Creating

Public

Value

Through

State

Arts

Agencies

Mark H. Moore
Gaylen Williams Moore

Arts
MIDWEST

The Wallace Foundation®
Supporting ideas.
Sharing solutions.
Expanding opportunities.®

Creating

Public

Value

Through

State

Arts

Agencies

Arts
MIDWEST

The **Wallace** Foundation
Supporting ideas.
Sharing solutions.
Expanding opportunities.

This publication was commissioned by Arts Midwest in association with The Wallace Foundation as part of the State Arts Partnerships for Cultural Participation (START) Program.

Arts Midwest is a nonprofit Regional Arts Organization that connects people throughout the Midwest and the world to meaningful arts opportunities, sharing creativity, knowledge, and understanding across boundaries.

The Wallace Foundation seeks to support and share effective ideas and practices that expand learning and enrichment opportunities for all people. Its three current objectives are:
• Strengthen education leadership to improve student achievement;
• Enhance out-of-school learning opportunities;
• Expand participation in arts and culture.

For more information and research on these and other related topics, please visit The Wallace Foundation Knowledge Center at:
www.wallacefoundation.org

Design by Stanley Wai

The interior pages of this book have been printed on paper made with process-chlorine-free 100% post consumer waste fiber.

Preface

Building participation in the arts has been a longstanding goal of The Wallace Foundation. It spurred our decision to work with state arts agencies through an initiative called State Arts Partnerships for Cultural Participation (START). Launched in 2001, the program has helped state arts agencies enhance arts participation-focused grantmaking and program strategies. This book is an outgrowth of the fruitful collaboration among The Wallace Foundation; state arts agencies; Arts Midwest; Mark H. Moore; and numerous advisors, researchers and other collaborators.

In building participation, state arts agencies face formidable challenges that are political and regulatory in nature, according to Moore, director of Harvard's Hauser Center for Nonprofit Organizations. They must demonstrate through performance measures that they are creating public value. They must retain the support of the legislators and commissioners who act as their authorizers. And they must develop the organizational strength or capacity to carry out their goals. This can create a dilemma—how to balance the expectations of authorizers and those most immediately affected by their programs with the need to serve the broader public.

As part of START's mandate to develop new knowledge about statewide participation-building efforts and share it among and beyond the 13 state agencies that received direct Wallace funding, Moore and some of his colleagues worked as teachers and advisors. They helped the agencies think more systematically about how they could best tackle these challenges using all of their available assets, including not only the provision of operating support to organizations, but also planning and training, enhancing the climate of support for the arts, and building understanding of the benefits of the arts.

Because The Wallace Foundation is committed to supporting the development and sharing of effective practices and ideas, we are pleased that this text now makes widely available the course material and other powerful insights that Moore presented in START. We hope that this publication, as well as others we make available, will serve as a resource for those who seek to ensure that more people have access to the arts and are able to reap the benefits of cultural participation.

M. Christine DeVita
President
The Wallace Foundation

Foreword
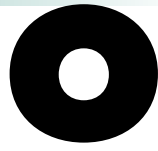
On behalf of Arts Midwest, we are very pleased to share with you *Creating Public Value Through State Arts Agencies*. This groundbreaking publication, the work of our colleagues and friends, Mark H. Moore and Gaylen Williams Moore, is being published during the concluding months of what has proven to be an extraordinary four-year journey of exploration and learning occurring under the auspices of The Wallace Foundation-supported State Arts Partnerships for Cultural Participation (START) Program. Through START, more than 100 leaders drawn from 13 selected state arts agencies came together with Mark Moore, several of his colleagues from the Hauser Center and Kennedy School of Government at Harvard, and other advisors working with Arts Midwest to build what we believe may be the first comprehensive learning community in the history of public arts management.

In addition to sharing in more than 100 hours of on-site seminar time with faculty teams led by Moore, the START community sustained its growth and learning by actively participating in more than 40 topic-specific conference calls; shared and critiqued hundreds of ideas, model plans, and documents via a START-dedicated intranet site; and helped guide and encourage each other through interstate site visits and consultations. The common objective of all of these activities has been to build each agency's capacity to strengthen public participation in the arts—and in so doing, create and demonstrate increased value for a public investment in arts and culture through state arts agencies.

While this publication is not in any way intended to document our journey together, it has certainly been informed by the work, learning, and generous sharing contributed along the way by the many START Program participants, our advisors, and other colleagues. We thank them for their important gift to this project. We especially want to acknowledge the early insight and leadership of Michael Moore, former director of the arts team at The Wallace Foundation; as well as our "Wallace Team," especially Marie Connolly, Rory MacPherson, and Ann Stone, who have been active with this project since its inception. We also want to acknowledge the special contributions to the program of Gerald Yoshitomi, a key project knowledge provider, advisor, and coach; and Kelly Barsdate, director of policy, research, and evaluation at the National Assembly of State Arts Agencies, whose deep understanding of research and trends in this field has proven invaluable.

Arts Midwest has long believed that the arts management community in our nation is hampered by the lack of an active research and development arm. One of our goals with the START Program has been to create such an R&D entity in partnership with the field. This publication is a key product of that effort. We sincerely hope that it proves valuable not only for its content, but also for its shining example of what knowledge we might achieve in the future by continuing to question, test, revise, and learn together.

Barbara Robinson, Chair
David J. Fraher, Executive Director
Emily Maltz, Director of Human and Knowledge Resources
Arts Midwest

Creating

Public

Value

Through

State

Arts

Agencies

Mark H. Moore
Gaylen Williams Moore

Table of Contents

Chapter 5: Conclusion

Introduction

In the rural community of Choteau, Montana (population: 1,741), the performing arts have been enjoying a minor renaissance. As the only arts presenting organization in its county, the Choteau Performing Arts League always had potential to make a big difference; instead it found itself struggling to maintain and expand its rapidly aging core audience.

Ralph Paulus, a rancher on the league's board, explained:

> We've tried to go outside of our audience, and we studied the lists of people who weren't going. We did the great ticket giveaway. We've done the phone follow-up calls saying, 'It's time to buy a ticket.' And for season tickets, the response was always 'no.' People aren't interested in committing to four or five shows. Our prices are so cheap—$25 for five shows—that they can't use the money excuse. Heck, they'll say they can't come because they have to go buy shoelaces in Great Falls. Any old reason will do.

Seeking to deepen the connection between performing artists and the community, the Performing Arts League applied for grant money from the Montana Arts Council (MAC) through a program called Building Arts Participation in Rural America (BAP.)[1] After studying some required reading,[2] the league submitted a two-page letter of intent. The MAC responded with a $5,000 planning grant and a coach to help guide the league as it developed a prospectus. During this planning period, Ralph Paulus and other board members sought out information from many sources, enlisting the help of local business coaches and reading books like Malcolm Gladwell's *The Tipping Point*. Paulus explained:

> I began thinking about how you could get a whole school excited about coming to a concert. So we started deepening the residency idea…. We had the artists do workshops for all the kids in different settings. We had dancers work with the cheerleaders in a hip-hop workshop. And then we thought, 'Why not add a swing workshop?' Surprise: most of the high school kids

came. Even better, the kids came to the concert on Sunday. One of the girls said, 'It was the best weekend I've had since I've been in high school.'

Although there was some resistance within the league to the innovative programming ideas being developed, the prospectus it eventually sent to the MAC was thoughtful and feasible enough to win the Choteau Performing Arts League one of seven large grants. With that money, the league has sought to make investments that benefit the community. In addition to bringing in nationally prominent performers like the Liz Lerman Dance Exchange, it has worked with the MAC to involve Montana's own performing artists in its programming. In the tiny town of Bynum, the league sponsored a residency "Community Building through Hand Drumming" with a percussion ensemble called the Drum Brothers. Students at Bynum's four-room school built 12 West African drums, each sponsored by a different family-run ranch. A large crowd of students, teachers, parents, grandparents, and siblings turned out to see their family brands burned into the school's new drums. Katie Vandolah, a teacher, noticed "a real community spirit…a real sense of pride."[3]

Innovation in Social Support for the Arts: State Arts Agencies

There are 56 tax-financed governmental organizations (one in every state and six special governmental jurisdictions) that work to serve the public by supporting the arts at the state level.[4] While state financial support for the arts and public bureaucracies to administer that support have long been common in Europe, they are much newer in the United States. Some states recognized the importance of a statewide commitment to supporting the arts very early on (Utah in 1899, Minnesota in 1903). Other states, animated by the progressive spirit of the

1960s, both anticipated and helped shape a national movement to support the arts (New York in 1960, Washington in 1961). Several prominent national foundations threw their support behind this movement and ultimately persuaded the United States Congress to establish a national organization for the arts.

The creation of the National Endowment for the Arts (NEA) in 1965 provided a rough model and an incentive for the remaining states and jurisdictions to set up their own, unique arts agencies. The national legislation, recognizing that the NEA could work with state governments to ensure that funds were distributed according to local need, required certain NEA grant funds to be administered through a state arts agency (SAA). The NEA provided incentive money to any state willing to establish such an agency and grant money to implement activities in existing SAAs.[5] These stipulations not only assured a degree of political and fiscal accountability for the use of NEA funds, but also helped establish the institutions that would assume a statewide leadership role in encouraging and leveraging additional funds for the arts.

In short order, many states that had not previously been engaged in this movement leaped to the forefront by establishing agencies to support the arts with matching state funds. Using the founding dates for a select number of states, Figure 1 shows how enthusiasm for establishing SAAs built slowly and then accelerated sharply after the passage of the federal legislation that created the NEA.[6] Thus, the existing network of SAAs was formed.

Figure 1: The Development of the State Arts Agency "Industry" (Dates of Founding for Selected States)

Federal legislation creating the
National Endowment for the Arts (1965)

DE

LA

CA

NE

AR

VA
MS
DC
WV
TN
SC
RI
OR
ND
NV
MT
MD
CO
WY
SD
PA
NJ
KS
IA
ID
AZ
AK
AL
TX
OK
OH
NM
NH
MO
KY
IL
HA
GA
VT
NC
IN
FL
WA
NY
MN
UT

1899 1903... 1960 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89
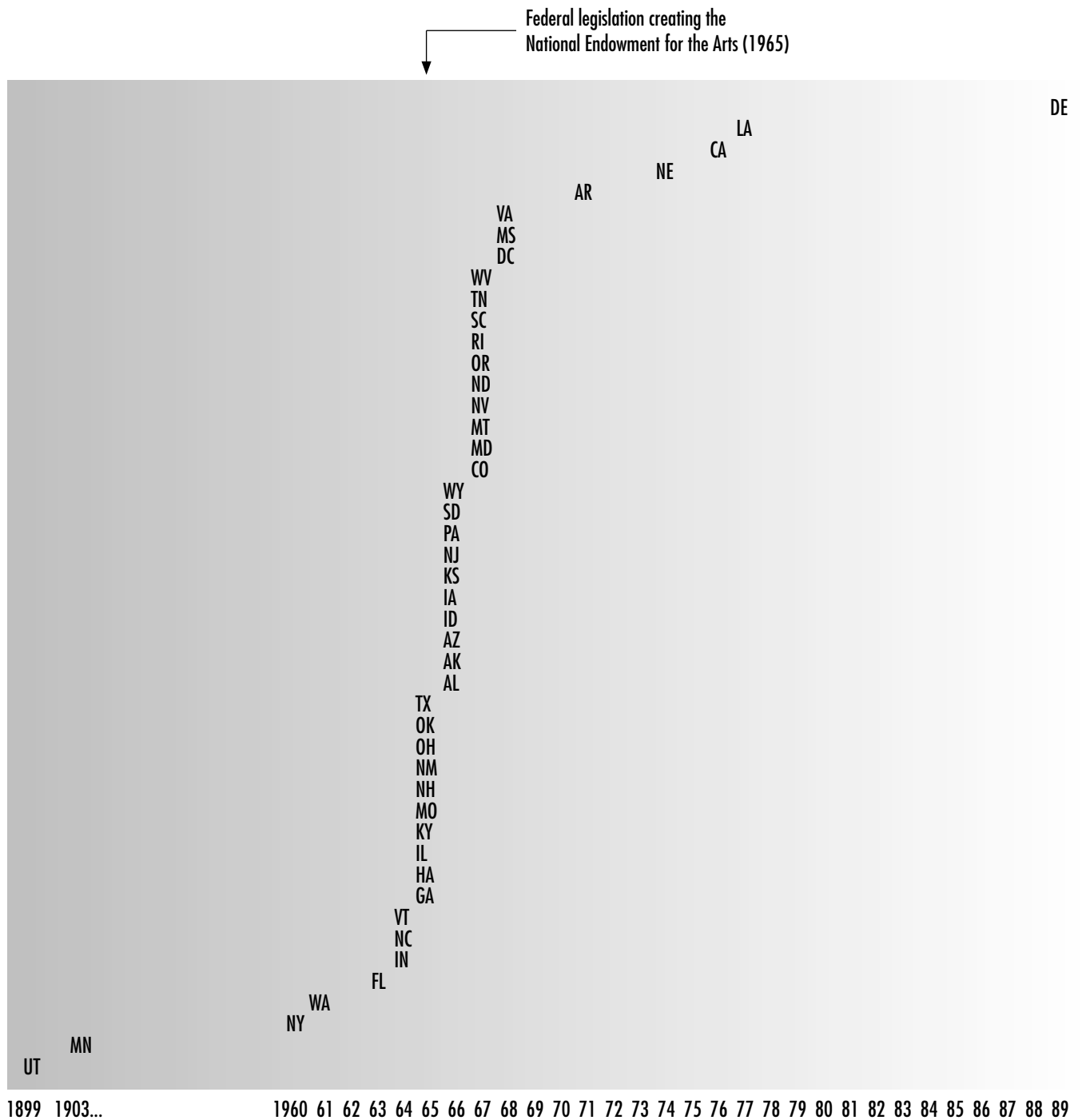
The "Industry" of State Arts Agencies

From a business perspective, this network of SAAs looks like a kind of "industry" that emerged in response to national and state aspirations to support the arts in a way that advanced the public's interests. While thinking of the SAAs as an industry seems inappropriate insofar as it implies a technical, engineering, commercial approach to a field that is much more interested in self-expression and aesthetic values, there are some advantages to thinking about the SAAs as an industry made up of many distinct organizations— particularly when attempting to understand the managerial challenges facing those who lead these organizations.

The SAAs constitute an industry in both practically and theoretically important senses. On a practical level, they can be called an industry because they are all in roughly the same business. They face similar environmental challenges, have authority to pursue many of the same purposes, and engage in many of the same basic activities. But the 56 agencies that constitute this industry are also autonomous institutions guided by different leadership and reacting to different local conditions. They are not under the thumb of the federal government nor do they all rely on the same resources. The many observable similarities and differences between the SAAs make the industry a crucible for social learning—learning that can allow the industry to become more productive in general and more responsive to different social conditions.[7]

On a theoretical level, thinking of the SAAs as an industry encourages one to think of individual SAAs as similar to commercial firms, allowing one to invoke some important managerial concepts from the private sector. It is possible to begin analyzing these organizations not only as instruments of public artistic aspiration and expression, but also as organizations that own assets, receive resources, and seek to produce something through conscious managerial thought and action.

One can think of SAAs as being guided by a "strategic actor" that helps to define the long-run purposes and desired results of SAA activity, mobilizes support for the mission of the SAA, and deploys those resources as efficiently and effectively as possible to achieve the desired goals. The "strategic actor" that guides and operates the SAA is not a single person; instead it is a team that includes a politically appointed commission or board, a politically appointed executive director, and a staff of senior civil servants. Many of those who make up this "strategic action team" are arts enthusiasts

or artists who are drawn to this managerial work by their commitment to and passion for the arts. As SAA leaders, their challenge is to find ways to infect others with their passion and to transform latent possibilities into concrete accomplishments that support engagement with the arts among citizens.

Variations on a Theme

If the most meaningful way to evaluate SAA performance were from the point of view of the federal government and the federal government was pursuing a particular, well-defined policy purpose, then the variety of structures, strategies, and results that SAAs produce could seem problematic. There would be too much deviation from federal goals. Similarly, if there were one best way to support the arts or a well-defined set of "best practices" in supporting the arts, variability among SAAs would be a problem. One would have to wonder why some states failed to embrace the best practices.

But the variation among state strategies could also be a great advantage. Variation could be good because there never will be one best strategy for all SAAs. States differ from one another in their ideas about how best to use their resources to support the arts. Material conditions within particular states make some purposes feasible and others not. In this view, the variation could be a successful adaptation of a general objective ("support the arts") to the particular political, social, and economic conditions that the leaders and managers of these organizations confront in their particular states.

In a second conception, variation could be an opportunity and a strategy for learning about how best to use these agencies to accomplish important public purposes. It might make sense to "let a thousand flowers bloom" and eventually converge on some idea about the best uses and the best practices for SAAs.

Strengthening the Innovation: Lessons from the START Program

About five years ago, The Wallace Foundation recognized the great potential to learn from this industry of SAAs and further develop its capacities. Accordingly, it committed substantial funding to support innovative practices among SAAs through a program they called the State Arts Partnerships for Cultural Participation (START).

The START initiative's theory of change was essentially three-fold. First, it recognized that the SAAs represented an important point of leverage for increasing cultural participation throughout the country. Second, it saw that SAAs could make a significant contribution to the goal of increasing cultural participation by supporting a set of organizations that seemed particularly interested in that goal and were innovative in their approaches. Third, it assumed that the experience generated by the SAAs receiving support for innovative programs would be useful to the field as a whole as both positive and negative lessons were learned.

The Wallace Foundation's support to SAAs helped to accelerate and widen the scope of innovation in this field through three mechanisms. First, the moral support that came from The Wallace Foundation's interest helped authorize and focus attention on innovative practices within SAAs. Second, the large, multi-year START grants provided a kind of money that is very scarce in government—discretionary, risk capital that could be used for experimental purposes in an effort to seek improved performance. Third, The Wallace Foundation, working through Arts Midwest, supported a series of management development programs for teams from the 13 states that had been awarded grants. These programs sought to support innovative efforts in the field by providing (1) general education in public sector leadership and management;

(2) venues in which the START SAAs could convene to discuss the innovations they were attempting to implement; and (3) some specific technical assistance to the participating states as they adjusted their practices.

These three mechanisms—authorization, financial support, and technical assistance—could be expected to produce innovation in the 13 SAAs that were directly engaged in the START Program. But there was also the hope and expectation that the innovations would spread beyond these SAAs. Those involved in the START Program hoped their funds and hard work would authorize and support not only a diffusion or replication of ideas developed by the START SAAs, but also—more importantly—a spirit of innovation across all SAAs. There was no belief that the START SAAs were the only ones with ideas. Nor was there any assumption that states without START funding would lack the ability and wherewithal to innovate and experiment. In fact, the assumptions were the opposite—that many other states, working with their own funds, had also developed and would continue to develop important new ideas. The ultimate goal of the START Program was to accelerate the rate of innovation in the management of all SAAs. The faster the entire industry of SAAs could adopt a culture of experimentation and learning, the sooner the SAAs would begin to see a national trend toward increased, engaged cultural participation among citizens.

Since the beginning of the project, the START SAAs (in partnership with The Wallace Foundation; the RAND Corporation; the National Assembly of State Arts Agencies; Arts Midwest; various experts and consultants; and a remarkably broad variety of groups, individuals, and organizations in the arts community) have accumulated a wealth of knowledge and experience that has quickly spread

throughout the field. The purpose of this publication is primarily to try to capture some of that learning in order to offer some useful advice to those who lead and manage SAAs. The advice might also be helpful to those who oversee SAAs, those who advocate for the arts in civic and political arenas, those who work in partnerships with SAAs to create opportunities to participate in the arts, and those who provide technical assistance to SAAs and other kinds of arts organizations.

This publication is not a how-to manual that tells the leaders and arts managers exactly what they should do to achieve success. Nor is it a catalog of "excellent arts programs" to be replicated elsewhere or a list of "best practices" to be adopted in the management of SAAs. It is, instead, a presentation of a general analytic framework that has proven useful to managers in many public agencies in helping them develop their own ideas (in consultation with others) of what constitutes a forward-looking, value-creating strategy to guide the operations of their organizations.

The framework is quite general and abstract, but it has, through the START Program, been applied to this particular industry and can be illustrated by the work of the START states. Their examples should help not only to give concrete meaning to the abstract ideas, but also to show how these SAAs have thought about and acted on behalf of their mission. The combination of the abstract framework and the examples drawn from actual experience in these states will, ideally, help those who have the responsibility of leading these organizations think more creatively and more rigorously about how they can make the most of the positions they occupy.

Organizational Strategy

Organizational strategy begins with the idea that an organization has control over a set of assets and is responsible for the effective use of the assets it holds. The organization may have an established purpose and some history in pursuit of that purpose. The organization also has some kind of leadership (an individual, a board, or a management team) with the formal responsibility for continuing to revisit the question of whether the organization is using its assets most effectively in light of existing conditions. That individual, advisory board, or management team (or some combination of these) can be called the "strategic actor:" the consciousness and conscience of the organization, the locus of authority and responsibility, the protector of continuity, and the advocate for change. The "strategic action team" that guides the SAA is not a single person, but instead a team that includes a politically appointed commission or board, a politically appointed executive director, and a staff of senior civil servants who guide and operate the agency. This team works together to clarify the purposes and desired results of agency activity, mobilize support for the mission of the agency, and deploy SAA resources as efficiently and effectively as possible to achieve the desired goals. For further discussion of the strategic actor(s) of SAAs, see Appendix 1.

The strategic actor always works in an environment that presents problems and opportunities, constraints and resources. For the most part, this environment predates the strategic actor and exists independently of the actor's actions. Choices available to the strategic actor are limited to spotting and exploiting opportunities that the environment throws the organization's way. But to some degree, the strategic actor can take actions that not only exploit opportunities, but shape the environment to provide more opportunities. The challenge for strategic

actors is to find the highest value use of the assets that have been entrusted to them. The strategic actor has to have a "restless, value-creating imagination."[8]

Strategy in the Private and Public Sectors

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. Strategic planning models in the private sector help the leaders of private-sector organizations cope with these uncertainties by drawing attention to them.

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 various 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 those important collective purposes. Thus, the proper arbiter of the value of public-sector organizations is less likely to be the customers or clients and more likely to be

the 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 organizational strategies.

The Public Value Framework

The particular strategic model to be deployed in this work is called the public value framework.[9] 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

Figure 2: The Strategic Triangle
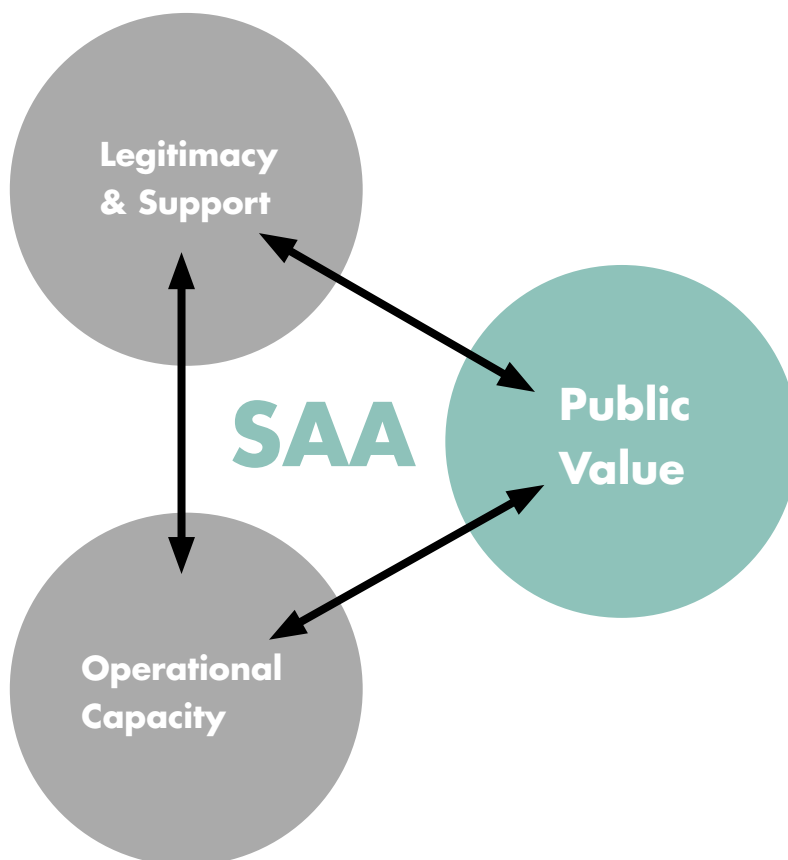
address in developing their strategic vision. Figure 2 presents this simple mnemonic device designed to focus the attention of public managers on these three key issues.

The first issue is what *public value* they seek to produce. The second is what sources of *legitimacy and support* they can rely on to provide the authorization and resources they need to pursue that vision of public value. The third is the location and character of the *operational capacity* they require to achieve their goals.

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.

This publication will use this framework to help understand the important strategic choices facing SAAs. The remainder of this introduction presents a brief overview of the strategic issues for SAAs.

The Public Value Framework: Understanding the Environment of State Arts Agencies

The development of a strategy depends first on a diagnosis of the environment in which the SAA operates. For SAAs, the relevant environment is the state or jurisdiction. This environment has some easily discernible general qualities that are important to the formulation of an effective, value-creating strategy for the SAA. It has more or less economic strength. It is more or less urban or rural. It has a political culture that does or does not favor government as an important means for improving the quality of individual and collective life. Of course, states and jurisdictions may contain many diverse subcultures; what works for the

urban parts of a state might be very different from what works for more rural areas. For that reason, it is often wise for SAAs to develop and work with a number of local arts organizations and to have policies that cater to the interests of diverse parts of their state or jurisdiction. But the real challenge of developing a strategy for any given SAA is to get past these general characteristics of the environment in which it operates and to focus on more particular features of the environment that have an immediate and decisive impact on what it can and should do. The strategic triangle directs the attention of SAA leaders and managers in three directions:

(1) *up* toward those in positions of authority who can provide legitimacy and support to the SAA

(2) *out* to the production of public value in the communities they serve

(3) *down* into the set of actors the SAA relies on to achieve the desired results

The Political Authorizing Environment

The point of the triangle that focuses on legitimacy and support draws attention to the *political authorizing environment*. The arts community is a key player in that part of the SAA's environment, but there are many other crucial members. The governing structure that gives the SAA money and a mandate includes the governor and his or her staff, the legislature, the media, interest groups, voters, and taxpayers. SAAs need to pay some attention to every level and branch of government, from local political officers to the Supreme Court.

