate, foundation, and other donors.

The Ohio Arts Foundation and the Ohio Arts Council

Dr. Lawson (2006 Personal Interview) reported, “We began thinking about a companion foundation when Serrano and Mapplethorpe were controversial artists during the Cultural Wars. Like other SAAs, we wanted to figure out how we could make up for the loss of public dollars with private dollars.” Dr. Lawson explained that they also
believed that “Art councils should not go out and raise funds to compete with their constituents, because it would not be ethical to do so. We looked around to see who else had companion foundations.” When asked about cultural trusts funds and cultural trust endowments, he explained “That concept made me nervous, those trusts are dependent on legislated funds and the legislators had to commit monies for the business communities to match.” He continued to explain that the concepts of trust funds are used in several cities in Ohio like Dayton, Cincinnati, and Cleveland. When asked about United Arts Funds, he also thought that those funds were more compatible for organizations in cities and not for states.” Dr. Lawson also asserted that businesses do not want to give to government for fear that when state revenues go down that the government endowments will be raided.

Dr. Lawson reported that he “had done his homework” when deciding on a companion foundation as opposed to a CTE or CTF. Understanding policy processes, Dr. Lawson explained that he did not want to establish a process of legislation authorizations and renewals related to trust or endowment formation. Several times in this interview, he quoted the renowned Texas Senator Barbara Jordan with telling him: “If you arts people really believe that the arts are important to building communities and quality of life, then you must always remain at the table when the pie is being cut. You must always ask for your piece of the pie.” The pie here represents public awareness and state appropriation to the arts. Dr. Lawson cites two reasons that public funding of the arts are essential for Ohio: First, asking for your share of the pie keeps legislators aware and makes some advocates and supporters for the arts; and second, it does not provide the public or public
policymakers with the opportunity to avoid making appropriations to state arts activity and cultural policy.” In other words, the arts must remain front and center in the minds of politicians and other supporters via state appropriations and other activities. Of course, Dr. Lawson’s statements refer to the fact that some states, as in Texas, had to create proposals to replace completely state appropriations with private partnership funds.

He explained that one difference and benefit of a CFO from a CTE or CTF is that OAF board members could raise monies without having policymakers pass legislation to authorize cash matches. Whereas fund development through a CTF or CTE could not begin without legislative approval, companion foundation boards could begin to solicit funds as soon as the articles of incorporation were approval by the State. Additionally, companion foundations have more flexibility to act independently without prior or continuous approval of government personnel and/or representatives. Dr. Lawson emphasized that the companion foundation concept was best for Ohio and that SAAs must choose the endowment concept that is best for their own states. However, it was clear that his choice for all SAAs would be a companion foundation concept.

The Articles of Incorporation, OAF Board, and OAC Staff

The first Articles of Incorporation for the OAF was submitted on 27 October 1994 during the same time period that many SAAs formed their cultural trust and endowments. The later amended Articles, sent to that Secretary of State’s Office in November 1995, were accepted in that same year. The original proposed title of the CFO was The Ohio Arts Council Foundation (1993) and later changed to The Ohio Arts Foundation (1995).
Though seemingly small, this change represents the clearer intent and ideology to support statewide arts activities and endeavors in support of the OAC, but not under the aegis of the OAC. Such detailing is necessary in signifying to potential donors that it is the State’s arts activities and projects being supported in conjunction with the OAC, and not in lieu of or with the permission of the OAC board or elected officials like the governor. The CFO’s mission statement reads

The Ohio Arts Foundation was formed to advance education in performing visual, literary and dramatic arts; to advance knowledge and appreciation of the arts by giving support to performances and exhibitions and to provide financial assistance to the charitable, literary and educational activities of the State of Ohio, in particular, the Ohio Arts Council.

At the same time that the Articles of Incorporation were drafted, the code of regulations that outlined number of trustees, election terms, meeting frequency, procedures for notice of meetings, quorum requirements, reimbursement compensation, committees, etc, were also drafted. No trustee received compensation for work and efforts to begin the companion foundation. In determining the types and number of people who sat on the founding board for this organization, Dr. Lawson explained that, after researching other companion foundation at other SAAs, he knew that a person with a legal background would be needed as an OAF trustee to assist in preparation of legal documents describing future parameters for its operations. This proved to be a smart move in helping to navigate issues and to provide future flexibility. To illustrate this latter point, one noteworthy provision appears in the second draft that gives the OAF flexibility to operate anywhere in the world. It appears in the fourth section in the Articles (4.g.) and reads
The corporation shall have all the powers provided by statute or otherwise for corporations of its class, including, but not limited to, the following: …

(g) to conduct its affairs, carry on its operations, and have offices within and without this State, and to exercise in any other state, territory, district or possession of the United States, or in any foreign country, the powers granted by the Act under which the corporation is organized.

Dr. Lawson describes an anxious OAC board that remained supportive after being informed that, in the best interests of the State, no sitting member of the OAC board could also sit on the OAF board. Members of the original Trustee Board were Ms Barbara Robinson, President; Mr. William R. Joseph, Vice President, and Ms Marilyn Sheridan, Secretary. Ms Toni Birckhead was later added as Treasurer. Two members of the original trustees were former OAC board members. These were Ms Barbara Robinson and Mr. William R. Joseph who each held one year appointments. The first OAF trustees served an initial one year term, then a three-year term. Whereas board members for the OAC served five year terms, OAF trustees serve three year appointments. Also note that a different between the OAF trustee board and the OAC board is that the former self-selects its members and the latter have members that are appointed by the governor to include its president and vice president. As both the OAC agency board and the Secretary of State had to validate this implementation process through written waivers or approvals, it was prudent for OAF trustees and Dr. Lawson to provide those entities with information throughout the formation stages. Information sharing also helped to ward off potential conflicts during the planning and implementation phases. Dr. Lawson emphasized that his ED position only assisted the trustees in conducting their work.
However, Dr. Lawson supplied information and other data gathered as research to inform the development of legal documents and strategies that support the foundation.

Substantial changes occur between the first drafts and the second drafts submitted to the state secretary. Between the time that the first and second submission of the Articles of Incorporation and other legal documentation were submitted, the mission and vision for the OAF evolved to read as:

The Ohio Arts Foundation, Inc. was formed for charitable, literary and educational purposes, including, but not limited to the following:

a) to provide aid, assistance and encouragement to advance education in the performing, visual, literary and dramatic arts.

b) to advance knowledge and appreciation of the performing, visual, literary and dramatic arts by giving support and assistance to performances and exhibitions.

c) to provide financial support and assistance to the charitable, literary and education activities of the State of Ohio, or of any agency or agencies constituting an integral part thereof, and in particular, the Ohio Arts Council, provided that such support and assistance is use solely for the purposes set forth hereinabove.

Dr. Lawson explained “We wanted to make sure that people did not think that the OAF was amorphous, but had to be very specific in that it supports educational activities.”

The OAF, therefore, became a new institution dedicated to arts education, arts participants, and arts development as a mean to support and to create new networks of
arts and financial supporters. The phrase “to advance knowledge and appreciation” and other language in the second mission/vision statement illustrates more clearly that the OAF’s foci and intent were to include the development of intellectual capital and social capital. The center of the trustees’ planning included strategies to educate and to form partnership in the arts with artists, arts organizations, educational institutions, and business communities. The net result of those foci is the development of a stronger arts environment with educational activities such as arts conferences, discussion forums, and expanded technology to build social, intellectual, human, and eventually financial capital throughout Ohio. OAF trustees and OAC board members understood that they had to educate business leaders and the arts community about the arts and cultural policies affecting their communities in order to raise funds and to promote a new companion foundation. Unlike DASF, OAF did not need to create a learning community of major institutions seeking funding via scheduled meetings or develop a fund development case statement to target endowment foci like physical plant and general administration, because the OAF’s foci were the same educational programs and services of the OAC and because the OAC already enjoyed a stable leadership and history in regional and national arts. Dr. Lawson explained that OAF trustees and the OAC still enjoy good working relationships with statewide advocacy and service arts groups.

A final reason for his choosing the CFO format, explained Dr. Lawson, was that trustees never envisioned this fund becoming larger than several million dollars and therefore never would have holdings large enough to be raided by government officials. In this way, the OAF resembles family endowment funds that maintain holdings under 10
million dollars. Funds and grants solicited for this endowment type generally are designated support for specific projects and services. As in previous cases discussed in this research, the OAF was never intended to replace OAC salaries during budget crises, downsizing, and/or employment freezes. All seed monies from the initial funding strategy was placed at Huntington National Bank in Columbus, Ohio. The initial fund development strategy included each trustee asking five of their friends to contribute to the initial seed monies establishing the PAE. Much of the success for the evolution and success of both the OAC and OAF should be credited to the leadership and management abilities of Dr. Lawson.

**Characteristics of Leadership and Legacy**

The impresario or charismatic leader often is the first director and founder of an organization (DiMargio 1987 and Jeffri 1985). These individuals demonstrate the first presence of entrepreneurial activities and spirit in the organization. They must be able to learn and adapt quickly to changing environments and to identify current issues and predict future factors that will shape the arts, business, political, and social climates. The impresario generally shapes and defines an organization in its initial stages. Few impresarios hire and mentor professionals in his or her responsibility in preparation for future transitions or succession from the organizations that they founded or have been long-tenured administrators. Though neither founder or first executive director of the OAC, Dr. Lawson’s tenure as executive directors chronicles significant growth to the organization and to Ohio’s arts infrastructure.
An arts reporter for the *Cleveland Plain Dealer*, Reporter Carolyn Jack writes “The jury on his achievements has long been in: Ask anyone he has worked with at home or around the nation about Lawson’s impact, and you’ll hear what amounts to “Wow!” followed by a bubbling over of examples and fond, amused anecdotes.” Before his retirement last year, he had been at the arts council for nearly thirty years. Reporter Jack (2006) continues “Ohio is acknowledged as probably the best state arts council in the country.’ Says Mary Regan, who has been executive director of the North Carolina State Arts Council for about the same amount of time that Lawson has headed the Ohio council.” His creativity, innovation, leadership, and dedication to education and research in the arts benefited Ohio and the nation. Humorously, Dr. Lawson tells the story of his early career beginning at the OAC as a truck driver in 1976, and less than two years later he became its executive director in 1978.

Dr. Lawson’s education includes a Bachelor in Spanish, a Master in European Literature, and a Doctorate in theater/comparative literature. His degrees are from The Ohio State University. In between formal academic education, he traveled in Europe, worked in Barcelona as a waiter, and sold encyclopedias in England (Jack 2006). His international interests in cultural exchanges and cultural diplomacy are illustrated in OAC programs and services as extensions of his academic and experiential studies in youthful years. Lawson’s business savvy came before his employment at the OAC. At age 26, he chaired a comparative literature department that began with a faculty of two and ended with a faculty of 21. While chair of this new department, he completed his doctorate. When questioned about his administrative knowledge and instincts for growing the OAC
staff, he acknowledged that his years as a department chair had afforded him previous experience and insight for developing, motivating, and maintaining staff who were happy and productive professionals. Known for his persistence, humor, and consistency throughout the state of Ohio, Dr. Lawson also engages and manages controversy well. Mr. David Fraher, Director of Arts Midwest, described Lawson’s persistent nature and willingness to accomplish controversial goals and agendas with “He is an unabashed salesman. He will provoke, push, prod, badger, anything to get things done . . . And he gets it done in such good humor” (Jack 2006, A16). Dr. Lawson’s drive and persistence were always linked to a vision for arts development in Ohio.

Additionally, he possesses a unique ability to anticipate future trends in the arts and in cultural policy that would often place the OAC at the forefront of national and international cultural policy. The OAC is noted as having been the first SAA to offer individual artists grants, residencies, and fellowships. Long before many SAA agencies developed programs to support diversity and multiculturalism, the OAC developed programs and services to address the diversity of its native populations and to gather support—financial and political for those forms of targeted arts. Among the noteworthy aspects of diversity is OAC’s inclusion of Appalachian population in its underserved list population that also includes ethnic groups like African Americans, Latinos, Native Americans, and others. Ms Mary Regan explained that OAC wrote the book on multiculturalism and diversity and was the first SAA to figure out how to get it done and done well (Jack 2006). Dr. Lawson explained that after the OAC conducted an environmental scan of arts and populations in Ohio, it learned that Appalachian
populations were prominent in 29 counties in Ohio and little had been done to serve that population and its arts. Ohio remains one of few SAAs that recognize Appalachian populations as a unique ethnic group with its own culture, heritages, and traditions in the arts that should be preserved and documented. Therefore, the OAC’s policies related to multiculturalism opens the doors for cultural heritage arts and exploration of the interconnectedness and comparison of race and ethnicity as are these also related to social class and family heritages.

His first attempts and approaches failed to get to OAC board members to redistribute funding from the “major” arts organizations or “flagships” for this category. Under his leadership, the OAC staff continued to document, identify, and research Appalachian arts activities and organizations. Through this research, regional and state policymakers and politicians became informed as intellectual and social capital were produced and as they simultaneously began to recognize a need to fund arts projects in Appalachia. This new awareness and support lead to changes in OAC policies related to multiculturalism and diversity. Brilliantly, cultural assessment research was gathered and applied to support a financial case to shift and redistribute state funding to less fortunate populations in rural and isolated geographical areas in a state.

Other changes in behaviors and beliefs of council members have been attributed to his leadership and efforts to collect and use research data to advance concepts associated with pluralism and diversity. He has also been able to alter concepts associated with contemporary practices in management at agency and board levels. “Where the council used to be simply about financing institutions such as museums and performing
companies, it now regards itself as a resource and partner for communities and artists,” explains Reporter Jack. Much credit has to be given to Dr. Lawson for his tenacity and innovation in the arts. He has participated as chair of the NASAA (1982-84); Arts Midwest (1987-89), and NEA panel chair (1999 and 2001). Lawson (2006) stated, “There are great rewards in being a public servant—not financial—but other rewards that fill the spirits.” Most notably about Dr. Lawson, according to Reporter Jack, is “His sense of humor is irrepressible and legendary, and where he’s quick to needle others with his wit, he’s equally willing to skewer himself or let others do it.”

Founders and longtime directors of arts organizations tend to create organizations that reflect extensions their own personalities (DiMaggio 1987, Jeffri 1985). This certainly has been the case with Dr. Lawson. During his 27 year tenure as executive director, his varied interests in people and culture, both domestic and international, show in the programs and services offered through the OAC. His love for education and enabling others in art “to get it right” is reflected in OAC programs and services. His ability to increase and mentor staff to become devoted employees connected to the arts and to the OAC is impressive. His educational foci extended to professional development for board member and OAC staff though educational activities intended to educate, promote, inform, and create leadership opportunities via arts and cultural policy initiatives. Similarly like arts organizations create peer partnerships and collaborations with one another, the OAC board and staff were involved in creating partnerships and learning opportunities for and with arts organizations under Dr. Lawson’s directorship.
When questioned about how he knew to develop the professional ability of his staff through educational opportunities such as academic courses, seminars and national conferences, and release time to chair and/or become members of national committees and sub-committees, Dr. Lawson responded “This is something I learned while attending a business seminar, some businessman—I forget who—said that you must keep your staff happy and motivated if you expect them to work for you a long time.” He continues to explain that staff retention is essential for building trusts with the public-at-large and for organizational stability. Dr. Lawson believes that staff and board professional development helps prepare staff and board for growth and leadership at the OAC and in arts development.

Professional development activities were and continue to be funded by the OAF. Instinctively, Dr. Lawson seems to know when and how to develop raw potential in employees and board members. The impresario is viewed by some as all controlling and never willing to release control to empower others. Yet, in the truer sense of charismatic leader or “impresario,” Dr. Lawson remains inspirational to generations of future arts administrators. He exudes confidence and knowledge. Even with humor, he remains direct and clear about expected goals and directions for staff and others. He heartwarmingly boasted about the importance of encouraging staff participation in the design of international projects to enhance individual work portfolios that include research and cultural projects. He provided an example of a staff member who was encouraged to take a foreign language course in preparation for working with international artists via an exchange program.
Moreover, many OAC former staff now are employed as directors and senior administrator at arts and cultural organizations within the state and nationally. Former OAC staff creates an extensive local and national network of scholars, arts administrators, educators, and artists. The OAC has been a development and training ground for many employees, students enrolled in the arts and arts administration programs, and for independent contractors. The OAC is a “learning organization” that prepares future administrations, board members, arts education teachers and peer panelists to function with creditability in the spheres of art, cultural policies, and arts management. Lawson exclaims “Build staff that people want and they will get out into the field.” In other words, create a demand for employee talent and expertise, and others will want to utilize them and to employ them.

**Staff Growth, Changes, and Institutional History**

During his directorship, the OAC staff grew from six members to approximately 51 members in the late 1980s when the agency experienced budget reductions. During this period known as the Culture Wars, he salvaged many of OAC programs and services even as staff reductions were necessary. Staff size decreased to approximately 39 members as several re-organizations in internal processes over his twenty-seven year tenure. Currently, the OAC remains one of the most productive arts agencies in the nation and maintains a staff of 40 members. “You do not want to loose institutional memory” explains Dr. Lawson as one reason for investment in staff capacity and skills development.
Responding to questions about his leadership style and personality and how these might have influenced the OAC, he comments “At some point, you have to hone in on personality.” The feeling was that this statement referred to his own sense of who he was and his leadership influences, but also meant that he enjoyed sculpting arts administrators and making them aware of a need for comprehensive talents and skills for public interaction. In much the same ways that his life had been dedicated to education, the arts, and cultural diplomacy, he mentors others to become dedicated in similar ways. Under Dr. Lawson’s directions and with OAC clerical support, the OAF continues to thrive and procure grants to support the OAC. No current plans exist to hire OAF professional or clerical support staff. However, professional staff may be needed to assist in the continual development of income and resources to supplement arts programs and services in changing political environment. Dr. Lawson explains that “Public service is intellectual, philosophical, and spiritual work.”

**Fund Development via Project Support**

The major strategy to acquire finances to support arts development through the OAF has been through project support. The OAF’s focus on projects was explained by Dr. Lawson as deriving from planning and learning what the arts and business communities wanted to support. Through assessment research, the OAF and OAC were able to determine what types of programs and services local and regional businesses wanted to fund in their areas. Using research to leverage corporate and private interests, the OAC and OAF created partnerships that would finance and support local arts projects.
As the OAC continues to make connections to Ohio’s arts organizations, those NPAO benefit as a result of OAF sponsored projects and activities. Throughout its twelve year history, the OAF has enabled the Ohio Arts Council to:

± Establish the US/Mexico Culture fund Partnership and the Visions of the American exhibitions which opened in Mexico in April 1996 and Mexico Ahora/Mexico Now exhibition that presented 80 works by 13 artists at seven museums and art centers in North America
± Support three Ohio print artists to experience a cultural exchange working with print artists in Dresden, Germany and their attendance at the Dresden Print Fair
± Developed a partnership between the OAC and the Citizens Exchange Council that allowed Central and Eastern European artists to visit Ohio arts and academic organizations, with support of the Kettering Foundation
± Increase cultural interchanges between Ohio and Israel and promote deeper understanding of shared values through the arts and humanities education
± Feature nationally known experts in technology, arts management, and community development at its Annual Conferences
± Contribute to the professional develop of arts administrators in the state of Ohio through paying for courses, conference attendance, and other education and educational resource activities to include hiring of research and project consultants

Additionally, the foundation has received two multi-million dollar grants from the Wallace Fund to implement data from its SOAR research project and from the United States Department of Education to strengthen and expand its international activities with colleges and universities.
State of the Arts Report

SOAR is an acronym for the State of the Arts Report in Ohio and represents an extensive research effort to document arts organizations and arts activities in the State of Ohio. This study was designed to be inclusive of all arts forms and of all regions throughout the state. “SOAR is not intended to be a one-time-use report, but rather a tool to be used on two levels: statewide and local.” This research represents a landmark study in the arts and continues to create a base for grants solicitations and foundation gifts.

Statewide research through the SOAR project and other projects allows the OAC to inform its potential donors about issues that are closer to their communities and about how those issues also relate to state and national arts development. This cultural assessment research allows for the creation of individualized donor appeals for corporations and foundations to match their own funding interests with local arts and cultural development interests. Knowledge about its arts stakeholders and local community interest allowed the OAC and OAF to strategically position its public tax dollars as a match to prospective grants. From the above listings of special projects and activities, the strategy for income for this foundation is clearly time-limited projects and programs.

Both organizational stability and sustainability are derived from the OAC’s capacity and ability to remain innovative and responsive to local, state, national, and international needs in Ohio. Specific project foci allow private, corporate, and foundation donors to contribute to fields of their own interests in the arts. The example provided by Dr. Lawson described a member of the Kettering family who approached the OAC to
host a two-way artists exchange in Russia and in Ohio. American artists would visit Russian artists and the Russian artists would then come to Ohio to visit artists working America. Dr. Lawson relates a second story about a cultural exchange project that the OAF and OAC wanted to host with a Japanese Violinist in Cleveland. He next summarized “If you wanted the business community to support your project, you have to do your research means knowing your public, knowing your donors.” Other programs being supported through OAF grants to the OAC include international exchanges, cultural diplomacy, professional development, conferences, artists development, consultant support, etc. Such programs could only have been established because Ohio’s in-state arts environment remains stable and solvent.

**International Programs Support at the OAC**

The OAC is known for being a promoter of diversity and multiculturalism within SAAs and is also noted for its support of international projects through which youth, artists and arts administrators gain knowledge about making art and about sharing with other people in our world. The OAC creates the opportunity for artists and arts exchanges and the OAF becomes the holder of income to implement those opportunities for artists’ and researchers’ travel to countries like Chile, South America, Easter Island, Germany, Russia, Japan, Mexico, etc. The OAC with the support the OAF has assisted in the implementation for ten to fifteen international projects. Other SAAs might have the desire to design international programs and activities, but international exchanges only work if the internal and daily operations of the organization can pass public inspection
and appreciation by arts stakeholders. Similarly, the political climate has to be right for such exchanges, especially in this post-911 environment.

The inspiration for exploratory exchanges and innovation linked to creativity and art in foreign nations come from the personal interest of the Dr. Lawson and from the business community. Dr. Lawson explained that he asked the question of his staff in mid-80s: “What should the arts community be doing that the business community is doing?” In the 1980s, international focus, he asserted, was on a strong Japanese economy. As he and his staff began reviewing business practices and what they were doing to create new markets and enhance international diplomacy, the OAC became one of the first SAAs to develop international programs and services to support “cultural diplomacy.”

The OAC has at least three ongoing international “sister city” arts and cultural projects that benefit the state according to Dr. Lawson. When asked what statewide benefits these changes bring, Lawson replied “Are you kidding? –brief pause—It brings enormous benefit for children who are severely disabled to work with artists from Chile, and to see the art works of other youth who are like them on display.” From its beginning in the mid-1990s, the OAF intended to develop an international presence in the arts. The influence of international and domestic cultural issues can be seen in the policy development listed in section IV (g) of the Articles of Incorporations where the policy states that OAF corporation could operate in any state in the Union as well as designate sites for international offices that will enhance its ability to conduct and promote the business of the OAF. Cultural Diplomacy, in addition to creating shared experiences for Ohio artists and youth, also promotes the state of Ohio nationally and internationally.
**Fund Development: Direct Appeals and Project Grants**

As this CFO was created during the Culture Wars when budget cuts and staff reductions at SAAs and NEA were constant, Dr. Lawson and OAF trustees exercised cautious in their fund development approach to businesses as potential donors. A frequent question of the 1995 business community was “Were OAF dollars going to pay for OAC staff positions?” The careful response was “No, these funds will support the goals and projects of the OAC and statewide educational arts activities, not staff positions.” This meant that two forms of direct appeals as donor strategies evolved at the board level. The first utilized direct appeal to business acquaintances and friends of OAF trustees and the second strategy was to solicit larger local and in-state corporations for gifts. Both forms represent one-on-one personal networking strategies as direct appeals. These forms, however, are not entirely separate as some friends and associates may have also been top-level executives and owners of in-state enterprises.

When asked about license plate sales and merchandising as fundraising vehicles, Dr. Lawson again referenced the deceased Senator Jordan and explained that public arts agencies must pursue public funding mechanism with the same effort and zest as they pursue private funding. He continues to explain that Tennessee had the only license program that worked at that time that the OAF was formed. In Tennessee, a percentage of license plate sales went directly to the CFO as contribution toward its operations rather than as investment income to a CTE or CTF. California, in fact, had the first program that began in 1993 and Tennessee’s license plate program began in 1994. License plate
programs were less than one year old when planning for the OAF in 1993-94 began. Art license plates will be discussed further in the next chapter on Indiana as the sales of license plates is the only income that agency has procured to date for its trust fund.

