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State Arts Policy

*Trends and
Future Prospects*

Julia F. Lowell

Commissioned by



RESEARCH IN THE ARTS



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Summary

In response to growing economic, political, and demographic challenges, a number of state arts agencies (SAAs) are rethinking their missions and their roles. To meet these challenges, they are pursuing three strategies:

1. expanding their missions to include more state residents
2. strengthening their position within state government
3. widening their portfolio of policy tools beyond grantmaking.

We suggest that if these strategies succeed, and other SAAs follow suit, the structure of state arts support—and the types of arts activities that are supported—may look quite different in the future. Specifically, we envisage a system in which SAAs serve primarily to connect networks of individuals and organizations organized around issues relevant to the arts. While SAAs will continue to provide financial resources to selected organizations and individual artists, as much or more of their attention will be spent interacting with members of the various networks: building coalitions of policy advocates, gathering and distributing information, convening groups with similar interests and concerns, and identifying areas of opportunity for artists and arts organizations. Much of their work will center on improving arts education, growing the creative economy, and expanding arts participation.

This conclusion is based on a RAND Corporation study of the changing missions and roles of SAAs. Commissioned by The Wallace Foundation as part of its State Arts Partnerships for Cultural Participation (START) initiative, the study made use of interviews, discussions, quantitative data, and published and unpublished materials conducted and collected between January 2002 and May 2008. This report—the fourth and final one in a series—draws heavily on the three reports published previously as parts of the study: *State Arts Agencies 1965–2003: Whose Interests to Serve?* (2004); *The Arts and State Governments: At Arm’s Length or Arm in Arm?* (2006); and *Cultivating Demand for the Arts: Arts Learning, Arts Engagement, and State Arts Policy* (2008), as well as other RAND research in the arts. Examining the strategies that forward-thinking SAAs are employing, it considers what the success or failure of those strategies implies for the infrastructure of U.S. arts support.

The Three Strategies

Strategy 1: Expanded mission. In the past, SAAs considered their primary mission to be the financial support of their states' artists and nonprofit arts organizations. Through a competitive process, they awarded grants to those they considered the best. They thought this approach would benefit state residents as a whole by providing them with more opportunities to participate in high-quality arts.

Over time, however, at least two problems with this approach have emerged. First, relatively few Americans have taken advantage of the participation opportunities that SAAs have helped create. Those that have done so are overwhelmingly white, wealthy, and well educated. Second, the number of arts producers and presenters has expanded dramatically, causing demand for SAA grants to grow much faster than SAAs can meet it. While this increased demand for grants could have translated to stronger and more-effective advocacy for SAA budgets, it has not: In most states, the arts community has provided only erratic support for the SAA, while the general public has been largely indifferent to or unaware of it.

Leaders in a number of SAAs are responding to these problems by taking a more expansive view of their missions. They are focusing their attention—if not yet significant agency resources—on ways to induce a broader cross-section of state residents to participate in the arts. In so doing, they hope to introduce state residents to valuable new experiences, to continue to support artists and arts organizations by boosting their earned income, and to build public support for their agencies by increasing the visibility and reach of their programs.

Strategy 2: Closer ties between SAA leaders and state elected officials. Since SAAs were founded, their staff and board members have typically designed their own programs and made their own decisions about whom and what to support. As part of this process, they have received significant input from the arts community but almost none from state political leaders. This “arm’s length” approach to state government has been encouraged by the arts community because it lowers the risk that arts funding will be politicized. State political leaders have also been comfortable remaining at arm’s length, for three reasons: It has helped them avoid controversies associated with publicly funded art works; they view SAAs primarily as implementers of federal rather than state programs; and, probably most important, SAA budgets represent only a tiny fraction of state government spending.

Severe political and budgetary difficulties in the 1990s and 2000s, however, have caused both SAA leaders and state officials to rethink their relations, at least in some states. Increasingly, SAA leaders are trying to strengthen those relations through systematic and coordinated public advocacy, more-effective use of their board members' political connections, closer collaboration with other state government agencies, and greater willingness to align their goals and their programs with declared state government priorities. Their objective is to convince state officials that the arts—and their

agencies—contribute to important public policy agendas and are highly valued by a large number of state residents.

Strategy 3: Use of tools other than grantmaking. As SAAs try to expand their mission and strengthen their relations with state officials, they are finding that they need a wider range of policy tools. One reason is that their budgets are not large enough to provide grants to an expanded constituency: The nonprofit arts sector is already far too large for SAAs to support through grants, and if SAAs become more serious about supporting other types of institutions, the mismatch between goals and resources will grow that much larger. Another reason is that tools such as convening, matchmaking, advocating, and information gathering are often better suited to achieving statewide goals in areas such as arts education and development of the creative economy, where the ability to form broad-based partnerships and leverage resources is essential.

It is important to note, however, that this strategy does not imply that SAAs will discontinue grantmaking altogether. SAAs tend to see themselves, perhaps correctly, as the only source of funding for certain artists, arts organizations, and activities they view as vital to the healthy cultural life of their states. Their objective for strategy 3, therefore, is to make sure they use all their resources, nonfinancial as well as financial, as efficiently and effectively as possible. This will require a mix of tools, including grants, and the choice of grantees and the mix of grants and non-grants will be different for each state.

A Possible Future

The strategies described above correspond quite closely to strategies identified in the public administration literature as forward looking and value creating. But they represent a change from past practice and may well lead to a redistribution of state arts resources. In the future, we may see SAAs

- increasing their support for individuals and organizations that work in areas aligned with state government priorities, such as youth arts education and development of the creative economy
- intensifying their efforts to expand arts participation
- becoming advocates and information resources for the arts community on such broad policy issues as health insurance and tax treatment of nonprofits
- leveraging their resources by participating in statewide networks of individuals and organizations addressing particular issues
- streamlining their grantmaking processes and reducing their financial support for selected organizations and activities (exactly which organizations and activities will differ by state).

The transition to this possible future entails a certain amount of risk, both for SAAs and for the organizations and activities they now support. Some long-standing grantees may find their SAA grants reduced or eliminated as a result of SAAs' greater emphasis on other objectives; these grantees may no longer be willing to support their SAAs before their state legislatures. Some state officials may withdraw their support for SAAs if investment in the arts fails to produce the kinds of benefits they expect. In some states, the adoption of new roles may require SAAs to undergo large-scale internal reorganizations, and staff and board members may disagree on how best to do this. But in our view, it is inaction that represents the greatest risk of all. Those SAAs that have yet to convince themselves, or their supporters, that significant changes are necessary—or possible—may grow increasingly irrelevant to all but the tiny fraction of their state populations that makes up their immediate grantees.

In fact, we believe that the severity of state fiscal problems in recent years presents a window of opportunity to SAAs. Drastic cuts to SAA budgets could serve as both the excuse and the impetus for making the difficult changes that must be made if the three strategies are to be successful. By adopting a broader view of their missions and using their position within state government to leverage outside resources and influence arts policy, SAAs in the future may be better able to serve artists and arts organizations—and state residents—than they have been in the past.