Not all of these actors are interested in, let alone focused on the arts. Consequently, many figures in the authorizing environment have more latent than actual power over the SAA. Furthermore, those who turn their attention to the SAA will want

quite different things from it. Some want it to disappear so the money can be spent elsewhere. These people might think it is wrong in principle for government to support the arts. They might think it is good to support the arts but dislike the art that the SAA is supporting. Others want the SAA to be no more than a funding source for their organizations, creating as little competition and red tape as possible. They might prefer a direct appropriation of state money to their organization, doubting that a breaucratic organization standing between them and that money—creating strings and imposing various kinds of reporting requirements—could create anything of much value.

One might also observe some chronic tensions or some degree of confusion within the arts community about who deserves public support—the large v. the small, the old v. the new, the orthodox v. the experimental, etc. The commercial art world may or may not be a part of these tensions; it has economic interests in building up the arts community but might wonder why some arts organizations receive tax breaks of various kinds while others do not. Commercial arts providers may worry about the competition they face from nonprofit or informal arts providers and try to find ways to protect more of the arts world for profit-making enterprises. Distinctions between the commercial and nonprofit arts worlds may even seem arbitrary, exclusionary, or irrelevant in the current environment. The political environment is variable. Its attitudes toward an SAA are influenced both by external events or ideas and by whatever measures SAA management takes to provoke or stimulate that environment.

Over the past few years, in general, the political authorizing environment for SAAs has not been particularly favorable. Many SAAs have seen their appropriation of state dollars shrink, in some cases dramatically.[10] The stalling economy, the emergence of

a public philosophy that seeks to limit the role of the state to "core functions," and public skepticism about government's efficacy have taken a toll on SAAs and compelled them to examine what their most important public purpose should be. Is their purpose to support art and artists because they are particularly worthy and/or particularly needy? Or is it to support art and artists because by doing so they will achieve other important goals of the state, such as a quality education for all citizens or increased economic development?

Public Value

The question of what constitutes the most important public purpose of the SAA is the focus of the second point of the strategic triangle: the *public value* that is to be produced for individuals and communities. In the private sector, businesses create two different types of value for two different types of customer. Upstream, business delivers returns on the shareholder's investment. Downstream, business sells products that are useful, aesthetically pleasing, or status enhancing to the consumer.

Similarly, there are two different kinds of customers for SAAs. Upstream, there is the authorizing environment outlined above—those who pay and/or advocate to keep the SAA in existence. Downstream, there are clients who receive services from the organization or benefit from its operations. These clients are part of the SAA's *task environment*.

The public value an SAA seeks to produce, though it may involve economic returns or useful products and services, is different in kind from the value created in and by the private sector. The SAA creates value by fulfilling its politically mandated mission—roughly stated, to make a positive difference in the individual and collective lives of citizens of the state through the arts. The degree to which that mission is fulfilled

should be measured both quantitatively (how many citizens receive grants and/or services from the SAA?) and qualitatively (what kinds of impact do those grants and services have on the state's citizens?). Creating the highest level value, then, means the SAA's key task will be to reach as many citizens as possible in as many places as possible and to affect them as positively and profoundly as possible.[11]

Operational Capacities

Exactly how the SAA can achieve these goals is the focus of the third point of the strategic triangle: the *operational capacities* that the SAA relies on to achieve its objectives. Understanding operational capacities means first taking stock of the assets and capabilities held by the organization. What sources of funding does the SAA rely on and how does it distribute those funds? What is the SAA's reputation in the state? Does the SAA have significant convening power? How strong are the SAA's connections with the arts community? How comprehensive? What particular policies and procedures has the SAA invented and refined over time to allow it to do its work cheaply and excellently?

Beyond the formal structure of the organization, there are many partners and co-producers who help the SAA achieve its goals. These include members of the existing arts community who receive grants and/or technical assistance from the SAA, as well as other government agencies that are interested in using the arts to help achieve their purposes. The work the SAA does with its partners and co-producers is the second important aspect of its operational capacity.

The Central Importance of the Arts Community

One of the important conclusions to be drawn from this quick overview of the SAA's environment is that the arts community shows up repeatedly as a crucially important part of the SAA's strategic environment. Indeed, the arts community is an important player at each point of the strategic triangle. It shows up initially as a key constituency and ally in building legitimacy and support for the SAA. When the relationship between the SAA and the arts community is strong and healthy, the arts community is the SAA's most active, committed, and effective advocate.

The arts community also shows up as a key element in the operational capacity of the SAA. There is no way that an SAA can achieve the goal of broadening, deepening, and diversifying participation in the arts without the arts community. The arts community lies between the SAA and its ability to engage citizens in the arts. It is the arts community that provides the occasions for citizens to become observers, producers, and patrons of the arts.

Finally, the arts community shows up in the public value circle as an important end result of the SAA's work. The arts community represents and consists of those citizens who enjoy participating in the arts and those who help others to discover and enjoy a fulfilling engagement with the arts. Since the SAA is responsible for fostering an environment that supports beneficial engagement with the arts throughout the state, the arts community that organizes, publicizes, and takes part in opportunities for such engagement must be strong. In effect, as the arts community is enriched, not only are the means of achieving the SAA's ends enlarged, but the end itself is achieved.

Because the character of the arts community is so essential to the overall strategic success of SAAs, it is important to focus sharp attention on how SAAs think about the arts community. The most familiar conception of the arts community is as a particular group of voluntary or nonprofit organizations

that produce art or opportunities for individuals to participate in viewing or making art. But this picture of the arts community misses some important aspects. The arts community could include many small, informal groups as well. It might want to include the commercial arts world as well as the nonprofit. It might even want to include those who supply the materials artists need for their work. It could be important to include other governmental agencies that use the arts to help them achieve their goals, such as tourism and economic development or education and social service agencies. All of these groups, from casual networks of self-employed artists to the parks department, have a level of material and psychological commitment to the arts. All of them are simultaneously part of and sponsors of the arts community. It would be easy to exclude many of these groups as not particularly needing public support, but that choice should be made strategically, not by assumption.

From a very early stage, SAAs have recognized the importance of building what Jonathan Katz, chief executive officer of the National Assembly of State Arts Agencies, calls a "strategic infrastructure" that supports a wide conception of the arts community. Those who lead and manage SAAs know that their legitimacy and support, their operational capacity, and their ultimate success in building public value through the arts lie in building and supporting an infrastructure that supports arts activity. The only important questions lie in what particular parts of this arts infrastructure can be most effectively leveraged by what kind of SAA support. It is the exploration of this question that has long been the focus of innovation and experimentation among SAAs.

Having used the public value framework to distribute and focus attention on strategically important parts of the SAA's environment, it is time to dig deeper into the strategic problems that SAAs face and the variety of ways that some SAAs have tried to solve them.

1

The Public Value of

State Arts Agencies

The pivotal element of a successful strategy for a state arts agency (SAA) is a clear and forceful account of the *public value* it seeks to create for the citizens of its state. Such an account is necessary because it is the citizens who are obliged to surrender a part of their hard-earned money to support the SAA. Although SAA leaders know too well how small that sum is in real terms,[12] they also know that every penny of public funds has to be justified. The citizens who are required to make such contributions want to know what is in it for them as individuals or as members of a wider community.[13] To survive and flourish, the SAA has to explain why the community as a whole is better off as a consequence of its existence and activities.

Public support for the arts may bear a particularly heavy burden of justification. To many citizens, the arts seem to be a luxury to be enjoyed as individuals choose rather than a public necessity that ought to be collectively provided. If the arts are a luxury, there is nothing at stake in the provision of the arts other than the individual satisfaction of those who consume them, support them,

or participate in them. Those who view the arts in these terms doubt that the coercive powers of the state to tax for a public purpose should be deployed to produce art or support arts participation. They might think this is wrong in principle—that it is wrong for the state to use its powers to force individuals to support as a collective what they would not support as individuals. But even if they do not think the state is barred in principle from supporting the arts, they might think there are many more urgent needs that should be supported with public funds. Why should there be public support for art (and arts organizations and artists) when there are so many other important public causes (e.g., education, job training, health care) and when there are many other worthy institutions and enterprises that go without adequate public support (e.g., youth sports, civic education, housing for the homeless)?

The Legislative Mandate for State Arts Agencies

Before thinking analytically and philosophically about society's interests in supporting

the arts and before pulling out an arsenal of statistics and stories to help win over the conscientious objectors, one should remember the first and foremost justification for the public value of the SAA: *elected representatives of the citizens, acting through the processes of democratic governance, established a state agency for the arts with particular missions.*[14] Behind each SAA is a statute passed by a legislature and signed by a governor that declares there are important public purposes to be pursued by the SAA, specifies those purposes, and provides the agency with the authority and funds it needs to pursue them. Table 1 presents the legislative language from two states, setting forth the state legislatures' understandings of the widest purposes and the specific authorized activities of the SAAs they created in the public interest.

Table 1: Legislative Mandates (California and Montana)

California Legislation

The Legislature perceives that life in California is enriched by art. The source of art is in the natural flow of the human mind. Realizing craft and beauty is demanding, however, the people of the state desire to encourage and nourish these skills wherever they occur, to the benefit of all.

The council shall:

(a) Encourage artistic awareness, participation and expression.

(b) Help independent local groups develop their own art programs.

(c) Promote the employment of artists and those skilled in crafts in both the public and private sector.

(d) Provide for the exhibition of art works in public buildings throughout California.

(e) Enlist the aid of all state agencies in the task of ensuring the fullest expression of our artistic potential.

Montana Legislation

In recognition of the increasing importance of the arts in the lives of the citizens of Montana, of the need to provide opportunity for our young people to participate in the arts and to contribute to the great cultural heritage of our state and nation, and of the growing significance of the arts as an element which makes living and vacationing in Montana desirable to the people of other states, the Montana Arts Council is hereby created as an agency of state government.

The duties of the Council shall be:

(1) To encourage throughout the state the study and presentation of the arts and stimulate public interest and participation therein.

(2) To cooperate with public and private institutions engaged within the state in artistic and cultural activities, including but not limited to music, theater, 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.

(3) To foster public interest in the cultural heritage of our state and expand the state's cultural resources.

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

Legislation provides a general authorization for the SAA to exist, receive funds, and use those funds in pursuit of its established purposes. However, SAAs are expected to account for their activities and intentions in a number of other ways. Many, for example, go through more or less elaborate efforts to construct a vision and/or mission statement that captures the aspirations of the SAA, its important constituents, its clients, and even its staff. A vision statement is typically a strong, vivid statement of aspiration—designed explicitly to be inspirational, challenging, and evocative. A mission statement is usually a bit more specific. The mission statement may track the legislative language fairly closely, showing the degree to which the SAA remains faithful to the original statutory intent. Or, it may incorporate new language as political and social ideas about the value of the arts and the SAA itself change or as new purposes and goals become possible to achieve.

Many SAAs may even add a third element to the basic description of their activities and intentions. There might be a values statement, a purpose statement, a list of more concrete goals and objectives that the organization seeks to achieve, or a set of activities that the organization plans to carry out.[15] Table 2 compares the legislative mandates of the California Arts Council and the Montana Arts Council to the language those agencies currently use to describe their work.

While the basic structure of legislatively established mandates, organizationally constructed and approved mission statements, and annual reports[16] seems to provide SAAs with appropriate guidance in their purposes, there are practical difficulties in trying to ensure the consistency and continuity of a policy mandate.

The first and most important problem is that the material conditions and public aspirations of states change over time. They go from rich to struggling, from expansive in their view of government to more restrictive, from enthusiastic about the public value of the arts to more circumspect. The legislation itself rarely changes along with the times. Instead, the changes are reflected in a continuous public policy discussion about how a particular legislative mandate established a while ago will be pursued in present circumstances. This discussion happens in much different political structures and processes than those that once created the mandate for the agency. The SAA itself deliberates policy with its authorizers and partners, then continually adapts and modifies its practices internally as it goes about implementing policy.

The second problem is that numerous conflicts remain unresolved among those who authorize the SAA to exist. The mission and procedures of the SAA continue to be contested through the familiar processes of oversight, criticism, and praise. 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. There is debate about what means an SAA should use to reach its goals and how responsive the agency should be to the needs of its various constituents and clients. These issues are probably not finally resolvable. There will always be people dissatisfied with how the SAA is using its resources, and they will use their political rights to press for changes in SAA policies and operations that are more to their liking. Furthermore, as observed by Kelly Barsdate, director of policy, research, and evaluation at the National Assembly of State Arts Agencies, "a much more common phenomenon is that lawmakers are *unaware* of the SAA, and therefore may not be highly motivated to protect it during times of budget duress

California Legislature

The Legislature perceives that life in California is enriched by art. The source of art is in the natural flow of the human mind. Realizing craft and beauty is demanding, however, the people of the state desire to encourage and nourish these skills wherever they occur, to the benefit of all.

The council shall:
(a) Encourage artistic awareness, participation and expression.
(b) Help independent local groups develop their own art programs.
(c) Promote the employment of artists and those skilled in crafts in both the public and private sector.
(d) Provide for the exhibition of art works in public buildings throughout California.
(e) Enlist the aid of all state agencies in the task of ensuring the fullest expression of our artistic potential

California Arts Council

Mission: To advance California through the arts and creativity.

Vision: The California Arts Council is working for a broad public understanding of and appreciation for the positive impact the arts play in enriching cultural, economic, and intellectual life in our communities and schools. The California Arts Council is dedicated to championing the expansion of the arts; artistic excellence; access to the arts for all residents of California; equitable resource allocation across geographical and cultural segments; integration of the arts into the educational curriculum as part of lifelong learning; building cultural bridges between California and other nations; advocacy for adequate funding support; preservation and advancement of the state's diverse artistic and cultural heritage; and collaboration with the state's public and private sectors.

Purpose: The California Arts Council was established in January 1976 to encourage artistic awareness, participation, and expression; to help independent local groups develop their own arts programs; to promote the employment of artists and those skilled in crafts in both the public and private sector; to provide for the exhibition of art works in public buildings throughout California; and to enlist the aid of all state agencies in the task of ensuring the fullest expression of our artistic potential.

Montana Legislature

In recognition of the increasing importance of the arts in the lives of the citizens of Montana, of the need to provide opportunity for our young people to participate in the arts and to contribute to the great cultural heritage of our state and nation, and of the growing significance of the arts as an element which makes living and vacationing in Montana desirable to the people of other states, the Montana Arts Council is hereby created as an agency of state government.

The duties of the Council shall be:
(1) To encourage throughout the state the study and presentation of the arts and stimulate public interest and participation therein.
(2) To cooperate with public and private institutions engaged within the state in artistic and cultural activities, including but not limited to music, theater, 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.
(3) To foster public interest in the cultural heritage of our state and expand the state's cultural resources.
(4) To encourage and assist freedom of artistic expression essential for the well-being of the arts.

Montana Arts Council

Mission: The Montana Arts Council is the agency of state government charged with promoting and expanding the significant role of the arts and culture in our lives through a variety of grant and technical assistance programs, which benefit Montanans of all ages and cultures as current or future creators, participants, or patrons of the arts.

Vision: The twenty-first century will establish the Montana Arts Council as a state and national leader in the arts by focusing its vision outward, to not only strengthen the arts in the state, but also help boost Montana's economy, stimulate quality of life, and improve education throughout the state.

(or to increase its funding during times of greater budget flexibility)."

Because the world changes around the SAA and because that world has many unresolved conflicts and may even be oblivious to the SAA's existence, those who lead and manage SAAs must engage themselves in a continuing discussion about the public value of the arts. The "green-eye shade" account (reporting dollars spent on various programs and activities) has to be a companion piece to a narrative account that offers plausible ideas about what constitutes the public value of the arts to a community. Even if a solid majority believes in the value of the arts in general, SAA leadership has to show the public what their grudgingly surrendered tax dollars add to that value. This responsibility can be quite daunting in a world in which tax dollars are in very short supply. For this reason, it is important to explore and understand the various arguments that have been and can be made for the public value of the arts in our individual and collective life—the arguments that could conceivably justify continuing public support for the arts through SAAs.

Philosophical and Political Ideas About the Public Value of the Arts

The vast majority of state arts agencies were born during an idealistic moment in American political history during the 1960s. The public embraced the idea of a great society, and arts and culture were widely seen as important emblems and producers of that great society. Tax dollars seemed relatively plentiful, and people believed in the government as a powerful instrument for achieving their vision of national excellence.

Art for Art's Sake

In this heady time, art did not need to explain itself or its functions; it was simply part and parcel of American's vision of being a great society. Government support for the arts fit quite naturally and comfortably into that vision. Furthermore, it was not terribly expensive to support. The establishment of the National Endowment for the Arts and state arts agencies claimed the arts as a point of national and state pride.

In addition to recognizing the arts' place in a great society, state support made a case for the deservingness of artists and arts organizations as a special group of citizens and civic institutions. Artists were famously willing to forego comforts like a steady income, health insurance, and tolerable living space in the pursuit of their work, as were (less famously) the employees of nonprofit arts organizations. If tobacco farmers and small businesses and banks making loans merited government subsidy, those making economic sacrifices to create and display art for the enjoyment of all ought to merit public support as well.

These were compelling ideas—the arts as a vital symbol of American culture and artists as one of society's more noble and deserving groups—and they might have been sufficient to generate a flow of public funds to SAAs in a world in which states had money to spend and society as a whole was feeling generous and expansive. Unfortunately, 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. The art-for-art's-sake arguments depended on a shared belief that the arts were relevant as a public good, and society as a whole seemed to have some doubts. The arts began to look suspiciously needy at a time when governments were increasingly expected to justify every nickel of spending.[17]

Audience Development

In 1965, the economists William Baumol and William Bowen explained that the inability of the performing arts to achieve productivity gains would make them more expensive to produce in the future than they had been in the past and that this would create significant financial difficulties for the arts world.[18] As Baumol and Bowen's "cost disease" and the public's apparent indifference took the wind out of arts advocates' loftier arguments, a more realist strategy emerged: audience development. The focus on developing audiences addressed the limited capacity of charitable donors and the government to support a large, diverse, and sustainable arts infrastructure that would meet the aspirations of the broader arts community. The only way out seemed to be to build bigger, more devoted audiences that would be willing to support arts activities by paying more or less subsidized prices for arts enterprises.

Audience development started out as a reactive strategy to a financial crisis. Major arts organizations were slipping into dire financial straits. Increasing costs were exhausting the patience and resources of their traditional charitable donors. A natural solution was to try to secure greater financial stability by putting more paying customers in the seats.

Building Participation

Eventually the idea of building audiences to ensure financial sustainability grew into an importantly different notion: arts organizations and their friends and partners should work to increase arts participation. The idea of participation included not only audiences for the arts, but also those who create art and those who support the arts as patrons or stewards.[19] Expanding participation was important not only because it offered assurances that the arts were meeting a kind of market test in terms of their ability to engage individuals, but also because it was building a political constituency and a market that could help the arts to flourish.

The idea of expanding arts participation of all kinds proved particularly appealing to the smaller, community-based arts organizations that made no pretense of creating high art but were determined to create opportunities to make and enjoy the arts for personal and civic enrichment. As Ken May, deputy director of the South Carolina Arts Commission put it, "[Participation] is a far cry from just more 'butts in seats.'" An inclusive definition of arts participation and a push to broaden, deepen, and diversify that participation across the board presented a new set of arguments, opportunities, and challenges for SAAs and their partners. Increased participation would be at once an important goal in supporting the arts and a justification for that support. When individuals participate in the arts as consumers, patrons, and producers, they show with their time and money that they value the arts. If they value the arts as both customers and as citizens, then they can vote in both the market place and political forums to support the arts.

The Connecticut Commission on Culture and Tourism (CCT) used part of its START funding to carry out a deeper investigation into the idea of arts participation. The CCT team, led by Arts Division Director An-Ming Truxes and START Coordinator Bitsie Clark, brought in Alan Brown, a cultural market researcher, to collaborate in the study's design and execution. Twenty groups consisting of board and staff members from a wide range of Connecticut arts organizations were recruited for participation in the study.[20] Members of those groups carried out a series of in-depth interviews with a number of people who participated in their programs and activities, exploring the reasons for their participation in the arts and the various aspects of their personal

participation habits. The groups then worked together with other groups within their artistic disciplines to understand, share, and synthesize what each group had learned from the interviewees.

After all the groups had gathered to share what they had learned in a statewide meeting, Brown worked with the CCT to look at the "knowledge outcomes" the study had produced. The process suggested that people participate in the arts not only as producers, audiences, and patrons, but also as active curators of their own arts experiences and as more passive observers of the art that exists all around them. CCT's values study breaks arts participation into a set of five modes that are distinct from one another in the level of creative control exercised by the participant:

- *Inventive Arts Participation* engages the mind, body, and spirit in an act of artistic creation that is unique and idiosyncratic, regardless of skill level.

- *Interpretive Arts Participation* is a creative act of self-expression that brings alive and adds value to pre-existing works of art, either individually or collaboratively.

- *Curatorial Arts Participation* is the creative act of purposefully selecting, organizing, and collecting art to the satisfaction of one's own artistic sensibility.

- *Observational Arts Participation* encompasses arts experiences that participants select or accept, motivated by some expectation of value.

- *Ambient Arts Participation* involves experiencing art, consciously or unconsciously, that the participant did not select.[21]

This new conception of arts participation is a reminder that everyone appreciates and participates in the arts on some level,

whether they are waiting for the bus across the street from a new mural or sitting at home on the computer downloading mp3s.

Economic and Social Benefits of the Arts

In many SAA environments, however, even the idea of building arts participation and using levels of participation as an economic and political index of how much individuals value the arts seems insufficient to sustain widespread public support for the arts. It is not enough to show that individuals enjoy and value the arts by participating in them. To justify continued public support for the arts, one has to show some further consequences of arts participation that will benefit the wider society beyond those who pay money to view the art.

Frequently, this kind of argument focuses on economic benefits the state can expect as returns on its investment in the arts. A strong arts base and a vibrant culture attract tourism and businesses seeking a good living climate for their employees. In this view, the public value of the arts lies not in a large, committed, and productive community of individual arts participants, but in the impact that community has on the economy and tax base of a state.

Another argument for the benefits of the arts to society at large is the idea that the arts are valuable because they make their participants better people. The economic angle on this argument is that arts participation helps individuals become smarter or more creative. Since intellectual prowess and creativity are increasingly important in modern economies, a community that supports the arts will have an economic edge over other communities, and its citizens will become wealthier and more prosperous.[22]

The social component of the benefits argument claims that arts participation creates

more creative and productive workers and may even help produce more empathic and committed citizens or better neighbors.[23] Arts participation helps to create what has come to be called *social capital*—the relationships among individuals that allow them to come together to identify and deal effectively with collective problems. Robert Putnam—the principal analyst of the nature, sources, and effects of social capital—has made a distinction between two kinds of social capital, both of which the arts may reasonably claim to produce. The power of art to bring together people with similar tastes and interests and to hold those people together creates *bonding social capital*. Anyone who has ever made a friend in some desolate corner of the local record store or backstage in the local production of *South Pacific* knows how to bond over art.

The power of art to reach out across cultural barriers—to help individuals stretch the boundaries of their particular tastes and interests—is what Putnam calls *bridging social capital*. Robert Booker, executive director of the Minnesota State Arts Board, recently observed that power in a historic opera house in the small, rural town of Marshall, Minnesota:

> They were featuring Chuchumbé, a Mexican performing music ensemble that was brought to Minnesota through Arts Midwest and the Minnesota State Arts Board. They had done residence work in the community for a week. I sat next to a farmer in his 70s whose new neighbors were Mexican immigrants who recently moved into his community. The intensity of the farmer's attention suddenly caused me to think that this may have been the only way that he has been able to connect with those individuals—by hearing their music, seeing their dance, and learning about their culture. I can tell you that, as he and I talked throughout and after the performance,

this guy was going through a learning curve about his new neighbors…and it was happening through an arts experience.

Many of the arguments for the economic and social benefits of the arts have grown alongside a set of arguments for the benefits of arts education. Kelly Barsdate and Jonathan Katz of the National Assembly of State Arts Agencies have outlined a few of these arguments thus:

• The arts help children succeed in school.
• The arts help schools retain students and establish productive learning environments.
• The arts foster learning styles and communications skills that align with the workforce needs of the 21st century.

These arguments tend to resonate in the authorizing environment. Many individuals who might be reluctant to support subsidized arts opportunities for adults still believe quite firmly in the value of arts education for children. As Barsdate and Katz pointed out, "many polls reveal parents' strong convictions that the arts should be part of every child's education." In addition, recent research carried out by The Wallace Foundation suggests that "arts education is one of the top priorities of civic officials and media leaders."

RAND's Framework for Understanding the Benefits of the Arts

In the recently published *Gifts of the Muse: Reframing the Debate About the Benefits of the Arts*, the RAND Corporation has set out an analytic scheme designed to capture the social and personal benefits of the arts.[24] Using economic models for measuring these benefits, the RAND framework first divides the impact of the arts between *intrinsic* and *instrumental* benefits. The instrumental impact arguments for art—the familiar claims made about art's contribu-

tions to the quality of economic and social life—are "side effects" of arts participation. Intrinsic benefits, by contrast, are inherent in the experience of participating in the arts. The authors of the RAND study also divide the benefits of arts participation based on whether it is primarily the individual participant or an aggregate group of individuals (including non-participants) who get something valuable out of arts participation. Often, the benefits accrue to both as the framework in Figure 3 shows (replicated here in a slightly different form from its original representation in the study).