In grants development, the OAF has been successful in securing foundation grants to support its international programs and cultural diplomacy from the Kettering Foundation, the Gund Foundation, and the Department of State. Cultural exchanges and arts residencies have been established through arts partnerships in Russia, Dresden, Chile, and Israel. These have also been accomplished through sponsored exhibitions like Metaphor and Irony: Czech Scenic Costume Design 1920-1989 that toured the nation and was on exhibition at the Ohio Riffe Gallery. The cultural exchange experience for Ohio artists in St. Petersburg, Russia is supported annually by the Kettering Foundation and was created because a daughter of the Ketterings wanted to sponsor a Russian exchange program. The foundation seeded the program and presently allocates $50,000 to 75,000 in annual support. These are examples of arts partnerships based on research, management, and arts development that work. The OAF and OAC were able to match their own interests with the interests of a foundation sponsor to create innovative programs for artists to benefit.

The OAF has also been successful at achieving research and implementation grants from the Wallace Fund and the U. S. Department of Education. As previously noted The Wallace Fund grant provided the OAC with resources to hire a part-time consultant, implement SOAR research information in local communities, conduct an assessment of arts programming at faith based institutions, and build capacity for
individual and organizational leadership in the arts. Similarly, the OAF is only one of ten organizations to receive a grant from the Department of State. This grant’s focus was to work with severely challenged children in Chile, South America. Artists and arts administrators in Ohio and in Chile visit one another’s country and work with children who have special challenges. Often results of these exchanges are a formal exhibitions of works produced through those cultural interactions. The OAF has done well to match specific project goals and interests to be supported by national foundation and federal grants that are then managed by consultants and OAC staff. Moreover, the OAF has supported projects that include artists’ residencies via open selection processes that are managed and sponsored by the OAC, international educational programs, and technology and its advancement through Arts in Ohio.Com. The OAF also allocates its resources to the OAC in support of specific exhibitions at the Ohio Riffe Gallery in Columbus, Ohio.

**Honoraria, Benefits, and Merchandising**

The OAC staff participates in fund development activities for the OAF through speaking engagement and other events. Dr. Lawson reported “I do not accept honoraria on the road. I tell them to write the check to Ohio Arts Foundation Inc, and the OAC staff does not accept honoraria either.” When asking “Why does staff buy-in to this practice? Is it because they can not accept fees as state representatives?” He comments that state employees have options for doing independent contracting, but his staff understands the benefit of supporting the OAF because it assists them in accomplishing their own work via professional development programs, the hiring of research consultants, taking
language courses, and other benefits. About OAC staff, Dr. Lawson explains “It helps them with professional development, help with per diems when traveling, sends them to meetings, pays for research materials for reading rooms and projects, buys tables at educational events to hear speakers, and allows them to enroll in courses, and other activities, all of which the State does not pay.”

Dr. Lawson reported that the OAF does not have fund development vehicles that include special events and merchandising. However, the OAF is about to move into newer directions as it begins to identify other resources for income. Whereas professional fund developers view retirement dinners as special events and opportunities to raise fund, public administrators do not view those activities in the same ways. Contributions from Dr. Lawson’s retirement celebration that were intended for his personal use were directed to the OAF. However, Dr. Lawson did not view the retirement dinner as a fundraising event. As a first time fund development initiative, the OAF plans to offset production publication cost for *Appreciative Journey*, a documentary that tracks and reports the residency program hosted with Japan. Two thousand publications of the research are projected and any profits above expenses go to the CFO. Dr. Lawson, as with his retirement celebration, did not view this latter activity as fund development or a merchandising opportunity. Whereas a professional fund developer would have targeted both activities and would have developed means to track donors and purchasers for future patronage to the fund, public administrators are learning to identify these opportunities as fund development initiatives. Furthermore, public administrators must also plan for future fund development initiatives by utilizing and reserving some current resources.
examples, the initial 500 first runs or copies of the above research publications could be numbered and held for future donor appreciation gifts or for additional incentives to give.

**Administration, Public Scrutiny and Arts Development**

What an SAA administration does and whatever trust, endowments, and foundations board do directly influences and has impact on the acquisition of funds from donors. Donors’ perceptions about the work of an SAA will affect their willingness to support the agency. The opposite of this also holds true for those donors, who are approached before the agency is ready to solicit funds, can also choose to positively or negatively influence the outcome of the long-term strategy through conversations with other potential donors or simply by not giving a gift. Individuals patronizing the Arts create networks, just as people working in philanthropy create networks and share information. Many SAAs have identified vehicles like taxes and specialty license plates for fund development but have not associated social, intellectual, or human capital to the success of those initiatives. Ultimately, SAA have to consider the type and amount of social capital, intellectual capital, and human capital, it needs to develop in order to support a fund development initiatives.

Therefore, SAA with fund development options like trusts, endowments, and foundations must cultivate and in some instances construct new climates for their programs and services to have long-term stabilizing effects and financial viability, as exampled in Delaware and Indiana where an arts infrastructure was dispersed and unconnected. In doing so, SAA staff, commissioners, and ED must become
knowledgeable through professional development activities, educational programs and conferences, fund development practices, collaborations and partnership formations, and service delivery and information, and technology. Fund development processes are about establishing learning communities with an end goal of achieving financial and public relations targets. SAAEs can no longer view themselves as simply granting agencies, they must begin to take more responsibility in arts development through organizational and individual efforts to strengthen public opinion and funding available to artists, arts organizations, and other cultural strategic players working in department of education, social services agencies, faith and ethnic-based institutions like churches, schools, and cultural centers.

Hiring and retaining professionals with a variety of skills and expertise also becomes key characteristics of fund development initiatives. While the impresario model of leadership and behavior remains dominant in nonprofit circles, the concept is being transformed to include entrepreneurial skills in accounting, human resources, etc. In fact, impresarios have always been entrepreneurial as innovators, risk-takers, partners, and programmers. The challenge for impresarios working in organizations that expand and grow is learning when to release certain tasks and aspects to other managers. Public administrators in senior positions in addition to balancing his or her budget must also understand educational and convening processes that help to raise social and intellectual capital in order to satisfy public and legislative approvals, as well as development of human capital.
In a public appearance Mr. Robert Putnam lectured at the University of Notre Dame in March 2006, this author, now noted for his theory of social capital development as a series of networks and relationships that benefit both individuals and at-large publics simultaneously, explained bonding and bridging principles associated with social capital. Bonding principles, also referred to as bonding capital, occurs when members of the same group identify other members and form internal relationships with one another. An example would be a group like ArtCo forming an internal network base on their identity of the largest cultural organizations with the largest facility maintenance cost. Bridging principles, also referred to as bridging capital, occurs through outreach to individuals and organizations that do not operate within the same context, philosophies, and/or behaviors. An example would be forming collaborations with ethnic groups, arts groups, local administrators, artists, and economists to discuss and plan for a local tourism initiative. The underlying premise of both principles is that educational and outreach processes much occur within and outside an organization’s context simultaneously in the development of social and intellectual capital. The role of public administrators in the arts will continue to shift and require people with skills to convene and manage discussion processes followed by implementation processes. The public administrator as entrepreneur must always balance public interests with innovation. Both principles of bonding and bridging are layered and overlapping internally and externally to an organization and the infrastructure it intends to create.

Ohio has one of the first in the Citizens Arts Advocacy group in the nation and an Arts Alliance for Art Education to act as advocacy and information sharing groups.
Members of each group attend annual conferences and symposia supported by the OAF through OAC. The arts environment in Ohio continues to be among the strongest in the nation. Its leadership practices and research initiatives continue to position this organization high in peer reviews. OAC has been one of few SAAs that have collected arts assessment information and translated that information into local and national funding opportunities. Dr. Lawson summarized that the development of a healthy environment for arts programs and services of the OAC supported by OAF benefits other arts organizations and their activities.

**Conclusion**

Ranking among the top three state arts agencies in this nation, the OAC and the state of Ohio have been fortunate in their leadership placement as an arts innovators. Through the development of programs and services to meet a variety of artists, arts administrators, arts organizations, and ethnic/racial populations, the OAC, under the direction of Dr. Lawson, was identified as a leader among SAAs (Jack 2006). Such accolades also extend to Dr. Lawson’s extraordinary leadership. Through an understanding of both bonding and bridging principles and how these are linked to innovation and development of leadership development, Dr. Lawson, the OAC board, and OAF trustees demonstrated that both organizations were ready to receive and to distribute funds through a combined mission/vision supporting Ohio arts.

This chapter, as the second in a set of three cases, explores the formation of the OAF as the companion foundation to the OAC. The preceding chapter on Delaware
introduced collaborative and partnership formations as a management strategy to create public arts endowment and also introduce United Arts Funds, as member organizations that also works as a companion foundation. The UAF concept can serve as a bridge between what is thought to be cultural trust endowments and cultural trust funds that serve a public agency and what is thought of as companion foundation that serve a nonprofit organizations. CTE and CTF require legislative documents and approval whereas CFO requires legal documents as articles of incorporation to establish 501c3 status. DASF is the legislation that was passed for DDOA to begin planning, implementation, and solicitation of funds for ArtCo. Throughout the formation and planning processes, ArtCo became the name used for both the collaborative membership group of eight and for the fund managed at the DCF.

No two SAAs operations are exactly alike, following then, that their implementation and formation processes will not be the same either. However, SAA staffs, commissioners, and stakeholders grapple with the same issues while, at the same time, delineating different resolutions. This review of the OAF and the OAC shows important administrative aspects for adapting a nonprofit strategy like arts endowment for public use and programming. While each CFO was developed through very different structures and concepts for investing and managing their financial health and growth, ironically, at the end of each formation process, ArtCo and OAF held 501c3 status. If either arts organization comes under public scrutiny, their separate operations help them to remain arm’s length from the SAA that they support, as well as provide some insulations in times of controversy for either organization.
The OAF is clearly the fundraising and philanthropic arm of the OAC, yet its programs and policies were also carefully defined and worded to meet public review and acceptance. CFO programs and policies when associated with a public agency must be drafted and re-drafted until they met a public expectation of inclusion and fairness even when the foundation holds a 501c3. Dr. Lawson, the OAC trustees and the OAF board understood early in the formative stages that intellectual capital had to be created through conference, working committees, and professional development opportunities. In order to stabilize and sustain the financial health of their own and other arts organizations, trustees, board members, and staff understood that institutional history, leadership, and social capital were essential components to garner support for projects and fund development activities.

Dr. Lawson recognized the need to invest in human capital in order to attract and retain the people with the right skills sets and potential to help the agency accomplish its missions and goals. All too often, human capital is discounted in implementation and formative processes. However, having the right administrator such as Ms Amsterdam in Delaware or Dr. Lawson in Ohio to advance and assist in shaping collaborative agendas through learning initiatives is extremely valuable to create incentives for fundraising. Under the direction of Dr. Lawson, programs and services at the OAC and OAF have weathered storms and resulted in positive public opinion and participation. In his determination, a CFO was the best endowment option for Ohio and provided the OAC with the most flexibility. In summary, Dr. Lawson believes that a CFO is the preferred format for public arts endowments because the benefits include:
Lawmakers do not oversee foundation operations or pass legislation.

SAAE are still eligible to receive its share of the “pie” in terms of state appropriations and public awareness.

More flexibility and timely distributions of financial resources to address emergency situations.

Immediate public benefit through programs and services targeted for specific populations at local and regional levels.

More timely responses to grants preparation and solicitation via special project and funding opportunities.

Corporate, foundation, and individual donors are not required to match tax dollars.

Funds remain 10 million or less dollars and therefore stay under policymaker’s radars during times of budget stress.

Too few SAAs have addressed issues and concerns related to social climates, nonprofit fund development practices, and public policies and management in the design of policies for their PAE. The development of intellectual and social capital through multiple networks is an essential aspect of successful collaborations and partnerships that support fund development activities. Depending on the size of the group and its strategic players, social capital development can adversely or positively influence income, public value, and public support.

The next chapter describes the Indiana Cultural Trust Fund and its legislation process. That chapter also introduces the Indiana Arts Foundation (IAF) which is a failed CFO and the GIFT community foundation initiative of the Lilly Endowment. Whereas the initial two of the three case studies highlight the nonprofit management approach and project approach respectively, the third chapter and case study highlights the legislative approach in public arts endowment formation. The Legislative Approach and the
development of public value in the arts via Moore & Moore’s Strategic Triangle for Public Value will illustrate the involvement of policymakers in the planning and implementation for the ICTF.
CHAPTER 6

GREEN APPLE—INDIANA BUILDING BLOCKS TOWARD AN ARTS INFRASTRUCTURE AND A CULTURAL TRUST FUND

Granny Smith

Green, extremely tart, crisp, juicy and versatile, they’re available year-round. Introduction to market: 1868. Place of origin: Australia. Parentage: Believed to be descended from French crabapples cultivated by Australian grandmother Maria Ann Smith.

Introduction

The Indiana Arts Commission (IAC) focused its energies on passage legislation related to its Cultural Trust Fund in the previous ten years. In addition, the IAC has undergone significant changes in leadership and organizational structures throughout the implementation of its trust fund. In Winter 2006, the ICTF reached its first million dollar principal via the sale of license plates. To date, no monies have been distributed from that fund although changes in legislation were authorized last year to allow for funds to be distributed. The Commission, in addition to the ICTF, maintains a cash reserve fund. This cash reserve began its life as the Indiana Endowment for the Arts (IEA) and has not held a 501 c3 status since the early 1990s. Its primary use today is as a companion foundation to support this SAA’s operations and the projects of the Commission members. About the ICTF legislation, former IAC Director Dorothy l. Ilgen explained. “A number of states have enacted similar legislation, but our bill has a noteworthy
distinction. This bill may be the first to pass both houses of a state legislature with such overwhelming display of bipartisan support” (IAC 99-03).

In summer 2006, Dorothy Ilgen stepped downed as the Executive Director to pursue an arts management career as a consultant. This research related to the ICTF was assembled under her tenure and therefore any achievements and/or critiques can not be viewed as a forecast on future directions and operations related to ICTF. This chapter will, in part, focus on IAC and its efforts to move trust fund legislation forward. It will reveal challenges and conflicts associated with planning for both the agency and for the trust fund. A review of this agency’s history, strategic plans, and other operation documents reveals a narrative to explain its inability to develop social and human capital even with the development of intellectual capital and limited financial capital via the sale of license plates. Director Ilgen’s legacy includes the implementation of the ICTF and the Regional Arts Partnership (RAP), formerly the Regional Partnership Initiative (RPI). The state of Indiana has never in its history of the arts had as much cultural assessment and research conducted on agency operations and its regional partners. Director Ilgen was employed under four governors and five commission chairs which make IAC’s strategies to redirect so many internal resources toward the formation of the regional partnership at the expense of staff difficult to assign. This narrative about Indiana’s implementation of ICTF begins with legislative efforts then discusses other areas that demonstrate both the highs and lows of its almost exclusive focus on passing legislation without simultaneously building administrative structures to support its new direction.
Evidence exists to demonstrate that the IAC continues to engage its increasing public value for the arts in its state. Moore & Moore (2005) developed strategic triangle schemata in *Creating Public Value Through State Arts Agencies*, a publication commissioned by Arts Midwest in association with The Wallace Fund as part of the State Arts Partnership for Cultural Participation (START) Program. The three primary areas in this triangle are: Legitimacy and Support; Operational Capacity, and Public Value. This triangle will provide an initial frame for understanding the IAC’s approach to implementation of its funding mechanism. It however will not explain why IEA was reduced to a cash reserve as the ICTF became the major foci and apparatus to fund the arts in that state.

**Public Value and the Strategic Triangle**

Moore & Moore (2005) conducted research on thirteen SAAs to determine if similarities existed in their ideologies, practices, leadership, and innovation. These scholars concluded that extensive variation exists in all of these areas per state per arts agency. In a description for the creation of public value for SAAs, Moore & Moore (2005) employs a public value framework in attempt to discuss the complexities associated with arts participation, advocacy and public awareness. Much of their discussion is related to arts participation as the gateway to increase patronage and audiences in the arts. Patronage here should not initially be understood as financial donors, rather as supporters of arts and of the SAAs’ programs and services. The Public Value Framework model includes a strategic triangle of legitimacy and support;
operational capacity; and public value. These authors (2005:15-16) explain the purpose of the strategic triangle as

> It is designed to help government managers position their organizations in complex environments not only to ensure the organization’s survival, but also to ensure that they are using the assets of their organizations most efficiently and effectively to create public value. Its signature concept is an image of a strategic triangle that draws attention to three distinct issues that public managers must address in developing their strategic vision. . . . The triangle is drawn in such a way as to remind public managers that they must be able to solve each part of this puzzle and that the solutions to one problem in the triangle have to “fit” with the solutions to the other parts of the triangle. One cannot succeed without simultaneously answering each of the questions posed by the triangle.

Moore & Moore begin with public value and its perceptions by stakeholders or authorizers. These authors stress internal and external politics within an agency and within the SAAs’ governing apparatus to include General Assemblies and Governors. These authors begin with legitimacy and support to accentuate the “political authorizing environment” and context through which public administrators work in tandem and in conflict. They continue to stress that stakeholders understand the difference in creating public value in government from public value in private enterprise. Moore & Moore (2005:18) writes “The SAA creates value by fulfilling its politically mandated mission—roughly stated, to make a positive difference in the individual an collective lives of citizens throughout the state.” Operational capacities involve a review of the
organization’s assets, it reputation, sources of funding, convening power, connections to
the arts community, and other factors. A review of operational capacities therefore
becomes a comprehensive review of agency operations and reputation in both a political
and administrative contexts.

Indiana has done well to focus on the legitimizing and supporting the building of
its Regional Arts Partnership and on strengthening its statewide arts infrastructure. Yet,
almost to its destruction, this SAA placed too much emphasis on passing legislation to
increase state appropriations to support RAP and on reducing staff to fund this
partnership (Crowe, Chitzek & Company 2001). A review of operational capacity will
also inform public organizations about their levels of social, intellectual, and human
capital available at the onset of a fund development effort. An agency’s ability to attract
private dollars directly relates to its internal assessment of its operational capacity to raise
and manage funds. Operational assessments will also inform public managers at the
commission, administrative board, and staff levels about the amount of education,
professional development, round tables, conferences, forums, and partnership
development activities that will be needed for both staff and art stakeholders. Operational
capacity includes an agency’s knowledge and assessment of its practices and procedures,
its ability to build social, political, human, and administrative capital, and its ability to
stabilize and sustain its organization’s fiscal outlooks via fund development and fund
distribution programs.
Figure 5: Moore & Moore's Strategic Triangle
Indiana Endowment for the Arts

In February 2001, the Executive Committee recommended a feasibility study to review the parameters for the creation of a companion foundation to support the work of the IAC (IAC 2001). Director Ilgen informed the committee that funds were already earmarked for a planning and feasibility study for fund development activities related to the ICTF. The irony in this request is that a companion foundation, Indiana Endowment for the Arts (IEA) to support the activities of the IAC was previously incorporated as a 501c3 foundation in 1971. In the mid-1980s, when the articles of incorporations were not renewed and updated, the IEA lost its legal status. A variety of former commissioners attempted to maintain the Indiana State Endowment for the Arts, also known as the Indiana Endowment for the Arts (IEA). Additional irony related to the intended purpose of both funds is that each was to provide varying levels of administrative and operational support for IAC programs and services as those described in the IEA’s incorporation articles and in ICTF legislation. Though inclusive, the research trails lead to the assumption that funds from the former IEA are now utilized as cash reserve fund, known by commissioners as the Leadership Fund (IAC 1997 December). The Leadership Fund receives contributions from commissioners and is intended for their use in professional development of Commission membership and for gifts to commissioners whose terms have expired. Previous IAC EDs also accessed this fund for purchase of items that could not be purchased by public dollars.
Through the Business Services Division of the Indiana Secretary of State Office, a copy of the IEA’s articles of incorporation was attained. This document reveals information on the purpose and mission for the endowment, who the incorporators were, date of the incorporation, and other based information about how the founding committee intended to construct board of directors’ membership. A second document, provided by Community Development Manager Bobbie Garver is a preliminary draft of IEA’s bylaws. A final copy of organizational by-laws was not locatable at this time. This document, in addition to the above information, illustrates the intent of the directors to hire an executive director and eventually staff to support the IEA. No evidence exists of support staff for the IEA ever being hired.

The purpose for the Indiana Endowment for the Arts reads in much the same manner as the purpose for the Indiana Cultural Trust Fund though one is nonprofit and the other is a public entity. Article I. Purposes read

To establish a legal and responsible body to accept, invest, and distribute grants for the purpose of implementing the work of the Indiana State Arts Commission, said work being described in the enabling act of said State Arts Commission as follows

(a) To stimulate and encourage throughout the state the study and presentation of the performing and fine arts and public interest and participation therein;

(b) To make such surveys as may be deemed advisable of public and private institutions engaged within the State in artistic and cultural activities, including but not limited to, music, theatre, dance, painting, sculpture, architecture, and allied arts and crafts, and to make recommendations concerning appropriate methods to encourage
participation in and appreciation of the arts to meet the legitimate needs and aspirations of persons in all parts of the State;

(c) To take such steps as may be necessary and appropriate to encourage public interest in the cultural heritage of our State and to expand the State’s cultural resources;

(d) To encourage and assist freedom of artistic expression for the well-being of the arts.

The IEA clearly intended to be a companion foundation to the newly established Indiana Arts Commission that was nearly two years old.

The Indiana Endowment for the Arts is one of the first companion foundations to support SAAs in the nation. The incorporators of the IEA were Mr. Frank Thomas, Mrs. Nancy Evans Woollens, Mr. G. Irving Latz, Mr. George T. Dodd, and Mr. Thomas M. Shoaff. Three of these founding members of the board of directors were from Indianapolis and the remaining two founders from Fort Wayne. From the IAC 2004 annual report where the names of first IAC commissioners are published, it appears that two members of IEA founding directors, Mr. Frank Thomas and Mrs. Nancy Evans Wollens, were also IAC commissioners. The signers of incorporation articles are: Mr. Dodd, Mr. Shoaff, and Mr. Thomas Moorehead of Fort Wayne. As the resident addresses of the incorporators matched and are listed as the Fort Wayne National Bank, these men may have all been employed in the banking industry. A second address listed in the incorporation papers was that of the first IAC commission.

The IEA board of directors would consist of seven members and be divided into Class A and Class B. Class A was to be appointed by IAC commissioners that would nominate four names. The Chairs of the IAC and its finance committee would
automatically become directors of the board. Class B would consist of three members and be selected by members of its own choosing. Class B directors could not concurrently serve as IAC commissioners. The officers for this board of directors include President, one or more Vice President, Treasurer, Secretary and other officers as deemed necessary to elect or appoint. Five standing committees are provided for in the preliminary by-laws to include executive, investment, admissions, nominating, and finance committees. The corporations also planned to appoint an executive director to be responsible for day to day affairs and operations including the oversight and development of “paid staff.” The IEA ED would be an ex-officio board member.

The Lilly Endowment and the Indiana Donors Alliance Community Foundation

GIFT Initiative

The first community foundation was established in Cleveland Ohio in 1914. Community organizers and philanthropic scholars view these types of foundations as beneficial institutions for advancing local culture and building regional and local infrastructures related to business, schools, the arts, and overall quality of life. The GIFT initiative established to increase community foundations by the Lilly Endowment will provide some understanding of the socio-economic and political climates relate to philanthropic and social capital development in Indiana. The Community Foundation GIFT Initiative was designed to create community foundations throughout the state to support local and regional philanthropic agendas. GIFT is an acronym for Giving Indiana Funds for Tomorrow. Lilly Endowment committed up to $47 million between the years
of 1990 and 2005 to help Indiana communities establish or strengthen community foundations.

The purpose was to help Indiana create a lasting legacy of self-reliance for addressing local problems. The intent was to have localized philanthropic entities provide grants in “such areas as human services, education, health, community development, arts and other civic endeavors.” Lilly established matching grants programs that would give

1 Asset building—$1 for $2 match; minimum grant $500,000; maximum grant $1.7 million. The timetable for asset building grants was three to five years to complete the match.

2 Project—$1 for $2 match; minimum $10,000; maximum grant $100,000. The timetable on these grants were 18 months

3 Operating—Up to one-third of documented operating expenses, not to exceed $50,000 per year. Operating grants to offset expenses related to expansion and capacity of staff could be requested in two to three year periods up to a maximum of six years.

In 1990, twenty-three community foundations were incorporated in Indiana and six additional communities were reviewing options to establish ones in their communities. To date, each of Indiana’s 92 counties has a community foundation with at least one half-time employee as a direct result of this initiative.

Technical assistance to achieve these grants was provided by the Indiana Donors Alliance (IDA) through a Lilly Endowment, Inc. grant. The IDA was established in 1983 as a membership association for foundations, corporations, and individual donors. The
purpose of IDA to “foster interaction among Indiana’s community of donors, stimulate
development of new foundations and corporate giving programs, inform grantseekers
about private philanthropy in the state, and bring public attention to the contributions and
importance of philanthropy in Indiana (Indiana Donors Alliance 1992). The IDA is now
known as the Indiana Grantsmakers Alliance (Indiana Grantsmakers Alliance, Website
2007).

In similar language to the rational for the IAC’s Regional Arts Partnership that
will be discussed later in this chapter, the rationale for GIFT reads

In 1989, Lilly Endowment Annual Report makes clear, however, the Endowment does not presume to know what is best for Indiana
communities. Rather, the Endowment believes that it can most effectively
assist them by helping them generate local solutions to local problems.

The Endowment has elected to fund community foundations
because they can place localities in a position to define their challenges
and develop the leadership and donors willing to meet those challenges. . .
. Not only can community foundations serve as asset builders and catalysts
for social change, but also as conveners of unlikely partners and unusual
partnerships. Though the Community Foundation Gift Program,
community foundations can create conversation among people of
divergent ages, socio-economic backgrounds, occupations, races and
cultural traditions. Using community foundation’s neutral turf, hospitality
and resources, participants gain a valuable opportunity to understand not
only their differences but their common bonds—a crucial step in building more vital communities.

The 1996 Strategic Plan for the IAC initiated two strategic directions, the formation of the Indiana Cultural Trust Fund and the creation of the Regional Arts Initiative that would re-shape and advance future resources for the arts and arts organizations in Indiana. The Regional Arts Initiative later became known as the Regional Arts Partnership and was initiated for similar reasons as community foundations were initiated in the state of Indiana. Therefore the successful adoption of Indiana’s 1996 Strategic Plan to create local regional resources may be connected to the fact that regional and local policymakers had already been educated about the potential benefits of localized philanthropy and grantsmaking to local communities. Indirectly, the GIFT initiative may have pre-conditioned and prepared policymakers to support endowment structures such as the ICTF and the Regional Arts Initiative.

The Lilly Endowment had a history of supporting a performance program for emerging artists and performances in the late 1970s. The touring program provided producing organizations with opportunities to present previews of new performances throughout the state. Lilly supported this program for approximately five years at an estimated $100,000 annually. The program brought college and university productions as touring artists to communities throughout Indiana. The program paid artists fees. Local arts providers and organizations would pay for local expenses related to set-up for performance. The benefit was that local artist programs around the state would keep the income raised from ticket sales (Ms Garver 2007, Phone Interview).
On September 10, 1998, the IAC met with the Lilly Endowment to discuss the ICTF. Those involved in the meeting were Mr. Jeff Gibney, IAC Chair, Mr. Hurley Goodall, Acting Chair of Cultural Trust Development Committee, Ms Ann Stack, IAC Commissioner with Mr. Clay Robbins, President of Lilly Endowment, Joan Lynch, and Bill Goodwin who managed the Community development area. The IAC approached the Lilly endowment. Several commissioners and the ED made their case and Lilly did not respond with a pledge. At this meeting, the IAC learned that the $50 million threshold in the legislation presented “a significant hurdle to encouraging private contributions” before the IAC could utilize and distribute spin-off interests from the corpus to the Commission (IAC 2005b:5). The report continues to explain that Indiana is the only state with a $50 million threshold to prevent access of interests for agency operations and that such a provision could be potentially bad publicity for the specialty plates, the fund and the IAC. No other details of that meeting appear in reports, interviews or documents reviewed in this investigation. This meeting is reported however to have been received well and was informative.

The IAC’s history with the Lilly Endowment was not used in developing a case for the agency and/or ICTF support. Lilly has perhaps sponsored other programs as pass through services to benefit local arts communities, as well as small rural and multicultural communities. However, because institutional histories of both the Lilly Endowment and the IAC have not been reviewed for the purpose of identifying donors and patrons and because staff have not been utilized in case statement development, a stronger case statement for ICTF support has not been constructed to appeal to Lilly’s reasons for
giving and therefore no action or gift has been received. It is a myth that foundations will not give to government agencies. Foundations give to programs and organizations that have the greatest impact in communities of their concern. Government, as any other solicitor of foundation gifts, has to make a case explaining what programs and services will derive from the gift and how the state or public will be served. To date, Indiana has not made a strong case for a Lilly Endowment gift to support statewide arts growth and infrastructural development.

In November 2006, Lilly Endowment gave $40 million dollars to support future operating expenses of the Center on Philanthropy at Indiana University Purdue University at Indianapolis (Indiana University, News Release, 21 November 2006). A seed, lead, or good faith gift is necessary from the Lilly Endowment for the ICTF to grow $50 or any multiple million corpus in Indiana. Large philanthropic gifts via foundations like the Lilly Endowment in Indiana, the Ford Foundation, The Wallace Funds, and RAND in the arts nationally validate and provide credibility to large-scaled fund development efforts. A large gift from any of these foundations sends the clear message that an arts infrastructure has developed in Indiana and now needs additional funds to continue success. National and local fund developers expect a seed or lead gift from the Lilly Endowment simply because it is the largest endowment and donor in Indiana and because it has a history of supporting innovative community development initiatives.
Indiana Cultural Trust Fund

The Indiana Cultural Trust Fund (ICTF), established in 1997, received a 98-1 approval vote from the Indiana House and a unanimous approval from the Indiana Senate. The same version of the bill was submitted to both the House (H.B. 1548) and the Senate (S. 096) simultaneously. The Senate bill was withdrawn in favor of H.B. 1548. Initial planning and development for legislation to support the cultural trust began in late 1996 after a lengthy strategic plan and cultural assessment process by Wolf, Keens and Company. State Representative Hurley Goodall was appointed to the Commission in 1994 by Governor Evan Bayh, and was re-appointed by Governor Frank O’Bannon in 1998. Commissioner Hurley Goodall, a former House Representative from Muncie, IN, served from 1978 to 1992. Commissioner Goodall is credited for drafting much of the bill for the ICTF. His efforts and dedication received special recognition as a House and Senate Concurrent Resolution honoring his service to Indiana in 2006. In January 1997, House Representative Sheila Klinker of West Lafayette and R. (Tiny) Adams of Muncie authored H.B. 1548. The bill received three readings and was successfully approved in May 1997.

Explaining the political value of trusts funds and legislative procedures in fund development processes to politicians, Barsdate (2001:10) asserts

Cultural trusts are popular, in part, because state legislatures get to play one of their favorite roles: investing a little public funding to start off an (ultimately) independently-funded enterprise over the long term. Trusts also can, depending on how the legislation is crafted, allow for flexibility in how funds get used. However, many arts trusts across the country are still in their infancy. Principal amounts in some states are still fairly small,
and the long-term consequences (both positive and potentially negative) of the trust fund “movement” are hard to predict. Legislative backlash is one concern: if legislators agree to help build principal for a cultural trust, will they be tempted to think their work is “done” and will incentive for further policy innovation be undermined?

Early meeting notes and work plan calendars reveal two standing committees of the Commission addressed the cultural trust formation, a Cultural Trust Development Committee and an Advocacy Committee. These committees held joint meetings to discuss the directions and benefits of the proposed endowment. Commissioner Cliff Lambert was the Chair of the Cultural Trust Committee. Commissioner Goodall acted as its chair second and eventually succeeded to Chair of that committee. Members in each of committees were IAC Commissioners.

The intent of IAC Committees was to quickly move the cultural trust fund legislation to the agenda as an initial strategy. Cobb, Ross, & Ross (1994) explain that two types of agenda settings occur in public policy formation. One type attempts to mobilize an at-large public to move an issue to the public agenda for legislators to gain interests. The second type is a formal agenda that includes a list of items that decision-makers have formally accepted to be considered for the legislative docket. The Cultural Trust Committee and Advocacy Committee jointly assisted in the development of tactical and advocacy strategies focused on policy development and the legislative processes, rather than on a public agenda setting process. As a former state legislator, Commissioner Goodall was familiar with agenda setting processes and worked behind the scenes to inform former colleagues about the proposed trust. Additionally, public
agenda setting is used effectively in later legislated efforts to raise public awareness and increase arts per capita spending in Indiana via the “Buck a Hoosier” campaign.

IAC Commissioners and other legislators were skillfully recruited to initiate legislative procedures and to quickly motion the bill into law. However, NPAO and their representatives were not involved in this process. This implementation via legislative agenda setting followed an “inside access model” exclusively to enlist policy decision-makers not public approval (Cobb, Ross & Ross, 1994:136-37). The IAC’s ability to educate other commissioners in understanding the legislative process by the members may account, in part, for the House’s 98-1 approval vote and the Senate’s unanimous vote of the bill in its first introduction.

Though the office of the Governors of Bayh and O’Bannon did not overtly support the ICTF or the IAC through state appropriation increases, they symbolically supported the efforts of IAC commissioners and the intent of the cultural trust fund to support the arts in Indiana. When the concept for the ICTF was being framed, Commissioner Judy O’Bannon, Lt. Governor Frank O’Bannon’s wife, was a member of the IAC commission. Additionally, IAC Chair Lambert’s son worked as a Governor’s Fellow in the governor’s office. Moreover, the Lt. Governor was simultaneously campaigning for the Office of Governor and won the election concurrent to formation ICTF processes. Four months after his inauguration, he signed the Cultural Trust Bill into law.

The time span for drafting, introducing, and passing of H.B. 1548 into law was just over one year with modifications. The bill also set up provisions and authorizations
for an administrative board to oversee the trust. The original draft for the Cultural Trust legislation House Bill

Establishes the Indiana arts commission trust fund and administrative board to support arts programs and the administrative budget of the IAC after the fund achieves assets of $50,000,000; Establishes a board to manage and develop the assets of the trust fund; Provides for a variety of funding resources, including appropriations from the general assembly, public, and private donations, and the sale of IAC license plates by the bureau of motor vehicles.

The major revenue stream for the cultural trust fund was dependent upon the sale of license plates.

**Revenue Streams and Arts License Plate**

California, in 1993, was the first state to establish a specialty license plate program. Only three years before this provision was planned for the trust fund which meant that not a great deal of data was available to support or refute this revenue producing mechanism. Since the early 1990s, eleven additional states have adopted licensing fees as revenue streams to support a variety of projects. [See Table 5.1] NASAA (2007) reports, in its members section of its website, that “State Officials are often concerned about the cost of designing a plate (which is generally between $10,000 and $20,000 dollars according to the National Conference on State Legislatures) when it is for a small constituency or when demand is low.” NASAA (2007) continues to explain
that some states require signatures from interest groups before specialty plates are approved to cover the cost of manufacturing. Problems associated with specialty license plates include an over-saturation of the market and complaints from law enforcements about the high number of plates.

In its first report to the Indiana General Assembly, the Cultural Trust Administrative Board (CTAB) described the license plate dilemma as follows:

During Senate deliberation, the Bureau of Motor Vehicles offered an amendment to the bill regarding the establishment of minimum sales quotas for special issue plates. A number of veterans’ groups opposed the amendment due to concerns over possibly elimination of a veterans-related plate. On the advice of the bill’s Senate Sponsor, the language regarding the Arts Trust license plate was removed from the bill. The Senate passed the bill unanimously, but the legislation contained no specific funding source (IAC 2005b).

However, when the BMV proposed an amendment to the H.B. that could draw opposition, the license plates provision was stripped from the bill and no amendment was therefore attached. HB 1548 was the original version and House Enrolled Act (HEA) 1358 was the version modified in the Senate to remove license plate language with a modification that stripped the license plate provision due to proposed changes in the Bureau of Motor Vehicle’s (BVM) policies governing specialty license plates that the Senate sponsor believed a potential threat to approving the legislation. HEA 1358 was signed into law by Governor Frank O’Bannon in May 1997. Income from the sale of license plates was the only revenue generating mechanism planned for the ICTF in its originating legislation.
The license plate issue was one of two concurrent issues and the first to be resolved. The first modification was to replace the stripped provision for the license plates back into the HEA 1358. The IAC returned in 1998 with an amendment of its own to be included in HB 1145, which added 11 new special issue plates to those already on the market. HB1145 was directly a cooperative effort involving the IAC and key House members. The bill received final passage Feb. 24, 1998. The Arts Trust license plate went on the market in March of 2000.

A second legislation modification issue affected the ability of the IAC to access ICTF interest income. These were the lowering of the $50 million threshold before interests from the fund could be accessed. It is discussed later in this section. A subsequent bill was submitted as Senate Bill 280 to address requirements related to accessing spin-off interests before the $50,000,000 principal has been raised. SB280 was a free standing bill introduced in 2000 to remove the $50,000,000 cap and lowered the threshold to one million dollars. SB 280 was introduced by Sen. Allie Craycraft at the request of former commissioner Hurley Goodall, to lift the $50 million Trust cap and never received a committee hearing. The IAC was fully in support of this, but could not take direct action during the session.

The second issue concerned reducing the $50 million dollar threshold to $1 million. The IAC was also involved in efforts in the 2006 modification process to change the Indiana Code related to the Trust and finally reduce the $50 million to $1 million. The successful effort to reduce the $50 million to $1 million came in 2006. RAP President Jeff Kuehl and others, including INCA, worked with Rep. Eric Koch who attempted to offer
an amendment to a House bill that was defeated on a question of it being germane. Rep. Koch then successfully worked with Sen. Patricia Miller to offer the same amendment on one of her Senate bills. Successful lobbying by the INCA lobbyist also contributed to this effort.

![Indiana's Winning License Plate Design](image)

**Figure 6: Indiana’s Winning License Plate Design**

In 2004, the Arts Trust plate ranked eighth among 48 specialty plates in total sales. Plate sales increased 200% in 2003 over the previous year. The license plate “Creative Spirit” was designed by Pat Starzynski. It was selected through a juried panel process with more than 65 entries submitted by Hoosier artists (IAC 1999b). By holding a competition for the license design, the IAC did not pay tens of thousands in dollars in design fees. The open competition also allowed the IAC to build social capital and raise awareness among individual artists living in the state. At the time of the competition, IAC individual artists grant program was still being surveyed and reviewed. The Individual artists program was re-introduced as a revised program later in 2000 (IAC, 1999b). Over 200 individual artist applications were received in its first year of operation.
<table>
<thead>
<tr>
<th>State</th>
<th>Year Authorized</th>
<th>How Plate Generates Funds for SAA</th>
<th>Funds Generated, FY 2004</th>
<th>Funds Go Toward:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1996</td>
<td>$50 fee minus the state administrative cost, split between the arts council and two education bureaus</td>
<td>$0</td>
<td>Arts education and local arts programming</td>
</tr>
<tr>
<td>California</td>
<td>1993</td>
<td>Roughly half of the $30 fee goes to the SAA; renewals of $15 all go to the SAA</td>
<td>$887,000</td>
<td>Arts education and local arts programming</td>
</tr>
<tr>
<td>Florida</td>
<td>1994</td>
<td>Arts organizations receive $20 per plate sold</td>
<td>Funds go directly to arts organizations</td>
<td>One qualified arts organization in each county, to support arts activities</td>
</tr>
<tr>
<td>Indiana</td>
<td>1998</td>
<td>SAA’s trust fund receives $25 per plate sold</td>
<td>Funds go directly to cultural trust</td>
<td>State cultural trust</td>
</tr>
<tr>
<td>Mississippi</td>
<td>2003</td>
<td>SAA receives $30 per plate sold</td>
<td>$0</td>
<td>Majority of proceeds fund agency's Museum on Wheels initiative</td>
</tr>
<tr>
<td>Nevada</td>
<td>2000</td>
<td>Arts education programs receive $15 per new plate and $10 per plate renewal</td>
<td>$90,645</td>
<td>Nevada Arts Council's Arts in Education program and statewide activities of VSA arts of Nevada</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>1998</td>
<td>SAA receives some project funds from multi-agency conservation plate</td>
<td>$44,400</td>
<td>Conservation projects</td>
</tr>
<tr>
<td>New York</td>
<td>1999</td>
<td>SAA receives $15 per plate sold</td>
<td>$0</td>
<td>Arts grant making and programming</td>
</tr>
<tr>
<td>Oregon</td>
<td>2001</td>
<td>SAA trust fund receives $30 per plate sold</td>
<td>Funds go directly to cultural trust</td>
<td>State cultural trust</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1994</td>
<td>SAA receives 80% of fee for specialty plate</td>
<td>$3,330,100</td>
<td>General operating support grants; arts in education activities</td>
</tr>
<tr>
<td>Texas</td>
<td>1993</td>
<td>SAA receives $20 per plate sold</td>
<td>$532,000</td>
<td>Arts and cultural programs, and to raise awareness of the cultural fund</td>
</tr>
<tr>
<td>Virginia</td>
<td>1996</td>
<td>Special fund for SAA receives $15 per plate sold</td>
<td>$0</td>
<td>Local arts and community programming</td>
</tr>
</tbody>
</table>

Table 4: NASAA’s Chart of States with License Plate Funding 2006
The plates are available at any BMV branch office, kiosks, and by mail. From the sale of each plate $25 of the $40 purchase price is contributed to the IAC Cultural Trust Fund and $15 dollars goes to the BMV as administration fees. In the first year, 743 license plates were sold and generated $18,575. This amount was invested in a “general pool” fund, but not in a designated Cultural Trust Fund. In February 2005 the appropriate revenue and calculated interest were secured by the State Treasurer’s Office and transferred from the general pool investment to the ICTF when the cultural trust administrative board was fully appointed and could direct investment policies (IAC 2005b). The fund passed its $1 million dollar threshold in 2006.

**Legislative Modifications, Corrections, and Other Funding Options**

Navigating the political maze connected to policy corrections and modifications is complicated and difficult to clearly track the numerous House and Senate sponsors of each legislation and/or amendment modification or correction. As each process was time consuming, it is understandable why the IAC chose to focus on policy development and alterations even though these foci do not yield high returns in new dollars for the ICTF. Throughout this ten year epoch, the IAC has been involved in a legitimacy and support strategy for the ICTF that has focused on legislative corrections and modifications for three issues. These were: (1) H.B. 1145 to establish license plate sales as ICTF revenue stream; (2) S.B. 280 to reduce $50 million dollar threshold to $1 million in order to gain access to spin-off interests, (3) “Buck a Hoosier Campaign to raise arts per capita and to
restore previous levels of state funding with INCA and RAP, and (4) a fourth effort to raise funds that died in committee.

Due to the IAC’s engagement with its RAP and with SWASOs to raise arts funding in the state, Indiana became of national arts policy interests to NASAA. Barsdate In Cultural Policy Innovations: A Review of the Arts at the State Level, writes

Because Indiana’s regional approach policy shifted the policy dialogue about the benefits of arts funding to a local focus, both state and local public officials are more engaged in the arts policy deliberations about arts funding and have become stakeholders in leveraging state dollars that have direct benefits to the constituencies they represent.

Between 1997, when the policy was first implemented, and 2001, the IAC’s appropriation from the Indiana General Assembly increased by 28 percent . . .

Barsdate describes the “Buck a Hoosier” campaign as a significant lobbying effort for the arts in Indiana with local politicians. The Buck a Hoosier campaign was introduced at the same time as HB1145 and the IAC had limited involvement with this bill, but provided significant information for the grass roots groups that led the effort. The Buck a Hoosier campaign resulted in additional funding to the IAC, however this occurred at a time the state was just beginning to realize its budget shortfall. The IAC received additional funding at almost the same amount of funding that was stripped from the IAC’s budget as a result of a mandated budget reversion imposed on all state agencies.

In partnership with RAP, INCA initiated letters and telephone calls to legislators in order to raise their awareness about the “importance of arts in educational development, economic development, employee retention, and cultural tourism” (IAC
1999b:11). This campaign successfully raised the arts per capita from 53 cents to 66 cents per Hoosier and “represented the largest single increase in appropriations in the 30 year history of the agency.” Due to the success of this effort, state appropriations increased from $3 million to $3.8 million (Barsdate 2001).

A forth legislative effort was introduced in 2006 to increase funding for major and mid-sized organizations. This bill was allowed to die in committee when its financial aspects were incorporated into the full State Budget Bill, HB1001. Some discrepancy exists about the roles of the IAC and its Regional Partners. Some accounts report that the IAC took the original bill to Representative Klinker and other report initial approach by RAP. What remains true is that Representative Sheila Klinker (D, West Lafayette) and Bob Kuzman (D, Crown Point) introduced a bill to the Indiana House of Representatives requesting increases of $1.25 for two years for a total of $2.5 million for fiscal years 2008-2009 (South Shore Arts 2007) where it was allowed to die in committee. The proposed bill, however was similar to ArtCo, in its intent to support operating expenses of the major arts organizations in the state and “mid-majors” like the regional arts partners and other statewide arts organizations (SWASOs). More importantly, Barsdate correctly reveals that the IAC, RAP, and SWASOs have begun to work collaboratively in shifting policy development related to Indiana arts and arts funding.

Nevertheless, the reduction of the $50 million threshold to $1 million dollars is not a rationale goal for a state the size of Indiana. Delaware, a much smaller state than Indiana, set as its goal $21.5 million dollars after a long and initial planning process that involved eight major arts and cultural organizations in the state. Texas set a $200 million
dollar goal for its trust fund and the intent was to use its fund to replace state appropriations to the arts. Texas did reach its benchmark and now operates as a 501c3 foundation supporting arts and culture in that state. The point is that the IAC’s singular focus policy authorization and legitimacy to create public value may have delayed other funding strategies that were initially discussed when the ICFT was created in 1996.

Other strategies offered in the early planning stages for the ICTF included the formation of a national development committee to solicit gifts in addition to the administrative board. That committee would have had twenty members as leading American artists with Hoosier roots to promote the ICTF and to identify potential donors. The IAC would also have formed a trust fund development committee, separate from the administrative board, to assist in gift solicitation for the ICTF. Membership in this advisory committee would have consisted of leading Indiana business persons, policymakers, etc. Both committees were to be aggressive in fund development intent and activities. The campaign was to bring in $10 million dollars over the projected benchmark of $50 million for a total of $60 million, The intent was for $25 million to come state appropriations including license sales; $25 million from national foundations; and $10 million in other private support. (IAC ,1998). Additionally, HB. 1548 allows for state appropriations to be contributed to the ICTF, however no evidence connects these previous legislative actions to the ICTF.

Unlike ArtCo where the Delaware Division of the Arts assembled, facilitated, discussed, and determined the amount of the fund and supported ArtCo via education, research, and information to construct a systemic approach to strategic fund development,
the IAC still has not involved RAP, INCA, or other SWASOs in its planning for the ICTF. While some policymakers and groups have supported the IAC’s ICTF legislative agenda, these same groups and policymakers may not continue to be supportive if additional modifications and corrections to the original legislation become necessary.

**Development Committees and Administrative Boards**

The enabling legislation provided for a board to administer the ICTF. Prior to the board’s formation, a cultural trust fund development committee was created and chaired by Commissioners Lambert and Goodall, respectively. To the IAC’s credit, cultural trust fund research and planning was integrated into operations of the Commission level. Staff resources used to research and track information related to license plates and other SAA procedures were assigned to the public relations unit in the IAC office, neither programming staff nor regional partners were involved in ICTF planning. Public Relation and Marketing Manager, Mr. Rex Van Zant continues to operate as the primary contact person tracking information related to the ICTF. In preparation for liaison responsibilities for the cultural trust committee, Mr. Van Zant enrolled in a course offered by the Fundraising School at Indiana University Purdue University (Van Zant, Personal Interview 2004).

The administrative design of the original cultural trust administrative board (CTAB) developed to oversee and manage the fund consisted of seven plus one members: 2 representatives from the House and 2 from the Senate, 3 appointees by the Chair of the IAC commission. Each representative and appointees with full voting
authority and an eighth non-voting member were the State Treasurer of his/her designee, with a voting status to break ties only. A quorum vote needed to pass a resolution was 4-3. Recommendations from the House Economic Growth Committee included changes to 3 representatives being selected by the governor and providing full voting status to the State Treasurer or their designee to maintain the seven member administrative board number. Six years after the passing of H.B. 1548, the ICTF administrative board was seated and the cultural trust development committee transferred.