What is potentially valuable to SAA managers about this framework is that it could help them begin to compare the social benefits of increasing participation in the arts with the social costs of producing that result. In principle, if these various effects could be measured, reliably linked to arts participation, then monetized in some way, it would be possible to present a relatively objective measure of the "bottom line" produced by an SAA. That, in turn, might take the politics out of judgments about the value of SAAs and provide a solid basis for continued public spending on the arts.

In practice, however, the framework cannot fully deliver on this promise. McCarthy, et. al., have reviewed the empirical evidence about the degree to which arts experiences actually produce the valuable instrumental effects described here, and they have found that much of the research suffers from lack of specificity, weak empirical methods, and a failure to consider non-arts activities that may produce the same effects more efficiently.[25]

Given the general difficulty of establishing strong cause-and-effect relationships in social science, the relatively young nature of this field, and the small number of studies that now exist, this overall conclusion should not be surprising. Nor should this conclusion be taken as a final answer.

As SAAs and arts advocates continue to investigate questions about the public value of the arts, they will learn more and become increasingly confident in their conclusions.

But the fact that they will learn more does not necessarily mean that they will finally discover that the claims of those who love and value the arts and think they merit public support on various instrumental grounds will be vindicated. They may well develop a confident answer that participation in the arts has few of the instrumental consequences that many hoped would provide a convincing case for continued public support for the arts. At the moment, the evidence is simply not strong enough to support or refute these claims. One is left having to make a judgment about these matters without having strong social science findings as guidance.

Perhaps more importantly, however, the RAND study suggests a new way of conceptualizing the "public value" of the arts. For the first time among those making social science-based arguments for the arts, the authors focused attention on what they described as the "intrinsic" value of the arts to those individuals who participate in them and the communities that sponsor and sustain high levels of arts participation. Any given community has to take some responsibility for the welfare of its individual members and the protection of their rights. Insofar as individual members of the community could benefit from an engagement with the arts and insofar as members of that community have an inalienable right to express themselves through art, a community could decide to tax and regulate itself to create more opportunities for individuals to participate in the arts than the natural workings of the market would produce. In a sense, then, participation in art is a "publicly valued good" regardless of whether it is produced through market mechanisms (with paying

Figure 3: The RAND Framework for Analyzing the Social Benefits of the Arts

	Private Benefits	Private Benefits with Public Spillover	Public Benefits
Instrumental Benefits	Improved test scores	Improved self-efficacy learning skills, health	Development of social capital
Intrinsic Benefits	Rapt absorption	Expanded capacity for empathy	Creation of social bonds
	Pleasure	Cognitive growth	Expression of communal meaning

customers providing the money that sustains the activities and demonstrating the kind of public value evident in individuals' willingness to spend their own money to participate in the arts) or supported in part by governmental efforts to facilitate and subsidize opportunities for individuals and communities to participate in the arts.

In some ways, the idea that participation in the arts is intrinsically good for individuals and communities harkens back to the idea that the arts and artists and arts organizations should be publicly supported because they are good in themselves. The difference in the RAND idea, however, seems to be that the arts should not be narrowly defined and their intrinsic benefits not restricted to a self-appointed arts community that has its own distinctive ideas of what constitutes quality art. The arts, instead, should be seen as a wide spectrum of opportunities for many different kinds of individuals and communities to participate in the process of invention and self-expression that is so important to the quality of life.

In this view, it is not possible to rely exclusively on the market to encourage the right level and kind of opportunities for self-expression (though the market can play an important role in finding and supporting individuals who participate in the arts as audiences, producers, or patrons). Nor is it possible to rely only on a segment

of the philanthropic community or a group of specially dedicated and talented artists to produce the level and kind of arts participation that would enrich life. One has to rely additionally on a publicly supported effort to expand opportunities for intrinsically satisfying arts experiences to those who cannot pay and those who do not yet know how important this experience might be in their lives but are willing to experiment.

Arts Participation as a Fundamental Human Right

As hinted at here, an increasingly common (and somewhat provocative) argument asserts that participation in the arts is not only an amenity that could be enjoyed by individuals or a good that produces some significant external benefits for the quality of life individuals enjoy collectively, but something to which individuals have some kind of right—maybe even an obligation. Former National Endowment for the Arts Chair Bill Ivey, for example, outlined a "Cultural Bill of Rights" consisting of the right to explore and understand our own and others' cultural heritage, the right to a creative life, the right to value and support artists, the right to choose from a wide variety of arts experiences, the right to share and display America's cultural products internationally, and the right to understand what makes art excellent.[26]

If these are indeed our rights (and our obligations), the state should take responsibility for extending opportunities to participate in art. These opportunities should be guaranteed to those who cannot afford to participate, those who would not ordinarily be exposed, and those who have been exposed but have not yet fully realized the value of artistic participation to them. The state should create such opportunities not only as a matter of individual and collective well-being, but also in the name of justice and fairness. The essence of this argument is that art-making and art appreciation are important parts of being human, and the state has an obligation to ensure that everyone has a chance to discover the arts' comforts and challenges.

The Public Value of the Arts: Summary

As a result of the START initiative, SAAs and arts communities have begun to talk openly and thoughtfully about the public value of the arts. To no small degree, the idea of the public value of the arts is intended to capture all the arguments outlined here. An argument for the public value of the arts could, in principle, incorporate some or all of these different claims: that art is good for its own sake; that artists are particularly deserving of public support; that individuals spend time and money on the arts because they value them; that the arts produce economic benefits for individuals and communities that support them; that the arts help make better neighbors, better citizens, and a stronger civic and democratic culture; and that human beings have an inalienable right to express themselves through the arts and to be challenged by others' artistic expressions.

Using the Concept of Public Value

SAAs have worked with this history of thought and the emergent philosophical and empirical analyses of the value of the arts in their efforts to construct different kinds of arguments about the public value of the arts. They have built these arguments into their mission and vision statements and used them to guide strategic planning. They have refined the arguments with staff, grantees, partners, friends, and adversaries.

Mary Regan, executive director of the North Carolina Arts Council, asked her board to "reflect on how the arts create public value." A psychiatrist board member spoke about the healing power of the arts on an individual and collective level. A youth theater company director on the board explained how theater education could create a more civil environment in schools. Over the course of the meeting, the board members touched on the individual sense of accomplishment, the power of cultural expression, the interpersonal connection, the economic benefits, the vibrant communities, and the capacity for exploration and innovation that the arts create.

The Minnesota State Arts Board (MSAB) begins its values statement with this declaration: "The arts, in their many forms, provide a vehicle for developing and expressing creativity, a tool for growth, and a means of connecting people across cultural boundaries." In some sense, this description follows the logic of the RAND framework. "Developing and expressing creativity" is an intrinsic effect, but the language does not limit that effect to individuals. It leaves open the possibility that creativity may be collectively expressed and developed through the arts, contributing to the creation of bonding social capital. Describing the arts as a "tool for growth" leaves plenty of room for interpretation. Does it mean personal growth? Economic growth? Spiritual growth? Cognitive growth? Presumably, the answer would be yes on all counts. The description suggests both intrinsic and instrumental benefits. Finally, the MSAB

defines the arts as "a means of connecting people across cultural boundaries," which points to one of art's most important instrumental benefits—namely, the creation of bridging social capital for more connected, tolerant communities.

A graphic designer worked with the Arizona Commission on the Arts (ACA) to develop a deck of cards as a promotional tool, offering a whopping 52 arguments for the public value of the arts.[27] Each suit represents a different aspect of value: clubs for economic development, diamonds for creative capital, hearts for community building, and spades for education. Each card is illustrated with ACA-sponsored art projects. In its legislative budget–briefing packet, the ACA based much of its argument for the arts' public value on the importance of helping to create and sustain a creative class as an attractive way for individuals and communities to live and as an important aspect of Arizona's economy. The introduction to Arizona's "Case for the Arts" cites economist Richard Florida's observation that "places that succeed in attracting and retaining creative people prosper; those that fail don't."[28]

The California Arts Council's (CAC) Arts Marketing Institute (AMI) has engaged many of the CAC's clients and constituents in an open conversation about public value. With its partners in the educational community, the AMI developed a value statement based on a rights argument. They assert that every child has a right to learn in a way that is meaningful to him or her and that art in education is the best way to guarantee that right. This argument has been powerful. Recently, the Ford Foundation gave a $250,000 planning grant to the Alameda County Office of Education, one of the earliest participants in the AMI's "public value conversations."

Goal Hierarchies

The discussion of the public value of the arts is confusing at least in part because there are different arguments about what constitutes the objective, true public value of the arts, and there are different audiences being addressed and persuaded by these arguments. If one assumes that a public organization can be committed to only one broad purpose regardless of the audience, a choice must be made about which particular story about the public value of the arts the agency will embrace and pursue. There is certainly virtue in disciplining an organization to stay focused on one key purpose (as any expert in corporate strategic planning would say).

But despite the natural desire to set out a single, clear purpose for the agency, a little observation and reflection reveals that most SAAs are more like multi–product conglomerates. They engage in many different activities. Their activities produce effects that register on many different dimensions. The broad spectrum of authorizers and clients of a given SAA want different things from the agency and see it somewhat differently. Even if the SAA tried to be a coherent, focused, single–product agency, its environment would force it to differentiate both what it does and how it talks about itself.

Mary Kelley, executive director of the Massachusetts Cultural Council, referring to an online survey seeking constituent input on the council's new strategic plan, noted that, "What people see is how we affect them or how we should affect them as far as they're concerned. Obviously, the grant-maker role is the most important role to most of those folks, and then next is [our role] as an advocate. Service provision is the third most important, and I don't expect that to change."

Most SAAs, recognizing this truth, do not describe either their ultimate purpose or their particular activities in a single phrase. If they do, that phrase will be too vague and abstract to serve as a useful guide to agency policy and practices. How does one measure an idea as amorphous as, say, creating public value for citizens of [your state here] through the arts? There is nothing wrong with making a general description of the agency's purpose, but SAAs tend to focus their actual work a little further down the page. For the day-to-day work of the agency to be consistent with its vision of public value and the value it creates for its myriad constituents, the SAA needs to establish a hierarchy of purposes, with broad goals at the top of the pyramid and the concrete programs and activities that constitute the agency's work at the foundation.

From one perspective, creating goal hierarchies is a fatally flawed organizational strategy—a dodge that allows the organization to be all things to all people. It fails to discipline and focus the work of the organization. But one can also see the goal hierarchy as a tool that helps an organization see itself and its performance more clearly and report its progress more usefully to those who are interested. Whether a given list of goals and activities proves to be a useful tool or a mushy dodge depends a great deal on the logic that ties the top of the pyramid to the bottom and the rigor with which the organization pursues that logic. In response to a survey carried out by The Wallace Foundation, representatives from the Arizona Commission on the Arts (ACA) observed, "[R]ealigning goals with public value statements that reach beyond serving grantees…makes who we are and what we do more concrete and clear to ourselves and others." As the ACA went into its planning process, its intention was to "re-evaluate our operational plan to map it more consistently with our desired outcomes."

In constructing a goal hierarchy, three logics are possible. The most common places the ends at the top of the pyramid and the means that constitute the more discrete, particular activities of the agency at the middle and bottom. A second logic places long-term goals at the top and short-term objectives at the bottom. Least common, but potentially most valuable, is a logic that ties the abstract to the concrete. By this logic, the mid-level and bottom concepts are simply descriptions of what is meant by the higher-level objectives. This makes it easier for the SAA to define itself in terms of what the actors in its environment expect and want from the agency.

Of course, one could go too far in trying to live up to a series of expectations that the environment has placed on the SAA. At a minimum, any given conception of a goal hierarchy should meet the "giggle test" for its conceptual integrity and empirical reliability.

Example Goal Hierarchy

As the START states worked through their ideas of public value, they began developing more complex ideas about their purposes and how those might best be represented. The Kentucky Arts Council (KAC) began with its legislated purpose, its mission statement, and a list of five ends statements established by the council's board, some more concrete than others. Beneath these broader purposes, the KAC outlined a set of activities it plans to carry out to achieve the five key ends statements. Table 3 presents an abstracted version of their particular goal hierarchy, rooted in the logic of trying first to represent the meaning of the agency's larger goals and, second, to understand what activities could achieve the more concrete representations of the broader purposes of the organization.

Purpose (legislated)**:** The purpose of the Council shall be to develop and promote a broadly conceived state policy of support for the arts in Kentucky.

Mission: The people of Kentucky value and participate in the arts.

Board determined ends statements:
1) The role of arts in society is valued as basic to life
2) There is efficient statewide delivery of arts programs and services
3) Education in the arts is provided
4) Public policy is favorable to the arts in Kentucky
5) Artists live and work in a supportive environment

Ends Statement #1: The role of arts in society is valued as basic to life.
The KAC gathers and analyzes information in order to understand and be able to:

• Communicate the value of the arts; how arts benefit society and enhance the quality of life
• Impact Kentuckians' (organizations, artists, media) perceptions of the arts
• Identify and circumvent barriers to value and participation in the arts
• Develop and utilize various programs to enhance the role of arts in society
• Expand and diversify network of advocates and support statewide organizations in their advocacy work
• Offer technical assistance in identifying/ preventing/removing barriers
• Effectively utilize media to promote the value of the arts as basic to life

Ends Statement #2: There is efficient statewide delivery of arts programs and services.
The KAC gathers and analyzes information in order to understand and be able to:

• Coordinate the role of staff and board in supporting a common sense of mission
• Integrate goals, programs and services
• Provide efficient and effective delivery of services
• Apply public input
• Support deliverers of arts services in Kentucky

Ends Statement #3: Education in the arts is provided.
The KAC gathers and analyzes information in order to understand and be able to:

• Promote life-long learning in, about, and through the arts
• Promote arts education and arts in education, including production, history, appreciation, integration with core subjects, sequential learning, lifelong learning, and multiple modes of learning
• Reduce barriers to providing arts education
• Provide models for arts education
• Identify the current status of arts education in public schools and teacher training, current standards and core content, and trends in delivery systems
• Train artists to teach in schools and to provide professional development in the arts to organizations and teachers
• Advocate for arts education and arts in education
• Evaluate and provide feedback to pre-school through 12 and youth-at-risk arts education programs

Ends Statement #4: Public policy is favorable to the arts in Kentucky.
The KAC gathers and analyzes information in order to understand and be able to:

• Influence movement toward changes in policy
• Encourage citizens to become involved in shaping public policy
• Form alliances with agencies and cabinets for favorable legislation
• Effectively interact with authorizers (legislators, local government, cultural groups, voters, arts organizations)
• Develop and prioritize strategies (based on knowledge about authorizers) that will bring about favorable public policies

Ends Statement #5: Artists live and work in a supportive environment.
The KAC gathers and analyzes information in order to understand and be able to:

• Provide avenues, services and resources to artists of all disciplines
• Encourage arts and non-arts groups, organizations and agencies to support growth of artists

Summary

Many different claims can be made about the value of the arts (and arts participation) to the quality of individual and collective life. Some of those claims can be fashioned into reasons to support the public funding of the arts. And some of these claims can find resonance with different parts of the political community to which SAAs are ultimately accountable.

It would be nice if there were some simple, single, incontrovertible idea about the public value of the arts that could be shown to be true everywhere, all the time, so that SAAs could stop having the discussion about whether the arts should be publicly supported and get on with figuring out the best way to do so. But the fact of the matter is that the public value of the arts will continue to be contested. It will be contested on empirical grounds (the arts do or do not have specific effects on individuals and on communities) and on normative grounds (it is right or wrong for the state to use its powers to tax and regulate to help produce the desired effects). As a practical matter, then, those who lead and manage SAAs will have to continue to have the discussion about the public value of the arts—not only as an abstract, philosophical, or scientific question, but also as a political matter. With whom they must discuss this matter is the focus of the next chapter on the "authorizing environment" of SAAs.

2

The Authorizing Environment

and How to Engage it

For better or worse, the concepts of public value embraced by those who lead state arts agencies do not necessarily resolve the question of what constitutes the important public value an SAA produces. Nor do the beliefs of those who benefit from the agency's direct support. The taxpayers do not determine public value in some kind of referendum, and there is no process allowing them to earmark their funds. Instead, the question of what constitutes the public value of an SAA is subject to a complex political process in which those individuals with formal power to provide funds to SAAs make choices, based in part on the guidance of various others, about how much public money to spend on the arts and for what particular purposes. The formal arbiter of the public value of the arts and the SAA's efforts to expand engagement in the arts is a group of actors collectively described as the "authorizers" of the SAAs.

Defining the Authorizing Environment

By definition, the authorizing environment of an SAA consists of all those actors who hold the formal power to supply or withhold public money and authority to SAAs and/or to place conditions on the distribution of these resources. Because most of these actors are "representatives" making their decisions on behalf of others, the authorizing environment also includes all the individuals and interest groups who influence those who are in representative positions. Table 4 presents a list of actors that the Montana Arts Council considered to be part of its authorizing environment.

Needless to say, this is a very large, very heterogeneous, very complex group of actors. Still, it might be prudent to keep a list this long in mind (or, in the interest of maintaining one's sanity, merely at hand) as one thinks about managing the relations between the SAA and its political authorizing environment. When an SAA finds itself in trouble with one mobilized segment of its authorizing environment, it is often useful to try to

Government
- Legislators (as a body)
- Legislators (as individuals)
- Governor
- Budget Director
- Committee Chairs
- Some Legislative and Governor's Staff

Citizen Groups
- Citizen Groups (in general)
- Citizen Groups (already with arts on the agenda, such as AARP, PTA, youth-oriented groups)
- Citizen Groups (already opposed to the arts agenda)
- Citizen Groups (those who have not yet staked out a position)

Education
- Universities
- University Presidents
- Education Organizations
- Education Agencies
- Schools
- School Boards
- School Superintendents
- Montana Education Association - Montana Federation of Teachers
- Commissioner of Higher Education
- Board of Education

Funders
- National Endowment for the Arts
- The Wallace Foundation
- National Foundations (with regional interest)
- Philanthropists
- Individual Donors

Arts Organizations and Participants
- Statewide Arts Organizations
- Artists
- Arts Council (commissioners) and Staff

- Cultural Trust Committee
- Arts Audiences
- Volunteers
- Lewis & Clark (and other) Bicentennial Commissions
- State Historical Society
- Regional Arts Organizations (WESTAF, Arts Midwest, NEFA, etc.)

Commercial/Business Organizations
- Commerce Department
- State Economic Development Division
- Montana Ambassadors
- Chambers of Commerce
- State Chamber of Commerce
- Economic Development Community
- Corporate Special Interests
- Mining Companies
- Beef Industry
- Wheat
- Other Industries Specific to our State

Community Organizations
- Montana Community Foundation
- Culturally Specific Groups
- Community Advocacy and Empowerment Groups

Travel Industry
- Travel Montana
- Travel Industry
- Canadians
- Tourists

Professions
- Farmers
- Ranchers
- Loggers
- Miners
- Outfitters and Guides
- Hunters
- Service Workers
- State Employees
- Barbers and Hairdressers

Demographics/ Diversity
- Children
- Seniors
- People with Disabilities

Families
- Extended Families of Key Leaders
- Our Friends and Family
- Parents of (K-12) Children
- Parents of Children in Arts Programs
- Working Families
- Those who Advocate for Working Families

Religious Organizations
- Churches
- Temples
- Mosques
- Other Religious Groups

Health Care
- Professional Health Providers (dentists, doctors)
- Health Organizations
- Hospitals
- Mental Health Professionals

Special Interests
- Christian Coalition
- Constitutionalists
- Libertarians
- Environmentalists
- Unions
- Montana Tax Payers Association
- Political Parties

Corrections
- Prisons
- Corrections
- Juvenile Corrections

Media
- Publications
- Media (public and commercial)

imagine some latent constituencies that could be mobilized to shift the balance of political pressures on the agency.[29] Similarly, when an SAA tries to imagine the various purposes it could pursue or new activities to launch or when it wants to check up on the SAA's relationships with its many authorizers, it is useful to have such a long and comprehensive list. But for everyday working purposes, a list this comprehensive seems a bit daunting. The question of which actors on the list are important to the SAA at any given moment will depend a great deal on what the particular SAA is trying to accomplish.

When to Engage the Authorizing Environment

Broadly speaking, an SAA needs to attend to its political authorizing environment in four different, but related circumstances. The first is the inevitable, non-discretionary encounter in which the authorizers call the SAA to account for the use of the assets entrusted to it. These engagements— typically consisting of reports detailing expenditures, activities, accomplishments, strategic plans, and budgets for the next fiscal year—make their way up through the bureaucratic chain of command in the executive branch where they are largely ignored or intensively discussed depending on many different factors, including the financial health of the state, the most recent press coverage of the SAA, and so on. The reports also go to legislative appropriations and oversight committees. State-level arts advocacy groups that want to support public funding to the arts but ensure that the funding moves in particular directions or protects particular interests, also pay close attention to these reports, as do the principal beneficiaries of SAAs, who want to make sure that they are getting their "fair share" of the funds.

The SAA may also have to confront the authorizing environment when it seeks to innovate, whether the proposed innovations are strategic, programmatic, administrative, or technological. Some scope for innovation is generally available to SAAs either as a *de jure* or as a *de facto* matter. The degree to which an organization feels free to innovate may depend on its reputation and support within the authorizing environment or on the temperament of its leaders. But there are some innovations that involve bigger changes than the usual streamlining and reshuffling clearly authorized by present expectations.[30] In these circumstances, it is usually prudent to seek some kind of special authorization for innovating. The Wallace Foundation, for example, provided grant money to the 13 states in the START Program on the condition that the states would use that money to support innovative work in participation building. The wide range of inventive grant programs, trainings, convenings, and planning processes supported by The Wallace Foundation grants suggests that when there is an external constituency for innovation, there is no shortage of ideas and little fear of implementing those ideas.[31] Any external nudge toward change, even a disagreeable one, represents an opportunity to create a reputation as a highly responsive SAA. But if the innovative idea has welled up within the SAA, it may be necessary to create the political room to pursue that innovation. Often, an innovative idea provides an occasion for reaching out to a new constituency in the political authorizing environment.

In a third instance, some influential members of the authorizing environment might find a particular SAA action or activity so objectionable that the SAA finds itself with a public controversy on its hands. One might expect SAAs, whose very existence is a matter of some controversy, to be adept at managing authorizers' arts-related outrage.

However, when the media and the public become involved, there is a need for spin control, and an SAA that has concentrated on maintaining a relatively low profile may find itself unprepared.[32]

Fourth and finally, SAAs may need to reach beyond their own assets and powers to accomplish their goals. Sometimes, an SAA will need to enlist the assistance of groups or individuals who are external to its authority and do not receive agency funding.[33] It's worthwhile to imagine an SAA with no grant money to give out and only a minimal staff, nonetheless expected to broaden, deepen, and diversify opportunities for arts participation throughout their state.[34] Such an organization would probably spend much of its life doing a particular kind of political management that could be described as general mobilization for the arts. In this kind of scenario, instead of focusing on a few inside players who can grant authorization, the SAA turns its attention and marketing power to the many outside players who can help the SAA achieve its goals by doing more than they currently do. This sort of political management becomes increasingly important as the SAA sees itself less as a dominant, direct player and more as a facilitator of arts activity in the state.

Once one knows the context and purposes of political management, it becomes possible to write the list of those necessarily or potentially involved. The next step is to identify the likely interests of those key authorizers and what they can bring to the successful handling of an issue. These considerations will be quite particular to the situation at hand. Whatever the particulars, the objective is to assemble a coalition of support to provide the legitimacy and resources the SAA needs to accomplish its desired results. That aim can sometimes be accomplished by quite a narrow, opportunistic mobilization. Other times, the situation will call for a sustained effort to

build a general climate of support for the SAA and its mission.[35]

Political Management: Tools and Advice

Given that the contexts in which political management becomes important are quite particular, it is hard to say much that is particularly useful about how to do political management. Nonetheless, there are a few things worth keeping in mind as general guidance.

Taking Political Management Seriously

The first and most important general lesson is that SAA managers should take political management seriously. That is easy to say. And most experienced managers believe they do take political management seriously. They think about the sources of their political support, do what they can to cultivate it, and so on. No one in a responsible position in a governmental agency can afford to ignore the problem of building and sustaining political support for themselves, their agencies, and their particular policies and programs. That support is their lifeblood.

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 purposes. They often understand themselves to be primarily servants of the political process, not principals within that process. 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. They may fail to seek out additional information beyond what they know from personal experience or through their interactions with key individuals in their political environment. When SAA managers do not take their political management function seriously enough, they cripple the SAA's capacity to engage its political authorizing environment. Furthermore, as Shelley Cohn, executive director of the Arizona Commission on the Arts, pointed out, "the SAA needs to be a policy advisor."

For the purposes of political management, it is essential to resist the tendency to spend time only with known and trusted friends. An old maxim from the military world claims that it is important to "hold one's friends close, but one's enemies closer." It is not only that it is important to anticipate the enemies' moves. There is also a lot to be learned from one's critics and enemies about how to improve. This is not to say that the SAA should ignore its allies, only that it is necessary to spend as much time as possible with as wide a variety of authorizers as possible. The staff may take notice when management spends a great deal of time away from the SAA, but they ought to know that effective political management efforts (including the kind of political management that provides SAA leadership with ideas about how the SAA can improve) represent their best bet for job security.

SAA leaders should remember that the political management function can, to some degree, be delegated. The executive director should accept contributions to political management efforts from appointed council members and from the SAA's clients. When council members and clients speak out in favor of the SAA, the authorizers are inclined to listen with less skepticism than they would if it were the director, legislative liaison, or press office speaking. With the approval of the authorizers, it is appropriate for an executive director to encourage his or her staff to speak directly with particular authorizers when the staff has information that the authorizers need and credibility in dealing with them.