Nearly seven years lapsed before CTAB was fully operational. Explaining the complications associated with fully seating CTAB, Mr. Van Zant (2007, Personal Communication) explains

The board was formed shortly after the legislation was passed. The IAC had its appointees and one of three Governor O’Bannon appointees, but Dorothy [Director Ilgen] ran into problems getting the governor to fill the remaining positions. Before Gov. O’Bannon filled the at-large positions, we had two seated commissioner leave the board. Then one of the governor appointees passed away. The commission did not “allow” seven years to pass without assembling the administrative board.

From an operational viewpoint of inclusion, CTAB’s design is problematic. Membership in CTAB is too connected to a political environment and gubernatorial appointments and re-appointments. In essence, a governor appoints IAC commissioners who then select the IAC Chair. The IAC Chair next recommends three people for appointment to the CTAB from its commission membership and approval by the IAC Executive Committee, one of whom agrees to serve as the CTAB Chair. The governor then appoints three representatives to the CTAB as described above. Through analysis,
the office of the governor is directly or indirectly linked to the approval of most CTAB member selections and eventual decisions. The only member of the CTAB that the governor does not have a direct approval to is the State Treasurer (or their designee) which is an elected position. The caution with the Treasurer or his designee is that this representative could change in friendly and adversarial political environments due to election outcomes. CTAB’s present design has the potential to support whatever political ideology governing the state if a sitting governor decides to not appoint or to accept resignation of seated CTAB members. Even though a governor is restricted from selecting sitting IAC commissioners, his appointments to CTAB still has the potential to be politically motivated. Presently, CTAB is constructed to achieve bipartisan participation and support; nevertheless, future elected governments can alter the CTAB membership. This fact may pose several problems when raising long-term funds from private donors.

The administrative board, now listed as a standing committee of the Commission (Cultural Trust Report), has complete oversight of the ICTF. While the committee charge reads as a “standing committee,” Director Ilgen reminded the former Public Awareness Committee that the CTAB differs from a standing committee in that it can make decisions about the trust fund independently and without consent or consensus of the Commission committees (IAC 2005 May 9). While CTAB may develop investment strategies and policies independent from the Commission, it may only make recommendations for approval of the Commission. Coordination of CTAB activities with those of the IAC Commission is beneficial to the future advancement of the fund.
However Director Ilgen’s reminder was appropriate. CTAB must continue to recognize the administrative board’s authority to act in ways that will increase the fund and also in the best interests of Commission.

Similarities exist in the seven person board formats for the Indiana Endowment for the Arts and the Indiana Cultural Trust Fund, the difference is that CTAB is connected to political environment. In the construction of the IEA board of directors, the founding committee wanted to achieve political and civic support via its use of Class A and Class B directors, political appointees and arts supporters, respectively. It is not certain as to whether or not Commissioner Goodall had access to the IEA’s preliminary by-law when drafting the number of committee participants. In recent years and practice, gubernatorial appointees to CTAB currently include two investment bankers and a small business owner. These members were appointment by a Democrat Governor and re-appointed by the current Republican Governor (Van Zant 2007, email response). Though the purpose of CTAB and the ICTF are to support the Commission and the arts in Indiana, the nonprofit approach to balance political and nonprofit agenda and operations in government is not fully achieved in CTAB’s format. This, however, does not preclude a successful management relationship that can achieve the same or similar objective to grow an endowment fund to support the IAC and Indiana arts Moreover, CTAB has the flexibility to contribute monies to IAC operations for expenses related to programs, services, and administration. Although the statue does not specify a percentage of the interest that should be returned to the principal, CTAB also has the authority to develop management procedures and investment strategies to increase the fund that may include
returning interests to the principal and the contracting of consultants to work with IAC staff in the fund development..

H.B. 1548 assumes that appointed commissioners and volunteers to the CTAB will be able to organize and carry out a fund development program without the help of paid expert staffing. H.B. 1548, section 12.a.3 establishes a provision to “perform other tasks consistent with prudent management and development of the fund.” CTAB has not yet interpreted this provision to mean the hiring of expert fund development consultants or IAC staff dedicated to fund development, the language in the enabling legislation allows utilizing interests from the principal for both.

The IAC has undergone strategic planning and has restructured its internal operations to include regional partner representations, yet it has neither involved nonprofit arts communities nor arts advocacy groups in the planning, implementation, or execution of the trust fund, even as these groups comprise the constituency that the fund plans to serve. The IAC has done well to gain support of politicians in creating public value; but has done little to create public value among its other stakeholders. Moreover, IAC’s limited involvement of its programs, financial, and technology staffs in plans for fundraising may continue to impede its fund development potential.

Addressing the Advocacy and Cultural Trust Development Committees in the late 1990s, prior to the administrative board being seated, Commissioner Ann Stack suggested that the trust fund draft a mission statement, purpose, and policies outlining how the fund would be administered. Her suggestions were rejected and the discussion lead to a determination that the matter be postponed until administrative board would be
in place. No one meeting could foresee that seven years would pass between the time of her suggestions and the actual first meeting of the board. In the interim, this fund still did not operate with a specific list of programs intended to support the IAC. Among other suggestions for revenue streams at these early meetings were the discussion of an entertainment tax at \(\frac{1}{4}\%\) of ticket sales. The only other income producing ideas in ten years since the signing of the bill was the mention of an art auction. Responding to questions about the IAC’s exploration of other funding mechanisms as options, Mr. Van Zant (2007, Personal Communication) explains

Actually, an art auction was but one of many ideas discussed both by IAC staff and the administrative board shortly after the board became fully functional. It was agreed by all members of the Board that the priority needed to be fixing the $50 million cap in the legislation while at the same time continuing dialogue about other funding options. For the record, this included partnering with other non-profit arts organizations as well as for-profit private companies to explore the idea of mailing inserts for direct donations to the Trust. At that time, it was still felt the $50 million cap would be more of a discouragement to such smaller contributions, plus at the time the IAC did not have in place a direct donations fund established with the State Auditor’s Office. That issue was corrected just over one year ago.

This explanation, while important, does not diminish the point that a variety of fund development strategies and mechanisms have not been utilized to developed funds for the ICTF prior to the CTAB becoming fully functional after seven years and that too much foci was placed on legislation corrections instead of development of simultaneous strategies to address the creation of a fund development infrastructure.
Indiana Arts Commission and Staff

Because the IAC has been so involved in legislative processes, it is necessary to glance at the formal commission structure and its staff. Under the direction of Commissioner and Chair Ronald J. Stratton, the IAC became more structured and organized at the commission level. Throughout his tenure, commission committees were re-organized and re-energized. Commission committees updated committee charges and met more frequently. The Commission was re-organized to have four standing committees which are: Executive, Committee on the Future, Advocacy and Awareness Committee, and Program Evaluation Committee, and its also manages the affairs of the Cultural Trust Administrative Board. Although the latter board may act independently, CTAB acts current as if a standing committee. Additionally, many of the standing committees were in place prior to Stratton but have undergone name changes and their charges have become more proactive. For example, the Public Awareness committee is now Advocacy and Awareness and has now altered its membership requirements to include ex-officio members, i.e. non-commission members, from the Indiana Coalition for the Arts and other arts advocacy and services organizations in the state.

The IAC meets quarterly with executive meetings and committees meetings falling between those meetings. The quarterly meetings are regularly scheduled and held throughout the state. However, standing committees remain known for frequent and sudden cancellations, poor attendance by commission members, and inactive or delayed decision making. Most of these behaviors were prior to Stratton’s leadership and direction, but they do continue. Indiana state agencies and departments work under a
sunshine provision meaning that its commission meetings are open to the public.

Unfortunately, commission meetings are not always accessible to the at-large public. Some meetings held away from IAC offices require notification of intent to attend as these are held in boardrooms of private business. Though the Indiana arts remain in growth mode, some actions of the IAC are counter to concepts of building social trust and an arts infrastructure.

The Cultural Trust Fund initiative was introduced at the same time that the Regional Arts Partnership (formerly Regional Partnership Initiative, RPI) in the 1996 strategic plan. In that plan, the program staff was re-organized to manage all twelve regional partners and arts education, technical assistance, accessibility, individual artists, folk/heritage, capacity building, strategic collaborations, and a host of other programs and activities. The plan called for the use of four community development specialists, a program director, and a clerical assistant. One longtime employee in programs, Ms Bobbie Garver became one of four community development specialists. Three additional community specialists were hired. The Assistant Director of Programs and a clerical assistant was also employed in 1996. Within one year’s epoch, the three new hires in programs had left that employment for more promising opportunities in other nonprofit organizations. Ms Monica Peterson was then hired and, four years later, the specialist positions were upgraded to manager levels. The pay grades have never been aligned properly for the skills required to act as advisors and consultants to transforming arts organizations. From 1996 to 2002, program staff at the IAC was reduced by two community development managers and one program director. Retaining clerical
assistants in programming and in other areas of the agency also remained a challenge in the ten year epoch. Other changes in IAC staff occurred in this same time period. New employees constantly had to be trained and oriented without proper resources.

From the past eight years until the present, two community development managers perform the work that was created for four employees, a program director, and a clerical assistant. Ms Garver’s current responsibilities include: Major Arts Institutions; American Masterpiece; Individual Artist Program (Craft, Dance, Design-arts, Media-arts, Visual-arts); Regional Arts Partners (Regions 4, 6, 7, 8, 9, 12) and Ms Peterson’s responsibilities include: Capacity Building Program; Strategic Collaborations; Individual Artist Program (Folk/traditional-arts, Multi-arts, Literature, Photography, Theater); Regional Arts Partners (Regions 1, 2, 3, 5, 10, 11). Each position also include “and other duties as assigned.”

Even with such duties, responsibilities, skills requirements, and expertise in multiple areas of operations, the salary for a newly hired community development manager at the IAC remains $38,000 yearly. Staff and budget cuts have affected the employee morale and trust in higher levels of administration. A special report analyzing the Regional Arts Partnership, prepared by Crowe Chizek and Company LLC (Crowe 2001:6-7), explains the strategy for not replacing staff as

The IAC initially provided each RAP with $25,000 for Arts Development Services, for a total of $300,000 per year. These funds were created through salary savings realized by downsizing IAC staff by seven positions in anticipation of changing needs due to decentralization. More recently, the IAC lost two additional staff positions because of the state’s current fiscal situation, and two additional staff positions are vacant (one
for 22 months, one for 10 months) due to the statewide hiring freeze. Despite the freeze, the IAC recently filled the vacant Deputy Director position, as a result of the new governor (Kernan). Of the nine positions eliminated from staff allocation table, all but two were members of the program staff. As a result of all of these changes, the IAC staff is 45% smaller than it was when it began to develop the RPI in 1996.

The IAC effectively limited the impact in the implementation of the new RPI via downsizing of its human capital and staff expertise. Community Development managers hired with specific management, philanthropic, and arts knowledge, were willing to continue working at the agency due to belief in the new arts infrastructural development. However, after repeated requests for the agency to utilize the expertise in planning and development for which the community specialists were hired, and after repeated denial of requests for flexibility in working conditions, several employees left the agency for maternity and other leaves but did not return.

The IAC had to first establish a learning community where RAP members supported and learned from about one another and arts administrative activities in other regions of the state. Through conducting cultural assessments and capacity building processes for their own organizations, these arts partners are now building stronger local and regional arts communities in their regions. Minutes from early RPI meetings illustrate that some EDs did not want directions from IAC staff. Early conversations and meetings were to begin the dialogue and illustrate the importance of convening and planning. Other benefits included peer learning and mentoring for RAP. They learned also to share information and to focus on topics related to building a statewide arts infrastructure via shared visions and common objectives and goals. These partners
participated in a process that helped them to build social and intellectual capital. Multiple changes occurred in senior leadership in some partner organizations and some EDs hired Regional Arts Partnership directors and coordinators to assist in cultural assessments and arts development in their regions.

One finding in Crowe’s analysis was that the RAP and some individual partners arrived at a point of organizational development where the Regional Arts Partners are ready for increased levels of engagement with the Indiana Arts Commission in information sharing, professional and systems development and program design innovation and assessment, but the IAC was not ready to increase its levels of engagement at that time in 2001. Among other recommendations, Crowe (2001:13) suggested was increasing IAC staff to assist with regional services planning. This report also recommends that the ED be allowed “the flexibility to perform the broad oversight and visioning duties commensurate with the position, while maintaining appropriate oversight of IAC functions and that the ED hire an administrative assistant (Crowe 2001:17). The implication is that the IAC’s senior administrative staff did, and perhaps still does, not have the capacity and resources to direct and assist RAP in statewide arts development. Additionally, Crowe indirectly indicted Commissioners for having too much control over day to day management of the office while simultaneously instructing the former ED to hire support personnel to assist in day to day management.

In the 1980s and 1990s, Some SAAEs included provisions or caveats in the enabling legislation for endowment funds to prevent staff from being hired. The fear then was that SAAs would attempt to replace eliminated staff with these new endowment
dollars. Also, nonprofit foundations were initiating procedures to hold more NPO accountable for management practices and refused to contribute to operating cost unless those were directly expensed to a program. This same notion for accountability can be observed in some government policies favoring small staffs over larger staffs. In order to continue the positive growth of the arts infrastructure in Indiana, the IAC has to make the case for long-term financial investments based that outlines its programs and services for donors and highlights it need for additional staff. In its attempt to creating public value, the IAC has diminished its and its potential to develop additional positive social and financial capital. Therefore, what it gained in the sphere of legitimacy and support in Moore’s and Moore’s strategic triangle was lost in operational capacity, leaving public value stagnant. Professional fund development practices will not circumvention strategies to replace or eliminate staff positions. Such practices help organizations to understand the affects or lack of right staff on social and financial capital. Building an arts infrastructure as the IAC did requires new staff and a range of management, interpersonal, and problem-solving skills related to public policy, art, education, program design, and fund development. These will need to be expensed to the fund development effort and credited to its achievements as well.

**Regional Arts Partnership and Decentralization**

In 1995, prior to Indiana’s decentralization program, NASAA published a profile of fifteen states that operated statewide decentralization programs. The intent behind decentralization is the creation of service delivery systems for increased and improved
grants distribution, information, expertise, personnel in the arts, as well as the development and identification of local resources, patrons, and supporter in the areas.

John Katz, executive director of NASAA, wrote

Decentralization strategies do not eliminate the need for statewide leadership and services in needs assessment, goal setting and policy determinations, resource development, advocacy, information services, networking the field, and partnership building. They should be designed with special attention to supporting and increasing the effectiveness of these functions.

The Regional Partnership Initiated (RPI), also known as the Regional Arts Partnership (RAP), was implemented after the hiring of Director Ilgen who sought ways to maintain a high level of grants programs and services while facing budget appropriation cuts at the federal and state levels. The decentralization strategy introduced by Wolf, Keen, and Company in the IAC’s 1996 Strategic Plan, was the option endorsed by the IAC Commission at the same time that the Indiana Cultural Trust Legislation was endorsed. This point is significant to illustrate that the two activities were interlocking concepts intended to improve Indiana’s arts infrastructure as conjoined facets, but each has been managed separately by IAC Commission and staff. As RAP becomes stronger in reputation and development, the ICTF increases minimally and has not received equal attention in its development.

IAC promotion and description materials (IAC, 24 January 1997) describes RPI history and purpose as

The purpose of the Regional Partnership Initiative is two-fold: to provide a regional delivery system that is responsive to the needs of each region and
provides more direct delivery to communities of grants and services; and to provide citizens a more direct role in the allocation of state resources to enhance the cultural development of their communities through the grants making and needs assessment processes. The IAC will not only work with its Regional Partners in this service delivery, but will also build additional programs and services to augment the regional delivery system.

As equal strategies to raise resources and awareness in support of the arts, the ICTF and RPI in tandem with the IAC makes a strong appeal for both fund development and for public relations. However, neither of these operational facets has worked as a whole toward the goals of improving arts funding and awareness via support for the ICTF. It must however be noted that the regional partnership and other arts components in the state have strengthened, even as the IAC’s leadership and reputation has been inconsistent.

The cultural assessment process for the state of Indiana, conducted by Wolf, Keens, & Company’s research, “indicated that communities needed better access to technical assistance to further the financial, managerial, and artistic development of arts providers” and that “they also wanted more involvement in the decision-making process for the allocation of state resources for the arts” (IAC Website 2007). Wolf, Keens and Company collected their research data through “10 focus group sessions with invited civic, business, and government leaders as well as individuals representing social services, cultural, education, and other public and nonprofit agencies” (IAC 1997). A series of additional meetings took place after the adoption of the 1996 Strategic Plan with local arts councils and other arts providers about the feasibility of a network of partners. From the cultural assessment research and focus group meetings and discussions, a
Regional arts partnership was developed as a mean to increase public awareness and potential funding for the arts in Indiana. In much the way manner that the GIFT Initiative was to achieve local philanthropy, the RPI was to achieve support for the arts.

The Regional Arts Partnership “is a network of regional partners to enhance the delivery of services and move the decision-making about IAC funds closer to the people. Arts providers have better access to services and there is increased public awareness and advocacy for the arts at the community level.” (IAC Website 2007). The network of organizations consists of ten arts organizations, one community foundation, and one government agency. Previous versions of this network have included two community foundations. The Arts Council of Indianapolis was an original partner organization then redirected its resources internally and withdrew in 1999. The Central Indiana

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<tr>
<th>Name</th>
<th>Region</th>
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<tbody>
<tr>
<td>1. South Shore Arts</td>
<td>Region 1</td>
<td>Northwest</td>
<td>3</td>
</tr>
<tr>
<td>2. Community Foundation of St. Joseph Co.</td>
<td>Region 2</td>
<td>North Central</td>
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<td>3. Arts United of Greater Fort Wayne, Inc.</td>
<td>Region 3</td>
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<td>4. Tippecanoe Arts Federation</td>
<td>Region 4</td>
<td>North Central West</td>
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<td>5. Arts Place</td>
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<td>6. Arts Illiana</td>
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<td>West Central</td>
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<tr>
<td>7. Arts Council of Indianapolis</td>
<td>Region 7</td>
<td>Central West</td>
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<td>8. Bloomington Area Arts Council</td>
<td>Region 8</td>
<td>Lower Central</td>
<td>5</td>
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<td>9. Columbus Area Arts Council</td>
<td>Region 9</td>
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<td>10. Arts Council of Southwestern Indiana</td>
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<tr>
<td>11. Jasper Community Arts Commission</td>
<td>Region 11</td>
<td>South Central</td>
<td>6</td>
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<tr>
<td>12. Arts Council of Southern Indiana</td>
<td>Region 12</td>
<td>Southeast</td>
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Table 5: IAC Regional Partners, Geographic Regions, and Number of Counties
Community Foundation joined the partnership as a regional partner until 2005 when it redirected its resources internally. The Arts Council of Indianapolis changed leadership in executive directors in 2004. Under the new direction of Mr. Greg Charleston, former deputy director of the IAC, the Arts Council became a partner organization again.

The Community Foundation of Saint Joseph County replaced the now defunct Michiana Arts and Science Council to become the regional partner in 1998. In part, the capacity building and cultural assessment activities in Region Two contributed to the diminished capacity of the defunct organization as neither the IAC nor the Michiana Arts and Science Council had financial and human resources to address the multiple challenges revealed by the cultural assessment and capacity building processes. Four of these organizations have partnership relationships with their respective cities and receive some form of public dollars in addition to IAC monies. These are: Arts Council of Indianapolis, Bloomington Area Arts Council, Columbus Area Arts Council, and Jasper County Arts Commission. Three of these organizations have United Arts Funds for member organizations which are: Arts United of Greater Fort Wayne, Columbus Area Arts Council, and South Shore Arts.
The Regional Arts Partnership increased and improved delivery of services and grant funds at the regional level and create communications networks in the arts throughout the state. Describing this new initiate and decentralization’s affects on SAAs’ operations, Barsdate (2001:10) states:

Decentralization requires partner entities skilled in grantsmanship and capable of accountably addressing local needs. Where such an infrastructure does not exist, it needs to be cultivated. . . . . During this time, the IAC also helped its regional partners to develop their grant guidelines, grant-making processes and grant-writing workshops.

To be successful, this policy required the Indiana Arts Commission to let go of its centralized grant-making role for all but a small number of direct grant programs. One challenge was to help the IAC staff see that its role would change from largely passive grants-processing role to that of facilitator, advisor, and community development activist. Instead of administering hundreds of grants, the IAC staff now oversees 12 grant-making systems, each of which require a higher level of staff skills.

Barsdate’s assessment of staff’s challenges is not entirely accurate. Significant changes occurred in programs and services offered at the IAC that also would require an elimination of lower levels of management. Once more, new staff was recruited and hired with the desired skill set although the pay and grade levels did not match their expertise.

Additionally, the IAC did not have the management resources available to develop new staff while at the same time forging new relationships with regional partners. In addition, pay levels and titles for those who were to advise, consult, and work in partnership were not at the same levels of new partnership members. Therefore,
the difficulty for new staff to prove skills expertise and arts knowledge is increased when seasoned administrators, in some instances, view lower-leveled managers as less experienced. The IAC eventually upgraded the title from community development specialist to community development manager, but the pay scale remains inappropriate for consultant level positions. Moreover, commissioners and senior staff underestimated the time requirements necessary to prepare partner organizations in the formative stages of RAP implementation. Ms Garver (2007, Personal Communication) explained that the regional partners expected more technical assistance and more from the staff in terms of training and development, especially related to grants administration and guideline preparations.

Decentralization as a strategy for Indiana arts is working and many RAP members have become arts providers and leaders in their regions. A few continue to struggle with staffing and funding issues, but, even those organizations, have wrought strong systems to support the four core services. NASAA (1997:18) warns SAAs about the challenges of decentralization processes to include rapid change in local arts providers’ organizations that prevents assessment of their operations and prevents accurate cost forecasts; increased expectation of both SAA and RAP due to increase services and program expansion; and decreased exposure to the field that could mean less visibility and authorization oversight for the SAA. NASAA (1997:18) also explains that peer networking, professional development, and technical assistance performs below expected levels. Nevertheless, the benefits of decentralizations appear to outnumber the disadvantages. SAAs currently considering decentralization strategies should remember
The role that the decentralization program plays in the state arts agency’s overall mission should determine its goals, breadth, and strategies. Some states use decentralized grants making to distribute resources throughout the state, while in other states the purpose is to target underserved constituents or areas” (NASAA 1997, 4).

The IAC, even with limited staff, assumed a leadership role in providing flexible, funding, and opportunities for these arts organizations to become regional leaders. RAP organizations initially received monies for arts development activities in their regions, plus regional block grants from the IAC.. Arts Development awards began in the amount of $25,000 and increased incrementally by $5,000 over the ten years of operations. The current level reported for FY2006-2007 is $35,000 and the proposed level for FY2008-2009 is $40,000. Though often not acknowledged, the sacrifices in program services and staff cuts enabled RAP to strengthen and grow over the past decade. Additional funds are available for innovative programs and services related outreach to underserved populations per region and based on its cultural assessment plans. Regional block grants are distributed as mid-size, small, and arts organization and project grants. Regional block grant funds are allocated based on “using a formula that takes into account regional per capita population that is utilized solely for re-granting within each region” (IAC Website 2007). Arts development grants also focus on the four core services of grantsmaking and grants management; technical assistance; information and referral; and cultural needs assessment and planning.

Some regional partners also provide local arts programs and services may request funds for Community Arts Programs presentation and development. This grants areas must illustrate “public access to educational opportunities about the arts via arts and
educational experiential opportunities that encourages both participation and enjoyment of cultural activities. Again, an arts infrastructure has developed in Indiana where a previous one had become frail and disconnected. A developed arts infrastructure enters its final stages when evidence of personnel moving and being hired from region to region exists. Indiana is not at this point in its decentralized development, yet. To summarize the success of the RAP, Barsdate (2001:10) explains

> On top of these structural challenges, the Regional Partnership Initiative policy also had to address concerns about lost of state accountability and loss of recognition and visibility of the IAC itself. But even in the face of these obstacles, nearly all of the stakeholders saw the potential positive outcomes of the policy. The IAC and regional partners have developed an ongoing process for strategizing together to overcome barriers, keeping focused on the positive outcomes as the benchmark for successful services delivery.

**Indiana Coalition for the Arts, Regional Arts Partnership and the Indiana Arts Commission**

The Indiana Coalition for the Arts (INCA) was established in 2006 through a merger of two longstanding arts services and advocacy organizations. The Arts Alliance Indiana (founded 1978) and Indiana Advocates for the Arts (founded 1980) merged to provide greater visibility and advocacy for the arts (INCA Website 2007). In the previous twenty years before the merger, each organization struggled to maintain a viable membership and active board participation. Early efforts in the late 1990s to save both service and advocacy organizations occurred through the voluntary actions of the
Regional Arts Partners who joined each organizations’ board with hopes of restructuring and saving those organizations (IAC Quarterly Business Meeting Minutes, Item 6, 13 June, 1997). RAP members separated into two bodies of six persons each to make the boards for both organizations.

Not only did the IAC have to create regional partners, it also had to find a way to strengthen its arts services and arts advocacy organizations in the state. Describing this challenge, Barsdate (2001:11) explains that the regional partnership was created out of existing funds and without a strong advocacy or statewide alliance organization to voice support for (or opposition to) the policy. In other states it may be necessary, as it was in Indiana, to plan for a “get-ready phase” to ensure that the regional partners are strong, well-managed agencies aware of the difference between current levels of service and expected levels of new services.

Barsdate discusses the formation of RAP, but these members had to also preserve both service and arts organizations. Through RAP meetings and discussions at the IAC, regional partners came to the realization that service and advocacy organizations will eventually support their own arts development efforts in their regions. To RAP members’ credit, even as most were conducting capacity building and cultural assessment studies in their own regions, they made time to also provide leadership as board members of Arts Alliance Indiana and Indiana Advocates for the Arts. A host of individuals supported the efforts to restructure each organization that eventually evolved into Indiana Coalition for the Arts. INCA’s website reports the legal status as comprised of two nonprofits: Indiana Coalition for the Arts (a 501c4 nonprofit organization) and Indiana Coalition for the Arts Foundation (a 501c3).
The Coalition's (501c4) mission is to advocate for adequate public arts support to make the arts accessible to all Hoosiers. The Foundation's (501c3) mission is to increase the capacities of Indiana's artists and arts providing organizations through education, technical assistance, and information services. Together, we advocate, educate and act on behalf of the arts in Indiana.

Information on this website continues to describe the mission and programs and services of this organization. INCA’s mission is “to assist in grassroots and direct lobbying to promote public funding, legislation and policy favorable to the arts’ and “to serve arts professionals throughout the state who keep our arts organizations artistically and economically vital through education and communication.” INCA attempts to maintain separate designation for each legal entity through the use of the word “Foundation” to identify its 501c3 designation.

Indiana Coalition for the Arts Foundation (INCAF) offers a variety of programs and services related to professional development and training workshops at affordable cost for artists, arts administrators, community leaders, and arts organizations. This organization also provides professional development scholarships, community arts leadership arts, and hosts an annual conference. Topics for these workshops have included arts advocacy and organizational creativity. The IAC has been a supporter of the predecessors to this organization. As an unplanned benefit to the regional partnership, the IAC and its partners were able to develop a potentially stronger arts infrastructure with INCA to complement RAP’s infrastructure. Again to the IAC and RAP’s credits, the opportunity to build capacity for statewide arts advocacy and professional development activities was captured at the same that capacity was being built for arts in their regions.
In October 2005, the Advocacy and Awareness Committee’s charge of the IAC was updated to include non-commission members as full voting members. This committee has always had at-large, non-commission members even back when it was Public Awareness Committee. In years past, these members did not have full voting authority and did not count toward establishment of a quorum. That provision was changed in 2004 or early 2005 to insure that more than one member of the committee represented INCA. The new membership for this committee now consists of 10 members with at least three representatives of INCA and/or members of the General Assembly. This change occurred under Chair Stratton’s tenure and illustrates a good faith measure to increase the involvement, knowledge, and public awareness about IAC operations and activities with participation from concerned citizens. The change in this committee’s membership also is significant as the ICTF is a frequent agenda item for this IAC standing committee.

Arts Education and the Department of Education

Research and assessment of the arts in education and art education programs has been another issue of considerable research. Much of this research has been in connection with individual artists’ services and program. Because individual artists were primarily used as teaching artists in schools and featured in a directory of potential artists for classroom presentation. Indiana, the discussion and debate about whether a SAA has Arts Education programs or Arts in Education (AIE) has not occurred system-wide or statewide. Some classroom teachers seek to distinguish the two because the former is
believed to be more aligned to student learning and teaching objectives and the latter to be more connected to the making of arts and arts activities. Additional points of connection between education and the arts are the various statewide and federal associations connected to arts education, for example the Indiana Coalition of Music Education is one among others.

Due to the comprehensive nature of arts in education at community centers, social service agencies, religious institutions, tourism agencies, etc. and due to the attachment of learning objectives for both K-12 and life-long learners, many SAA have Arts Education Departments. When specifically constructing learning objectives and developmental behavior goals for, SAA administrators discuss these as Arts Education goals and classroom teachers prefer Arts in Education. The arts activities to classroom teachers are only a small part of the required duties and responsibilities that comprise their teaching methodologies. When constructing objectives and goals for after-school programs, professional development for arts teachers and administrators, teaching artists, etc., SAA administrator interchanged the terms AE and AIE. In other words, the terms do not hold as much distinction for SAA administrators even with the slight variation in connotation from term to term. The understanding is that AIE is linked more to guidelines and goals developed by Department of Education to evaluate student learning behaviors and capacity in the arts. The term AE therefore connotes a more comprehensive and descriptive variety of arts activities with learning objectives provided by SAA administrators, however these may not be based on Department of Education standards for learning. The creation of a learning community of regional arts providers, for
example, is professional development and a form of life-long education. Though specific goals for learning were not developed at the time the learning community was established, goals were developed to target outcomes and peer learning was assumed to occur through information sharing. No definitely agreement exist to define AE or AIE activities in SAAs and concepts and strategies associated with either term will continue to expand as the duties, activities, functions, and demands of the communities that SAAs serve continue to change and expand.

In turn, Arts Education as a concept can no longer only be thought of as K-12 learning opportunities. In the past decade, concepts connected to arts education have expanded to include life-long learning opportunities on the job and in the field. Workforce development issues increasingly become attached to discussions of economic benefits to the arts in local, regional, and national communities. INCA is an example of an advocacy and service organization that has increased its foci on arts education and professional development opportunities for artists and arts professionals throughout the state.

Grants to arts in education and arts education were suspended in 1997 for further review and to provide time for the IAC to focus on the development of RAP. Education, community centers, libraries, and social service institutions were allowed access to funds via arts project grants. Many of these organizations had relied on a directory of artists produced by the IAC for classroom visits and presentations, that directory was no longer being produced and no longer fit into the long-term direction for the IAC. In 1995, the IAC hosted an artist training workshop entitled “Talk the Talk.” The workshop was
successful in bringing people together and in networking organizations with other organizations and with artists. Seventy-four artists, arts organizations representatives, and local arts agencies were present at that workshop. An IAC staff reviewer wrote

The artists articulated what educational research has proven, training is what you do to animals. People are nurtured. The artists did not need YA (Young Audiences) or IAC to sit down and help them make a plan to improve their work in the schools. They did not need a systematic approach to creating a successful school workshop. They need to find their own way of working in the schools. . . It is at that point that the new educational paradigm would be for YA to validate the individual, support the efforts of the individual, and provide information to individual when asked.

This is exactly what Ms. Gaffney [the workshop facilitator] did in her workshop. First, she valued the artists and arts-in-education. Next she supported the artists and their different ways of working in the schools. And finally, when the artists were feeling valued, empowered and energized, she (and other artists) provided ideas to the questions asked.

In the IAC’s history, individual artists and arts education programs and services have been so interconnected that each has lost its distinction as independent, though conjoined, entities that require separate outcome goals and measurements to determine their separate and joint successes and challenges. A workshop held one month prior to this one with a host workshop leader from the Kennedy Center for the Arts whose objective was to
provide a step-by-step guide to developing a teacher workshop. Information presented in this workshop appeared to have overwhelmed artists who simply wanted to know how to write a winning proposal.

IAC reports dating back to 1987 explain the history of discipline-based education and its connection to agency programs to ArtsMarketing (1994) that introduces arts basics to education concepts and evaluation about the overall effectiveness of the IAC AIE program to the latest development of a survey and plan for curriculum based education Joyce Ribble & Associates (2000) continue to identify the same issues and connections to arts education activities at the IAC. The Arts Education Advisory committee was formed to assist with the development of strategic projections presented in Ribble & Associate’s plan. One obvious conclusion remains that the IAC, in its attempts to engage new roles for the agency and its staff as active investor, educator, capacity builder, and convener (Ribble 2000) has not hire enough staff with expertise to support the educational programs transitions related to individual artists services and to education services.

At the time that both the Individual artists and arts education programs were suspended, an arts education advisory committee had been proposed for creation to review programming issues. Wolf, Keens &Company (1998: 7-9), conducted a review of the individual artists program that produced information and recommendations for both the individual artists and arts education. Those recommendations strategies that might include:
1 Arts education initiatives that focus on making the arts central to school curriculum, and in the long term, developing Indiana citizen’s awareness appreciation of the arts and artists

2 Cultural tourism initiative that identifies and then promotes cultural assets in Indiana communities to in-sate and out-of-state tourists, with a significant emphasis on the work of individual artists

3 Workshops and other group training opportunities, including on-line distance learning

4 An online resource for Indiana artists that would provide links to key resource for business development and marketing

5 Artistic apprenticeships that help younger artists develop the artistic and technical expertise, as well as business expertise, to enable them to make a living from their art

Even with all of this research, planning, collaboration and partnership formation, the Department of Education passed amended legislation (IC 20-20-24) related to arts education programs in 2005 without the knowledge of the IAC.

**Nonprofit Fund Development Principles and Analysis Applied to Public Management**

Moore & Moore’s study, conducted for Arts Midwest, is important in understanding social capital and its relationship to public arts administration. Their focused on thirteen SAAs, their organizations, operational capacities contributes a unique
perspective of government agencies that have several levels of direct contact with a supporting and critiquing public. Moore & Moore’s strategic triangle applies to public value via arts participation and awareness. In reviewing, their strategic triangle, the spheres appear equal in size [Figure 4]. Yet in practice, especially related to fund development, the public value sphere should increase in size while the spheres of legitimacy and support and operational capacity become larger but stabilize over time [Figure 7]. Public value equates to public awareness and arts participation for Moore & Moore. Like Rainey and other theorist writing on organizational behavior, these authors contribute to the discussion of public administration through the comparison of government and private enterprise. The introduction of political processes, public involvement, authorizing processes, and the limitations of government are necessary issues when comparing public administration with that of private enterprise. In fund development processes, public value can be said to include financial, social, intellectual, and human capital. Public value therefore will increase and vary depending on human, intellectual, social, and financial investments of capacity building for the SAA.

Moore & Moore (2005:83) explain that public value is a set of abstract ideas focused on building legitimacy and support through operational accountability and organizational transparency. Creating public values includes innovation, community inclusion, responsible management, and mutually desirable goals. Moore & Moore (2005:83) asserts: “In order to produce effective innovations, SAAs have to (1) know what they are currently doing and what results their actions achieve, and (2) have the capacity to imagine and test some alternative approaches.” These authors are cognizant
that each SAA will “have its own ideas about what constitutes the public value of the arts.” The organizations must also acknowledge that public value is comprised of multiple spheres that also contribute to human capital, intellectual capital, social capital and financial capital [Figure 8]. Over time, the spheres of Legitimacy and Support and Operational Capacity will increase and change as the agency and personnel change within the political and administrative environments. Moreover, over time, as the various components that comprise public value expand, then public value should increase at a greater pace than either areas illustrated in Moore & Moore’s triangle.

After ten years of planning, probing, and legislation development, the IAC now has an opportunity to look more closely at what it has been doing and what it has achieved in cultural trust fund development. Continuing to explain evaluation and performance as these related to public value, Moore & Moore (2005:83-84) write

A general discussion of performance measures for SAAs is useful not as an effort to construct one true measure of public value, but as a catalyst for state-level thought and innovation. . . . SAAs have constructed [performance] measures that allow them to define and recognize the public value they produce, win support and legitimacy within their authorizing environments, and steadily improve their understanding of how they might best operate to produce the public value they have in mind.

The challenge for public administrators utilizing Moore & Moore’s research is that it skips from one end of the spectrum to the other in its comparison of government versus private enterprise with no discussion of third sector management practices that often fall between the two.
Figure 8: Public Value as Human, Intellectual, Social, and Financial Capital
Figure 9: Strategic Triangle with Public Value Over Time
Under Director Ilgen, the IAC conducted more research on its external and internal operations than ever in its history. Yet, staff was not appropriately involved in the research and discovery processes. Data was collected from them, but rarely were staff from the variety of office units involved in administrative planning processes meant to prepare the internal culture for fund development. The two person program staff utilized programming data to create and condense granting programs, to provide technical assistance to RAP and other arts organizations, and has a number of other “duties as assigned.” The one person communication staff did public relations, media relations, web development, and moonlighted as a fund developer. At most times, at least two administrative assistant positions of four were left unfilled which, in turn, meant that these individual also had to manage clerical operations as well. Also to Director Ilgen’s credit technology was updated in the office. She was the first director to authorize individual computers for each staff persons’ office, to develop grants online and its website, and place meeting and other materials online for easier access. In her ten year tenure, the creation of the cultural trust fund, the regional arts partnership, the development of a statewide arts infrastructure, and the integrated use of technology in the arts will, in part, be her legacy. Even with this much innovation and intellectual capital, her legacy will also be tarnished because her tenure did not increased social, human, or financial capital sufficiently necessary to raise the public value of the IAC.

Wagner (1997:1) explains that most people do not think of fundraising as a disciple, an organized practice or as a logical process, but as a quick fix for financial setbacks and budget cuts. Clearly, the case is demonstrated that the IAC from 1996-
2006 was not involved in logical processes for fund development. The IAC did not equip itself with time and other resources needed to utilize cultural assessment tools that it developed for its RAP. Wagner (1997) explains that successful fundraising requires seasoned professionals who understand multiple aspects about an organization’s potential to attract financial donors and emphasizes that “Successful fundraising is based on years of accumulated experience by seasoned professionals. While it isn’t necessarily an easy endeavor, it’s a worthwhile practice because of the valuable results to the nonprofit organization and the publics they serve.” She asserts

Well-meaning individuals perceive a need and immediately seek to remedy it by seeking funds, this kind of practice frequently results in failure or a disagreeable experience. Those who engage in social activism forget or don’t realize that certain steps must be taken in order for resource development to be effective and productive.

Wagner (1997:2) also informs development administrators that fundraising is a “highly integrated management process. Each step in a successful fundraising program may not require the same emphasis for each organization, but no steps can be missed without diminishing the likelihood of favorable results.”

It must also be noted here that public fund development combining NPO and public funding mechanism for organizations is an innovative practice. Tax credits, check-off boxes, levies, bonds, percentage for the arts, entertainment taxes (user fees) are income development mechanism for government. Donor solicitation, special events and projects, corporate and foundation gifts, and planned giving are tools of nonprofit fund
development. For this reason, clarity about categories of companion foundation, cultural trust funds or endowments, collaborative funds like United Arts becomes necessary to develop theory and practice associated with government agencies and fund development. This is not to indicate that fund development does not occur in the political sphere. It does. Individual politicians raised millions from individuals and corporations when campaigning for public office. Present 2008 presidential hopefuls like Illinois Senator Barak Obama made recent headlines for raising over 32.5 million in four months from individual donors via internet contributions. However, those processes do not involve the creation and development of legislation and administrative boards to assist in the management of those funds. Political contributions to candidates are govern by other federal and state policies.

The IAC Commissioners and administrators have not anticipated its budgetary demands and have not attempted to cultivate clients and friends to assist in the development of funds. The IAC’s primary, while important, focus has been on passage of the legislation that follows Patasnik’s discussion on federal trust funds rather than NPO endowment funds formation processes. SAAs must understand both public and private processes and be able to articulate both to potential stakeholders and donors about the private and public benefits that their gifts intend to serve. The IAC has demonstrated neither an understanding of its diverse markets of authorizers and stakeholders nor the requirements for soliciting donations from its supporters. Moreover, the IAC has not determined who its supporters are and who will be willing to volunteer and/or donate large amounts of time and dollars needed to grow the ICTF.
Furthermore, the IAC has not developed a set of programs and services to be funded through the ICFT. In one instance when Director Ilgen visited a local arts service organization, the question was raised about what specific programs and services would be supported and that organization also wanted to know what benefits it would receive directly from any assistance it might offer. The only available answer was that specific programs and services have not been developed by the ICTF administrative board at that time. However, the IAC did support the re-organization and development of the Indiana Advocates for the Arts and Indiana Arts Alliance, now Indiana Coalition for the Arts, and was successful in partnership with that organization and its RAP in raising awareness through the Buck a Hoosier” lobbying effort. Nevertheless within this ten year epoch, this agency should have been able to secure $5 million dollars yearly with the right planning and professional staff.

Based on simple development principles, the IAC needs to diversify its funding agenda to include other apparatus than license plate sales. Additional attention and research is also needed to develop a case for giving to a “state agency.” A survey of administrators at community foundations and United Arts Funds is also needed to determine their willingness and/or levels of assistance. The Indiana Donor Alliance, now the Indiana Grantsmakers Alliance, was heavily funded by the Lilly Endowment to create local community foundations. This organization might be an excellent resource for connecting fund development strategies to community foundations throughout the state.

The IAC has moved in positive directions related to developing and building statewide arts support and infrastructures. It has updated its communication and mass
media materials to include a number of printed and online communication. Yet, those updates have not development angles with marketing strategies and plan for increasing the ICTF. Additionally, during the transition from being one arts program and service provider for the Indiana to becoming13 programs and service providers, 12 arts partners plus the IAC, many programs and services were suspended, canceled, and postponed for research. Little evidence exists to show that, IAC Commissioners and staff have begun to synthesize the collected data to develop, not only a marketing strategy, but a fund development strategy for the ICTF. Even with enhanced programs and services, developed to provide greater technical assistance, public art, arts education, etc., the IAC continues to miss opportunities to work closer with RAP in developing fundraising case statements to support statewide and regional arts.

Regional partners and other arts organizations may be willing to assist the IAC in identifying potential prospects in their regions once clear benefits have been identified for them through the solicitation allocation process. For example, if agreements can be reached indicating that new donors, once the fund’s original $50 million principal has been achieved, will revert to local domains for solicitations, and that a statewide campaign for the ICTF will only occur once each decade that target individuals, foundations, and corporations headquartered in the state for no more than a two year period, not to include bequests and planned gifts, then RAP and SWASOs may be more inclined to assist in raising funds for the ICTF. Furthermore, other types of arrangements and financial might also be achieved through collaborative planning with RAP and NPAO.
Conclusion

Companion foundations, cultural trusts funds, and endowments were quick-fixes responses to a flagging arts economy. The IAC, and like most other SAAs, do not anticipate repeated “asks” for gift donation. This is illustrated in the one visit to Lilly Endowment. SAAs do not anticipate long-term strategies for continuous growth of the fund beyond its initial solicitation period. They simply plan to grow a CTF or CTE once to cover present and future needs. The IAC, like other SAAs, have not thought of fundraising as an organized practice or as a discipline with logical processes as Wagner suggests. The IAC, like some other SAAs unable to raise funds, has not developed the capacity to solicit gifts or demonstrated good stewardship behaviors for long-term oversight of fund development and growth. This is not to suggest that the IAC, via State Treasurer, have not been good investors of funds, rather to suggest that good stewardship include managerial and technology design to monitor gifts and patronage. In many instances, this is not the result of lack of efforts and desire by commissioners, rather because systems are not in place to manage fund development efforts. In short, the work necessary to make a fund development program and/or campaign operable must be fused into the daily work of the existing SAA staff and utilized new professional staff and consultants to assist with daily and special project first.

In final recommendations, Wolf, Keens &Company (2000b: 21) suggested that the IAC formed a separate 501c3 foundation as a private/public partnership that would increase flexibility to develop new resources. This research also suggests that the IEA be re-activated with a board comprised non-commissioners and other nonprofit
administrators. Good stewardship also include: “If the first ask fails, re-group, re-think, and ask again” is the simple rule in fund development. Once a gift is acquired, the ability to track the number of solicitations, the history of the person and organization that gave, who solicited the gift, what was the pitch, etc., remain the foundation of fund development and maintains records for future donor recognition opportunities. The use of technology is extremely instrumental in the fund development, for tracking contributions, and for matching donors with recognition levels. Technology is also helpful in the public sphere because it can inform policymakers about giving patterns to the arts in their counties and regions. Additionally, some SAAEs, like New Jersey, Delaware, and Arizona, have begun programs to solicit donations via e-commerce. The IAC are beginning to address same of these issues now that it has resolve its legislative agenda related to the ICTF and has fully seated the CTAB.

Indiana is profiled in at least two national research reports for its decentralization program and innovation as a model for other SAAs considering policy innovation and decentralization. The operational capacity of the IAC increased tremendously due to Director Ilgen’s leadership and to a qualified succession of IAC Commission Chairs from Chair Lambert in 1995 through to Chair Stratton in the present. Chair Stratton has brought the most structural organization to the Commission and its standing committees than his predecessors. Any scholar in public policy and management understands the relationship of political processes to internal operation and the slow pace at which government moves sometimes due to changes in persons in power. The IAC could also have experienced such a shift in the state’s political climate when shifted from
Democratic to Republican after over twenty years. Mr. Van Zant explains that the new Republican climate has been very supportive of the ICTF even as some democratic House and Senate sponsors were no longer in the power majority. Mr. Van Zant (2007, personal communication) states: “I think another key factor also has to be politics whereby we had friendly legislators no longer in the majority, so their influence was dramatically reduced.” Even with multiple reasons and changes in political climate, the ICTF should have legislated a threshold larger than $1 million dollars and should have been able to raise more than its current million holding in ten years.

Retired Director Ilgen created a research agenda for Indiana that becomes a cornerstone for fund development when analyzed and processed. However, no evidence shows a connection to research related to the individual artists, arts education, RAP, technology or any other operation or programs to the ICTF development efforts. In Washington State (1984), after similar cultural assessment via planning and meetings with and about individual artists, an Artist Trust was established. Dr. Craig Deezens, contracted to analyze cultural assessment data for all twelve regional partners, prepared individual regional profiles that can easily be utilized for ICTF fund development once synthesized.

The new IAC Executive Director Lewis Ricci has excellent opportunities to build on former directors’ legacy while developing his own vision and programs for the IAC if he abandons some practices of his predecessors and adopts others. Research after research data remain in individual offices throughout the IAC. New director after new director received differing versions of the information related to individual artists, arts
education programs, the majors, etc., from stakeholders and major arts organizations

Without a synthesis and understanding of rationales for strategic directions and plans, new IAC directors generally jumped right in to create their own versions of innovation without cultivation and building on the successes of their predecessors and often without the adequate involvement of IAC staff and its partners. Indiana’s continued success as an innovator depends on Director Ricci’s ability to adopt what has been successful and to augment and modify what has not been successful in the 1996 strategic plan related to the ICTF and RAP.

In 2006, Director Ilgen completed a statewide tour discussing a recently completed strategic plan with the full approval and knowledge of IAC Commissioners. Even with common knowledge that a new director would enter her office in within a year, Commissioners chose a perception of “business as usual” that now leaves the IAC in a position of developing a new strategic plan by a new director to counter the previously promoted plan. “Business per usual” practices are often counter concepts to innovation and adoptions of new strategies supporting new projects and visions. Director Ricci and the Commission presently are constructing a new strategic plan and neither RAP nor NPAOs are not certain how the 1996 Decentralization and Funding strategies are beginning addressed in its creation. IAC Commissioners have not fully embraced its new role in supervisory oversight of day to day operations, rather it maintain its former premise of being a “working board.”

With a charge for four meetings a year, and most standing committees meeting a minimum of twice yearly, access to staff knowledge and funding expertise requires an
ED with capacity to hire and retain qualified staff to assist in statewide fund and arts development. Every staff member must be trained and hired with knowledge of the two objectives related to the whole: ICTF and RAP. Programs in arts education, community development, artists services, finance, administration, technology, etc., must integrate fund development and RAP strategies into daily operation. The next decade of IAC operations must build on the previous innovation and institutional history in order to increase social, intellectual, human and financial capital related to the ICTF. Furthermore, the staff at the IAC must be returned to its previously larger levels and pay grades, titles and salaries need to more closely match mid to high senior level management. If staff is to act in advisory and consultant capacity, then they must be given flexibility, authority, and respect to act as peer learners and experts which can only be validated by Commissioners and the ED with RAP.
CHAPTER 7

DETERMINING SUCCESS AND EVALUATION

Public organizations and their manager will continue to play crucial roles. The challenge now is to build, rather than belittle, their effectiveness.