The Montana Arts Council (MAC) made one of the most sustained efforts to elevate the importance of political management in the way that it carried out the council's work. Cinda Holt, business development specialist for the MAC, described the increased attention to political management as "…a revolutionary change…. [Executive Director Arlynn Fishbaugh] realized that it wasn't the thing you have to do after you get all the papers on your desk filed. It's the thing you have to do proactively…and we're seeing results."

The MAC took a look at its long list of authorizers and developed a strategy for approaching those individuals on the list whose support would be essential for the MAC to carry out its mission: the state legislators. The MAC set up a "listening tour," a series of meetings with individual legislators who were not (yet) friends of the MAC. Holt described the interactions:

> We are purposely not going into these meetings with a platform already established…. The arts are not the topic. The topic is a series of questions that goes directly to them as individuals. 'Why did you pick your political party? What have you learned since you've engaged in the political process about how you set your priorities? What's the definition of a

good citizen in your community? What's your definition of a stellar business in your community? Where do you think creativity fits in the state's future?'

The next phase is a second series of meetings, the "visiting tour," in which the MAC sends a team of three representatives to meet with the same individual legislators. Holt explained:

> It's a person with a link to the authorizer, a person with the facts about the issue or organization, and a person with a story…. In our state, stories resonate. People are more interested in hearing a story than just the aggregate facts.

The meetings focus on the issues those legislators brought up during the listening tour. The MAC has also developed several well-designed publications with case studies and profiles on the organizations the SAA helps support and is putting together an audio CD with stories from the field.

Listening as Well as Talking

The MAC's approach highlights the second key point about political management. In order for it to be both ethically appropriate and effective, the job cannot be conceived as "selling" the SAA as it now exists to the relevant authorizers. For many years, the focus of marketing in the private sector was on selling the product. The company had already designed and built the product. Now, it had to persuade consumers to buy it. Inevitably, the marketers discovered that it was very hard to persuade people to buy something they did not want. They figured out that a better use of marketing resources might be to find out what individuals want before building the product. Thus, marketing today seems less like a megaphone broadcasting the virtues of a ready-made product and more like an antenna tuned to the fickle desires of consumers.

The SAA would be wise to use this approach to find out what the SAA might be able to produce to meet the fickle desires of its authorizers. Sometimes, the authorizers will say the best use they can imagine for the SAA is for it to shrink and give back to the taxpayers some of the dollars now invested in it. That is not necessarily a bad or wrong thing. As public agencies, SAAs have to take responsibility for fiscal crises along with everyone else. But even when shrinking funds force programs to be cut, authorizers will have ideas about what would be most valuable to keep. Or, ideas can be jointly created in conversations. That was part of what made the MAC's approach to legislators so interesting; it invited them into a conversation about what they thought could be important about the arts and the MAC.

Staying Below the Radar v. Making a Big Splash

Listening is a powerful but relatively low-profile approach to political management. If an SAA enjoys a fairly stable and satisfactory relationship with its authorizing environment, merely having one's antennae up may be a reasonable approach to political management. There may be no need to raise the SAA's profile. Similarly, when there are budget crises, great clashes among political parties, or struggles between the legislature and the governor (or all of the above), it might make sense for SAAs to keep themselves out of the limelight and off the agenda.

After Kentucky's newly elected governor instituted a radical restructuring of the state government, tearing the Kentucky Arts Council from its happy and productive home in the Education, Arts, and Humanities Cabinet and dropping it in the Commerce Cabinet to contend with bigger, badder agencies, rumors began swirling through the arts community. Although the KAC shared its constituents' uncertainty and

trepidation about its future in a brand new authorizing environment, the KAC focused its attention on understanding the facts. Lori Meadows, executive staff advisor, described how: "We needed to figure out what was important to authorizers and respond….We listened to and read everything we could get our hands on—pre-election position papers, the inaugural address, press conferences…news articles."

The KAC learned from local news media that a constituent had stood up at a public forum and made statements on behalf of the KAC based on rumors. At an event for the KAC's Crafts Marketing Program, an arts service organization posted a petition opposing budget cuts to the KAC, which had not been threatened. KAC staff had to ask the organization to take the petition down. As Meadows explained, "We knew this public cry for help would be frowned upon" by a governor who had run on a platform of eliminating waste and abuse in the capitol. The new Commerce Cabinet is "very focused on the agencies being 'team players' and working toward the goals of the administration. It would not be taken lightly or kindly to have constituents publicly voicing opinions that might go against the views or goals of the cabinet or entire administration."

The KAC knew the best way of ensuring political success in its new authorizing environment was to keep its level of visibility under control, even when the arts community was eager to advocate for the KAC. However, there are at least two conditions under which it makes sense for SAAs to seek a higher profile.

The first is when the SAA sees an important opportunity to strengthen its base by giving itself a higher profile or engaging a new constituency. In the interest of engaging a public that ranked arts and culture last in a survey of leisure activities, the Mississippi Arts Commission

has been working to broaden the definition of arts participation by recognizing and encouraging the state's "avocational" artists. The Mississippi Arts Commission rightly suspected that there was a good deal of arts activity occurring in the state that was not being recognized (even by many of its participants) as such. As Tim Hedgepeth, executive director, explained:

> A lot of these people I think would say, 'Oh come on. I'm not an artist. I just do this for crafts fairs….' It's sort of presumptuous [for us] to think, 'Oh, we've discovered you. We're going to make things better….' But I do think, when you're trying to look for a means of total representation of all the artistic activity that happens in a state, [you have to] realize that just because they don't come to the conferences or apply for grants, it doesn't mean they aren't artists.

To drive this point home to its authorizers, the Mississippi Arts Commission sent a survey to some of the state legislators outlining the commission's broad interpretation of arts participation and asking them to consider how they and their families participate in the arts.[36] One legislator sent a photo of himself playing Mr. Fezziwig in a community theater production of *A Christmas Carol.* On the commission's annual arts advocacy day in Jackson, in a program they called "Arts with a Capitol A," they brought along a poster-sized version of that photograph printed with the words, "Who else participates in the arts?" At the center of the display was a mirror covered by a velvet curtain. Hedgepeth observed that this program "opened some doors to legislators we've never met before [and] put a public face on what we do…. It has also become an effective tool for teaching our grantees that arts participation starts at the top."

The second occasion on which to raise one's profile is when the organization is

already in big trouble. When the old alliances have proven inadequate to the task of supporting and guiding the agency toward sustainable, value-creating paths, it makes sense to raise some new flags and banners to see if there is anyone who wants to march behind them. The governor of New Jersey, faced with a massive deficit, proposed the elimination of all state funding for arts and culture.[37] The New Jersey State Council on the Arts (NJSCA), in partnership with ArtPride (the state's arts advocacy organization), the Advocates for New Jersey History, and the two other threatened agencies (the New Jersey Cultural Trust and the New Jersey Historical Commission) converted their April council meeting into a kind of ad hoc summit on the public value of the arts and culture. David Miller, NJSCA executive director, explained: "We were going to do this together or we were not going to do it at all. And that was hard because there were lots of…deliberate attempts and more insidious factors that wanted to break us up, pick us off, or dangle a carrot in front of one of our noses to get us to stop the campaign."

In addition to the boards and staffs of the three agencies and two advocacy organizations, the invitation list included all grantees, chairs, and boards of all agency-funded organizations, mayors, county officials, legislators, the National Endowment for the Arts, the Mid-Atlantic Arts Foundation, the National Assembly of State Arts Agencies, and Americans for the Arts. Steven Runk, director of programs and services for the NJSCA, described the effort:

> The idea was to get key authorizers speaking about how the arts contribute to the civic agenda and have public value from the standpoint of New Jersey government at all levels. Our keynote speaker…Bob Morrison from "Save the Music," VH1…brought the perspective of a businessperson and advocate…. Our

chairperson…talked about our agency and [how] our grant-making was more than just handing out money. It was also the products of that process—access, merit, quality, public benefit, leveraging other money, and accountability—[and] how we tied to areas of the community agenda: sound education, livable communities, vigorous economies, inclusion, and pride.

Interacting with the Media and Agency Marketing

In its sustained effort to save itself and its partners, the NJSCA set a goal "to be in the press every day." The governor's threats had been badly timed for the NJSCA; as New Jersey's cultural agencies prepared to rally the troops behind them, President Bush was preparing to "shock and awe" Iraq. Miller explained how the NJSCA competed for headlines:

> We deliberately doled out the different messages that we needed to deliver and timed out a lot of the other aspects of our advocacy…. It was all very carefully planned out with a couple things in mind. One is that we would never be out of the public eye. Number two, we were going to have as many voices other than the arts be the expressers of the opinion.

The NJSCA ultimately endorsed a dedicated revenue source (from hotel/motel taxes). While the NJSCA would have preferred a direct appropriation from the legislature, the advocacy effort had forced the authorizers to find some means of funding the agency. "They kept dangling these ideas in front of us or saying, 'You have to go out and raise the money.' And we kept saying, 'No, we have to do the work we do; you have to raise the money.'"

The SAA cannot control what the independent news media says about it, but there are many things it can do to affect the kind of coverage it gets. It can cultivate relationships with key media figures who cover the arts and culture beat. It can provide good stories. It can react forthrightly and accurately when a bad story comes out. It can seek out local media outlets, such as community newspapers, to reach a different constituency with a different kind of story. And so on. But the reality is that one cannot bat 1.000 in dealing with the independent media. The point is to try to be a .500 hitter rather than a .200 hitter.

Fortunately, the SAA does not have to rely on critics and journalists to inform the public about its activities. It can communicate proactively with the public about the arts, the SAA's activities, and the opportunities available to members of the public. Unlike the coverage that comes from the independent news organizations, this sort of marketing communication can be quite directly and specifically controlled by the SAA. The SAA can decide on the message, the audience, and the distribution vehicles.

The California Arts Council's Arts Marketing Institute (AMI) has begun to focus on social marketing, inviting constituents to participate in workshops where they learn how to turn their shared values and aspirations into a powerful public discourse on the importance of the arts.[38] Belinda Taylor, AMI director, described the work as a "typical grassroots social marketing effort…. Start a conversation with different like-minded people—people who support the arts. The whole point of social marketing is to start talking with your friends and allies before you go out there in the world and try to tackle your enemies, or at least the people who are in opposition."

One woman, a teacher who attended an AMI workshop and had expressed

doubts that she could spread the message effectively, later told a member of the AMI staff that she had found herself doing just that at a party. She said, "I changed the way people were talking about [the arts]."

Of course, this type of public awareness campaign is usually quite a bit more costly than periodically feeding the news media with good stories. Still, to the extent that the agency intends to encourage public support for the arts generally, advertising and marketing campaigns for the arts (and for the SAA!) are an important part of SAA operations. Also, the agency has an interest in advertising the availability of its grants. Such advertising is necessary to demonstrate the level of public interest in the programs, to attract talented individuals and dedicated organizations, and to achieve the goal of ensuring equal access.

A useful way to think about this latter idea comes from business. Karl Albrecht has written about "moments of truth" by which he means those particular moments when individuals come into contact with an organization—either indirectly hearing about the organization or directly trying to interact with it for some particular purpose.[39] A useful exercise for SAAs would be to think a bit about all the particular ways in which the SAA becomes visible to citizens of the state: the news stories that are written about it, the presentations it makes of itself in media campaigns, the way it answers mail and phone calls from individuals who want to find out about arts events or opportunities to receive financial or technical support, and so on.

Consider how each of these "moments of truth" might be transformed from a negative or unmemorable experience to one that is both memorable and positive. Compared with many other bureaucracies in government, there ought to be more imagination in arts agencies about how to accomplish this important goal. For exam-

ple, the Minnesota State Arts Board (MSAB) learned about "memory objects" from a member of the advisory committee it established to help design its participation-building program. MSAB Executive Director Robert Booker explained:

> This particular presenter had a wonderful system where he did a music series, and it was music from around the world. After each performance as you left, you would receive a penny from that country…. Everybody would take those pennies home and put them on their dresser or wherever they keep little things like that, and it would constantly remind them of the positive experience—the valuable experience if you will—that they had with that arts institution.

Exploiting Political Fluidity and Dynamics: Searching for Latent as Well as Mobilized Constituencies

An underlying theme of the discussion of political management is that the political environment may be much more fluid and dynamic than it appears. At any given moment, the political environment may seem relatively static—the familiar players in familiar positions embracing predictable stands. But this apparent stability always disguises an underlying fluidity—the rise and fall of forces that will change the balance of power and unsettle existing relationships.[40] As Kentucky learned, an election can set off a series of rapid, sweeping, and sometimes bewildering changes. As New Jersey, California, and other states have learned, a budget crisis may leave an SAA's future in doubt. Outside the state house, new leadership in business or nonprofits may emerge with economic or strategic interests in supporting the arts.

An important challenge is not only to see forces that will affect the SAA, but

also where and how forces can be built and how forces already in motion can be encouraged and guided. In most states, established nonprofit arts organizations make up a natural constituency for the SAA, but their capacity to support the SAA is limited. The idea of building broad arts participation works for SAAs not just by helping to demonstrate the public value of the arts, but also by strengthening the SAA's political base. The SAA can do a lot for its cause by looking for the people and places the nonprofits do not reach and developing opportunities for them.

The Washington State Arts Commission (WSAC) has focused its participation-building work on underserved communities. Mayumi Tsutakawa, director of the WSAC's Arts Participation Initiative, pointed out, "Although it seems sort of narrow that we've decided to focus on the underserved communities, they're actually really diverse…. Our range includes ethnic, disabled, [and] low-income people. Half [of the grantee organizations] are rural, half urban."

These communities represent latent constituencies. Their interest in what the WSAC could do for them helped build authorization for the changes the WSAC wanted to implement. The program was not designed to build wider political support, but to fulfill the WSAC's stated mission of cultivating "a thriving environment of creative expression and appreciation of the arts for the benefit of all." Although many of the Arts Participation Initiative grantees are not in a position to lend the WSAC a great deal of political support, as Tsutakawa acknowledged, they have made real and important differences at the local, community level:

> If you kind of poke [the grantees], they'll…get the word out actively for awhile…. To me, the word 'advocacy,' doesn't click. I don't know if you want to call it 'activism' or 'civic

engagement….' Most of the groups that I'm working with…, their root is to their communities…. Community improvement is the goal of most of these groups to start with…. The Friends of the Deming Library is one of our [grantees], and [Deming] is a tiny, rural, mountainside community, and they have a tiny library that is not part of the Washington state system. The community raised all the money to build this library…. By their very definition, they are civically engaged.

There is some political risk in reaching out for new constituents. Other arts constituents may feel threatened or neglected and lose interest in supporting the SAA. In balancing conflicting interests among constituents, SAAs have to make important choices about what kinds of artistic efforts deserve public support and which efforts will get them the political support they need in order to continue pursuing their mission. As important as it is to pay attention to the political ramifications of working with one group or another, the SAA must stay focused on the public value it works to produce for the citizens whose aspirations it exists to represent. That focus will provide the most effective and most appropriate way to find and mobilize new constituencies.

Planning as Political Consultation and Mobilization

The importance of linking SAA purposes to the aspirations of citizens brings us to the use of planning processes and other mech-anisms of consultation as important instruments of political management. It is common to think of politics as something apart from the more technocratic processes of planning and consultation. But, if one considers politics a bit more broadly in terms of all those processes governmental agencies rely on to make themselves accountable and responsive to the aspirations of citizens,

then the planning work fits neatly into the job of political management. Many SAAs have found in their mandate to carry out statewide and local planning processes a powerful device for political mobilization.

The most common version of this effort is a statewide planning process. Ideally, that process involves broad and intensive consultation and successfully mobilizes those interested in the arts. It works to the SAA's advantage by energizing old allies or recruiting new ones. It clarifies both common and contentious ideas about what the SAA should do and what priority it should attach to its various activities.

In 2000, the South Carolina Arts Commission (SCAC) began a long-range planning pro-cess—its "Canvas of the People"—using a wide variety of methods "allowing as many points of access as possible" for gleaning information from its constituents. In the interest of developing a far-reaching, big-picture strategy, they set out a nine-year plan outlining the SCAC's aspirations not for the SCAC, but for the state. In the course of its planning process, the SCAC discovered a widening gap between citizens' attitudes toward the arts and their participa-tion behavior. Poll results indicated rising public opinion in favor of the arts alongside a significant statewide decline in arts partici-pation. This finding, although somewhat disheartening, served to energize and focus the work of the SCAC and its partners. Ken May, deputy director of the SCAC, described a rather tough meeting that fol-lowed between the SCAC and the governor:

> We decided to take an aggressive stance and say, 'Look, we are generating a lot of value for the state. And, furthermore, we think the state is missing the boat on some things, and we have something to bring to that….' We came out of that meeting with the governor saying, 'I want you to get with Parks, Recreation, and

Tourism and work on this issue of cultural participation.'

In a more decentralized planning model, the Massachusetts Cultural Council (MCC) worked in partnership with its 351 volunteer-run Local Cultural Councils (LCCs) (representing every Massachusetts city and town). When a 62% budget cut for fiscal year 2003 forced the MCC to initiate a new planning process, the MCC relied in part on its LCCs to offer perspective. With the help of the Massachusetts Advocates for the Arts, Sciences, and Humanities (MAASH), the MCC conducted a series of eight public "listening forums" across the state, asking attendees what challenges existed in their environments, where they went for help, and what the agency could do to help them produce value.[41]

Mary Kelley, executive director of the MCC, explained: "We don't want to dupli-cate help they're already getting; we want to provide help where they don't have it." The MCC used the information gathered in these public meetings and a map of its authorizing environment to determine what kinds of research and further public input would help them address the needs of their constituents. Once the MCC had developed several themes on which to focus strategic plans, it presented the themes to the LCCs at their next convening. Later, it invited the LCCs and other authorizers to comment on the emerging plan.

The decentralized system of LCCs helped facilitate rapid, statewide understanding and dissemination of significant ideas. The dia-logue between state and local councils encouraged a shared vocabulary, and that common language became a potent advocacy tool. Once the LCCs had the key concepts in hand, they could go to their legislators and tell them exactly what public value MCC re-granting resources produce for their constituents. Kelley described the MCC's plan to put the LCCs' advocacy power to

work: "A very large percentage of [the LCCs] are willing to talk to their legislators about what the programs are all about and why they need help, so we're hoping to capital-ize on that this year" at the 25th anniversary celebration of the LCCs at the state house.

Statewide planning and decentralization efforts each can be understood as:

(1) technical processes designed to improve the planning and imple-mentation of state arts policy

(2) devices that help SAAs become more responsive to citizens' concerns

(3) methods that help to mobilize public support for the SAAs

Surveys authorized, financed, and carried out by SAAs (such as the South Carolina Arts Commission poll) can be viewed in the same way. They are at once technical devices for determining and demonstrat-ing the level of public support for the arts, marketing devices that help the SAA learn more about who is interested and involved in the arts and who has contact with SAA-sponsored programs, and (depending on how they are carried out) potentially useful processes for mobilizing support within both the established and latent arts communities.[42]

Interagency Cooperation

Acting as a good partner to other, more powerful and well-funded governmental agencies can also be an important device for building legitimacy and support for the SAA. There are some obvious targets—education, tourism, economic development, even health care and social services. The SAA can become a good supplier to these agencies as they consider the potential importance of arts programming for their particular missions. But a more radical idea presumes the arts are not merely a

decoration for the government's agenda as a whole, but an integral part of that agenda.

The North Carolina Arts Council (NCAC) has embraced this latter approach. The NCAC has made an exceptional effort to show how the arts could contribute to a set of larger, state-determined goals. Mary Regan, the NCAC's executive director explained: "We started looking for the magic words—what are the public values in North Carolina that justify support for the arts? We did a lot of talking to the staff and to the board. …then we decided to see what other organizations in the state that were not arts groups were identifying as their goals." A staff meeting that began with the question—"What do the citizens in North Carolina value?"—quickly turned inward.

Looking at plans and reports describing the goals and objectives of the North Carolina Progress Board, the Southern Growth Policies Board's Commission on the Future of the South, and the North Carolina Economic Development Board, the staff began to view their work as part of a larger context of initiatives being undertaken by the state. They identified some of the NCAC's strengths ("Over 30 years, we have helped create the arts infrastructure and ecology in North Carolina"), some road-blocks ("We have a government/establish-ment stigma that is off-putting to some"), and some strategies for creating value ("We need to develop an infrastructure that allows good things to happen in communi-ties, particularly rural communities").

Regan and her staff then held public meetings throughout the state, mirroring the agenda of that staff meeting. "We came up with three different groupings of values that we felt were important to the people of the state," she said. "We intentionally made these lists without using the word 'art.'" See Table 5.

Table 5:
North Carolina Arts Council's Public Value Lists

VIBRANT COMMUNITIES
- Active Citizens
- Access to a Variety of Experiences
- Attractive and Distinctive Spaces
- Authenticity and a Sense of Heritage
- Safe and Public Gathering Places

PRODUCTIVE CITIZENS
- Healthy Economy
- Skilled High Performing Workforce
- Lifelong Learning
- Quality Education
- Opportunity to Excel
- Healthy Minds and Bodies

A FREE AND DEMOCRATIC SOCIETY
- Individual Creative Expression
- Our Cultural Legacy
- Cross-Cultural Understanding and Connection to a Wider World
- Public Accountability
- The Pursuit of Happiness

The NCAC then adapted the goals shown in Table 6 for its strategic plan.

Regan said that this planning process "has caused us to really press on some of these other agencies, and it has made us confident that we really should be at the table with them."

A still more radical idea is to consider becoming a part of an agency that has a less distinct focus on arts. Several states have faced the question of whether the arts agency should be joined with other agencies, such as culture, or tourism, or economic devel-opment.[43] At the outset, this often seems like a bad idea. The SAA loses its autonomy and some of its ability to focus on building arts participation. It may well lose funds to other purposes. But, as Kelly Barsdate of the National Assembly of State Arts Agencies observed, "In these situations, the SAA is not always in the driver's seat and will need to figure out how best to mine and adapt to its new circumstances to its best advantage."

Table 6: The Goals of the North Carolina Arts Council

GOAL I: VIBRANT COMMUNITIES

1. Local arts councils ensure that the arts are central to community life.
2. Art makes community spaces attractive and distinctive.
3. Arts facilities invigorate downtowns and become community gathering places.
4. Art programs build cross-cultural understanding.

GOAL II: CREATIVE AND PRODUCTIVE CITIZENS

1. North Carolina's strong network of arts organizations provides citizens access to a wide variety of creative experiences.
2. The state's arts industry is a potent force in economic growth and generates jobs for North Carolina workers.
3. Arts in education programs are essential to the personal and intellectual growth of North Carolina's young people.
4. Participation in the arts contributes to lifelong learning and the well-being of the state's citizens.

GOAL III: NORTH CAROLINA'S CULTURAL VITALITY

1. A strong artist base stimulates individual creative expression, builds the state's cultural legacy, and encourages civic dialogue.
2. Citizen awareness of the state's arts and cultural assets creates a strong state identity based on pride in North Carolina's cultural heritage.
3. Cultural tourists reinforce the relevance of North Carolina's arts and culture.

Indeed, there might be some circumstances in which joining a more powerful agency would have advantages. It might reduce the political burden on the SAA, allowing it to turn more of its attention to operations. It might help the SAA find new political and operational synergies. It could, conceivably, even increase the amount of funding that was available to the arts as a result of these synergies. Much will depend on individual state circumstances, but it would not be wise to imagine at the outset that it is always a bad idea for the SAA to be merged with or taken under the wing of some other agency. There is a political, financial, and operational calculation to be made; and it is possible that such a calculation could lead an SAA to conclude that it could do more for the arts if it combined than if it continued to stand apart.[44]

In August 2003, the Connecticut Commission on the Arts (CCA) merged with the Historical Commission; the Office of Tourism; and the Film, Video, and Media Office to form the Connecticut Commission on Culture and Tourism (CCT). Before the merger, the CCA had "collaboration across disciplines and sectors" at the top of its list of guiding principles. In light of this, it is perhaps not so surprising that despite a 50% reduction in arts staff, An-Ming Truxes, the arts division director, described this merger in positive terms. "We used to say, we've got to get tourism to the table…," she said. "It was always about setting up meetings to work on specific projects. Now, we meet every week. They're always at the table with us."

The tourism division has a wealth of information to share about marketing, which the arts division is eager to put to use. The arts division helps the tourism division understand and promote cultural tourism, and they have learned a great deal from tourism through both its "circuit rider" program and meetings with constituents in the five new tourism districts. During the CCT's planning process, each division recommended a number

of key constituents for interviews, resulting in a much more diverse set of viewpoints for the arts division to draw on when planning its operations. But, as Truxes emphasized, the collaboration is "really hard work."

In fiscal year 2004, The California Arts Council (CAC) lost 90% of its budget. The future of the CAC is still somewhat uncertain. Belinda Taylor, the consultant hired to direct the CAC's Arts Marketing Institute (AMI), has weathered the storm for the past few years:

> I've had four supervisors in two and a half years. There have been so many changes. So many people have left. Our grant ends at the end of June 2005, and whether or not the agency has any money at all…to continue forward [with the AMI's work on increasing participation and creating public value] remains to be seen…. The governor is trying to reform state government [and] put a reform program forward that fits the agency in a context of public service, which in some ways makes sense in terms of public value aspects. We're waiting to see if that happens and, if so, we're well prepared to understand what that concept is.

Former CAC Interim Director Juan Carrillo proposed an alternative to the governor's plan to move the CAC into the California Service Corps. He envisioned an umbrella cultural affairs agency similar to those existing in the neighboring states of Nevada and New Mexico.

Maintaining a System of Accounts

Regardless of how one decides to position an SAA in its political environment, there is a basic piece of organizational infrastructure that needs to be developed to support efforts to increase the legitimacy and support enjoyed by the organization. This part of the infrastructure could be called the SAA's "system of accounts." Many private

---

Table 7: Recommendations to the California Performance Review Commission from Juan Carrillo, Former Interim Director, California Arts Council

The state should organize the current arts and culture agencies and functions under an umbrella arts and cultural affairs agency with the mandate to improve the quality of life for all through cultural and artistic activities, support the pursuit of excellence, and champion the creative and tourism industries.