H. G. Rainey

Introduction

A person walks into an orchard to select apples for his family. He then has to select from about the variety reds, gold, hybrid, and green apples. Before selection, he needs to know: What his family enjoys? Which ones will be for pies or school outings? How much money he has and their costs? As well as other factors that may relate to storage, his next trip to the orchard, etc. SAAs establishing PAE need to possess a variety of information about their states’ policy environment, about intra-agency programs and services, and about municipal and federal programs and services that could support their endowment efforts. In the preceding three chapters, the planning and implementation processes of Delaware, Ohio, and Indiana were discussed as individual case in CTE, CTF, and CFO formation. In addition to serving as examples in a collective case study, these states also highlight three management approaches in PAE planning and implementation strategies which are: (1) Collaborative, (2) Project, and (3) Legislation management. In practice, aspects and factors of collaborative, project, and legislation or policy management are present in all the cases. To the degree, that an SAA chooses to
focus on one aspect will depend on the strategic players and power brokers in each state. Eventually, each SAA has to consider whether or not it needs to amend or modify public laws or submit articles of incorporation. These areas represent management issues that will begin to inform agency endowment strategies from the beginning of its PAE. Each case represents learning opportunities for public administrators, policymakers, and other stakeholders. As public arts administrators continue to establish learning processes and learning communities as shared experiences for volunteers and stakeholders, they will continue to utilize facilitation and planning skills in the pursuit of change and innovation.

Mapping financial stabilization and sustainability processes at SAAs include four stages of development: the assessment, the capacity building, stabilization, and sustainability. Though discussed individually, in practice, these stages overlap and are continuous in administration. The success and evaluation of these stages will provide areas for measurement in terms of social, human, and intellectual capital. In the first stage, the assessment of social influences on organizational culture, demonstration of basic business skills, current successful and unsuccessful agency programs, services, and initiatives, information about agency internal culture and SAAs’s reputation among peer arts organizations, grants recipients, and other stakeholders are the foci. The assessment stage is followed by a capacity building stage where information from assessment research informs program development as organizational needs, desires, and future goals are synthesized and managed. With assessment information, new and renovated programs, services, grants management, technology, and other factors are re-developed to
complement arts development and fund development strategies. [Figure 3: Mapping Financial Stabilization and Sustainability Processes]

From the capacity building stage, an agency should reach stability with strategic plans and other data that will assist it in maintenance of current levels of operations and establishing baseline support to solicit large donor gifts for sustainability. In the stabilization stage, an agency should be at capacity with innovate policies, appropriate staff, positive representation, and effective arts development through its programs and services. Organizations in the stabilization stage will also have financial solvency and positive cash flow. The stabilization stage is linked to cash reserves, project grants, and contingency funds designed to handle short-term activities and emergencies. Endowments are intended to be longer support efforts linked to sustainability and long-term growth. In the sustainable stage, prudent staff growth, program expansion, new outreach programs, professional development for agency staff and staff working at grant recipient organizations, new infrastructures and expanded networks will increase at the SAA and throughout the state.

Determining Success or Failure in PAE

Measuring the success or the failure of public arts endowments (PAE) is difficult and will depend on a variety of factors. In simple fund development terms, the amount raised in a designated time frame is the dominant measurement for success or failure of a fundraising campaign. However, goal attainment can not be the single factor for evaluating the success or failure of a PAE fund or development program. Frank Hodsoll
(1998: 2), quoting Bennis and Nanus from Leaders, explains “Managers are people who do things right and leaders are people who do the right thing [italics Hodsoll]. Measuring for success and failure has to begin with figuring out the right thing. Measuring toward the wrong thing can test efficiency, but the exercise is likely to be at best irrelevant.”

Hodsoll’s point is that evaluation for success and failure will occur in multiple spheres based on multiple criteria. These criteria will take different forms and have different degrees of success and failure based on multiple goals established for the PAE. However, if the “right sphere” is identified, then financial measurements as goals to determine success or failure may be not the most appropriate indicators to evaluate progress.

Understanding that SAAs are unlike other public agencies and also unlike NPAO is crucial for establishing what the “right thing” may be. Hodsoll (1998:3) explains federal government agencies and compares these to the National Endowment for the Arts with

[Government agencies and programs are authorized, and appropriated for, by legislatures composed of elected representatives of the people. These agencies and programs are, in theory, based exclusively on public purposes for which taxpayer financing is justified. Because of the nature of the political process, their “right things” are less well defined. The National Endowment for the Arts, for example, are appropriations and staff; the outputs are grants; and the anticipated outcomes are greater opportunities for artistic excellence, access to it and education in it. Hodsoll’s analysis of outputs and outcomes of the NEA is not complete. Additional outputs like technical assistance, information sharing and transferring, policy development and influence, convening of artistic communities of peers and field experts]
are also outputs that have varied outcomes in national, international, state, and local communities.

SAAs also represent microcosms of political interests, policymaking, education, entertainment, cultural tourism, and advocacy as they share the terrain with other arts and non-arts agencies. Moore & Moore (2005:84), explaining performance measures, assert SAs have constructed measures that allow them to define and recognize the public value they produce, win support, and legitimacy within their authorizing environments, and steadily improve their understanding of how they might best operate to produce the public value they have in mind.

SAAs have to be proactive and innovative in the design of fund development initiatives and of statewide arts program and services. The purposes for a PAE will drive the evaluation process and may include several or most of the above outcomes and outputs as evaluative factors. SAAE staff in addition to its commission and auxiliary boards must determine outcomes and outputs as goals prior to the implementation of fund solicitation by volunteers and others. All too often, SAAE staffs remain outside fund development planning processes, and therefore, artistic goal and guidelines do not reflect or, at minimum, correlate to the new directions of the SAA, i.e., fund development.

Hodsoll argues against a “bottom-line approach” to evaluate success and failure because it does not encompass a full range of administrative activities that produce both long-term outputs and long-term outcomes which are not easily measured in short-term evaluation processes. The bottom-line approach mainly refers to a balanced budget process but also can be applied to fund development. The goal of a PAE can not simply be financial if its planners hope to raise income. Hodsoll (1998) emphasizes
What makes business performance at least superficially easier to measure is that, by definition, the bottom line of business is more or less quantifiable in accordance with relatively accepted accounting standards. But, even here, the measurement of business results become less clear when one adds in the element of time. Short-term increase in profitability—over last year—can obscure longer-term programs and profitability and growth. R&D (Research and Development) to create the products of tomorrow reduce profits today, but may ensure greater profitability and competitiveness in the future. A high commitment to quality and service may reduce profits today, but increase market share and brand loyalty tomorrow... Not-for-profit organizations, including not-for-profit arts organizations, are more akin to government... The not-for-profit organization have to be measured more by whether they are achieving their missions, as defined by their boards of trustees.

Recent trends in evaluation of NPAO and PAO focused on mission and goal attainment as measurements for success and failure. This focus is only one method for evaluation, but government agencies, especially SAAs, must move beyond simple mission/goal attainment as criteria for determining success and failure of development campaigns and programs. Some authors assign goal and mission attainment evaluation methods and strategies as the predominant practice of arts agencies, followed by the assumption that such methods are the primary responsibility of the board of trustees (Hodsoll 1998, Rainey 1991, Shennan 1994). This assumption presents a major problem for government agencies that do not chose their commissions through self-selection processes and rarely participate in nomination processes at the invitation of the governor for commissions’ membership. Even when SAA EDs are involved in the nomination process, the governor’s staff generally owns the responsibility of a commission’s
appointments with the governor’s consent. Therefore, SAAs must also subscribe to other forms of evaluation to complement mission/goal evaluation. These other processes may include Management by Objectives, transitional cost analysis, cost benefit, and economic impact studies. The contexts for evaluations of SAA’s fund development efforts directly relate to daily and long-term administration and political bureaucracies; meaning that in a fund development endeavor, SAA must use evaluation tools to succinctly articulate the outcome goals and objectives as well as the type of new programs and services that the initiative will produce.

Programs that look unsuccessful in the short-term, as Hodsdoll indicates, may in fact provide long-term research and development information that lay baselines for long-term success. Fundraising and development campaigns are long-term strategies associated with long-term conceptual ideas, research, organizational behaviors, and fund development resolutions. Cash reserves, emergency funds, and project grants are focused on short-term stability and innovation, whereas endowments are holdings focused on sustainability for organizations. In other word, the long-term benefit of arts collaborations as in Delaware was developed to stabilize the arts environment for the Première Eight and eventually their strategy included emerging NPAO. Long-term benefits can not always be forecasted at the beginning of fund development processes by either SAA representatives or government officials. In the short-term, the IAC has not produced massive income because has developed a statewide infrastructure to support arts development. As a result of restructuring, Indiana now has a stronger arts infrastructure and statewide partnerships with SWASOs and regional arts partners who can eventually
assist fund development initiatives. Fund development processes that work well in the not-for-profit industries will mutate when adapted for public management organizations. In applying 501c3 strategies in all three cases of Delaware, Ohio, and Indiana, officials in each state attempted to construct policies, advisory boards, and implementation strategies to balance public interests and agency benefits. NPO management and policy adoptions do not work in government without significant challenges, especially when public administrators do not acknowledge the limits of government to act independently when compared to for-profit and non-profit organizations.

Most SAAs have not established planning processes via learning communities like the ones established in Delaware and Indiana to build capacity and infrastructures to support arts development. Rainey explains that “beliefs about organizations influence a myriad of opportunities and limitations.” This is especially true when designing funding and fundraising policies, practices, and administrations. Therefore, SAAs must be proactive in social construction of new beliefs, traditions, and cultures to support the Arts. Rainey continues:

We have also seen how beliefs about the performance of public organizations influence their funding, legal authorization, and oversight in ways that affect the behaviors of their members and the structures and operations of the organizations. Government agencies differ from commercial and non-commercial agencies, as well as from one another. Government agencies like other businesses can operate effectively when the right management infrastructures and leadership goals are established for the agency. The perception that PAO require increased and stringent oversight is not accurate. In times of controversy, broadcast news investigated reports, public hearings, and special interest
groups increase scrutiny of PAO and their operations. Moreover, commercial organizations are subjected to fewer authorization proceedings and regulations than government agencies, their staffs, or their appointees. While true that SAAs do not undergo as severe reviews as federal agencies during national controversy, state agencies however are as vulnerable to political pressure in state and local communities (Rainey 1998, Moore & Moore 2005). When establishing PAE, the level of public responsibility and accountability assigned to commissions are also significantly different from those assigned to nonprofit. The perception is that commission boards and auxiliary boards serve multiple the governor and general public equally in the management and preservation of tax dollars. Hodsoll (1998: 8) explains that government agencies are “organs of democracy” and “… government agencies-whether at the federal, state, or local levels—are organs of democracy. That makes them messy. And, being messy, it is difficult to measure them systematically. On the other hand, it is critical that we continue to try.” Building arts participation as a precursor to fund development income requires more than audience building or attendance at arts activities. The development and production of services and programs that have actual and symbolic value to arts stakeholders and disinterested general public is necessary.

Simply to measure the success of failure of PAE based on predetermined dollar amounts in a designated number of years is problematic because these do not included building social, intellectual, and human capital. When endowment funds connect to public trust and political ideals, the approach to endowment building and fund development must focus on long-term stability and sustainability of the agency’s
programs and services in addition to financial solvency. PAE goals are complicated as their purposes should be attached to future public benefits such as increased programs and services, matching state appropriations, community arts development, and technical assistance. Fund development programs have been connected to arts education as in Arizona and Texas, but none have yet linked them to leadership institutions, ethnic, racial, multicultural and diversity programming, arts workforce development, e.g. future investments in intellectual and human capital. None of the three cases in this study have incorporated permanent or temporary programs intended to develop social and human capital into their fund development strategies. Although long-term programs and services linked to PAE will change over time as the arts environment changes over time, innovative programs to support intellectual capital via conferences, professional development, artists programs, and salary subsidies continue to be necessary with programs that support research, international exchanges, and facility maintenance and construction. Additionally, financial stability can not come at the reduction of staff or programs and services in times of infrastructure change, renovation, and/or growth.

Indiana arts services for artists, in arts education, and staffing were reduced to focus on development of a statewide arts infrastructure that left the agency open to more critics from its stakeholders and with staff unable to fulfill all of its programming projections under the 1996 IAC Strategic Plan. The focuses on administrative costs and legislative reformation in Indiana also affected the implementation of a successful strategy related to both arts and fund development.
SAAs must develop multifaceted agendas with fund and program development strategies to compliment one another. In that way, potential donors and patrons can situate their own interests in arts programming with financial support and gifts. Staff reductions, at the time of growth and expansion, often create negative social capital. Public administrators must begin to identify staffing issues to include professional development and salary subsidies in the definition for administrative programs being supported by the PAE. If an outside firm is contracted to management fund investments and implementation, those firms including CMF receive a percentage or fee for their services. SAA have not yet begun to request a percentage or fee for its own services related to the funds. As in Ohio and Indiana, they rely on existing staff and volunteer services of auxiliary committees. However, the collaborative planning processes in Delaware lead to requests and contributions to support the administration of ArtCo. Most administrative costs for capacity building for ArtCo in its planning and implementation years were paid for by DDOA and later by a grant from DCF. Providing comment on administrative cost and its effects on performance and customer services, Moore & Moore (2005: 87) writes

> Of course, focusing attention on reducing administrative costs would be hazardous if one did not also have measures of customer satisfaction and impact, since a focus on reducing cost alone could degrade the quality of customer service and, consequently, the overall public value produced by the SAA. But if the SAA has good measures of outputs, it need not worry about the distorting effect of focusing intensively on costs as well.

The OAC continues to absorb most of the administrative costs for the OAF via shared staff and donated clerical services. In Indiana, administrative costs associated the ICFT
has not been clearly delineated but the public relations department can be identified as the unit that has absorbed much of the expense related to the ICTF while the program staff through budgets cuts and staff reductions have absorb cost associated with RAP. While the RAP process and the ICTF formation were intended to be complementary operations to prepare the organization for fund development. These processes continue to be sequestered and managed separately. The IAC has remain in a tail-spend because it has not understood that the two processes were and are connected in its own “organizational readiness” and “capacity building” phases to support ICTF.

With so much focus on economic impact in the arts at every government level, scholars and researchers have focused on arts participation. The public may consume years before demonstrating trust in government processes through symbolic support and/or financial gifts to an endowment fund. Evaluations for SAAE therefore must also include documentation of systematic changes and innovations that can be communicated to supportive and impulsive public media and groups. SAAE, investing in culture through fund development initiatives, can not do business in the future as it currently practices it. Outputs and outcomes of PAE that appear unsuccessful in short-term evaluation—due to changes in the administrative processes and personnel—may in fact support long-term changes and strategies as future benefits to NPAOs and the Arts. Both short-term and long-term evaluation methods, focused on content and process developments rather than on success or failure, will inform public administrators of “what the right things” are. In addition, program staff must be able to articulate the outputs and outcomes of
programming from multiple perspectives of a public relations, education, and fund development.

In fund development implementation processes, organizational philosophy, management practices, and leadership concepts are commingled when discerning what determines successful leadership, employee motivation, institutional programs and services, and fundraising capacity. Skilled professionals working at SAA exercise caution when introducing creative management concepts when revising internal and external processes to support fund development initiatives. The conceptual frame, Social Pluralism, explains both philosophical and administrative perspectives that must simultaneously exist before any measurements for evaluations can reasonably be established. Social pluralism is a construct to manage seemingly discursive, contrasting, and/or paradoxical beliefs and practices that exist in an organization’s culture and administrative practices. It has roots in pluralism, social cooperation, and entrepreneurial philosophies and practices.

Rainey, quoting Peters and Waterman, explains the importance of getting the “right philosophy” as the “right thing” to evaluate first. Rainey (1991: 251) writes

The firms devoted careful attention to managing the culture of the organization. They develop coherent philosophies concerning product quality, business integrity, and fair treatment of employees and customers. Together with stories and slogans that flourish in the companies, these philosophies emphasize shared values that guide major decisions and motivate and guide performance. The firms nurture the philosophies through heavy investments in training and socialization, including out- and out- “hoopla.” “Without exception,” [Peters and Waterman] note, “the
dominance and coherence of culture proved to be an essential quality of the excellence companies (p.75). The firms behaved as if they accepted the principle that “soft is hard”; that is, that the intangible issues of culture, values, human relations—matters that many managers regard as fuzzy and unmanageable—can and must be skillfully managed.

The successful firms strive for coherence in their approach to management, with shared values of the culture guiding the relations among staff characteristics, skills, strategies, structure, and management systems. In so doing, they accept ambiguity and paradox as part of the challenge.

Initiating and implementing fund development programs require addressing and managing paradoxes and conflicts between politicians, commissioners, senior staff, and arts stakeholders.

Fund development may appear to be about one thing: “income.” Actually, fund develop relates directly to organizational culture and organizational readiness to become good stewards of donor gifts. Fund development programs at public organizations influence political beliefs, policy formation, appropriations, staffing, and arts programs and services. The development of administrative processes connected to assessment, capacity building, agency stabilization, and program sustainability as long-term sustainability goals. Administrative outputs will determine an SAA’s ability to attract donor prospects and to assure positive financial outcomes. More research on SAA leadership, agency objectives, and goals in arts infrastructure development to show how these are connected to fund development goals.

Whether right or wrong, the arts community continues to place high premiums on leaders who exhibit charm, even as these same leaders are being held to higher
management standards and accountability. The charismatic leader in arts organizations will continue to enjoy positive response from the general public. For public administrators, this paradox requires negotiating between the ability to be charismatic and enforcing government regulations. The ability of SAA commissions presidents, EDs, and staffs to appeal to a variety of constituents and personalities will increased in importance as more fund development initiatives are introduced. SAAs’ job description will continue to require more skill and knowledge of NPO and public agencies, management infrastructures, partnership and collaboration formation, marketing, grants administration, diversity training, political ideology, policy management, and research methodology. In Delaware, Ms Amsterdam possessed the skills to facilitator and to organize a structure for the consortium to discuss plan and organized. In Ohio, the Dr. Lawson gathered research and next utilized that research to develop projects that would attract additional funds. In Indiana, Director Ilgen was far-sighted in vision to created and development an arts infrastructure, but also lacked the ability to retain and/or hire staff that would help accomplish that vision.

In Rainey’s discussion of effectiveness as a measuring tool, he cautions assessors and evaluators that “Effectiveness suggests not only that the organization had good results, but that it brought these results into effect through its management, design, and other features. Sylvia, Sylvia & Gunn (1997) make a similar conclusion when discussing system design and philosophical concepts to support organizational infrastructure and hierarchy. Infrastructural development includes the discussion and application of abstract ideas that evolve through planning for new and existing administrative systems with
subsystems and procedures. Efficient design of administrative systems and subsystems through sound management and reinvention are critical components when developing infrastructures to support fund development campaigns and strategies.

Programs and services as outcomes and outputs also inform an organization’s potential and ability to raise and manage funds effectively throughout controversial and friendly political and policy environments. Rainey (1991: 208) explains

In addition, those who set out to study effectiveness soon realized that assessing whether an organization does its job well involves numerous complex technical, economical, ethical, and ideological issues. Their use of somewhat unusual-sounding concepts “organizational effectiveness” attests to this. It they refer to organizational success or performance that bears less of semantic implication that the activities of the organization brought about the success.

Sylvia, Sylvia, & Gunn (1997) encourage managers to plan evaluation concepts when initially developing the program or project. In sub-systems planning, evaluation measures mission/goal/objectives and other tools to address the intended outcomes and outputs as well as unintended ones that may affect other operation areas in the SAA. These authors identify seven subsystems essential to operation. These are: production, managerial, maintenance, adaptive, support, accountability, and marketing.

The production subsystem is the center of operation and mainly pertains to staff functions. The managerial subsystem defines the goals for programs and organizes those programs around those goals. The adaptive subsystem is concerned with anticipation and preparation for the future wants and needs of the organization. Fund development campaigns primarily fall into the adaptive subsystem. The maintenance subsystem
supports on-going efforts and routines to physically support the program, i.e. policy and procedures. Technology and personnel, materials etc., are attributes of the support subsystem. Audit, reports, evaluations serve as components of the accountability subsystem. The marketing subsystem is design to “sell,” according to these authors, the programs outputs to the environment. In public administration, the marketing subsystem would include education and outreach programs and services, as well as information and referral systems. All of these subsystems are connected to human and intellectual capital. Re-engineered subsystems must include resources for professional development of staff and for new expertise through consultant services and/or new staff hired for specific skills and knowledge.

Sylvia, Sylvia, & Gunn (1997: 21) write “Since in the public sector, programs can operate without marketing subsystem. This marketing subsystem is not counted as an essential subsystem. Some program managers, however, recognize the importance of program marketing which they undertake in diffused as well as concentrated forms.” They do not view public offices as having actual needs for marketing subsystems. Recent studies show that public arts agencies also need to build arts participation like private enterprises (Moore & Moore 2005). Contrary to these authors belief, SAAs need strong marketing subsystems to highlight and build social, intellectual, and human capital in their states. SAAs must have marketing components to share information, to establish education-delivery subsystems, to promote good community relations and goodwill, and to publish research and evaluation criteria the public-at-large. Marketing in SAAs emphasizes an important way that SAA differ from most other public agencies, but
resembles NPAO and commercial organizations. Promotions and marketing in public organizations also differ in that two public relations strategies co-exist. The first strategy is to promote and bring attention to newer programs and innovation for press and other media sources. The second, diametrically opposite, strategy is to stay under media, politicians, and other groups radar (Moore & Moore 2005). In a personal interview with RAP President Jeff Kuehl about the RAP and the ICTF, he suggested that the IAC needed to promote itself and its activities more.

In public fund development campaigns, marketing subsystems must be viewed through lenses that support social capital and education rather than through lenses that forge profits, sales, and endowment investments. Currency in public administration is stimulated through a motivated and supportive arts community. While the desired result is positive social capital, the risk is that positive or negative social capital can be the direct result of marketing, promotion, and public awareness even when the process only reflects information delivery like budget increases. Moreover, the long-term result may be the development of public trust and collaborations where information sharing leads to stabilization and sustainability of arts and culture political and financial climates.

Whereas the DDOA and the Première Eight participated in a learning community to deal with promotion and public relations, the IAC and RAP also participated in a learning process but have not yet established an agenda with topics related to fund development and localized benefits. In the previous ten years, RAP has increased its knowledge of IAC operations in grants administration and its arm’s length advocacy, but still does not fully understand the difference in their NPAO operations versus the IAC operations. Because
the OAF operates as a companion foundation, it relies on the social capital of the OAC to support its income.

Sylvia, Sylvia, & Gunn (1997) emphasize that managers must quickly and consistently assess political and administrative environments while adapting to changes. Without the aid of a separate advocacy organization like Citizens for the Arts or Arts Education Alliances, an SAA, as “organs” of a larger government, usually can not adapt and change policies and procedures quickly even in supportive political and social environments. Sylvia, Sylvia & Gunn (1997: 18) write

The importance of the managerial subsystem increases in a turbulent environment. When management must constantly adapt a program to changing environmental demands, ineffective management may be fatal to the program. On the other hand, if the environment is stable, programs can flourish with little guidance from top management once decisions have been routinized.

Business and public administration operate in overlapping spheres of politics, policymaking, research, technology, education, entertainment, advocacy, and other spheres. SAAs determine in which spheres their administration will focus. Fund development can also be thought of as its own sphere.

Building arts supporters and patrons require: (a) active and non-active participation from the general public and from arts supporters alike; (b) audience development in grantees organizations as indirect audiences for arts infrastructure development; (c) philanthropy that translate into advocacy, symbolic support, volunteers, and financial contributions, and (d) employment of capable leaders and emerging leaders in a variety of administrative areas. Subsystems for public arts organizations extend
beyond the internal operations of an organization, in part because these organizations have increased interactions with the public through its volunteer review panels that oversee arts development, management, and quality through grant appropriation cycles. Management subsystems are specialty areas within an organization that collectively contributes to the overall success of the agency. When one or more units are out of sequence, those areas can have significant adverse affects on public support and media (Moore & Moore 2005: 33).

**Social Pluralism and Spheres of Administration**

Social Pluralism is a conceptual frame discussed in Chapter One to explain the co-existence of seemingly conflicting and paradoxical philosophies, strategies, and ideas about culture in political and administrative realms. Until any organization, especially SAAs, understand its multiplicity as a service and program provider efforts to evaluate its usefulness is flawed and will result in failure. Social Pluralism has four basic streams of thought: 1) social cooperation, 2) social construction, 3) entrepreneurism, and 4) cultural affirmation. Briefly to explain base tenets of this belief system is that diverse units and/or people must first seek to cooperation towards a common purpose. Secondly, the units and/or people must understand that construction of new meaning and/or transformation of past meanings about culture as accomplished through dialogue. Thirdly, the participating parties must possess an entrepreneurial philosophy for ownership and a willingness to adopt change and risk philosophies via trial and error processes. Fourth, the units or people must seek to affirm and celebrate its own and other
units’ and people’s accomplishments without interference and/or interpretation that affirmation threatens their own achievements. Concepts connect to diversity, multiculturalism, and inclusion filter through this belief. As organs in a democracy or management process, each unit stands strong as independent units at one time while, at other times, conjoined in a process towards progress for the entire organization. The end result is the strengthening of an array of organizational components through capacity building and stabilization processes.

Moreover, the political context of the organization will inform its public beliefs about the role of the SAA and its ability to raise certain types of income from individuals, corporations, foundations, industries, and other national and federal government agencies. Government organizations, unlike NPAO, have permanent accountability issues associated with public approval. Beliefs about pluralism and ethnic inclusion will affect the SAAE ability to raise funds and to sustain arts and cultural policy through its programs and services connected to the CTE, CTF, or CFO. As in the case of Ohio, an understanding that OAC programs and services are connected to the income of the OAF was acknowledged by trustees and commissioners as fund development procedures were implemented.

Walzer (1983) introduces the notion of spheres of justice that includes power, membership, recognition, and knowledge. Each sphere is discussed as it relates to justice, and each sphere is a sub-center or smaller sphere through which evaluation and criteria for “justice as fairness” are established. Similarly, social pluralism co-exists in spheres that overlap and align themselves periodically in much the same manner as
earth’s solar system. Perhaps the better administrative metaphor is that of a clock with its gears working in unison. While each gear contributes to the entire process of operation, the clock, comprised of individual gears with specific function, will not work effectively or efficiently if every gear does not perform its task. When evaluating the work of an SAA to assign success or failure, the evaluator must first determine which sphere of administration is being examined. Is it the policy sphere? human resource sphere? culture and diversity sphere? art education sphere? administrative program and services sphere? political environmental sphere? fund development sphere? public art sphere? research sphere? etc.? Each of these spheres will have different tools to assess and measure that sphere’s success or failure, efficiency or inefficiency. Each sphere will have assessors and administrators who will best be able to inform other administrators in different units about the most appropriate tool to evaluate that particular sphere.

Following Walzer’s “Spheres of Justice” model, SAAE operates in “spheres of administration” that includes culture and cultural policy, fund development, marketing, community development, professional development, civic and formal education, etc.,” as sub-systems in management. Moreover, these spheres will operate independently and in unison depending on priorities set by the agency and its officials. SAAEs will have to determine which spheres of administration it will choose to evaluate success and/or failure prior to the beginning of a fund development initiative. SAAEs will also have to be transparent in their operation and educate those stakeholders and others in how to align and apply those criteria in evaluation of success and failure. Arguing for inclusion and transparency, Moore & Moore (2005: 86) asserts “Given the nature of the encounter,
satisfied customers need not necessarily get what they want, but they must feel they have been treated fairly with courtesy and respect.” SAAs, therefore, must define which aspects of culture, art education, staffing, administration, etc., are the best starting places. While also recognizing that it must assess every subsystem or sphere within its operations to determine capacity building and stability areas in order to achieve income for its CTE, CTF or CFO.

Social Pluralism operates through spheres of administration while asking developing goals to appeal to multifaceted groups and departments. It is not a matter of choosing the elite organization over the populist ones, rather to address the question of how are we serving all groups and organizations through our administrations and programs. Each SAA will define its own spheres of administration, the following serve as examples of sphere that should be address and the types of information to be considered for review and goal setting during implementation. These spheres are of Culture and Cultural Policy, Leadership and Staff Development, Spheres of Fund Development and Assessment, Sphere of Public Arts Management, and Sphere of Politics and Politicians. The following are not presented in any particular order, each SAA will prioritized and name other spheres that are connected to their fund development initiatives. The following serve as examples that includes research scholarship, staff expertise, and cultural assessment knowledge and field experiences.

**Sphere of Culture and Cultural Policy**
Filicko (1997) informs her reader that “culture” has an ambiguous meaning as understood by the American public. One role of SAA has been to preserve American and state culture as related to the arts and “the quality of life.” Each state, however, defines its own “culture” and its own definition as to the meanings of the word and concept. Some states choose to include ethnic and other diverse groups in their definition of culture while other states focus on the “fine arts.” Defining an organization’s administrative culture may also be included into this discussion about what culture means to Americans. Explaining the role of the public in administration, policy, and culture development, Filicko (1997: 3) writes

. . . cultural politics can become a very different sort of policy arena when we consider the relationship between the mass public, influential elites, and decision-makers. In general, it seems safe to assume that policy maker, elites, and the masses (at least those who are interested in the policy discussion) share assumptions about the parameters, terms, etc. of the policy discussion. When discussing some areas of cultural politics and policy, it is not always clear that this is the case. . . .[T]he public holds the policy-makers accountable. Public opinion may serve to define the parameters within which policy-makers can work, may highlight the resonance of specific issues, or may simply indicate a satisfaction with the status quo. In any case, policy makers need to be aware of the public sentiment on any set of issues –what opinions are held by the masses, as well as how strong, consistent, and stable these opinions are.

What different theories [and/or philosophies] of democracy (e.g. pluralist, elite-centered, participatory) argue for different roles for the mass public, all assume that there is [italics Filicko’s] a role for the public in the policy arena, even if it is only to maintain an electoral check on policy makers.
The general public has a role in determining who policy-makers and to whom they are accountable even in fund development implementation. Therefore, SAAs must adequately assess the roles of the public and its relationship to SAA operations including fund development.

In times of financial difficulty, the public and policymakers are more aligned in their thoughts to reduce the arts than in times of national grow and stability. In times of potential growth, SAAEs have not recognized those times and more importantly have not been ready to solicit income from private and corporate entities. The role and influence of the public has been vastly underestimated in the administration and distributions of grants. In most states, the arts public participate more administrative and lobbying processes associated with advocacy, service, education, grants distributions, and therefore, are more likely to organize to influence the design of SAA arts programs and services. In this way, the Premiere Eight, aka ArtCo, decided to seek its own funding until instructed to work as a collaborative to garner group support by Delaware’s State Secretary. ArtCo began as a community-based action to support the elite arts organizations. They also had to recognize that other groups could organize through programmatic interests such as arts education; public, neighborhood, and community arts program; architecture; community outreach activities, artists in the schools, technical assistance programs, and so on. What, in some instances, may appear to be redundancy in agency operations may very well be demonstrative processes designed to include new and developing units within that organization. In essence, some redundancy is necessary to bring subsystems into alignment, agreement, purpose, and professionalism with other
units of operation. Positive and negative social capital must to be managed through subsystems and spheres in administration associated with the organization and with potential partner organizations.

Most American politicians and citizens, according to Filicko (1997: 18), speak of culture and art as “part and parcel of the same thing” which they are not. “Nevertheless,” explains Filicko, “if a respondent is asked something about culture, it can not be assumed that he or she is giving an answer about art, or vice versa.” Americans’ view of culture exists on multiple levels and correlates directly to how SAA defines its state’s cultural policy and develop its programs (Fliciko 1997, Rosenstein 2006). Also related to culture and fund development are the inclusion of cultural heritage groups from indigenous and ethnic cultures such as Native American, Appalachian, African American, Gay and Lesbian, Asian people, etc. Filicko (1997: 8) contends that multiple factors exist in determining the role of art in community development, community endorsement, community education, business and economic development, and information sharing related to “quality of life.” SAA staffs must understand that multiple spheres exist for their administration and delivery of policy, art education, culture and diversity, technical assistance, etc., to their arts constituency, and that these spheres will have different evaluation techniques and methods for communicating assessment goals and success to their public. In Delaware and Indiana, the SAAs staffs were involved in re-establishing and inventing links through arts development and capacity building. The results in both cases were a stronger and more supportive arts environment through increased funding, public awareness, and interconnectivity. Yet due to a long standing history of leadership
and innovation, the SAA in Ohio had created a strong arts environment through arts programs and research.

Balfe & Peters (1999) explain that the role and perceptions of the role of the public as assigned by artists, arts educators, and arts administrators has to change in order to meet future challenges concerning the arts. SAAEs must assume more pro-active roles in informing the general public about their own success and evaluation measures. In turn, the public will develop expectations based on information provided, rather than critiquing evaluation processes for determining success and/or failure. Balfe & Peters (1999: 81) asserts:

No longer can we only describe and differentiate an audience for the fine arts versus consumers of the popular arts. Rather, all those involved must be understood as participants in the production of the arts’ meanings, and therefore in their public purposes. This calls for a reexamination of traditional assumptions about how involvement in the arts serves the public purposes.

Balfe & Peters are correct in their recognition that the arts are more encompassing of other definitions than the simple dichotomy of fine versus low art. However, this dichotomy reserves a high place in the conceptual context for raising funds. Multiple authors explain that controversy over the meaning of culture has lead to paradigm shifts via re-evaluation, ideology, and invention (Hodsoll; Filicko; Balfe & Peters; Rainey). These shifts provide opportunities for new players, as experts in other fields, to enter this discussion with their own opinions for assessment and review of the arts. Lowell (2004: xiii) contends
Many SAAs made significant programmatic changes, such as introducing folk arts and “expansion arts” grant programs that targeted rural and minority ethnic communities. Many also either introduced or directed more resources toward programs for community-based artists and for arts education. . . . But although most SAAs expanded their definition of the arts, and many allowed greater local control over grantsmaking, SAAs as a whole continued to focus on arts production rather than consumption. And the political impact of the changes they introduced was disappointing: Local arts councils received much of the credit for regrants through the budgets of decentralized agencies, and community-based artists and arts organizations did not turn out to be an effective lobbying force. At the same time, many of those who believed firmly that preserving and nurturing the high arts should be an art’s agency’s first priority began losing their faith in SAAs.

Two of the three cases began their fund development appeals with focus on maintaining and preserving the elite or the largest cultural and arts organizations in Delaware and later in Indiana. Ohio, under the long-tenured leadership of Dr. Lawson, maintains a pluralist stance to support arts development in all segments of state and international cultures based, in part on, cultural assessment information collected in SOAR, Ohio’s state of the arts report. The dichotomy between populist vision of the arts and the elite view of the arts has begun to “straddle this ideological gap” (Lowell 2004). Culture and art have multiple dimensions and meanings in public understanding. Although these two terms are sometimes used synonymously, they often denote separate and diverse meanings. Public administrators and consultants working with public agencies must begin to understand the variety of meanings associated with culture as related arts programs and services design, fund development, and policy development.
Barsdate (2001) supports collaborations and partnership formations because these lead to new discoveries in policy innovation and meanings. Her skillful use of the terms “arts policy” and “cultural policy” are interchangeable at times, and independently used at other times, illustrating the complexity link to the meaning of arts versus culture. Some authors even suggest that the terms “culture” and “heritage” share similar paradoxes in their use. Rosenstein (2005), in *How Cultural Heritage Organizations Serve Communities*, reports that ethnic groups support cultural arts via cultural organizations and activities intended to preserve ethnic group heritage as it co-exists with American heritage. Cultural heritage arts fall into the populist view and often receive less recognition and funding from SAAs. Rosenstein provides multiple reasons for perceptions that view cultural heritage arts as lesser forms of art which include limited arts staff with expertise, limited administrative and fund development infrastructure, and social environments through which the arts operation.

Ethnic groups and individuals preserve cultural heritage primarily through cultural heritage organizations that are dedicated to an array of social, cultural, religious, and educational activities. Too few public arts agencies design capacity building initiatives for cultural heritage organizations in the same ways that they do for other arts organizations. Rosenstein explains that although the primary activities of cultural heritage organizations include festivals, concerts, fashion artist contests, dancing shows, etc., these organizations define their primary missions as education and preservation of ethnic culture and the arts are only one component of cultural preservation. As the general
public is comprised of multiple communities, the definitions of community have change and therefore definitions of the “public” have also changed. Rosenstein (2005) writes

A sense of community is not something many of us can take for granted any more. Yet across the United States, nonprofit cultural heritage organizations are helping people to remember and celebrate their shared experiences, traditions, identities, struggles, and aspirations.

In the sphere of culture and cultural policy related to fund development, SAAE must understand that vast variations and ambiguities are associated with defining “culture” and “art.” Therefore, they must construct definitions that address plurality in populations and fund development strategies that meet the interests of multiple ethnic, racial, social class, political, and gender preference groups. SAA staffs and commissions must develop marketing, public relations, granting strategies to promote the agency and its governing philosophies related to pluralism. Agency assessments in addition to statewide arts cultural assessment are components of fund development and donor prospect research.

Each administrative subsystem must assess both its agency and cultural heritage programs and services to correctly identify prospective donors and supporters of fund development initiatives. Just as one saying goes “everyone is an artist,” it also holds that everyone is a critic of the Arts and arts management at SAAs.

Plurality in definitions of art and of culture as understood by the public, politicians, and arts administrators have additional implications for public involvement in administration and fund development. Even before a SAA begin to construct policies and legislature to support a PAE implementation, SAA commissions and administrators must first define their organizational meanings related to cultural development to serve both an
arts and non-arts public. Strategies that seek to benefit only the larger organizations in fund development run a high risk, even before a fundraising campaign is initiated, of alienating potential political supporters and financial donors. Also true if SAAs create programs and services catering only to small emerging contemporary, avant-garde, and multicultural arts organizations, and artists, then those SAAs will also be limited by those choices. SAAs’ executive directors, their commissions and staffs must design programs to capture the imagination via plurality and ethnic diversity in their arts education, public arts, technical assistance, and community development when implementing fund development programs.

**Sphere of Leadership and Staff Development**

Public arts administrators must be aware that in some cases, program specific goals will conflict with overall organizational mission and with other state agency program goals. Not to panic, a skilled ED and staff will recognize conflicting paradigms as opportunities to create, to balance, even when harmony is not likely, and to respond positively new sets of challenges. Conflict and challenges for arts managers and EDs, who understand spheres of administration and plurality, will increase the professional’s ability to plan more effective administrations and policies that integrate political influence, evaluation, human resources, project management, technical assistance, diversity, and education into fund development strategies. Fundraising, as a goal, mission, and/or campaign, includes the context for change.
Individual and corporate donors will consistently be reminded by peers and others that they give to government through taxes and other levies. SAA EDs, commissioners, and program staff must articulate the benefits of giving to a PAE in language for patrons to be capable of re-articulation of the PAE’s programs, goals, and missions. Potential donors will have the same language to educate their peers about reasons for their gifts to support arts development and the state’s cultural heritage. From SAA sponsored research and reports like SOAR in Ohio, politicians and policymakers must be able to adapt PAE goals and objectives into sound-bites for endorsing arts development and matching appropriation requests. In order for endorsement of a public arts funding initiative from public school administrators and Parent Teacher Associations, cultural assessment research will need to be able to translatable into language that educators and NPAO administrators can use to garner support for the PAE. Some SAAEs have not yet realized that fundraising is an organized and logical process in the creation and implementation of PAE strategies and agency goals.

Neither have SAAEs understood that a fund development campaign will not remain under the public’s “radar” when legislation is passed and large donor gifts are proffered and received. Expertise in fund development, media relations, technology, and arts programs and services development will be required in the short-term and long-term effort to raise an endowment. Moreover, even when individuals or groups are assembled to coordinate planning and implementation, SAAs leadership and senior staff must integrate fund development strategies at every level of agency operations and subsystems. SAA staff, commissioners, and auxiliary boards must be capable of facilitating
discussions associate with culture, public policy, and fund development to satisfy public inquiry. The best example of constructing, articulating, and delivering a unified fund development message occurred in Delaware where staff, auxiliary boards, and ArtCo members delivered the same message to potential donors.

After the Culture Wars of the 1980s, SAAs and other public agencies have attempted to address and define what a “new” leadership in the arts would be. More proactive and fiscally responsible EDs and senior staff have been hired. However, most SAAs still have not address the fundamental issues associated income and program designs. The Culture Wars made public and nonprofit arts administrators more aware of alternative and complementary funding options. As policymakers at both federal and state levels, under mandate for the general public, pushed for more fiscal accountability from public arts administrators, CFO, CTE, and CTF introduced as long-term leadership strategies to support alternative funding, but strategic planning treated alternative funding sources as bandages to address short-term challenges. For most part, SAAs did not integrate fund development strategies throughout their operations and did not plan for staff or budget adjustments/increases over times; in other words, states agencies have not build capacity to raise funds before they began to solicit patrons and donors for gifts. On increasing organizational leadership, DeVita, Twombly, and Fleming (2001: 19) explains

To build capacity in the leadership component of nonprofit organizations, two factors must be considered: (1) enhancing existing leadership, and (2) developing new leadership. Working with existing leadership can take a variety of forms. Administrative and procedural policies can be reviewed and updated to streamline and better reflect environmental conditions. Training can be provided to staff and volunteers
to upgrade skills or promote team-building efforts. The organization can also formulate a board development strategy to review the functions of the board and help individuals understand and fulfill their roles and responsibilities as board members.

Identifying and developing new leadership is akin to the sustainable development process. Without an eye toward the future, the present leadership runs the risk of becoming outdated, obsolete, and depleted. Not only must new leaders with new ideas and energy be brought into an organization from time to time to stimulate and invigorate the work, but also current leaders should also be aware of the need to mentor the next generation of leaders. Organizations, like individuals, pass through developmental life cycles. The ability of the nonprofit sector to renew and sustain its work can only be met through a pool of younger people who have been prepared and groomed to carry on the activities in future years.

The effectiveness of learning communities, facilitated discussions, and new staff depends directly on a SAAs’s leadership’s ability to view the organization from a future perspective.

In 1996, the IAC and its commissioners made bold gestures toward re-invention and incorporated new staff positions and new financial resources development. However, the IAC did not seat an auxiliary board for its fund development until seven years after legislation has passed, did not utilize new community development staff hired for technical skills and philanthropic studies knowledge, and did not integrate regional arts partners into its fund development strategy. Multiple reasons exist for the agencies inability to seat the auxiliary board that included inaction on behalf of the Governor, the death of a board member, etc. Nevertheless, the fact remain that for seven of the ten years
since the legislation, the committee charged with ICTF oversight was inactive. Moreover, because IAC commissioners serve three year terms, many of the original commissioners who help to develop 1996 Strategic Plan and Direction with Wolf, Keens & Company were no longer present on the board was the fund development committee was fully seated. Therefore, the leadership in Indiana lost valuable volunteers with institutional history that may have advanced the ICTF’s policies and income.

In Delaware, the formation of DASF then ArtCo was a five year process that resulted in a financial target of $21.5 million and flexible legislation to allow DDOA fund raising capacity should a future situation requiring fund development becomes necessary. However, the ED, the DDOA Board, ArtCo’s Board of director, the Governor and the State Secretary, all endorsed the planning and implementation for the DASF, as well as permitted DDOA staff to use agency resources to facilitate. Unlike the IAC, DDOA validate its staff as in-house expertise and hired consultants to assist in DASF development plan. Also unlike the OAF, ArtCo developed transitional plans to include a temporary ED who would administrate the transition of the fund to DCF management once the goal had been reached. The OAF and OAC will need to address who succeeds Dr. Lawson as a part-time volunteer senior administrator with part-time clerical support. To date, the OAF has benefit from the experience, knowledge, and social capital of the former ED and strong arts environment. Yet, it can not be predict as to how state arts culture will alter once Dr. Lawson retires completely from arts development in the state. His current successors at the OAC are capable and trained as administrators under his tutelage, yet the question remains for the OAF: Who replaces him?
Leadership at public agencies are influenced by many factors to include political and social environments internal and external to an agency. As often as the government changes through election processes, the political and social context for fund development practices and strategies can also change. Even with skilled public arts administrators on staff, elected officials and appointed commission members can set new agendas and directors for the most insulated and efficient fund development initiative and agency operation. Within the past calendar year, both the OAC and the IAC have changed EDs and those new personalities are defining and re-define existing relationships and strategies linked to fund development and other agency operations. The “eye toward the future” will involve identification of mentors and apprentices who will help to secure financial, social, and political infrastructures in statewide arts development.

Government and NPO practices related to human resources are not the same. However, arts agencies hire candidates and nonprofit consultants from the same resource pools. In *The Talented and Diverse Leadership We Need: Developing the Nonprofit Sector Workforce for the 21st Century*, Schmitz and Cryer (2005) argues that the NPO sector has not developed a workforce to achieve and address community needs and civil society. Schmitz and Cryer (2005) posits

The nonprofit sector comprises more than 1.1 million registered organizations, employs more than 11 million people (and the equivalent of 5.7 million full-time volunteers), and generates annual revenues exceeding $1 trillion dollars. Nonprofit organizations are essential tools for addressing community needs, advocating for community and social change, and engaging citizens in democratic problem solving. Yet as large and critical as the sector is, little infrastructure exists for recruiting.
retaining, and developing the skilled, committed, and diverse workforce and leadership the sector needs to succeed in decades ahead.

The same can be said of public arts organizations. Due to the political natures of SAAs’ commissions and boards, most do not have institutional history of fund development implementation and growth or have organizational practices to support fund development activities. Though often believed to be the same, grants distribution management differs from grants receivable management. The collective practices of SAAEs demonstrate that most do not understand the potential of fund development implementation to affect every aspect of leadership from policy formation to implementation to delivery of programs and services. Fund development activities at SAAs remain in the exclusive domain of a few individuals who design policies through hands-on trial and error action research. For the most part, SAAEs have not learned to include their stakeholders in planning processes such as the ones in Delaware, Texas, Arizona, Oregon, and Florida.

**Spheres of Fund Development and Assessment**

Fundraising, like any other sphere of administration, has its own tools and techniques particular to that sphere in operation. The design and revision of administrative programs, services, and practices are necessary to implement and sustain a fund development program leads to interactive intellectual and human capital.

Transaction cost, cost benefit analysis, statistics, mission/goal, competing values, internal versus external process, random experience designs, human resources evaluations, etc., all of these evaluation tools can and should be utilized by SAA administrators to inform their publics about successful activities and organizational challenges. However, every
tool will not serve as an instrument for evaluating success or failure in some administrative spheres. A cost-benefit analysis on creative writing programs at local community centers will not serve well to inform the public of the intrinsic and educational benefits associated with a youth’s or and adult’s development of listening, writing, and/or self-appreciation skills. The evaluation of creativity, education and outreach may reveal that the programs are necessary for youth adolescent development and for adult pride in a particular community.

Policy doctrines designed through a fund development framework demonstrate adaptability and authenticity in their appeal to multiple individuals and groups simultaneously. Evaluation processes with established and promoted procedures lead to enhanced program designs and assessment measures that, in turn, lead to better research on arts and cultural activities and organization. Determining success or failure of SAA’s programs and services through multiple spheres subsequently enhances fundraising efforts and provides EDs, staffs, and commissioners with means to promote and inform the public of its comprehensive role in arts development and cultural policy formation. Assessment strategies through administration spheres provide both arts and non-arts organizations with opportunities to participate in evaluation research. While educators may be able to design the right tools as education experts, they will need to work with marketing and outreach specialists in the design of “right” assessment tools, reports, and types of analysis needed to generate support from politicians and funders of education agendas. Similarly, only experts in cultural diversity policy will be able to translate
topical issues in terms related to multicultural education, inclusion, and diversity into contexts to satisfy policymakers and educators.

Analysis through spheres of administration highlight specific arts and ethnic practices founded only in neighborhoods and communities and provide research data for arts program develop and fund development through the identification of unique community component. The OAF, as outlined by Dr. Lawson, already used research on local communities to recruit patrons and donors for its international programs. Therefore, these same patrons and donors may eventually sponsor and participated in other fund development activities and events. When donors are introduced, educated, and recognized for their financial and symbolic roles in arts development, they eventually become financial donors of other arts programs as if donors of field of interests and donor advised funds housed at community foundations, such programs include inclusion and diversity, professional development, art education, artists support, international research and exchanges, etc. The equivalent to prospect research in government is cultural assessment and inventory of the people and cultures living in a state. Instead of individual donor research, SAAEs must collect data and use evaluation to appeal to groups of donors as prospects for both symbolic and actual support. SAA fund development goals must be aligned and integrated throughout an agency’s operation when implementing fund development infrastructures. Program, community development, technology, public relation, and senior staffs must also work through collaborative management approaches to identify local, regional, and national individual, corporate, and foundation as donors for agency programs and services. An agency’s
ability to increase civic participation through local, regional, and national research projects increases that social capital and intellectual capital to support public fund development in the arts.