The vision would be to extend excellence and improve access to all these many sectors. The new arts and cultural agency would be responsible for Government policy on the arts, tourism, libraries, museums and galleries, broadcasting, film, the music industry, and the historic environment.

It would also be responsible for addressing heritage and preservation, the listing of historic buildings, surveying and researching related issues, and the managing of historic buildings and the state art collection.

To achieve this, four strategic priorities would guide the work:

• Provide for the access to culture for children and give them the opportunity to fully develop their talents and enjoy the benefits of participation.

• Increase and broaden the impact of culture to enrich individual lives, strengthen communities and improve the places where people live, now and for future generations.

• Maximize the contribution that the creative and tourism industries can make to the economy.

• Strengthen the delivery system of services in the arts and culture by ensuring that organizational capacities of the creative and tourism industries are efficient and can work with others to meet the cultural needs of individuals and communities.

firms have found that they could significantly improve their marketing to customers and improve the quality of their relationships with suppliers by bringing these relations into a sharper organizational focus. They do so by creating systems of accounts that list particular customers and suppliers and establish a record for each of them. The record details transactions, the existing state of the relationship, and ambitions for the relationship. Each account is worth cultivating and sustaining. An important part of the work of the sales forces and the procurement managers is tied to the servicing and developing of these accounts. On the technical end, software to support such systems is readily available.

SAAs could think of their authorizing environments as sets of accounts that require routine maintenance. Table 4—the Montana Arts Council's Authorizing Environment—is the beginning of such a differentiated system of accounts. Once the system exists, it becomes possible to take an objective, strategic view of how closely tied the SAA is to different parts of its authorizing environment. It also becomes easier to manage the development of a stronger political base where strength is measured by the breadth, intensity, and level of satisfaction associated with particular engagements. As the SAA becomes more consistently focused on managing relationships grounded in accountability, service, and responsiveness to political authorizers, it will seem increasingly natural and inevitable to support this work with technology-based information systems, just as it does with other aspects of SAA work, such as payroll and grants management.

3

Understanding and Developing

Operational Capacities

The third point of the strategic triangle focuses managerial attention on the part of management that is perhaps most familiar: the day-to-day effort to deploy the SAA's assets in the programs and activities it has designed to help achieve its mission. This is importantly a *technical* challenge. SAA leadership has to find the best available means for achieving its objectives. This requires them to take a hard-nosed look at how inputs translate into outputs and desired results.

But guiding an SAA toward the creation of public value is also a profoundly *human*, adaptive challenge. Those who lead SAAs must continually consult with a wide range of individual and collective actors who have interests in their activities. SAA leadership has to discover what those actors—both *internal* and *external* to the agency—value and mobilize their efforts to help the SAA produce what it has promised to produce. The paid staff of the SAA must find not only economic security, but also enjoyment and meaning in the work that they do if they are to do their work well and with enthusiasm. Managing an SAA is not simply a matter of developing policies and

procedures. It is an ongoing conversation and negotiation where problems are confronted and solved, opportunities identified and exploited. In fact, given the intensity of the human relationships that swirl around, through, and within the SAA, it is sometimes difficult to see the actual processes the SAA relies on to achieve its goals.

That is the challenge of this chapter—to draw a clear line through the swirl of aspiration, desire, and frustration to the core operations that will make a material difference in the overall level of public value produced by an arts organization. One has to think a bit like a technician in order to do so, even though the focus is on real people and human aspirations at each moment of this discussion.

Organizational Capacity v. Operational Capacity

Operational capacity has two important components. On one hand, there is the *internal* organizational capacity of the SAA itself—the particular assets owned and deployed by the SAA and the activities its

employees carry out with those assets.[45] On the other hand, there is the *external* capacity of its partners and co-producers—the SAA's contractors, suppliers, grantees, other clients, and even those people the SAA seeks to reach through broad political mobilization and public marketing efforts. Keeping the distinction between *organizational* capacity and *operational* capacity in mind is crucially important because it is almost impossible for the SAA to achieve anything important entirely on its own; the SAA is fundamentally dependent on the existing or latent capacities of the arts community that exists within the state. Thus, its ultimate impact depends on how it can use its organizational capacity to enhance its overall operational capacity to achieve its desired results.

Given the importance of the SAA's partners and co-producers in achieving the goals of the SAA, it follows that the SAA's assets are valuable partly in themselves (in terms of what the SAA can do on its own to promote arts participation and enhance the public value of the arts) but also potentially far more valuable insofar

as they can leverage the assets of actors outside the boundaries of the organization. Indeed, an interesting thought experiment is to consider how much leverage and value the SAA can create by ignoring its own productive work in making grants and providing technical assistance and instead acting entirely as a general advocate and promoter of the arts.

To help think about the operational capacities of the SAAs and how they help create the public value associated with arts activity, opportunities, and participation, it is useful to rely on a simple, schematic diagram of the basic "logic model" or "value chain" for an SAA as shown in Figure 4.

The SAA is the engine in this production line. The organizational capacity of the SAA (its assets and activities) defines its boundaries. But the SAA does not exist in a vacuum. As noted in chapter 2, the SAA is both guided and supported by its "authorizing environment" (shown to the left of the SAA in Figure 4). For the purposes of this chapter, it is useful to set

Figure 4: The State Arts Agency Value Chain

Authorizers	State Arts Agency	The Arts Community	Public Value
Elected Officials		Established Arts Organizations	Economic Impact
Interest Groups		Informal Arts Organizations	Individual Development
General Public		People Potentially Interested in Participating in the Arts	Quality of Community Life
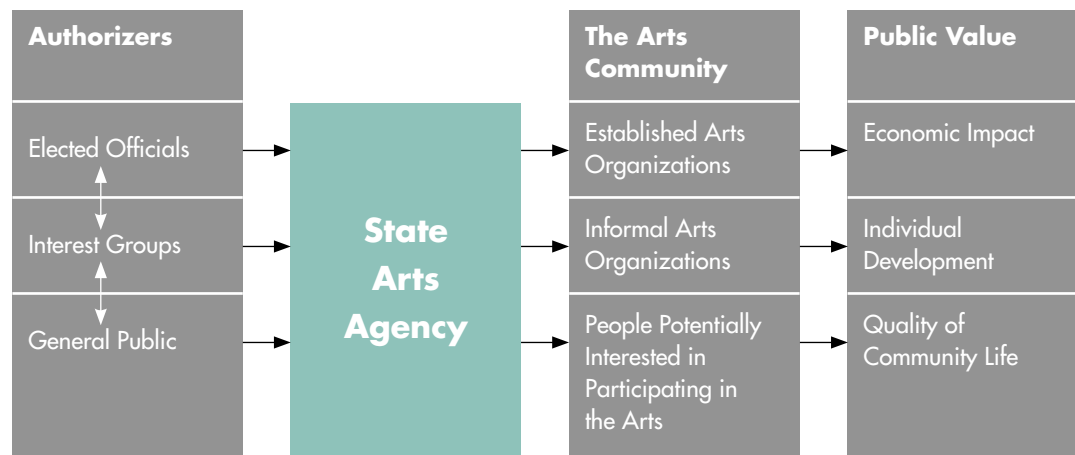
aside the detailed representation of the authorizing environment developed in chapter 2 and instead make a simple, gross distinction among three different strata of authorizers:

(1) those who directly grant the authority and money (governors, legislators, and sometimes private donors)

(2) those who influence those who make these decisions (organized parts of the state arts community and different governmental organizations, such as tourism, economic development, education, cultural affairs, etc.)

(3) the general public (citizens and taxpayers, whose attention is often guided by the media)[46]

When the SAA turns its attention to trying to produce results with its assets, the SAA encounters a different group of external actors—those actors *with* whom, *through* whom, and *for* whom the SAA mounts its programs and seeks to achieve its goals. These are the partners and co-producers with whom the SAA works and the "clients" the SAA seeks to serve. These actors are shown to the right of the SAA in Figure 4.

Showing the authorizers on the left side of the SAA in the diagram and the clients, partners, and co-producers on the right side is meant to suggest a kind of production process or value chain that flows from left to right. Ideally, the SAA has engineered this production process to maximize the overall performance of the SAA. The SAA has considered how best to deploy the fungible resources contributed by the authorizing environment in an increasingly specific set of tasks and activities that engage those outside the SAA whose actions constitute or help to achieve the SAA's mission.

An absolutely critical strategic issue each SAA must face is deciding who its most important clients should be. That decision will affect everything in its overall strategy: the amount of political support it can expect, the particular ways in which it needs to operate, and the kind of public value the SAA can create. Presumably, the most important clients the SAA seeks to serve are those who make up the *existing* arts community of a state. However, the SAA's most important clients could also include *potential* arts patrons, producers, and consumers who could be brought into the arts community through the sustained efforts of the SAA.[47] These potential participants would be particularly important if one thought that a key strategic goal (a key dimension of public value) lay in broadening and diversifying participation in the arts.

It should be useful to SAA leadership to think of the "arts community" as a set of overlapping circles. The smallest circle might be local arts councils. A wider circle might be the established nonprofit arts organizations that routinely receive funding from the SAA and provide a core basis of political support. The next circle might include other arts organizations and artists who come to the SAA seeking information, training, networking opportunities, and other services.[48] An even wider circle might include a group of other public agencies, such as schools, prisons, or tourism agencies, with which the SAA works to provide arts programming that helps these institutions accomplish their goals. And so on. But these groups (however large and diverse they might be) are only a *subset* of what might be considered the "state arts community writ broadly." They are formal and established programs rather than informal or potential arts activity, government or nonprofit entities rather than private or commercial. Figure 5 makes this distinction clear and serves as a reminder that the entire arts community of a state might be

Figure 5: Different Concepts of "The Arts Community"

Current Relationship to SAA	Nonprofits and Voluntary Associations		Individual Artists		Governmental Organizations	Commercial Enterprises	
	large, formal	small, informal	profes-sional	amateur		large, formal	small, informal
easy to reach — Currently in contact							
Known to SAA, not in contact							
hard to reach — Existing, but unknown to SAA							
Developing, potentially interested in SAA							

central to mission · peripheral to mission

much larger than the portion of the arts community with which the SAA typically interacts.

An important strategic question is how much attention to pay to the established, non–commercial pieces of the arts community versus the not-yet-established and/or the commercial parts of the sector. Answering this question usually means asking oneself two other questions—one on the political side, the other on the operational side:

(1) What would be a successful political strategy for mobilizing public support for the arts?

(2) How much work (and money) will it take to energize these communities and focus them on creating public value through the arts?

There is a big difference between the SAA that supports the famous art museum in the capital city and the one that reaches out to a pre-existing but ill-formed network of quilters in the rural area or the one that provides public subsidy to a for-profit theater group interested in staging its production of *Waiting for Godot* at a local park. Of course, there could be an SAA that seeks to maximize its political capital with the arts community by doing all three, but that "diversified portfolio" would require an organization with the structure and capacity to concentrate on multiple segments of the arts community.

Note that the arts community (in whatever form, but perhaps particularly the established arts organizations) shows up on the left side of the value chain (Figure 4) when it acts within the authorizing environment as a political force encouraging support for the arts (by the state, the general public, or both) and on the right side of the diagram when it acts within the SAA's operational capacity to help produce the intrinsic and/or instrumental public benefits associated with arts activity. Generally speaking, these are not different groups; they are the same group performing somewhat different functions. It is important for SAAs to

analytically distinguish these different reasons to be interested in elements of the arts community.

It is easy enough to buy political support from parts of the arts community simply by offering grants with no strings attached. But this is often rightly viewed as little more than public patronage. This type of grant may be justifiable if the grantee has a strong record of producing public benefits without much prodding. The difficulty arises, however, when an SAA wants to increase the public value of its activities by challenging parts of the arts community to do more to create public value or when it reaches out to other parts of the arts community that seem to compete with more established organizations for state money. While such efforts may weaken political support among traditional constituencies, they can strengthen the performance of the arts community in delivering public value (if public value assigns an important role to broadening and diversifying arts participation). An SAA can operate primarily as an internal political lobby for money to support arts organizations in what they want to do. On the other hand, an SAA can make a strategic choice to be responsible for finding the best way to use scarce public funds to goad and push and develop arts organizations in directions that lead them toward increased public value creation.

State Arts Agency Assets

To evaluate past performance and plan for the future of the SAA, it is necessary to capture information about:

(1) the size, strength, and diversity of the arts community

(2) the extent to which the arts community has made arts participation an important part of the lives of individuals

(3) the degree to which art has become an important experience in the lives of citizens

(4) the degree to which citizen participation has produced the desired economic and social results for individuals and the state as a whole

But SAA managers cannot simply use observed changes in the strength of the arts community or increases in arts participation as accurate measures of SAA contributions to the public value of the arts. After all, many factors and actors other than the SAA shape these broad social results. The SAA seeks to leverage its effects by working on, with, and through the arts community, but the arts community remains an autonomous force that takes actions to strengthen or weaken the arts in a given state somewhat independently of what SAAs do to support or challenge them. Any change in the public value of the arts in a state includes some part that can be attributed directly to SAA performance and another part that can be attributed to factors outside the control or influence of the SAA. Because the arts community existed in some form long before the SAA showed up and would likely continue to exist in some form if the SAA disappeared, those who manage SAAs need to understand the "value-added" contribution the SAA makes to arts activity in the state. A useful way to begin focusing on the value added by SAAs is to enumerate the unique key assets owned and controlled by the SAA that help it make a distinctive contribution to increasing the public value of art in a given state.

Asset #1: Authorization to Represent the Public's Interest in the Arts

The most fundamental unique asset of an SAA is its authorization to represent the interests of the state in developing the arts as an important human activity and industry. As the established state arts agency,

it naturally assumes a leadership role that allows it to become a focal point of arts activity within a state, as well as the focus of a continuing public debate about what the state has at stake in the arts and whether and how the state should continue to support the arts through public recognition, public funds, and public authority.

Of course, having the state legislature declare that a particular agency is the state arts agency does not imply that this agency has any kind of monopoly over arts activity in a state. The arts carry on regardless of public support—even in defiance of public pronouncements! Artistic activities launched by private individuals relying on their own resources cannot (and should not) be regulated or controlled by the SAA. Nor does that declaration imply that the SAA will become the most influential locus of arts activity and promotion. There will usually be other centers of arts-related activity located in voluntary arts organizations, in foundations and commercial arts districts, and in local government. All of these can become important hubs for the general development of the arts community in the state and for the mobilization of private and public support for the arts.

The designation as an SAA provides an authorization to try to develop a certain kind of convening and leadership role in the development of the arts and the arts community within a given state. The SAA's government affiliation gives it a platform and, with that, a chance to make a difference. So does the fact that it is authorized to act at the state rather than the local level. Of course, a local perspective is often essential in developing strong arts communities, but there are some important coordination and planning issues that are best handled at the state level. It is an important and distinctive asset of the SAA that it can represent state interests as well as local.[49] But even with all these advantages, the offi-

cial designation of the SAA as the locus of government-sponsored state interest in the arts does not guarantee the SAA control or central influence in the arts community. It makes the SAA a player in a complex game.

What the SAA chooses to do with this platform is a crucially important question. It can become a "cheerleader" for the arts in general—an office supported by government authority and money that speaks for the public value of the arts. It can also become a convener of the arts community or an agency that establishes forums within which local communities can explore their interests in the development of a stronger local arts community. It can become a central clearinghouse for information about the arts: who is interested in the arts, what is going on in the arts, what seem to be the "best practices" in the development of a strong arts community or strong arts organizations, or information on why the arts are important to the quality of individual and collective life. It can facilitate statewide planning. It can act as a resource to other governmental agencies that might be interested in taking advantage of the arts and the arts community in the pursuit of their different objectives. It can carry out research on the nature of artistic activity in the state and the impact that activity has on the economic, social, and political life of the state.

Asset #2: Funds and Staff to Support Convening and Leadership Functions

The activities listed under Asset #1 take primary advantage of the particular asset granted to the SAA by state government— namely, its right and responsibility to act as a focal point for the public's interest in the arts within a state. In principle, these functions do not necessarily require a huge amount of state money or the exercise of significant state authority.

For example, an SAA could mount a campaign for general support for the arts by

creating a single public service announcement to run occasionally over a long period of time. As a convener of the arts community, the SAA could merely offer artists and arts organizations access to directories with contact information for their colleagues and peers. The SAA could limit its information services to maintaining a monthly schedule of arts events on a cheaply designed Web site. The research program could be a simple description of the grants the SAAs made, where they went, and what type of support they were intended to give. None of these activities require much in the way of state authority or funds.

At the other end of the spectrum, an SAA could work with an advertising agency to initiate a media blitz with ads on prime-time television and supplement the effort with a large number of community-based discussions about the arts promoted, funded, and staffed by public employees. As a convener, it could hold frequent assemblies of established arts organizations and artists or, better still, aggressively recruit arts organizations in underrepresented locales and populations to fill such assemblies. The SAA could fulfill its information service role as a vital, active forum that publicizes arts activities, sells discount tickets to events, and sponsors lively conversations among artists and arts organizations not only about their art, but about how to broaden, deepen, and diversify arts participation. The SAA could form a long-term partnership with a university department focused on social science research, jointly carrying out reliable surveys to discover where and why and how citizens of the state participate in the arts and why non-participants choose not to participate. The SAA could hire consultants or train its staff to study and document the impact of its grants on artists and organizations and on the character and quality of arts participation in local communities. It could work to capture the economic and social benefits of its programs and activities or of the arts in general.

The point is that while the key asset of the SAA is its mandated right to represent the public's interest in the arts, to work with the arts community and the public to understand and explain what is at stake in the arts, and to help create and expand opportunities to participate, it cannot do this on a very large or significant scale if it does not have money and staff to create and sustain this leadership role. The whole thing could be set up on a volunteer basis with a volunteer board and supported, to some degree, by charitable donations. But the scale, quality, and variety of the SAA's activities depends on having an additional resource from the state—namely, funds to pay the salaries of the human resources who initiate and sustain the activities described above and to pay for the materials and supplies they need to do their work.

Asset #3: Public Money to Support Operations and Provide Grants

The state grants the SAA authority, but that authority can hardly be effectively exercised without another key asset the state contributes to the SAA—funding to sustain its operations. These operating funds can take several different forms. Usually the largest and most contested source of assets is the legislature's appropriation of tax dollars to the SAA. Some states have (either in addition to or as a substitute for annual appropriations) provided for the SAAs through a particular designated revenue source.[50] Those assets are usually less subject to direct legislative oversight than the annual appropriation, but that distinction can break down in times of financial trouble, when both the legislative and executive branches need to examine every source of state revenue and every kind of state expenditure. Some SAAs also have access to private funds. Some have an endowment that generates funds in perpetuity as long as the SAA does not spend down the capital base of the endowment.

To no small degree, these various funds support the continued existence of the SAA and its capacity to act as a beacon to the public and to the arts community, reminding them what they have at stake in one another. Funding keeps the SAA, its staff, and basic leadership functions in place; but as the SAA becomes more ambitious in its activities, expenses can grow dramatically and quickly overwhelm the budget.

Most SAAs seek and maintain funds not only to support their own leadership and convening activities, but also to make grants to arts organizations, individual artists, and non-arts entities (schools, civic groups, social service programs, libraries, municipalities, etc.) that are interested in arts programming. Indeed, to many SAAs and to many who support them, it is grant-making rather than convening or leadership that constitutes the core function of the SAA. In this view, the principal purpose of the SAA is to act as a financial conduit for public funds to reach the organizations and individuals whose efforts produce most of the public value associated with artistic activity. From this perspective, the most important goal of the SAA would be to push as much public money as possible to its grantees. This requires them to keep overhead down by reducing the amount of staff time devoted to leadership and convening activities and to keep administrative costs to the minimum required for quality service to grant recipients.

If SAAs exist merely to funnel money from the legislature to grantees, why not simply make direct appropriations through line items in the state budget? Many states already earmark public funds for private arts organizations that are judged by the legislature and the executive branch (without the advice of an expert administrative agency) to be making a substantial contribution to the quality of life in the state. So the big question

is, what value does the SAA add to that money? This question is important in deciding what proportion of SAA funds should support leadership versus grant-making. It is also important in deciding how much money should be spent on administering the grant-making process.

Asset #4: Authority to Approve and Condition Grants

SAAs ought to be able both to answer the question of what value they add to the state's arts activities and experiences through their leadership functions and grants and to organize their work to ensure that the claimed value is in fact being produced. Set aside for the time being the question of whether and how the leadership functions contribute to the broad goals of the SAA. It is worth pausing for a minute to think about how a grant-making program administered (at some cost) by the SAA might be better than simply earmarking the funds for established organizations.

The first level of justification comes from the desire of the legislature and the executive branch of the state to have a fiscal agent that can offer assurances to them and the wider public that public monies are being used for appropriate purposes. In effect, they want the SAA to be a fiscal officer for funds granted to arts organizations and individual artists to assure that those who receive the money can account for its uses punctually and accurately. They want to be notified if there are reasons to be concerned that the money is being spent for inappropriate purposes. This rationale implies that the only professional competence the SAA needs is a certain kind of accounting expertise.

A second, much different kind of justification comes from the desire of the legislature and the executive branch of the state to be sure that the value grant monies

produce is what was promised and is worth having. As responsible stewards of state money, the legislature and the executive branch need an agent who can reassure them that the money was not only spent on appropriate materials and activities, but also that it produced the kinds of results that made the expenditure worthwhile. This requires the SAA to say something about the public value of the artistic work and experiences generated by the artists and the arts organizations that received grants. The SAA staff has to be more than a team of accountants. Staff members must have some theory of the public purposes of the SAA's support for the arts and be in a position to determine the degree to which those purposes have been met by grants made in the past or will likely be met by grants made in the future. In this justification, the legislature and the executive branch delegate some authority to the SAA to make judgments about the public value of arts activities rather than assuming that their own judgments about this matter are sufficient.

A third sort of justification comes from the desire of the legislature and the executive branch of the state to be sure that those who are eligible for public funding are treated with courtesy and that funding decisions are made in a fair, equitable, and transparent manner. Whenever state funds are made available for the pursuit of a public purpose—and there are many who are interested in and eligible for funding to pursue those purposes—there has to be some reassurance to the potential applicants that they will be treated fairly. This is partly a matter of social justice, but also of efficiency and effectiveness. Openly competitive granting processes will pick out the agencies and individuals that can be most efficient and effective in achieving the desired results. Ensuring such a process takes time and money. The availability of grants has to be advertised. Potential grantees have to be told how to

apply and kept informed about the status of their application. A process needs to be developed for the review of applications. Explanations have to be offered for the choices made. The state has to be willing to cover the additional expense involved in making grants to ensure fairness, efficiency, and basic customer service for grant applicants.

Taken together, these three points may help to remind legislatures and the executive branch why it is important to have an administrative agency take the responsibility for making grants to arts organizations and artists. But it is still important for an SAA to work hard to minimize the administrative costs of managing grant programs and to maximize the quality of that process in terms of its ability to provide fair and open processes, make sound decisions, and ensure quality customer service. The kind of staff an SAA requires to perform the grant-making function will depend a great deal on what the legislature and executive branch expect of the SAA in this grant-making role. If all they want is fiscal integrity, then accountants will be enough. If they want high-quality customer service, then a different kind of staff and technical infrastructure will be needed. And if they want high-quality judgments about the capacity of the arts organization and individual artists to produce artistic experiences with publicly valuable outcomes, then it needs a still different kind of staff—one that understands how artistic efforts create public value.

Asset #5: Staff Relationships and Knowledge[51]

These last observations help make the point that another key asset available to an SAA is its own staff. To some extent, that staff derives from an SAA's two most basic assets—public funding and authority. The staff, paid with public funds, is necessary for carrying out leadership and grants-

management functions. Presumably, then, the staff is selected, directed, motivated, and taught to perform those functions well. But this view may not account for some special qualities of SAA staffs. They are made up of individuals who are interested in and devoted to the arts and may be working as quasi-volunteers. They have histories, past commitments, and strongly held beliefs. Whether they happen to be new on staff or long-time employees, they each have a set of prior relationships. They have particular dispositions and temperaments. All of these factors can be both helpful and difficult.

Of course, when there is difficulty, problems can be identified and addressed effectively. The staff can be re-trained and re-energized. New people can be brought into the agency. But change happens slowly. In any five-year period, those who manage and lead SAAs will work principally with the individuals who are already on the job— plus or minus 20%. That, in itself, gives the SAA a certain momentum: the staff has strengths on which the SAA will continue to rely. But the staff also has limitations that will impair the SAA's capacity to move in a particular direction.

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 the staff. But it is equally a matter of openness, curiosity, and empathy—again, a set of qualities that might be particularly prevalent among an arts agency staff and that ought to be easily parlayed into effective working relationships across a broad spectrum of a state's citizenry.

Asset #6: The Regulatory and Contractual Authority of the State

There is one last asset that is worth considering—namely, the capacity of the SAA to use the authority of the state to influence levels of arts activity. The tax policies of a state, for example, can have some important influence on arts funding—particularly exemptions from property taxes for arts organizations and exemptions from inheritance and income taxes for those who contribute funds from their estates and income to arts organizations and activities. Thus, an SAA could seek to use its leadership role to shape state tax policies that support the arts community.

In addition, some SAAs have a degree of direct regulatory authority that can be deployed to build participation in the arts. Some, for example, have some responsibility for specifying the nature of the arts curriculum in public schools. Others have the right to commission public art in public locations. These responsibilities do not represent a huge amount of regulatory authority, but they are something.

A more significant kind of regulatory authority comes from an SAA's ability to attach strings to the grants it provides. Of course, the whole idea of a grant is that it does not have too many strings attached. When money is provided with many strings attached, it is typically called a contract, not a grant. If the primary purpose of the SAA is to support the arts community as it exists in whatever purposes the arts community thinks appropriate, then the SAA ought to stay in the grant-making business and resist the temptation to impose a large number of conditions.

However, when an SAA (in an effort to ensure that its grant monies help create public value) becomes interested in challenging its grantees to do something more

or something different than they have done in the past, it will be tempting to place conditions on the grants and to condition a grantee's future support on performance with respect to those conditions. This gives the SAA a certain kind of influence, if not authority, over the actions of grantee arts organizations. In effect, grants given to arts organizations to keep doing what they have done in the past are converted into contracts that challenge arts organizations to perform in value-creating ways.

An important strategic question for SAAs is how much they will permit themselves to use this kind of authority—the ability to condition their grants based on particular ideas of public value and to monitor the degree to which grantees produce the valued results—and how best to use it. If they are limited (legally or politically) to making grants with few strings attached, then the only way they can affect the arts community is by deciding which pieces of it to support or develop. If, however, they have the legal or political power to ask grantees to produce particular results, they can shape the operations and development of existing arts organizations through their budgetary and regulatory power.

Different Activities and Product Lines of State Arts Agencies

The SAA deploys its assets in a great variety of activities and programs. In analyzing those programs and activities, the goal is to define them in a way that allows evaluation of the different activities somewhat independently in terms of their financial and managerial costs and their benefits. Defining activities in this way might facilitate comparisons among SAAs in order to benchmark the costs and benefits of different activities. It should help show how SAAs have pursued different strategies for success by varying their level of effort in particular activities. Each SAA could be

seen as consisting of a set of activities or programs or product lines to which costs could be somewhat accurately assigned and benefits assessed.

There is a great deal of variation in what SAAs actually do and perhaps even more in the way they talk about what they do. As a result, there is some difficulty in describing the typical activities and product lines of SAAs. Still, SAAs have enough in common that it ought to be possible to develop some broad categories. The National Assembly of State Arts Agencies (NASAA) has made the effort and developed a list consisting of the items presented in Table 8.[52]

Table 8: National Assembly of State Arts Agencies' Account of State Arts Agency Activities

- Grant-making

- Technical assistance and training

- Building statewide networks of organizations and individuals that support and produce artistic expression and participation

- Promoting the value of the arts to a general population

- Providing information on arts providers and arts activities

- Convening the cultural community

- Developing statewide plans for the arts

- Documenting the public benefits of the arts

- Shaping public policies in the state (inside and outside of the cultural sector)

- Cultivating diversified sources of financial support to the arts field

- International diplomacy rooted in artistic and cultural exchange

This list works well to describe the principal activities that make use of SAA assets, but it is a bit unstructured. A slightly different way of seeing SAA activities would be to group the activities described above in a somewhat different framework. Consider the alternative account of the key activities presented in Table 9.

All the activities listed in the NASAA list are included in the alternative list so presumably nothing important has been left out. Some items on the alternative list do not appear on the NASAA list but seem potentially important, at least in some states (e.g., finding ways to use arts organizations and arts participation to advance state goals that are not focused on the arts and using SAA resources not only to support artistic activity generated by others, but to generate artistic events).

But the most important thing about this second list is that it clusters the activities of the SAA in a way that aligns more closely with some of the important ideas of strategic management. Thus, the second list begins with a cluster of functions that are associated with the acceptance of a public responsibility for leading and stimulating the existing arts community of the state (all those activities listed under 1.1. Convening the cultural community). This part of the job, as noted earlier in this chapter, can be performed more or less well and in a more or less challenging way, depending on the resources devoted to the convening and leadership role. The focus of the effort is on the existing and latent arts community of the state that the SAA convenes and urges in the direction of public value creation.

The next two major items in the list (those listed as 1.2. Making grants to artists, arts organizations, and non-arts entities, and 1.3. Providing technical assistance to artists, arts organizations, and non-arts entities) point to the principal ways in which the SAA hopes to expend both money and

Table 9: An Alternative Account of State Arts Agency Activities

1.0 Convening, leading, and strengthening the arts and cultural community of the state

  1.1 Convening the cultural community
    • Building statewide networks of organizations and individuals that support and produce artistic expression and participation
    • Providing information on arts providers and arts activities
    • Developing statewide plans for the arts
    • International diplomacy through arts and culture

  1.2 Making grants to artists, arts organizations, and non-arts entities

  1.3 Providing technical assistance to artists, arts organizations, and non-arts entities

  1.4 Directly producing and sustaining artistic programs and events

2.0 Building a climate of support for the arts in the state

  2.1 Helping citizens and elected representatives understand the public value of the arts
    • Promoting the value of the arts to the general population
    • Documenting the public benefits of the arts

  2.2 Shaping public policies that affect levels of participation in the arts (including, but not limited to, the policies that shape the SAA)

  2.3 Finding ways to use arts organizations and participation in the arts to advance other important state goals

  2.4 Cultivating diversified sources of financial support for the arts field

staff time to strengthen the arts community they convene and lead—namely, making grants (with more or less stringent expectations and conditions attached) and providing technical assistance (upon request or as a condition of receiving some grants). Thus, the first cluster of activities (all those listed under 1.0. Convening, leading, and strengthening the arts and cultural community) focuses generally on strengthening the arts community as a means to the end of expanding participation and enhancing the public value of the arts in a given state, as well as an end in itself.

The next activities cluster (2.0. Building a climate of support for the arts in the state) focuses on those activities designed to create a favorable climate within the state and within state government for the support and effective utilization of arts organizations. There are certain activities designed to "make the case" for the public value of the arts with the general population through research. There are also activities designed to ensure that public policies within state government remain favorable to expanding participation in the arts. And there are activities designed to focus the attention of the SAA on finding and exploiting opportunities to use the arts, arts organizations, and arts participation to advance other governmental goals.

These latter activities focus on a different group of actors than the activities in the first set. They focus on those members of the authorizing environment who are not preoccupied with the arts but nonetheless have an interest in or make decisions that affect how the arts are developed and used in the state. In contrast, the activities within the first cluster focus on building and exploiting relationships with those who are or could be persuaded to become preoccupied with the arts and arts organizations. The first cluster of activities helps the arts community grow in size and

status as a powerful political and operational force in the community. The second cluster of activities helps to create a public policy environment in which that community can become strong and be effectively used in the achievement of state goals above and beyond the promotion of the arts.

Criteria for Assessing the Value of Activities

Once one has developed a satisfactory list of the SAA's different activities or programs or product lines, the next step is to evaluate their independent contributions to the overall mission of the SAA. The most important question here, of course, is how much these activities add to the public value of the arts by increasing participation and strengthening the arts community.

In thinking about this, it is important to try to get some sense of how the SAA contributes to the viability of existing pieces of the arts community. The SAA does this through direct financial support, but also by giving organizations visibility— in effect, supplying some publicly supported promotion for their work. Heightened visibility generates a higher level of public enthusiasm, some of which translates into financial and volunteer support for the arts community, such as additional donations or larger paying audiences (a positive outcome even in those instances when revenues earned from ticket sales still do not cover the full cost of production). SAAs can contribute to the viability of the arts community by working with communities to foster a local culture where individuals and collectives value and support art with time, money, and enthusiasm. SAAs also support the arts community by providing technical assistance to help organizations succeed in their own efforts to survive and grow without depending on continued support from the SAA. These types of efforts and effects of the SAA help sustain

the arts community over time and help it to grow in scale and impact.

But supporting known components of the arts community is only one way to contribute to the public value of the arts. A second, undoubtedly riskier but potentially very important and rewarding way is to focus on broadening and diversifying the arts community. If it pays off, there will be large, long-term gains. But it is much more difficult to get commitment and enthusiasm from the agnostics than it is to offer money and advice to the converted. Still, the long-run gains to the mission of the SAA and the agency's special interest in broadening and diversifying arts participation make it increasingly worthwhile to maintain a kind of risk portfolio designed to bring new groups into the fold. This risky investment in increasing cultural participation was largely the point of the START program, and many of the programs undertaken seem to be having the desired effect.

A third, closely related idea is for the SAA to work on enhancing the quality and relevance of the artistic experiences provided within the arts community. Broadening and diversifying the arts community to include those not currently or traditionally involved advances this goal by enhancing the range of available arts experiences and the kinds of people who might be inspired to take part. But an SAA can also encourage arts organizations to take a good, long look at the broader community in which they operate and urge them to consider changing some of their programs and activities to better reflect the diversity of interests within that community and deepen its engagement with the arts.

The SAA can evaluate its activities based on how they alter the size, character, and level of engagement of the arts community. These activities might also be evaluated in terms of their impact on the legitimacy and support the SAA enjoys from its author-

izing environment. Some programs and activities will be repaid with significant political support to the SAA; others will not. This does not mean that those programs that do not produce a significant amount of political support (or, indeed, those that create political opposition) should necessarily be avoided. Arguably, it is an important part of the SAA's function to test the limits of public support for the arts—to support art that challenges a community as well as art that it finds comforting or to support art that celebrates one element of a community over another. The point is simply that when the SAA evaluates the impact of its activities, it should look for a balance between its practical commitment to political survival and its moral commitment to the idea that public agencies in a democracy should be responsive to the will of the community as expressed by both its majority and minority members.

Economies of Scope: A Focused or Diversified Portfolio of Activities

Once the strategic team of the SAA has disaggregated the SAA's overall operations into a distinct set of activities and evaluated their independent impact, it has to begin thinking about how large the portfolio of activities should be and which among them should be emphasized over others. There is much to be said for having a limited and focused portfolio—for doing only a small number of things and learning how to do them well. There is always a risk that an organization that has been divided into many different activities will lose its focus and its capacity to integrate itself into a coherent whole.

But there are also hazards in focusing too narrowly on only a limited set of activities and purposes. Maintaining too narrow a portfolio risks losing the political and

financial support that comes from holding a broad portfolio. After all, some of the support and resources available to the SAA are granted not for its overall mission, but to sustain one type of activity that a particular constituency deems especially important. So, it is not as if the SAA could decide to focus its mission by cutting out some activities and expect to have the same overall amount of resources. Cutting out some activities will cause revenues attached to those activities to shrink or disappear, creating consequences for the SAA's ability to sustain the activities it considers more important.

Similarly, there may be some important synergies among different activities. For example, being in the business of making grants provides a natural incentive for arts organizations to advertise themselves to the SAA. This helps the SAA perform its convening function more effectively than it could if it had no grants program at all.

Finally, having a diversified portfolio of activities may help an SAA adapt quickly to changing circumstances. It is quite possible that the public/political aspirations that guide the operations of an SAA could shift from support for major arts institutions to support for art in public schools to support for arts in rural communities to support for art to help urban economic development, all within a relatively short period of time. Having an organization with at least some capacities in each of these areas might help the SAA adapt more quickly and be more responsive to these variable demands.

For these reasons, it is important to think about the relationship among various activities and capacities, as well as their individual and distinct contributions. In the business world, organizational strategists talk a great deal about *economies of scope*.[53] The idea here is that the value of an organization depends at least a little on the degree to which it can capture the advantages of combining particular kinds of activities in the same organization.

A *core activity* makes a significant independent contribution to the mission of the organization and, at the same time, makes each of the other activities of the organization much more effective. For example, most SAAs would say the grant-making function is absolutely core to their success. It gives them the effective power to convene diverse and important elements of the arts community and thereby help them and others in the state see what the state as a whole has at stake in the arts community. The grant-making power fosters the intimate engagement with powerful elements of the arts community that allows the SAA to begin the conversation about how those organizations might do even more for the state by building participation in the arts. Grants are often the portal through which technical assistance and expert advice is provided. It is the grant-making power that produces the most direct and reliable impact on the sustainability and size of the arts community.

All this seems quite plausible. But again, it is worthwhile to think through the question of how much could be accomplished by an SAA with no independent capacity to support arts organizations financially, such as an SAA that is expected to operate primarily as a publicly supported advocate for the arts or as a special branch of government that finds ways for the arts or arts organizations to contribute to other functions of government regarded as more central, such as education or economic development.

It is another interesting question whether an SAA could be viable and make useful contributions to the arts world (and the place of the arts in the world) if it operated primarily as an information clearinghouse or peer learning environment or if it operated only as an excellent, publicly subsidized consulting firm.

Perhaps the most important question of all is the one addressed earlier in this chapter—namely, whether the arts would be stronger or weaker in a given state if state appropriations went directly to arts organizations without passing through the SAA. What, precisely, is the value added by the SAA above and beyond the financial support provided to arts organizations, artists, and others with a stake in the arts?

It is probably no accident that the SAAs have evolved to combine a number of particular functions within a given SAA. There are important *economies of scale* (the ability of an organization to capture the advantages of being large) in an SAA that convenes and seeks to expand the statewide arts community. There are important *economies of scope* in combining the authorization to represent the public's interest in the arts with a capacity to financially and technically support the arts community.

It may also make sense for an SAA not only to support the artistic activity of other organizations, but also sometimes to produce its own. This can be important to enhance its standing in the artistic community and as an expression of the aspirations and desires of the staff. It may help create an SAA "brand" that gives the SAA a certain profile and standing in the state at large and in the arts community. For example, the Kentucky Arts Council is making an effort to expand its Crafts Marketing Program in order to create more opportunities for visual artists to take advantage of the endorsement implicit in the program's "Kentucky Crafted" logo. The Ohio Arts Council has extended its name recognition into some distant corners of the world through its International Program.[54]

It may also make sense for the SAA to think of itself as closely connected to educational objectives, to economic development objectives, and other purposes of the state. There is a certain kind of coherence in this bundling of activities that makes sense at the operational and the political level.

But to ensure the SAAs are operating in ways that appropriately exploit potential economies of scale and scope will probably require a bit more experimentation with different combinations of these activities—including, perhaps, some extreme versions, such as:

- an SAA that makes no grants, provides no technical assistance, and acts primarily as a resource and convener to the existing arts community

- an SAA devoted exclusively to promoting the arts in the lives of individuals and in the private and public work of the state without any resources to strengthen the arts community through technical assistance or grant making

- an SAA that operates only as a fiscal agent of the government to ensure that grant funds are expended appropriately

- an SAA that operates as an excellent consulting firm to arts organizations in the state and helps them become more effective in their work

- an SAA devoted primarily to ensuring that existing arts organizations and artists are focused on expanding arts participation and producing the kind of arts participation that is most publicly valuable

- an SAA committed to expanding and diversifying the arts community of a state, leaving the established arts community to fend for itself

- an SAA committed simultaneously to leading and challenging the existing arts community, expanding and diversifying

that community, and creating an environ-
ment that is supportive of artistic activity

It is hard to know in advance which of
these visions of the SAA are both politically
sustainable and likely to create public value
in a given environment. These particular
visions of different kinds of SAAs have
been constructed by adding or subtracting,
enlarging or diminishing particular activi-
ties and functions that are now commonly
combined in SAAs. Which of these strategic
visions would be politically sustainable and
capable of creating public value remains
uncertain because we have not looked
closely enough at how existing SAAs have
distributed their efforts across these differ-
ent activities and functions, nor compared
one SAA to another in terms of their polit-
ical and financial sustainability on one hand
and their performance in building partici-
pation in the arts on the other. There is no
particular reason to assume that one partic-
ular combination of these functions would
be best. Nor is there any reason to believe
that one particular combination of activities
would be best for all SAAs regardless of
their individual environments. When one is
searching for a new idea that might work, it
is useful to imagine some radical re-adjust-
ments of the current portfolio of activities
carried out within SAAs.[55]

Innovations in State Arts Agency Operations

Needless to say, over time, SAAs have been
forced to innovate in response to changing
fiscal conditions, political aspirations, and
their own ideas about how to make
themselves more effective in their work.
For the most part, these innovations can be
classified within four broad categories:
strategic, administrative, technological, and
programmatic.[56]

Strategic Innovations

Strategic innovations involve large changes
in the theory of value creation the SAA
is pursuing, in the scale and scope of the
activities it seeks to sustain, and in the key
relationships on which it relies to help
achieve its political and operational goals. A
strategic change involves changes in basic
purposes, usually either adding new ideas
to high-level objectives or changing the
balance of activities within the organization.
On a more practical level, it may also
include changing—or diversifying—key
sources of funding.

Many SAAs have begun to focus more of
their attention on building arts participation.
Because these SAAs recognize that this
work depends largely on the participation-
building efforts of their grantees, they have
made important strategic changes in the
way they talk about, understand, and conduct
relationships with grantees. Awarding grants
has begun to seem more like the beginning
of a collaboration between the SAAs and
the grantee organizations than the end of a
vetting process. These organizations and the
SAA are partners, serving the citizens of the
state by making arts participation easier,
more relevant, and more valuable.

Efforts to make this kind of strategic
change are not always straightforward or
readily embraced by staff. As Ken May,
deputy director of the South Carolina Arts
Commission observed:

> It's uncomfortable. Change doesn't
> feel right. …we were happily going
> around thinking we were serving
> artists and arts organizations. …I keep
> on driving it home over and over
> again that we're here to serve the
> public. These folks are our partners
> and our intermediaries, but they're
> the means, not the ends. And that's a
> hard thing for some folks to swallow.

In its 2002 strategic plan, the Mississippi Arts Commission made building participation an agency-wide objective. The commission has taken a number of important steps toward understanding and increasing statewide arts participation. The first step was an extensive research process aimed at identifying barriers to arts participation.[57] The commission then convened members of the arts community to share the findings of that study and introduce the RAND framework for building participation.[58] After the convening, the commission awarded five grants to organizations with the best applications for projects to "increase and enhance participation through diversity."[59] The Mississippi Arts Commission gave its grantees "full permission to fail." However, in order to ensure that everyone learns from any failures, it is monitoring their efforts and has sent an independent filmmaker to document the progress of three of the organizations from every angle.

The commission's new strategic plan also added a new goal: "recognize and encourage Mississippi artists." The work that Mississippi has done to identify and celebrate avocational artists is a step toward this new goal and toward a heightened awareness of the value of arts participation in the state. The challenge for the arts commission will be to discover the best means of working with avocational and amateur artists in Mississippi when, as Executive Director Tim Hedgepeth pointed out, "We sort of need them more than they need us." The upcoming initiative, "The Artist Next Door," will seek to address that challenge by working closely with some of Mississippi's outstanding amateur singers.

The Washington State Arts Commission's (WSAC) thoughtful outreach plan for its underserved constituents is another example of strategic change directed at increasing participation. The WSAC made "increase citizen access to and participation in the arts" its primary goal. Its two primary objectives naturally followed: "enhance the ability of arts organizations to improve artistic quality, organizational stability and outreach" and "increase participation in the arts by traditionally underserved communities."

Mayumi Tsutakawa was brought in to lead the Washington Arts Participation Initiative in part because her background in cultural work and her strong ties to some of Seattle's ethnic communities made her an ideal candidate for the kind of outreach the WSAC would rely on to achieve its new goals. Tsutakawa sought advice from many sources, learning all she could from members of the targeted communities as well as WSAC board and staff. She toured the state and attended cultural events, discovering along the way what barriers prevented underserved communities from receiving assistance from the WSAC.

Tsutakawa and her advisors designed an unconventional application process that addressed those barriers with clear expectations and technical assistance and created grant guidelines that would help applicants understand arts participation in a new, empowering way. The grantee organizations are required to submit detailed annual reports. Tsutakawa explained:

> We decided to set up a system where each of the programs would report in what we call a journal. …we're asking them who their participants are and what kind of research they drew upon….At the end of the program, we ask them, 'What were the responses of the participants?' So we've gathered a lot of really good anecdotal information as well as their annual budget and their participant numbers.

The Montana Arts Council (MAC) has made a strategic decision to focus much of its attention on building and strengthening

relationships between the council and its authorizing environment. Through the listening tours,[60] the MAC discovered the priorities of some of its key authorizers. Cinda Holt, former MAC communications director and current business development specialist, explained:

> They recognize that we're in a state that has survived on extracting resources for a long time and that…those resources are finite. So, they're looking to find a new model of business, a new model of entrepreneurship that can support people in the state in the future. They're trying to figure out what it means to be a creative leader or a creative entrepreneur.

The MAC has since begun working very closely with the state's Economic Opportunity Office, chambers of commerce, and the Montana Economic Developers Association. Through these partnerships, the MAC is studying the economic impact of "creative enterprise clusters," building new relationships in the for-profit arts world, and making an effort to bridge the gap between businesses and nonprofits. Holt described how those partners and those in the authorizing environment are finally "understanding that a nonprofit is a zero-based budgeted organization that has to give back to the community. It can't wind up in a stockholder's pocket. It has to wind up in the community's pocket. And they're seeing them as little economic engines."

When SAAs make high-level strategic changes, innovations begin to multiply within the agency and beyond. Strategic innovation is a catalyst. Making the necessary internal changes to follow through with the new strategy can be a daunting task, but once the wheels are in motion, even the squeakiest ones eventually have to roll in the right direction.

Administrative Innovations

Administrative innovations involve important changes in the systems the SAAs rely on to manage themselves: the organizational structures that divide and focus the work of the SAA; the systems they use to recruit, develop, and sustain the commitment of their personnel; the systems of measurement and reporting they develop for internal and external accountability; the financial and contracting systems they use to recognize their own costs to ensure the financial integrity of those to whom they make grants; etc.

When the Massachusetts Cultural Council (MCC) learned of its 62% budget for FY2003-2004, Mary Kelley, the MCC's executive director, was forced to lay off one quarter of her staff and eliminate over half of the MCC's grant programs. The MCC needed time to adjust and plan for its future. "We're looking forward to the new normal, because it will never be what it was again," Kelley told the MCC's START partners in July 2004.

In order to focus attention on planning and internal matters, the MCC decided to suspend reviews for its largest grant program. This decision gave the staff a chance to focus on how they could help the MCC strengthen relationships between communities, audiences, and the cultural sector. Kelley invited staff members to join one (or more) of five working groups. These groups would work to plan, implement, and evaluate the MCC's work with community partnerships, staff development, local cultural councils, and learning services.[61] The point of engaging the staff in so many areas of the planning process was to foster a sense of ownership throughout the MCC, share new knowledge, and improve service to customers and constituents. Program staff learned to become "diagnosticians," helping direct the individuals and organizations that came to the SAA to the specific resources they would need for success.

The MCC's situation underscores a point made by David Miller, executive director of the New Jersey State Council on the Arts (NJSCA): "Sometimes you reorganize because you have to. Sometimes you reorganize because you want to." In New Jersey, administrative innovation was "a little bit of both." Although the NJSCA saved its hide and ultimately found itself with perhaps even more money than it had dared hope for, it lost quite a bit of staff in the few years leading up to the budget battle. Miller described several reasons for these losses:

> One of the first things that came through the new administration was an early retirement package and then there was an attrition policy that, if anybody left, they weren't going to fill [that position]. …as successful as we were with the advocacy that allowed us to survive and thrive, the stress of that situation led to three persons on staff leaving. The uncertainty of not knowing whether they would have a job on July 1 or not…. It was awful. It was frightening.

The NJSCA has since filled several vacant positions, created a new position (cultural information officer) for research and "knowledge-banking," and reorganized the staff into four units: programs and services, artists' services, external affairs, and operations. The new divisions are not meant to keep staff stuck in a particular administrative function, as Miller explained:

> We moved away from the pure discipline-specific kind of staffing alignment quite some time ago. You can never get it totally clean, but…we are increasingly looking at our work as a team effort so that when we talk about local arts development or community arts development, we're talking about a variety of persons on staff.

The Ohio Arts Council (OAC) has made similar and even farther-reaching changes in its basic internal structures. Wayne Lawson, the OAC's executive director, has made innovation a team effort within the OAC. "No one person needs to feel isolated, like a project has been dropped on their desk," Lawson said. "When we face change, we do it together." The OAC held a series of five staff retreats to keep staff up to speed on changes and get them thinking about how those changes would affect their work. A group of nine staff members, transcending vertical and horizontal divisions within the organization, became the "core advisors." This group worked together to plan staff retreats and develop methods for sharing new concepts and information among the staff. The core advisors also solicited continuous feedback from the staff through informal conversation and post-retreat surveys.

In an effort to help the staff work more collaboratively across program areas, disciplines, and departments, the core advisory team came up with five areas of the OAC's work that naturally cut across those boundaries. The OAC brought together a team under each heading—international, technology, research and development, partnerships, and communication—and called the teams "creative clusters." Each creative cluster ranked the OAC's three core activities—grant-making, public information, and programs and services—according to its importance within the cluster's area. All these exercises helped build a sense of interdependence within the OAC and a heightened awareness of the full spectrum of the OAC's work for each individual staff member.

Like the Massachusetts Cultural Council, the OAC made a strategic choice to suspend its grant applications process for a year while it rethought its internal structures and capacity. In that time period, the

OAC consolidated its 24 funding categories into seven areas of strategic investment. These new grant categories—sustainability, arts access, arts innovation, arts learning, capacity-building, individual creativity, and international partnerships—reflect "what our money is doing; not who receives it," explained Christy Farnbauch, former director of the Community Development Program. The new grant guidelines clearly spell out what the OAC hopes to achieve through its investment and include expectations for attendance at statewide convenings and professional development opportunities. The guidelines are also designed to tie into the OAC's performance measures and anticipated outcomes.[62]

Technological Innovations

Technological innovations rely on new equipment or technical capacities. In principle, technological innovations could support either programmatic or administrative innovations. For example, an SAA could find new technological means to support peer counseling among arts organizations as a new form of technical assistance. That would be a technological innovation supporting a programmatic change. An SAA could shift to some kind of automated accounting system that allowed it to have more consistent and reliable data on its own expenditures—a technological innovation that supported an administrative innovation.

Sometimes the technological innovations can be so important they become strategic innovations in themselves. For example, the development of a computer program to maintain an "account management system" for tracking the key relationships important to an SAA in its political and operational activities might facilitate a fundamental shift in how the SAA operates. An SAA that saw itself as an independent entity making its own decisions without much consultation could transform into an SAA that saw itself

as embedded in a complex political and operational system in which its goal was to enlarge and deepen the connections between the political and operational worlds and among all the players who were actively or potentially interested in the arts.