SAA public administrators must first address public perceptions of art, culture, and administrative theories and practices as well as how they converge in fund development, management and planning for success and evaluation. Secondly, SAAs must also address their functions and roles in shaping arts and cultural heritage policy at local, regional, national, and global levels. Public involvement in the arts assumes diverse roles and changes functions continuously. Multiple tools and strategies in fund development initiatives co-exist in positive and negative arts environments. The management and integration of civic and public educational activities with professional development opportunities for educators, program designers, and public administrators to interact is also related to fund development and Social Pluralism. SAA staff and stakeholders must feel included in arts development activities that are directly related and unrelated to fund development. Staff, commissioners, and volunteers must therefore assume roles as facilitators, mentors, and educators in cultural investment, especially if the ultimate intend is to develop financial capital.

**Roles of Administration in Public Arts Management**

Hillman-Chartrand & McCaughey (1989) describe the arm’s length principle in arts management as associated with four roles in administration of art at the national level. This same arm’s length concept and roles for administration also apply in SAA
and municipal arts operations. Understanding theoretical roles for administration in the Arts can inform administration operating at the all government levels. Public arts administrators need to possess knowledge of as many tools and viewpoints about administration and evaluation as possible. This knowledge will help SAAs develop the right performance measures to evaluate the success or failure of fund development administration. The arm’s length principle in management operates as a supporting philosophy in law and government. Hillman-Chartrand & McCaughey (1989: 44) writes

The arm’s length principle is arms’ length principle applied in law, politics, and economics in most Western societies. The principle is implicit in the constitutional separation of power between the judiciary, executive and legislative branches. The principle is also represented in the division of powers among agencies of government in federal states . . . .A trustee manages the assets and informs the official value of the account, but keeps other information confidential. Treasurers, auditors, and evaluators in major corporations and government departments are also at arm’s length from the activities they scrutinize. They generally report to boards of directors and are free from control by senior management. In a similar fashion, ombudspersons appointed to ensure access to information, personal privacy or human rights must work at arm’s length.

The relationship of SAA’s from the Office of the Governor and State Secretary varies in each state. In Delaware, the DDOA reported to the Secretary of State who participated in the governor’s cabinet. The DDOA also had an advisory board of directors for its arts division. By the completion of the targeted goal for DASF, ArtCo had created a separate 501c3 organization of the same name. Through the creation of a separate foundation to be housed at the DCF, ArtCo became double arm’s length from the Office of State and the
Governor. Leadership that is twice removed from daily management and decisions of an agency is described as “double arm’s length principle.” In fact, the 501c3 status removed the fund from government control all together. As a partner organization in ArtCo however, the DDOA receives annual subsidies to support smaller and emerging arts organizations.

Double arm’s length practice also serves to insulate politicians and agencies from potential controversy at lower levels in state and federal government. Presently, SAA enjoy a double arms length practice from Congress and are distanced from localized campaign issues when state politicians seek federal senate and house seats. Double arm’s length occurs when a governing organization demonstrates independence and distance to make daily decision about its operations and policies. In Ohio, the OAF is arm’s length from the OAC and double arm’s length from the Governor and the General Assembly due to its private foundation status. Even with the separate 501 c3 status, this companion foundation remains connected to political process through the sharing of former OAC board leaders and staff as volunteer administrators. The two entities as sibling organization sharing the same mission will also be affected by controversial issues regarding the arts. Additionally, both organization can be affected by controversial arts activities at the municipal and federal levels should future episodes resembling those that sparked the Culture Wars exist again.

The arm’s length principle applied in Indiana is more complex. In the early formation of the IEA in 1971, founding board members attempted to establish Class A and Class B directors in its articles of incorporation to maintain an arm’s length
relationship from the General Assembly and the IAC Commission. In a similar way, an auxiliary fund development board was created in ICTF legislation. However, because the auxiliary board remains under the rubric of the IAC, its actions are only arm’s length from both the General Assembly and the Governor’s office. However, the participation of the State Treasurer on the auxiliary board and the appointment of other members to the board by a governor, the auxiliary also remains arm’s length from the governor’s oversight. The “arm’s length” concept increases in importance when related to fund development. Due to the nature of government, politicians and policymakers seek accountability in evaluation of public agencies, therefore entrepreneurial management behaviors and concepts in state agencies is rarely utilized. A pure separation of governance and management is often not practical in SAA. This is especially true when appointed commissioners’ view their primarily roles as day-to-day managers who are primarily responsible for SAA management rather than oversight of hired managers and staff. Additionally, an SAA or committee may believe itself to operate at arm’s length or double arm’s length in government, and then realize that this may be the case in one sphere or administration like fund development but not the same case in the sphere of policy development where control reverts to elected officials.

SAAs have enjoyed arm’s length relationships with the NEA and a double arm’s length from Congress. During the Cultural Wars, some SAAs expressed interests in receiving direct line item appropriations from Congress through block grants. Delaware’s Premiere Eight took a similar stance that began its endowment formation process. If Congress had chosen to eliminate the NEA and authorize block grants as direct
allocations to SAAs through line item budgeting had occurred, then changes in direct reporting requirements through additional oversight measures and increased regulations, SAAs would have been accountable to both federal and states governments according to federal policy and Congressional accountability for tax dollars would have placed those SAA in direct conflict with state government, thereby making more complicated tracking of funding for both federal and state accountants. SAAs presently enjoy arms length distance from the NEA and double arm’s length from Congressional interference. The relationships and roles for sub-committees and auxiliary boards pose similar problems in arm’s length application. While auxiliary boards often have options to act independently as in Indiana, they often function as subcommittees of the larger Commission. Public arts administrators often choose roles of facilitator, patron, architect, engineer or some combination thereof. Hillman-Chartrand & McCaughey (1989: 48-49) defines these four classic administrative roles for government agencies operating at international and national levels.

In brief, the Facilitator role is concerned with the promotion of the fine arts and with diversity of the amateur arts. This role seeks funding diversity through tax expenditures, corporate donations, and individual contributions to support its programs. The Facilitator supports the process of creativity rather than specific types of arts (Chartrand-Hillman & McCaughey: 48) and relies on tax dollars to support its programs. The Patron funds the fine arts via arm’s length arts councils. The Patron state is operated by a board of appointed trustees--often known as a commission or council, and “supports the process of creativity, but with the objective of promoting standards of professional
artistic excellence” (p. 49). Its funding is allocated through designated support to arts activities, artists, and arts programs of its own choosing, e.g. grants distribution management. The Architect, a third role, funds the fine arts via a ministry or department of culture. The Architect “tends to support the arts as part of its social welfare objectives” and granting decisions are generally made by bureaucrats in support of specific community ideologies rather than professional standards of artistic excellence (p. 50.) The Engineer, the fourth role, supports only art that meets its political standards of excellence (p. 51). Government officials determine who the artists are and what artistic standards reflect political ideology of the empowered leadership. Elements of all four of the roles exist in state arts governance through auxiliary boards, commissions, policy construction, and program design.

Hillman-Chartrand & McCaughey also recognized that these roles blur in practice. The ability to understand a variety of roles and the limitation of each when implementing fund development strategies is necessary. EDs, commissioners, and SAA staffs must be flexible and have the ability to recognize and adapt these roles when creating appeals to support fundraising. Even as the ED position “serves at the pleasure of the governor” and of the commission appointees, his or her position must be flexible to adapt to broad and multifaceted constituencies. Similarly, SAA staff needs discretionary levels of flexibility to synthesize staff roles and functions in practice. Evaluation criteria and tools use to determine success or failure, based on the roles of the SAA public administrators, commissions, and volunteers, will also inform the agency’s ability to solicit donations and gain statewide support from neighborhoods and local communities.
The theoretical distinction of how these roles operate separately is helpful as philosophical constructs to describe potential outcomes and restrictions in arts development. However, skilled SAAs’ staffs understand that in practice these roles converge and are re-invented based on context, social environments, and stakeholders present. To that end, SAAs’ agency and staff behaviors, programs, services, practices, and cultural heritage policies also inform success or failure of a fund development initiative.

**Sphere of Politics and Politicians**

The most obvious sphere in public policy administration is the sphere related to politics and politicians and yet it remains an area of administration that is least planned in government administration. SAA administrators, in part due to arm’s length principles, prefer to remain off the radar of politicians and policymakers that could target the agency’s resources in policy authorizations and during election processes. Other spheres in administration like public relations, marketing, and web development are connect to this sphere. Some SAAs are changing management practices and approaches about art and culture, political leaders, arts communities, and the public. Lowell (2004:3) writes “These changes include more active efforts to engage with political leaders and the public, a sharper focus on core missions, more strategic grantsmaking, and perhaps, a shift away from the grantsmaking role toward a complex combination of roles . . .” Lowell (2004) also contends that more policy makers are aware the need to develop managerial infrastructures that assist public administrators in agencies work. However, a significant
number of SAAs continue attempts to veil themselves for public critique and controversy. In The Arts and State Governments: At Arm’s Length or Arm in Arm?, Lowell & Ondaatje (2006) explain that SAAs have insulated themselves from public critique and controversy by continuing to operate through dated procedures while a few have worked with political leaders to their administrative practices. Lowell & Ondaatje (2006: x) contend

SAAs are governed by boards of politically appointed volunteers who are authorized to set agency policies and allocate agency resources. Paid staff, led by executive directors, administers SAA programs and help their boards formulate policies. Volunteer panels of outside experts provide advice and recommendations.

SAAs were set up this way to ensure that arts grants would be awarded for artistic and technical merit rather than on the basis of political, ideological, or personal preferences of elected officials. . . . Through mechanisms such as advisory panels, members of the arts community help determine SAA policies, design SAA programs, and decide individual grants. . . . But this relative insulation of SAAs from politics has come at a price. Their visibility within state government is low, and state political leaders appear not to understand how SAA programs and activities benefit those outside the arts community.

Creating balance between lobbying and advocacy is complex and complicated. SAAs commissioners and staff have not wanted to appear to be lobbying for specific outcomes through frequent interactions with political leaders and therefore have constructed fences to prevent frequent interactions with political leaders. Even with the recognition that political leaders and policymakers are necessary for policy authorization and appropriation increases, SAAs have not developed information delivery and sharing
processes that will help them identify allies and adversaries participating in the sphere of policy and political leaders (Moore & Moore 2005).

In fund development initiatives where legislation is produced and achieved, the interaction of SAAs, policymakers and political leaders is crucial. In Delaware, the DDOA, advised by the State Secretary, negotiated the political aspects fund development. Also, ArtCo’s board chair appealed directly to the Governor for his approval to raise the $1 million over five year match to $2 million (Sapadin 1999). In Indiana, former Statesman Goodall lead the behind the scene effort to write, design, and identify policymakers who would author and introduce the bills in both the senate and house in hopes that one version of the bill would survive. The senate version of the bill was eventually withdrawn in favor of the house version that later became law. In addition to political appointments in Ohio, the OAC board reserves four seats for current policymakers, two from each the House and Senate.

**Program Design in Public Arts Endowments Development**

Not all spheres of administration are known at the beginning of a fund development process, some remain unknown until assessment and evaluation are completed. The totality of all the spheres can be aligned and grouped under four categories of capital: (1) Social Capital, (2) Intellectual Capital, (3) Human Capital, and (4) Financial Capital. Evaluation should occur in each sphere of administration to informed public administrators in each stage and design of internal and external assessment, capacity building, stabilization and sustainability in the endowment building
process. Assessment research involves both agency operations and cultural heritage to include ethnic and racial groups located in the state. From this information, the groups and special interests of politicians and policymakers will inform administrators about where its programs and services should be initially concentrated via geographic locations, cultural heritage organizations, and artists. In the capacity building stage, program design occurs on two levels. The first level will focus on PAE requirements and components needed to support the SAA, meaning legislature issues, articles of incorporation, auxiliary boards, volunteer committees, collaboration arrangements, staffing and volunteer management, fund management, financial targets and goals, etc. The second focus is the re-engineering of existing arts programs and services to become magnets for field of interest donors and also to incorporate fund development objectives. Program design will also utilize information from internal and external agency assessment processes to determine who else needs to be included in planning and implementation while building agency capacity to raise and be good stewards of donor gifts. Understanding capacity building requires also that public arts administrators acknowledge that they along with the agency lead the development of social, intellectual, and human capital at the same time.

SAAEs will increase their use of all the tools available to government and nonprofit fund development through the mix and match of fund development vehicles like bonds, taxes, license plates, merchandising, special events and dinners. Yet, the hope is that clear conceptual frames will be developed through my research to assist in strategy creation for fund development initiatives. The following chart summarizes several
overlapping strategies, goals, attributes, and fund development techniques to illustrate
distinct categories with classification and function for CTEs, CTFs, and CFOs. When
critiquing all endowment formats, it is convenient to identify them as public arts
endowments (PAE). Most PAE share more similarities than differences in administrative
strategy development. It is in the design of administrative systems and subsystems,
infrastructures, that legislation authorization or via 501c3 status informs the limits of
what can be achieved in what space of time. Recommendations for naming funds at
SAAE and their attributes, strategies and fundraising vehicles are intended for future
policymakers and SAA staffs when developing administrative infrastructures. These
recommendations do not serve to suggest right or wrong methods of previous fund
development efforts throughout PAE formation and implementation.

This investigation narrows the gaps that exist in understanding the differences and
similarities in how income is raised for a CFO versus a CTE or CTF. Most research
suggests that policymakers, SAA officials, and commissions have simply collected
income from taxes, bonds, user fees to hold in trust, and that they have not design
programs to utilize NPO strategies merchandising, event hosting, grants applications, etc.
Policies, in turn, have also developed as public laws they do not always address
administrative practice. In the attempt to separate government practice from nonprofit
practice, some SAA established separate 501c3 sister foundations and have contracted
CMF to manage and invest financial portfolios. In other states, the fund management
accountability is under the purview of the Office of the State Treasury.
<table>
<thead>
<tr>
<th>Type</th>
<th>Attributes</th>
<th>Strategy/Goals</th>
<th>Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Name Only</strong></td>
<td>Name only</td>
<td>General SAA function to preserve, promote and supports arts and culture</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Example:</td>
<td>Hawaii Foundation on the Arts</td>
<td></td>
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</table>
| **II. Cultural Trust Endowments (CTE)** | ± Intent to replace state appropriations  
± Seeks a corpus of 50 million or more  
± Funds project, capital, and operating expenses  
± More stable in changing political climates  
± Generally housed in arm length or independent SAA  
± Utilize private/public partnerships in research and fund development  
± Has auxiliary fund development boards are more balanced with civic leaders and government appointees  
± Requires state legislation | ± To replace and/or minimize future state appropriations to support state arts and culture  
± Operates more independently like 501c3 parallel foundation  
± To include as many representative types of arts organizations, ethnic and racial arts as available for planning and program development  
± Tend to utilize multiple partnerships and collaboration techniques in research and fund development | ± Tend to diversify financial resources into balanced public/private financial portfolios  
± Heavily dependent on government vehicles with some research and collaboration grant support from foundations  
± Uses matching grants from regional and local foundations |
| Examples:                   | Texas Arts  
Arizona  
Delaware Arts Stabilization Fund |                                                                               |                                                                          |
| **III. Cultural Trust Funds (CTF):** | ± More temporary structures with long-term intent  
± Based more on public policy concepts of trust funds requiring government oversight  
± Seeks to establish a PAE corpus of 10 to 50 million | ± To supplement state appropriations in support of state arts and culture  
± Operates less independently with heavily administrative government appointed auxiliary boards | ± Government funding mechanism such as license plate sales, corporate fees, entertainment taxes, income tax check-offs  
± Public property sales of land and surplus buildings |
| Example:                    | Indiana Cultural Trust Fund                                                |                                                                               |                                                                          |

Table 6: Public Arts Endowment Attributes, Strategies, and Vehicles
Table 6: Continued

<table>
<thead>
<tr>
<th>Type</th>
<th>Attributes</th>
<th>Strategy/Goals</th>
<th>Vehicles</th>
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<tbody>
<tr>
<td><strong>III. Cultural Trust Funds (CTF): continued</strong></td>
<td>± More vulnerable to political influences and directions of elected officials and hired state personnel</td>
<td>± Focused on policy development to support agency and governor’s goals for the arts</td>
<td>± All government and NPO vehicles</td>
</tr>
<tr>
<td></td>
<td>± Auxiliary fund development boards with appoint majority appointed members by elected officials of his/her representatives</td>
<td>± Could invest more resources in partnerships and collaboration formations with arts constituents to meet research and fund development goals</td>
<td>± Annual and biannual fund development campaign processes</td>
</tr>
<tr>
<td></td>
<td>± Subjected to frequent legislature changes and updates to fit political climates and fund shortfalls</td>
<td></td>
<td>± Variety of public and private financial and other leveraging resources</td>
</tr>
<tr>
<td><strong>IV. Companion Foundation (CFO)</strong></td>
<td>± Permanent independent sister foundations with 501c3 strategies</td>
<td>± To supplement and support SAA missions and objectives</td>
<td>± All government and NPO vehicles</td>
</tr>
<tr>
<td>Example:</td>
<td>± Seeks corpuses with holdings of less than 10 million dollars</td>
<td>± Supports short-term, one to three year, special focused projects</td>
<td>± Annual and biannual fund development campaign processes</td>
</tr>
<tr>
<td><strong>Ohio Arts Foundation</strong></td>
<td>± Acts as short-term cash reserve accounts and regional savings and loans for arts organizations and activities</td>
<td>± Employs SAA independent contractors and experts to assist SAA staff, commission, and auxiliary in accomplishing financial and cultural policy goals for the arts</td>
<td>± Variety of public and private financial and other leveraging resources</td>
</tr>
<tr>
<td><strong>Indiana Endowment for the Arts (Defunct)</strong></td>
<td>± Operates without its own staff and utilizes SAA staff as experts and researchers when framing and designing new cultural policies and targeted arts activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>V. United Arts and Cultural Collaboration (UACC)</strong></td>
<td>± Three or more cultural agencies</td>
<td>± Long-term funding for multiple cultural organizations</td>
<td>± Private and government funding</td>
</tr>
<tr>
<td>Example:</td>
<td>± Improved management and technical assistance for group members</td>
<td>± Consolidated management and fund development</td>
<td>± TBA</td>
</tr>
<tr>
<td><strong>ArtServe Michigan</strong></td>
<td>± TBA</td>
<td>± TBA</td>
<td></td>
</tr>
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Conclusion: Policy Nexus

This chapter on evaluation discussed factors that contribute to success or failure of a fund development campaign. The structure of a development campaign and SAAE programs are linked to organizational philosophy, administrative practices, and arts development. The new challenge for SAAE is to correctly identify its donating public in order to design arts programs and services that individuals and foundations want to support. Multiple models for practitioners to utilize in restructuring and creation of newer endowment funds are being developed. Some states do not choose to write legislation and/or administrative policies that permit public funds to be solicited directly from the private sector donors by SAA staff. Additionally, SAAEs will be scrutinized even more by lawmakers, political watchdog organizations, and individuals as their CTE, CTF, and CFO increase the amounts in their corpuses and the number of grants to organizations. The fact that the NEA and SAAs have attempted to develop programs and services that addressed ethnicity, race, and diversity does not mean that these organizations have been successful in establishing arts programs to address cultural heritage. Building new connections to diverse populations will increase in importance as fund development initiatives mature.

How public administrators and commission members articulate and relate their vision for state arts and culture through policies, grant guidelines, research publishing, events like the Governor’s Arts Awards, the sale of merchandise like t-shirts, mugs, license plates, etc., all communicate the role of the SAA as Facilitator, Architect, Patron, and/or Engineer to its arts and non-arts publics. The evolution of higher level thinking
about administration practice as theory and conceptual frames for evaluation are necessary in PAE implementation and formation procedures. Cultural policies and beliefs about arts and culture must be translatable through programs, services, and grants categories to create statewide “buy-in.” Existing programs and services, as well as new ones, will require re-design with updated goals that include assessment and evaluation measures. Fund development strategies must include goals for arrangement of administrative spheres to include donor education, marketing outreach, technology capacity, and diversity. The results, over time, will generate new income from private and public funding sources to support statewide arts development and social capital.

Following Walzer’s Spheres of Justice Model and Sylvia, Sylvia, & Gunn’s subsystems management, I proposed Social Pluralism and spheres of administration for understanding the conceptual frame for SAA practices. Moore & Moore (2005:99) also proposes strategies for public arts administration when writing “In the end, the most important task in thinking about measuring performance is to figure out how to integrate the ideas of ‘public value,’ ‘building arts participation,’ and ‘social benefits of the arts’ into a conceptually and politically compelling story for SAAs.” Targeting individual and groups of donors in public fund development will lead to enhanced programs and services that include multicultural communities in arts development and fund development campaigns. Collaborative programs that create win-win opportunities for SAA and NPAO are achieved through partnerships where PAE objectives and measurements are articulated clearly for individuals and corporate donors. SAAE can also contribute to policy development through a focus on human resource policies linked
to the development of the next generation of scholars, practitioners, and workforce in the
Arts. Foundations must begin to recognize that legitimate expense for operations include
service learning opportunities through fellowships and apprenticeships for artists.
Increased opportunities for individual artists and arts educators to work part-time project
positions at PAO are also necessary in the future design of arts and cultural organizations.

Moore & Moore (2005: 55) discusses SAA organizational leadership as
overlapping circles consisting of smaller to larger circles to discuss the arts public and
arts community. They assign the smaller circles to local arts organizations, medium
circles to established nonprofit arts organizations, then larger circles to groups of other
public agencies to include schools, prisons, tourism agencies, etc. In their focus on public
relations and marketing of SAAs’ programs, Moore & Moore hope to bring awareness to
those agencies explaining that the arts communities are larger than otherwise believed.
Moore & Moore’s circles are similar to spheres of administration but spheres are focused
internally on SAA administrative processes and are more akin to gears in a clock. SAAE
have not linked their management and democratic theories with fund development goals
other than financial targets. When linked to comprehensive planning processes, fund
development initiatives show financial gains as evidenced by planning processes in
Delaware, Texas, Arizona, and Florida.

Social capital development is as important as financial capital development to
potential PAE donors. While understanding limits of management in government, SAAE
staff must simultaneously embrace entrepreneurial thoughts and manage risk skillfully to
achieve positive results. The recognition that entrepreneurial behavior in government

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neither means reduced public accountability nor increased public scrutiny is essential. Moreover, entrepreneurial thought in government management will enable an agency’s ability to provide more timely information to its stakeholders and to create learning opportunities with training and professional development for its staff. Developing social capital will continue to take a variety of forms via SAA learning and training of staff. In Ohio, a significant number of former OAC employees now occupy senior management positions throughout the state. Through research and international exchange opportunities, the OAC continues to support educational activities that help to develop staff for leadership positions at other NPAO throughout the state. It also forms research partnerships with academic programs that work directly with graduate students in Arts Policy and Administration Program and Art Education Department at The Ohio State University. SAA creates social capital in a number of ways that benefit its constituents, employees, and future leaders via the development of both intellectual and human capacity in the Arts.

Public arts administrators must recognize and acknowledge the needs for stakeholders’ participation in fund development and should not expect unilateral support of SAAE arts and/or fund development. As arts and fund development efforts increase at SAAEs, new opportunities will require new skills sets and specialized knowledge of marketing, public policy and administration, and philanthropic studies. SAAE commissions and staff must design outcomes and output in spheres associated with multiple criteria, rather than focus on a singular factor like financial goal. Strategies associated with multiple spheres of administration inform evaluation instruments. These
spheres include policy design, political environment, research, human resource, technology, marketing, grants management, arts education, and diversity. However, patron and donors can achieve via evaluation and promotion supporting PAE. The end result of evaluation is more accurate and updated information that can be utilized in planning and recruitment processes to support PAE efforts. Virtually no difference exists in the purposes and missions of CTE, CTF, CFO; however, differences appear in the management and implementation of these endowment structures. Arts development need to be connected to PAE programs and services such as: Leadership Institutes; Statewide Conferences; Technology Capacity Building Grants; Consultant Fees and Research Expense; Capital and Operating expense for Artists and Unincorporated Arts Organizations; and Multicultural, Ethnic and Tourism Program Development Grants.
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