The Ohio Arts Council is implementing a new electronic grant application system to go along with its new, streamlined grant categories and guidelines. SAAs in New Jersey, North Carolina, Mississippi, and Arizona have also begun using similar systems to make it easier to keep track of all applicant data and keep pace with guideline changes. Such systems spare staff the tedious tasks of filing and data entry, but just as importantly, they are a potentially invaluable tool for performance measurement. As Shelley Cohn, executive director of the Arizona Commission on the Arts, pointed out, these systems facilitate access to research information and help track trends. Even without the aid and expense of the flashier, more user-friendly electronic grant systems, an SAA can make data management and performance measurement easier on itself by using online applications in more pedestrian database formats as the SAAs in Minnesota and Washington have done. Like any choice an SAA has to make, the decision to convert to an electronic grant application system has to be weighed according to costs and benefits. Do the basic appeal and data management potential of an "olga" or an "egor" (the Ohio Arts Council's and Arizona Commission on the Arts' new systems, respectively) outweigh the expense of the software and the retraining of staff and applicants?[63]

The states participating in the START Program have made extensive use of an intranet site and online conference calls. These technologies have enabled the states to share information quickly and effectively. An intranet serves a "community of practice." [64] It may be worthwhile for

an SAA to try to develop an intranet for members of the arts community within a given state to serve as a private forum where they can share ideas, concerns, and information. The Massachusetts Cultural Council has created a similar internet resource for its hundreds of local cultural councils to share and report data, learn about and enroll in training sessions, and do the simple networking that is essential for creating a vital statewide arts community.

In a targeted communication sent by e-mail to 1,000 constituents who had been trained in understanding arts participation and had responded to an online survey, the Arizona Commission on the Arts included a story about a Seattle-based dance company that was exploring "using the blogging craze to elicit feedback and generate discussion among audiences who have attended performances."

The Mississippi Arts Commission took advantage of online conference call technology in preparation for a difficult legislative session. "We do not have a formal, organized statewide advocacy group in Mississippi," explained Lee Ann Powell, deputy director of the Mississippi Arts Commission. "That is something we have been encouraging our grassroots constituents to do, and it's coming together very slowly. So, we decided we needed some sort of structure in place for this coming session rather than be caught by surprise. We engaged our larger local arts councils in a phone conversation to talk about strategies for the upcoming session."

Often, technological innovations look expensive, hard to implement, and buggy on the surface. They often are all those things, but they can also be relatively cheap and easy and very useful, not only in logistics and information management, but also in bringing together, strengthening, and energizing the arts community.

Programmatic Innovations

Programmatic innovations affect particular functions or activities within the organization, e.g., the way that grants are awarded or technical assistance supplied. Rethinking and redesigning planning activities is a major programmatic innovation that can potentially plant the seeds and generate support for any number of additional programmatic innovations. The New Jersey State Council on the Arts (NJSCA) has redesigned its planning process. In 1995, the NJSCA had used a major arts conference at the capitol as a kick-off for its planning activities. This time, the NJSCA will attend the governor's conference having already performed a series of planning discussions with its five new "theme teams." There are "theme teams" in arts education, artist services, economic development, technology, and access and participation. The NJSCA enlisted about 300 people from New Jersey's cultural, business, and non-profit sectors to join the teams, each headed by a steering committee of about a dozen members. The teams engaged in "a uniform protocol of inquiry that would produce consensus reports about what a better New Jersey would look like if the arts were best harnessed to any one of those five fields." These consensus reports will be presented to the governor and legislature and will form the backbone of the NJSCA's next formal strategic plan.

In the course of its planning process, the Massachusetts Cultural Council (MCC) focused attention on how it could share its human resources and program expertise with cultural organizations. The MCC developed several new services to advise the cultural sector, including a peer mentoring program called Advisor Corps. "We've trained peer mentors from cultural organizations around the state," said Executive Director Mary Kelley. "If someone calls us and says they need help developing a marketing plan,…we have

several people who will go and do that for them, and we pay half their fee."

The Arizona Commission on the Arts (ACA) has been running a similar peer consulting program since 1991. The ACA has begun "branding" those consultants who have been through ACA training in new, high-demand skills, such as participation-building. These consultant service grants fall into a programming category that the ACA calls "quick turn-around grants." Unlike traditional grants, which must be applied for at a particular time each year, these small grants are available year round. The grants are designed to help artists and arts organizations respond to the kinds of opportunities and emergencies that arise periodically and without regard for the ACA's strict deadlines.[65]

The ACA also has a longstanding cultural exchange partnership with Mexico, supporting performing arts exchanges, collaborative art projects, arts education, and cultural policy forums. This type of innovative international programming spreads the intrinsic, bridge-building benefits of arts participation effectively throughout the state. The Ohio Arts Council (OAC), with the support of Arts Midwest and the U.S. Department of Education, maintains relationships with an impressive number of countries across the globe, from Argentina to Israel to Japan, facilitating visual arts exhibitions, information services, performances, educational projects, community development efforts, and artist residencies. These relationships are valuable to the state not only for their power to build cross-cultural understanding, but also because they encourage commercial trade in Ohio's artistic and cultural products. The International Program has given the OAC many opportunities to collaborate with the state's overseas trade offices.

While many SAAs are beginning to wonder how they might engage the for-profit wing of the statewide arts community, the Kentucky Arts Council (KAC) has been involved in the commercial arts sector for quite some time. The State of Kentucky has held an annual crafts market for more than 23 years. The KAC has been in charge of the Crafts Marketing Program for about half that time. In recent years, the program's boundaries have extended considerably according to KAC Executive Staff Advisor Lori Meadows:

> The Crafts Marketing Program was developed specifically to help craft artists market their work and build their businesses. And it has only been within the last six to eight years that we've begun including the other disciplines—music, writers, visual artists, etc. We're heading more in that direction, though. It's a badge of honor to be able to display the Kentucky Crafted logo…. Though the visual arts component of the Crafts Marketing Program is still in the fledgling stage, we hope that it will grow to have the same stature, and we are working on the same issues with the other disciplines.

The KAC's activities with the commercial arts sector are not limited to the Crafts Marketing Program. KAC Executive Director Gerri Combs described another area where the KAC's work intersects with for-profit enterprises: "We work with the Broadway production organization in Louisville. They offer residencies for schools, where students can attend rehearsals or come in and work with the technical crew…. It has made us both like each other better."

In 1999, the Mississippi Arts Council launched a literacy program called "All Write!" The program grew out of a recognition that while Mississippi has a long,

strong, and culturally powerful literary tradition, a significant percentage of the state's adult population suffers from low literacy and illiteracy. The program sends Mississippi writers to sites across the state for 12-session teaching residencies. All Write! makes a powerful case for the impact of the MAC's work on individuals and communities.

These kinds of programmatic innovations can energize an SAA and give the SAA a new sense of direction and a new set of constituents to collaborate with. They give a creative staff room to explore and experiment with new ideas for how the SAA might better serve the citizens of the state and fulfill its mission.

Partnerships, Consultants, and Convenings

Often, the most dynamic innovations involve new or strengthened partnerships within or beyond the boundaries of the state's arts community. Many states currently find themselves in a transitional period of social and economic development. The industries that once supported the socio-economic fabric of many regions are in decline, leaving once vital communities anxious for a new source of energy and support. SAAs are well positioned to help provide such support through the arts and creative industry, but they cannot do it alone.

The Montana Arts Council (MAC) has positioned itself at the forefront of efforts to revive struggling communities. Cinda Holt, the MAC's former communications director, became the council's business development specialist. She points out that in order for the younger generation to continue to live and work in a community, "there has to be a character and community spirit that's enticing." The nonprofit arts organizations that the MAC works

with, according to Holt, are most often the agents that can begin to revive that character and spirit. "They're the ones that get back into the abandoned storefronts," she said. "They're the ones that renovate the abandoned mills and turn them into studios and cafés. And then come the bookstores and the restaurants and all the additional services that provide amenities for a town." These types of arguments are the basis for the MAC's strong partnerships with the Montana Ambassadors (a statewide service organization comprised primarily of small business owners), the Montana Economic Developers Association, the Tourism Advisory Council, and the governor's Economic Opportunity Office.

North Carolina and several of its neighboring states have had similar concerns about the sustainability of the state's economy and cultural traditions. The North Carolina Arts Council (NCAC) joined forces with the Tennessee Arts Commission and the Virginia Commission for the Arts to establish the Blue Ridge Initiative. The three SAAs held meetings in targeted communities throughout their respective states asking a cross-section of citizens to identify the culturally significant sites within the community. Those sites eventually made up a series of tourist "trails" that the NCAC, its partner SAAs, and the relevant tourism agencies promote. More recently, the NCAC, in partnership with Handmade in America and the North Carolina Cooperative Extension Service, has received a grant from the Golden LEAF Foundation to design and promote a program called HomegrownHandmade.[66] These organizations are working with farmers and artists in agricultural communities to establish "agri-cultural" tourism trails.

The Minnesota State Arts Board (MSAB) has joined with its colleagues in the Minnesota Office of Tourism, the Minnesota Historical Society, the Minnesota Department of Transportation, and the

Minnesota Department of Natural Resources to develop a series of stories on cultural tourism. With funding from the Federal Highway Administration National Scenic Byways program, the five state agencies met with communities along Minnesota's scenic byways to assemble a narrative that promotes the best; most interesting; and locally favored cultural, historic, and natural sites and stops along the way. The locals were invited to crowd around maps—stickers and crayons in hand—and mark their territory according to their knowledge and preference. These favorite spots and the stories that give them meaning and relevance have been promoted in travel magazine inserts. More importantly, the interagency cooperation and the connections the agencies have made within these byway communities create a shared understanding of what Minnesotans value in their cultural, historic, and natural assets. This kind of collaborative effort puts into practice MSAB Executive Director Robert Booker's vision of the public value of the arts in which "a mayor walking with a prospective business executive down Main Street speaks with pride about the new library, the new business complex, the big department store on the corner, the great restaurant, *and* the new arts center on Main Street."

The Mississippi Arts Commission has strengthened and expanded its partnerships with health care and citizens with disabilities. Tim Hedgepeth, executive director of the commission, explained: "We can do what we do better, and we can make the argument for what is valuable in what we do better, by going to the table with another organization that needs us like we need them." As Hedgepeth sees it, where two organizations have goals in common, there is an opportunity for collaboration.

In the Mississippi Arts Commission's partnership with Mississippi's Very Special Artists (VSA) organization, the commission shares its knowledge in capacity-building and professional development. Through that partnership, the VSA—by its very definition—moves the commission toward its goal of recognizing and celebrating all Mississippi artists. "They are able to bring to us a true passion for honoring and celebrating and not overlooking the achievements of these marginalized artists," said Hedgepeth. This partnership has led the Mississippi Arts Commission to explore new collaborations with other health care and human service organizations.

Partnerships with other agencies and arms of state government are just one form of innovative collaboration an SAA might pursue. There are many instances where an SAA will need the kind of expert advice its partners in government and in the field do not have the time, interest, or knowledge to provide. Consultants can be a very wise investment for SAAs looking to innovate. The strategic challenge in working with consultants is knowing when and where expert advice and assistance will be a valuable or necessary investment.

The Massachusetts Cultural Council (MCC) hired a nonprofit management consulting firm, the TCC Group (formerly the Conservation Company), to assist in its planning activities with an emphasis on evaluation. The MCC provided all the necessary information on its strategic goals and desired outcomes, and the TCC Group came back with a testable "logic model"—based on the MCC's value chain—for "documenting and communicating success." The consultants came in at a point where the MCC was confident of the changes it wanted to make and the outcomes it sought. The consultants' role was to facilitate a sustained effort by the MCC to check its progress. The TCC Group provided an evaluation matrix and suggestions for data collection tools and methods. These tools have had a strong impact on the MCC's internal operations and provided a workable strategy

for the challenge of measuring the MCC's effectiveness in the field.

The Minnesota State Arts Board (MSAB) brought in two consultant groups—Creation in Common and the Larson Allen Public Service Group—to collaborate on its Strategic Audience Development Initiative (SADI), a participation-building program. The MSAB created a steering committee that included members of the Forum of Regional Arts Councils and brought in directors from the state's 11 regional arts councils (RACs) to take part in a "test-run" training session. Since the design of that first session, MSAB and the steering committee collaborated with Creation in Common to refine the SADI training curriculum on a continual basis. Creation in Common also worked with the staff, steering committee, and RAC directors to produce a comprehensive set of learning materials, including a 95-page workbook to help grantee organizations put the learning into practice. The workbook is full of practical advice and tools for the field, including SWOT (strengths, weaknesses, opportunities, threats) self-assessment tools, RAND's behavioral model of participation, and the Geraldine R. Dodge Assessment Initiative's organizational assessment model, as well as sample surveys and to-do items like "befriend your local college or university statistics professor."

The consultants from the Larsen Allen Public Service Group laid out a useful eval-uation process and have provided continuous constructive feedback to help keep SADI and the MSAB on track. MSAB Executive Director Robert Booker explained how the MSAB has approached its relationship with the team from the Larsen Allen Public Service Group: "If we're doing something wrong, tell us. If we're moving in the wrong direction, tell us....And that has been really helpful. This sort of course redi-rection throughout this whole process has really helped us be smarter."

The importance of bringing in an objective, independent consultant for the purposes of evaluation is obvious. The effectiveness of work carried out with external evaluators depends on clear, continuous communica-tion of goals and expectations. For this reason, it is usually best to make a long-term investment in these partnerships, engaging the evaluators as early and as often in the process as possible. Many SAAs have also found it useful to bring in experts to help train and coach staff and/or the field in new learning models or to give strategic plans and program designs a quick once-over.

When bringing new knowledge to the field, it is important to choose consultants with a solid understanding of, or even better, a pre-existing relationship with the targeted community. Involving the staff and board in work with consultants is useful not only because it supports agency-wide buy-in for new expert ideas and opinions, but also because it shows the field that the agency has put what it is preaching into practice. Because sharing new knowledge with an SAA's constituents is an iterative process, expert opinions should be only one of many methods used to communicate and foster understanding throughout the arts community and the larger authorizing environment.

Often, the easiest and most effective way for an SAA to introduce new information to a broad group of constituents is to use its leadership position to convene the arts community. The convening may be part of a strategic planning process. It may be an introductory session for candidates for a new grant program, or it may be one facet of a broader advocacy effort. The occasion for the convening dictates the content and approach to some extent. However, there are several points to bear in mind when imparting any new frameworks or new ideas to the arts community.

First, the level of "readiness" will vary considerably among constituents. Indeed, part of the point of some convenings will be to prepare the attending members of the arts community for the new work and expectations that lie ahead for them as grantees, advocates, and constituents. New ideas have to be thoughtfully framed and put into a context that everyone in attendance can readily grasp. Once the big picture has been effectively drawn for everybody, those leading the convening—whether conference, workshop, or training session—can begin to delve into the particulars, bearing in mind that anything worth saying is worth saying over and over again in as many contexts and variations as necessary. Nothing clarifies a complicated idea like a simple example, and the SAA should find ways to solicit examples as well as offer them. The SAA is there to learn from its constituents and to glean new knowledge as it shares new knowledge. The most important thing to come out of a convening may well be simply the opportunity for diverse members of the arts community to come together, share their experiences, and pool their knowledge.[67]

When the Mississippi Arts Commission decided to hold its first statewide conference on the arts in several years, it made a concerted effort to reach out to new and emerging arts organizations throughout the state. The commission went to its local arts councils for information on fledgling groups and organizations and sent a press release to every local newspaper in the state. Mississippi Arts Commission Executive Director Tim Hedgepeth pointed out: "A lot of folks worry when they see something that's attached to state government. Or, they see the word 'conference' and think, 'Oh, that's for professionals.'" To overcome this barrier, the commission designed all related materials to be inviting to even the smallest, most rural arts groups. The feedback the commission received was overwhelmingly positive, but the most consistent message from those who attended was that they

were grateful for the opportunity to meet and talk to one another. Hedgepeth joked, "Had I known, they could have just all come, and we'd have served pizza for two days and let them talk!"

The Arizona Commission on the Arts (ACA) encouraged attendance at the Southwest Arts Conference by sending targeted messages to different staff members at arts organizations showing what specific activities and resources would be available at the conference for them. ACA Executive Director Shelley Cohn explained: "This strategy came from a workshop we attended on persuasion. In the past when we sent a general brochure, staff would tell us they did not see the connection between the content and them personally. This approach helps." By sending a focused communication to an arts organization's development director or artistic director, the ACA was able to attract a broader spectrum of arts professionals from arts organizations in Arizona.

The Minnesota State Arts Board (MSAB) began its participation-building work by teaching the basics of participation-building to the state's 11 regional arts councils (RACs). Once the SADI curriculum was developed and refined, the MSAB held 14 workshops across the state and invited the closest RAC director to attend the two-day workshops in a "host" role. Creation in Common team members led the workshops with MSAB staff and representatives from local arts organizations. These workshops served a number of functions. They presented the new material to the field, provided an opportunity for the field to network and discuss the new material, instilled a sense of ownership and expertise in the previously trained RAC directors, and created a knowledgeable group of potential grant applicants.

MSAB Executive Director Robert Booker explained the value of this last function thus:

> In many cases, funders respond like that little dog in the back of a Chevrolet that has the nodding head. Every time somebody comes to us with a proposal about audience expansion or audience development, we look like that little dog—we just sort of nod…. I had reached the point where I kept thinking, 'You know, sometimes we shouldn't be nodding.' Sometimes, as funders, we should be saying, 'No, that's the wrong approach. That's not how you build an audience. You're going to spend hundreds of dollars on something, and your return is going to be zero.' …It doesn't help for us to say, 'Great application, bad application.' What you want is to get everybody on board so that every application that comes in really is a great application.

4

Performance Measurement

(Value Definition and Recognition)

To implement a value-creating strategy, an SAA needs to develop and use a set of performance measures consistent with that strategy.[68] Indeed, performance measures are so important in developing and executing a value-creating strategy that it would be fair to say that one does not really have a strategy until one has developed the performance measures that go along with it.[69] Developing and using performance measures is essential in managing each point of the strategic triangle. The measures are also essential in integrating the three parts of the triangle into a coherent whole. They allow SAA managers to move from the realm of strategic potential to concrete, value-creating performance.

It is not easy to make the leap from an unfocused strategy with a few unreliable performance measures to a conceptually rigorous strategy with a full set of sound performance measures. Mississippi Arts Commission Executive Director Tim Hedgepeth observed:

> We will know we have officially completed our START journey when

we have performance measures that are clearly revised, new, and that we can live with and are happy with and can depend on. But because this has been a cultural shift in the way most of us have been doing our work, it doesn't just fall into place [in one day]. It just doesn't happen that way.

Mary Kelley, executive director of the Massachusetts Cultural Council, described how performance measures are developed hand-in-hand with strategic plans: "[Performance measurement] is really part of this planning process….We can't do it until we've finished [the planning]. So it's… an organic, one-thing leads-to-the-next-thing [process]…."

Where Performance Measures Fit in the Strategic Triangle

To see the central role of performance measures in conceiving, defining, and executing a strategy, consider how the self-conscious development of performance measures helps SAA managers cope with each point of the strategic triangle.

First, consider the public value point of the triangle. Public value starts as a very abstract idea or set of ideas, perhaps illustrated by some anecdotes that help anchor the abstract ideas in a concrete reality. But neither the very general ideas nor the anecdotes constitute a full description of the *kind* of public value the SAA intends to produce. Nor do they measure the *amount* of public value that has been created. Conceptually, they are suggestive rather than definitive. Empirically, they are indicative rather than quantitatively precise. Only going through the exercise of developing performance measures—trying to identify what effects would constitute the important social results of the SAA's efforts and then developing and using the instruments to measure these specific, intended results—can make the SAA fully conversant with its own ideas of public value. There is no way to understand and describe fully what is meant by public value without developing the measures that would allow it to be recognized when it is produced. Thus, developing performance measures challenges an organization to think more clearly, consistently, and concretely about what it intends to produce in the way of public value.

At the point of the triangle focused on building legitimacy and support within the SAA's authorizing environment, again, the development and use of performance measures plays a critical role. The authorizing environment wants and rightfully expects the SAA to be accountable for the production of desirable social results. Performance measures negotiated in advance with the authorizing environment and reliably used by the SAA can build a significant amount of credibility for the agency.[70] At a minimum, by committing themselves to the development and use of performance measures, the SAA meets the *pro forma* demand for accountability that hangs over every agency in the public sector. If the SAA takes the trouble to negotiate the terms

of its accountability with the authorizing environment in a way that aligns the views of the authorizers and the SAA about what constitutes public value, then the demand for accountability will drive the SAA toward the accomplishment of mutually desirable goals. If the SAA has no performance measures or performance measures that are irrelevant to the concerns of the authorizers, its credibility will be undermined. This does not necessarily mean that one has to make the organization entirely transparent—only that there is some cost in not doing so.

In weighing the costs and benefits of organizational transparency, it is important to consider what particular parts of the organization's operations should be made transparent. In general, the public sector demands a high degree of transparency in financial operations. Those who oversee state agencies want to be able to track the money, at least to make sure it does not get stolen or diverted to some improper use. The public sector also demands a high degree of transparency with respect to personnel costs and actions. This is partly because much of the cost of a public agency lies in personnel, but also because the public is interested in reassuring itself that public jobs are granted in a fair competition based on merit.

Generally speaking, public agencies have well-developed administrative systems for tracking financial and personnel transactions. There are also usually good systems in place for tracking compliance with operating policies and procedures. These systems are valuable because the reliable execution of policies and procedures assures efficient and effective operations as well as fair and consistent handling of individual clients who want to make claims on the organization.

What is usually missing in public sector organizations is a well-developed system

for measuring and revealing results further down the value chain. It is hard to develop clear measures of the quantity and quality of an SAA's valued outputs, difficult to measure client satisfaction, even more difficult to measure social outcomes, and usually impossible to monetize the value of social outcomes to measure the overall social costs and benefits of SAA operations. It is the difficulty of measuring outputs, client satisfaction, and social outcomes that are the primary focus of this discussion.

It is also worth noting that the more information an organization makes available to authorizers, the more "micro-management" it invites. That fact causes many managers to want to limit the amount of information they provide to authorizers—to gather some information to send along to the authorizers, but also to collect some information that will stay within the organization for internal, operational purposes. Unfortunately, it is difficult to maintain such a boundary between what the external authorizers can see and what is known within the organization. Any time they want, the authorizers can demand to know what the managers know and can "review" the organization's operations and decisions. The alternative is to embrace the idea of accountability and transparency and to work with the authorizers to discover what particular features of the organization's activities and results they would particularly like to be able to monitor. This embrace of accountability should be rewarded (at least occasionally!) with support for the organization due to its openness and transparency. SAA managers might even learn something important about the way their organization is operating.

At the third point of the strategic tri-angle—operational capacity—performance measures again play a critical role. Internal performance measures that set goals for those working within the SAAs can help

to motivate and guide action within the organization and also help the organization continually learn how to do its job better. A good set of measures distributed through-out the organization can help everyone concentrate on achieving the desired results. Performance measures will allow for more objective and productive discussions about issues and problems that affect the SAA's operations. In order to produce effective innovations, the 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 alterna-tive approaches.

Finally, the performance measures that help guide the SAA's own operations can often be used to help guide the activities of its partners and clients as well as its own employees, thus extending the benefits of performance measurement from the SAA and its organizational capacities to cover its entire operational capacity.[71] The important performance measures can be written into grant guidelines. Depending on how closely these goals align with the pre-existing goals of the grantees, these measures can either confirm the strong alliance between the interests of the SAA and its grantees— providing the bonding and assurance that comes from sharing goals—or help nudge grantee organizations toward more public purposes in addition to their own, more particular purposes.

There is not and probably never will be a single, uniform idea about what will be the most appropriate performance measures for a given SAA. Each state and each SAA will have its own ideas about what constitutes the public value of the arts. Each state and each SAA will develop different measures consistent with those different conceptions of value. A general discussion of perfor-mance measures for SAAs is useful not as an effort to construct one true measure of the public value of SAAs, but as a catalyst for state-level thought and innovation.

Because performance measures are so important to the implementation of state strategies, it is valuable to consider how some SAAs 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.

Measuring Performance at Different Points Along the Value Chain

An important part of the challenge of measuring performance in the public sector is deciding where along the value chain one might want to concentrate measurement efforts. For convenience, Figure 4 is reproduced here as a reminder of the important differences between organizational capacity and operational capacity on one hand, and the important differences between inputs, activities, outputs, client satisfaction, and social outcomes on the other.[72]

In principle, one could be interested in performance measures at each step along this chain.[73] One could start on the left-hand side of Figure 4 and create measures that record the degree of support the SAA enjoys among elected representatives, among the politically active arts organizations in the state, and within the general population. These measures would amount to the concrete result of the SAA's efforts to maintain a strong "system of accounts" with key authorizers.[74]

One could then construct measures that described the activities and performance of the SAA itself—its ability to stay within budget limits, to operate in accord with its established policies and procedures, to attract and retain high-quality people, to keep their morale high, to make investments in providing better service at lower costs in the future, or to reliably achieve the operational objectives set out in their strategic and operational plans.[75]

One could then go further along the value chain to measure the quantity and character of the transactions the organization had with members of the state arts community and to capture feedback on whether those encounters were mutually satisfying.[76] One could also measure the strength, character, and diversity of the state arts community and the proportion of that community that was in touch with the SAA.[77] Finally, one could construct measures describing

Figure 4: The State Arts Agency Value Chain
(reprinted from p.54)

Authorizers		State Arts Agency	The Arts Community	Public Value
Elected Officials			Established Arts Organizations	Economic Impact
Interest Groups			Informal Arts Organizations	Individual Development
General Public			People Potentially Interested in Participating in the Arts	Quality of Community Life
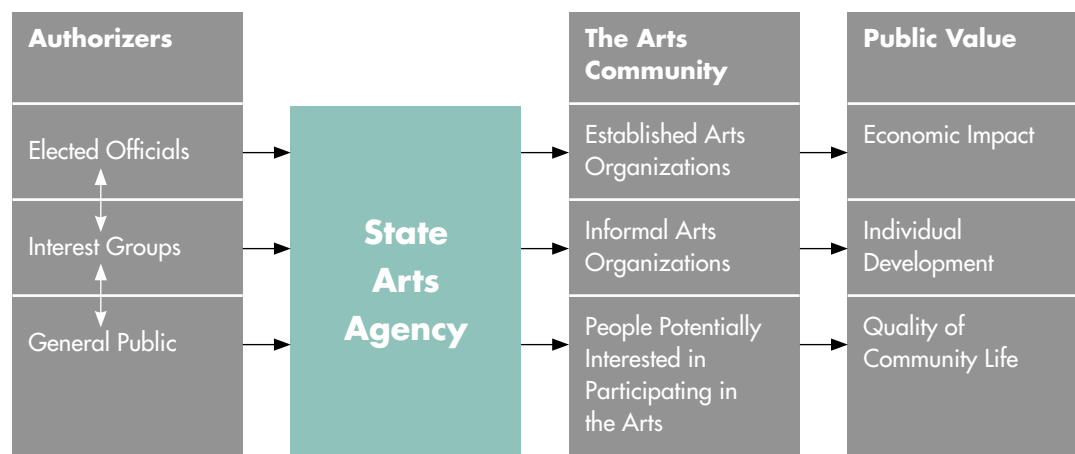
the impact that the arts community or arts participation had on individual lives and collective efforts in the state.[78]

Figure 6 presents an adapted version of the "Value Chain" shown in Figure 4 that sets aside the question of political support for the SAA and focuses instead on how the SAA uses its liquid assets ("inputs") in activities and programs to produce particular "outputs" (the discrete service encounters the SAA makes with its environment), which in turn produce a certain level of client satisfaction and a set of desired social outcomes. The figure also indicates the types of efforts that are commonly made to take measurements at each stage of the value chain. The more traditional forms of performance measurement—financial audits, compliance audits, and workload measures—are concentrated toward the left side of the figure where SAA managers have a great deal of control and therefore strict accountability. The newer forms of performance measurement—surveys, program evaluations, and cost/benefit analyses—concentrate on effects that occur further down the "value chain" en route to the creation of public value.

One can be more or less inventive and more or less determined about constructing measures at many points along the value chain. The problem, of course, is that time, money, and managerial attention are scarce. One has to set priorities that focus managerial attention and limited financial resources on developing and maintaining a strong performance measurement system. Fortunately, some measures will already be in place. The investment cost of developing those measures has already been paid. Unfortunately, some of the most important measurements may be the most expensive and least reliable. The real decision is not what to measure but what to add and subtract from the current set of measures.

Measuring Outcomes: The Public Value of State Arts Agencies

Recently, a great deal of pressure has been placed on public agencies like SAAs to measure *outcomes* rather than activities or *outputs*.[79] That pressure comes from concerns that public agencies are not accountable for performance and the belief that their performance would improve if they could be held accountable.[80] This amounts to an argument for *some* kind of measurement of *some* kind of performance but not necessarily for measurement focused on outcomes. The real reason for focusing on outcomes rather than

Figure 6: Standard Methods for Assessing Performance Along the Value Chain
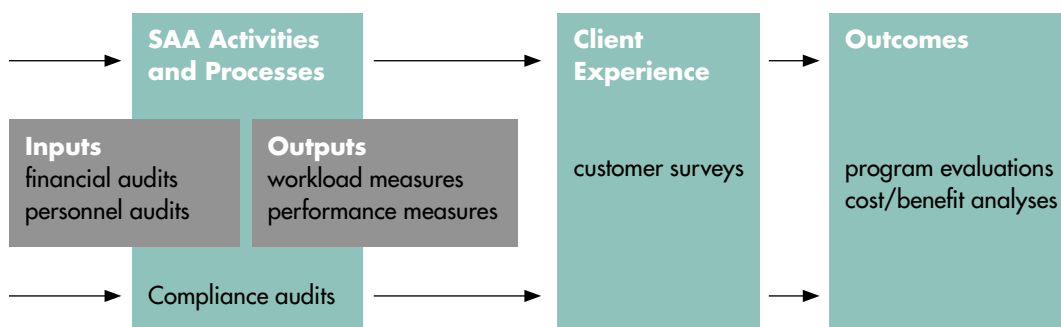
activities or outputs is not simply to increase accountability of a general kind, but to have that accountability focus on the achievement of the results that provide an organization's *raison d'être*. The interest in having organizations measure outcomes goes deeper than the desire to hold the organization accountable; it expresses some concern about whether the organization, even when it is performing well, can deliver something that is publicly valuable.

The question of what constitutes the socially valuable outcomes of SAA activity and effort takes one back to the general, philosophical discussion of how SAAs think and talk about the public value of the arts. The RAND study's distinction between the *intrinsic* and the *instrumental* value of the arts is important for a very simple reason. If the public value of arts activity comes from the *instrumental* value of art—the influence that art has on individual development, on the economy, on the capacity of the society to tolerate and make use of cultural diversity—then one has to measure these effects to recognize how much public value the SAA creates. These effects often occur relatively far down the value chain at times and in places relatively remote from the concrete activities of the SAA. This creates major problems in the effort to measure social outcomes.

First, because these effects occur far down a complex causal chain, it becomes difficult to attribute the observable effects of arts-related activity to the SAA and to hold the SAA accountable for those effects. There are so many other factors that lie between the activities of the SAA and these social outcomes that one cannot be sure whether the SAA should be *praised* (and supported more handsomely) for a good result or *criticized* (and financially penalized) for a negative result.

Second, because the important effects of SAA activity only become evident over a long

period of time, it is also hard to use information on these effects to call the SAA to account on an annual or even semi-annual basis. So, while measures of these instrumental effects of SAA activities can explain a great deal about the social value an SAA helps produce, they are not particularly helpful in managing the SAA. They are too imperfect and too slow to have much utility.

In contrast, if the public value of art lies in its *intrinsic* value to those who produce, observe, or support it, then the important social outcome for the SAA to measure is its own effectiveness in increasing the breadth, depth, and diversity of arts participation. Although this type of measurement presents its own kinds of difficulties (e.g., getting reliable baseline participation data, understanding how much participation the SAA can reasonably claim to have affected, etc.), it is generally easier and quicker to measure than the instrumental effects of arts and can be more reliably linked to the activities of the SAA. In effect, this kind of public value occurs further upstream in the value chain.

Measuring Client Satisfaction and Organizational Outputs

However important it is to measure social outcomes, it is also important to take measurements at other steps along the value chain. Authorizers assign value to the ways SAAs operate and the satisfaction they generate among clients and co-producers, as well as the other social outcomes they achieve. It is important, for example, for the SAA to provide quality service to its clients or "customers"—those who are eligible for and apply for grants.[81] 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.

To measure customer satisfaction, the SAA can survey its current and/or potential clients. The survey might focus on certain characteristics of the transaction between the clients and the SAA. How do those eligible learn about the availability of grants and how to apply? How easy or difficult was the application process? How long did applicants have to wait for a decision? Did those whose applications were rejected feel they were treated fairly? How well did the SAA explain the expectations and requirements attached to the grants? These measures can record not only the *quantity*, but also the *quality* of the outputs of grant–making operations in terms of customer satisfaction. These are important indicators of the value produced by the quality of service the SAA supplies to citizens and clients.

These transactions with clients seeking grants are also important for a different reason. It is essential for a public agency to be fair and equitable as well as courteous and helpful in its encounters with clients. This means making the SAA's services equally accessible to all and making principled decisions when a scarce resource has to be allocated. Data on who applies and who receives grants can be used to measure the degree to which the SAA is operating in accord with these broader principles, as well as the principle of individual client satisfaction. Moreover, if one of the most important instrumental values associated with art has to do with creating the capacity of a diverse society to understand, develop, and exploit its own diversity, then there might be a special reason to be interested in efforts made to reach out to diverse and underserved populations.

Measuring and Reducing Costs

It is also important for SAAs to try to save the taxpayers as much money as possible as they pursue their public purposes. Although the SAA can and should be strongly in favor of public support for the arts and may rightfully press for budget increases, as a public agency it cannot afford to be indifferent to the costs of its operations. It has a strong obligation to keep searching for ways to produce the maximum public benefit at the minimum public expense, either by lowering the price tag on its current work or creating more value at the current level of taxpayer expense.

The performance measures most commonly used to focus on the financial, cost-control capacity of SAAs track the degree to which the SAA stays within budgeted costs. But one could also imagine creating some important cost benchmarks, such as admin-istrative cost per applicant or administrative cost per grant.[82] The development of these benchmarks would serve simultaneously as a symbol of the agency's commitment to controlling costs and assuring operational efficiency and as a practical tool for explor-ing ways to reduce costs without reducing performance.

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, customer satisfaction, and public value, it need not worry about the distorting effect of focusing intensively on costs as well. A high-performing SAA should be focused on driving down operational costs even as it is improving the quality of customer service and the overall public value of the SAA.[83]

National and State Efforts to Develop Performance Measures

SAAs and those who support their work have made concerted efforts to develop effective performance measures to meet demands for external accountability, to demonstrate the public value the SAAs create for their states, to guide their own operations, to encourage their clients and co-producers to join their efforts in producing and documenting particular kinds of public value, and to develop and test new activities and new methods for carrying out old programs and services. Perhaps the most systematic and helpful documentation of these efforts is contained in the National Assembly of State Arts Agencies' publication, *A State Arts Agency Performance Measurement Toolkit*, which offers a helpful overview of the reasons to develop performance measures and the process that SAAs could use to develop them.[84] NASAA's Toolkit also offers advice about "best practices" and a few "cautions." Since its publication, however, the field has developed even more experience in trying to develop and use performance measures, some of which is presented here.

Measuring Social Outcomes: The RAND Benefits Study

One important milestone in efforts to measure SAA performance came with the publication of *Gifts of the Muse: Reframing the Debate about the Benefits of the Arts*.[85] The RAND Corporation, a research foundation, had been commissioned to carry out a study that could demonstrate the existence and quantify the size of a set of social benefits that could be anticipated as a consequence of encouraging a broader, deeper, and more diversified experience with the arts in any given community.

The study assumed that the mechanisms that linked different kinds of participation in the arts to important social benefits were

essentially the same for every community. If it could be shown that arts participation among young people increased their educational and social accomplishments or that a strong arts community produced significant economic and social consequences for a state, then it would not be necessary for each SAA to demonstrate these relationships over and over again. The SAAs could simply concentrate on doing their immediate job: finding ways to use their assets to increase arts participation, confident that the social benefits associated with arts participation would materialize.

Unfortunately for advocates of public support for the arts who have a passion for the arts and a strong desire to demonstrate that the arts do, in fact, improve the quality of individual and social life, the RAND researchers could not find strong empirical evidence to support claims of significant social benefits.[86] They searched existing studies for empirical evidence linking arts participation to socially valued outcomes in five principal domains:

(1) individual cognitive gains (primarily among youth, including improved academic test scores, improved basic skills in mathematics and creativity, improved attitudes and skills supporting a more general learning process)

(2) individual attitudes and behaviors (again, primarily among youth)

(3) individual health (among a wider variety of citizens, including the elderly and individuals with mental illness and developmental disabilities)

(4) social interaction and the formation of "social capital"

(5) economic benefits (measured in terms of direct economic effects of the arts on a community, indirect benefits supporting the economic activity of

other parts of the community, and the general "public benefit" associated with the presumably favorable impact of the arts on individuals and communities)[87]

They concluded that the empirical evidence for these various claims about public benefit could not support a confident conclusion that the indirect, instrumental effects of arts participation were present or could be attributed to arts participation in itself.[88]

Although participation in the arts as a customer, patron, or producer is a good measure of the value individual participants attach to the artistic experience, when an effort is made to measure the effects of artistic activity that register among individuals who do not directly participate and/or the effects that register against some collectively desired social state, the difficulties of establishing, measuring, and valuing the important social effects of art multiply.

First, how does one measure the size and character of social benefits for individuals who do not directly participate in the arts? If Citizen A's confidence and cognitive skills improve over the course of his Tuesday night improvisation classes at the community arts center and his acquaintance, Citizen B, stays home every Tuesday night to watch "American Idol," how (and how much) does Citizen B benefit from Citizen A's arts participation?

Things get even more difficult when an attempt is made to quantify important instrumental effects of the arts on the character of social life in general. One does not know quite whom or what group to ask when one wants to know if a community or a city or society as a whole values something. And when it is said that a community or a city or a society values a particular activity or result, it often means something different than the sum of individually held values within that group.

The community or the city or the society makes some kind of collective declaration that it values a particular result, usually through a democratic political process.[89]

RAND's counter-strategy of focusing on the intrinsic benefits of arts participation to individuals and communities simplifies the challenge of measuring SAA performance in at least one important way. It becomes less important to measure the instrumental results that occur very far down the causal chain that runs from inputs through activities to outputs to outcomes. It becomes more important to focus attention on the character of arts participation—or more specifically, the character of the arts community in a given state. The strength of the arts community becomes both the end as well as the means of producing public value for the SAA.

This does not mean that one should necessarily drop the claim that participation in the arts can produce significant instrumental benefits for individuals and for society at large. One should keep trying to determine the degree to which this is true. But instead of being the only argument for public support of the arts, it becomes just one part of the social justification for that public support and just one way to measure the public value of an SAA.

Goal Hierarchies and Performance Measurement Grids

While the RAND Corporation sought the conceptual and empirical basis for calculating the social benefits of the arts, a number of SAAs were working to develop theories of public value creation that were sustainable and doable in their particular contexts. These theories of public value creation were laid out in goal hierarchies and performance measurement grids—conceptualizations that defined the higher level goals of the SAA and then broke those higher level goals down into more specific

and more concrete categories of activities and effects that would constitute their particular strategy for creating public value through the arts.[90] Appendix 2A presents the performance measurement grid developed by the Arizona Commission on the Arts (ACA) as it began its efforts to develop more useful and reliable performance measures. Appendix 2B presents the ACA's 2006-2010 strategic plan. Comparing the two documents, one can begin to see how the brainstorming represented in the performance measurement grid evolved into a strategic plan based loosely on the value chain.

The goal hierarchies and performance measurement grids created by the 13 states involved in the START Program suggest that SAA thinking tends to converge around a number of concepts that focus the SAAs' attention and become the basis for the development of performance measurement grids. Table 10 sets out some of these key general ideas and the more specific activities and effects associated with these larger purposes.

Table 10:
Key Goals of State Arts Agencies

- Contribute to state economic development
- Help children learn and achieve
- Strengthen quality of individual and community life
- Support and strengthen the arts community
- Encourage and facilitate widespread participation in the arts
- Integrate arts activity in other state services
- Generate public policy support for the arts
- Generate popular support for public funding of the arts

NASAA's "Catalog of Sample SAA Performance Indicators"

Earlier, the National Assembly of State Arts Agencies (NASAA) had also set out to develop a framework of general concepts, more particular ideas, and specific measures that SAAs could use as the basis for talking about their performance with their authorizers and with other SAAs.[91] This framework differed from both the RAND study, and the START Program's efforts to develop state-level theories of public value creation in that it moved even farther back in the value chain to focus on SAA operations and the administrative costs associated with those operations. Indeed, NASAA's framework, presented in Appendix 3, is the only framework that offers sample measures all along the value chain and gives some special attention to the kind of operational measures for SAAs that have long been the staple of performance measurement in the public sector.

The Challenge of Committing to Performance Measurement

These different tables suggest many different ideas about how the performance of SAAs could, in principle, be measured. The main problem, however, has not been to develop theories and concepts in this domain. The main problem has been for SAAs to make strong, sustained commitments to using any given set of measures for the purposes described above.

The reason for this reluctance is often cast as the result of the technical difficulty of reliably measuring something as subtle and complex as the public value of the arts and an SAA's contribution to the arts environment of the state. Mary Regan, executive director of the North Carolina Arts Council, and Nancy Trovillion, assistant director of the North Carolina Arts Council, spoke for many members of SAA teams when they confessed the following:

Regan: [Performance measurement] is a challenge. I feel that we could do it—we could come up with something—but we're so busy with other things that we just haven't gotten around to it. We've taken stabs at it, but…I think that we don't really believe in it.

Trovillion: We think it would be very time consuming and hard and maybe not even….

Regan: The truth? We could come out with something, but it would not be meaningful to us. We do not think it would be a true measure of what we had accomplished.

To be effective, performance measures do have to garner the commitment of those whose performance they measure. If the measures seem artificial or wrong-headed or incomplete, they risk demoralizing and misdirecting rather than animating and inspiring those who are asked to do the work.

But developing a commitment to a particular set of performance measures is as much a political problem as it is a technical problem. As Mollie Lakin-Hayes, deputy director of the Arizona Commission on the Arts, pointed out, developing a usable system of long-term and short-term performance measures—tracking both "vital signs" and the "big picture of the health of the organization"—requires negotiation with authorizers. It is hard for both the authorizers and those who lead the SAAs to make a firm, binding commitment with one another about how to measure the impact of the SAA. Neither side wants to be pinned down to a particular deal. Each side wants to be able to change the terms of the evaluation when it suits their interests to do so. And different factions among authorizers are reluctant to agree to particular performance measures that do not signal the importance and urgency of the particular goal they seek to achieve through the SAA.

Furthermore, performance measurement creates a major administrative problem, primarily because developing and using performance measures is an expensive and tedious process. It can suck up a great deal of staff time and attention. If one hires consultants to help with the process or writes contracts to gather information or carry out evaluations, it can consume a great deal of money. Often such costs are born in the SAA as an "overhead" or "administrative" cost rather than a program cost and therefore tend to make the SAA look less efficient than organizations that spend all their money on programmatic activities (even when evidence of efficiency is exactly what the SAA is after). Finally, there is no guarantee that the effort and money expended will produce significant returns in terms of enhanced legitimacy, improved performance, or significant organizational learning.

Given all this, it is not surprising that the 13 START states felt ambivalent about the pressure put on them to develop and use performance measures consistent with their theories of public value creation. It seemed much more valuable and fun to focus on building relationships with the authorizing environment around new ideas of public value creation and extending the reach of the SAA into new parts of the arts community and new kinds of arts activity than to spend time agonizing over performance grids and making a long-term commitment of time and money to "bean count." Still, the 13 START agencies did make some progress, not only in conceptualizing the performance measurement challenge, but also in taking steps to meet it. Progress has been made in at least three different domains.

Requiring Grantees to Report on Participation

First, in order to improve performance measurement, many SAAs have been encouraging grantees to gather much better information about the impact of their SAA-funded programs on arts participation levels. The SAAs often provide training, workshops, learning materials, and technical assistance to help organizations better understand their own participants.

The New Jersey State Council on the Arts (NJSCA) combined the initiative of one of its grantees and the resources of Rutgers University to develop a system that would standardize reporting on participation across the programs being managed by the NJSCA. NJSCA Executive Director David Miller and NJSCA Director of Programs and Services Steven Runk described this project:

> **Miller:** [One project in particular] is actually trying to establish and make accessible through its Web site a standardized methodology for measuring participation. If you begin to think about all the ways that people count and all the different levels of capacity that organizations have to count or don't, you can imagine that asking even a very simple question (you would think simple) about how many individuals benefited from your work last year, you do not get reliable data. So, we're going to try to chip away at that one and see if we can help organizations work with a new and standardized model that might get everybody some more reliable numbers.

> **Runk:** They're working with a researcher out of Rutgers now to develop what the instrument would look like, which is basically going to be a sort of audience survey tool that

different organizations can use. Then there will be a creation of a way for them to enter their information at the Web site and receive an analysis of what that survey data tells them. So, it's…not just for us learning statewide what's happening. Individual organizations can use that information more effectively to do their own work.

> **Miller:** And of course filing it on the Web makes it capturable in aggregate so that we can begin to translate that into regional and statewide messages. And, we can parse it out in all kinds of different ways. It can be disciplinarily organized. It can be regionally organized.

The Minnesota State Arts Board (MSAB) Executive Director Robert Booker also reported on several interesting devices that grantees of the MSAB's Strategic Audience Development Initiative (SADI) had developed to measure participation at their events:

> We've had organizations that have done creative surveys. One example is an organization that does a summer festival in a quarry; it's a pop music festival. The tool they used for their survey instrument was literally a fan, because it's hot. It had a tear-off survey on it…and if you turned in your survey, you got a bottle of ice water….

> We also had another example where an individual took ZIP codes of people attending [an event at his arts center] and found that even though his art center is outside of the metropolitan area,…people were choosing to drive to his small community to attend arts activities [instead of driving an equal distance to the Twin Cities]…. He knows that if he wants to promote his activities, there is a ring of individuals living in a particular ZIP code that

he can focus on because they're more inclined to drive to his venue than to get in their car and drive down to the center of Minneapolis or St. Paul. They're in a smaller community. It's more relaxed. It's easier to get a restaurant. He has all those things going for him. He never would have done that without this learning and this understanding about how to do unique, simple research.

One of the key instruments that Mayumi Tsutakawa, director of the Washington State Arts Commission's Arts Participation Initiative (API), used to evaluate the impact of the API depended on improved reporting from the grantees:

> From the beginning, with the help of [consultant] Jerry Yoshitomi, we decided to set up a system where each of the programs would report in a 'journal'…[in which we ask] them who their participants are, what kind of research they drew upon, what [were the] inputs,…the outputs, and the outcomes. At the end of the program, we ask them, 'What were the responses of the participants?' We aggregate the reports for each year so that we have shared information.

Program Evaluation

Another advance in SAA efforts to improve performance measurements involves the increased use of consultants and universities to evaluate particular programs of interest. Tsutakawa reported the following:

> We hired a consultant to evaluate and document [API].… She has taken a gigantic amount of information: original applications, the programs, the scope of service for each year, and the reporting out so far. She's also in the process of interviewing participants.… Next fall, we'll have the

final report.… We wanted her to make recommendations for the continuation of the program, but because we're state government [and work biennially], we've already made proposals and recommendations for programs for the next two years. Nevertheless, we'll have a good, solid document, and I'm hoping that it can be translated into something that can be distributed and widely used, also to promote the work of these particular programs.… The question is how scientific do you want it to be versus how journalistic, versus how popular, versus how story-telling, versus how accessible.

The South Carolina Arts Commission (SCAC) has had a long-standing relationship with the Office of Program Evaluation in the University of South Carolina's College of Education. SCAC Deputy Director Ken May described the effort to evaluate their programs in arts education:

> After 10 years of really making a concerted effort to change and improve arts education in the state, we said let's get an independent evaluator in here to see if what we're doing has made any difference. And that evaluation looked much more at output measures than outcome. How many more schools were doing this? Where were they? What were the conditions like in those schools versus other schools? A lot of things that were good to know and suggested strongly that we were having an effect. [We looked at] testing across schools that were really making an effort and were identified as Arts-in-the-Basic-Curriculum schools versus demographically matched schools that weren't doing that. We got really interesting results, and that was just the beginning.… We're going to ultimately have tools, and

we're gradually building. We have art and music at the elementary level now, and we're working on dance and theater…. Eventually, because of this work, we're going to be able to answer the question: Are kids learning more? Are they able to do more as a result of what we're doing? That's real performance measuring, and that's something that has been in place for a long time….

As the SCAC has undertaken its new work in building participation, the consultant relationship has grown. The Office of Program Evaluation is helping the SCAC evaluate the success of its participation-building program and focus increasingly on measuring outcomes over outputs in all its evaluative processes. May explained:

> Something that we're already doing, that has been part of our planning process, is polling…. It has been really clear to me and others on our staff, that this is a key strategy for getting at some of the performance measures far down the value chain. If you want to know whether you're increasing public participation, the best measure is probably some kind of polling. So, we've begun to see how it makes sense in the larger context of what we're doing, and we'll probably be investing more in this and doing it more frequently.

Surveying the Arts Community

This last point—about the potential of simple methods of survey research to answer important questions about the performance of SAAs—is perhaps the most important. To the extent that one concludes that a great deal of the success of SAAs depends on the strength, breadth, depth, and diversity of the arts community within a state, it becomes very important to be able to measure what is happening to the arts community, as well

as the state of the SAA's relationship to that community. The capacity to survey the arts community of a state is central to the capacity to estimate both the character of the arts community and the impact the SAA is having on that community.

Many SAAs have seen the importance of surveying and have begun making efforts to use surveys in a variety of innovative ways. The Mississippi Arts Commission responded to a general population survey showing a general lack of interest in artistic and cultural participation with a survey of avocational artists—the crafters and choir singers who might not recognize their artistic pursuits as cultural participation. The survey opened with this language:

> We at the Mississippi Arts Commission recognize that a large majority of our citizens participate in arts and cultural activities every day. Whether you sing in a church choir, sell your crafts at a local fair, make pottery in your spare time, or carve sculptures from scrap wood, you are part of a vital group of avocational cultural participants that make our state so rich in cultural heritage and tradition.

> We want to better understand what motivates you to participate, so please help us by completing this short survey. We want to help serve you better.

In Massachusetts, several Local Cultural Councils (LCCs) have carried out surveys of the local arts community. The Somerville Arts Council, for example, conducted an "Artists Census" survey:

> This survey that you and other Somerville artists complete and return to us helps the Somerville arts community in three vital ways:

> (1) Complete and current contact information from Somerville

artists will strengthen and stream-
line communication among us.

(2) Data and statistics we collect can
be used as evidence of Somerville
artists' needs as well as community
contributions in political and/or
economic debates.

(3) Your input informs us about
how we can better help the arts
community of Somerville.

In 2001, the Ohio Arts Council published
"SOAR" (State of the Arts Report), a
synthesis of the findings from a sustained
series of surveys representing the opinions of
nearly 8,000 individuals and organizations
in the state. The study's objectives were
ambitious and clearly outlined:

(1) Identify and describe components
of Ohio's arts environment

(2) Analyze the relationships within
that environment

(3) Describe and examine resources
that influence the arts in Ohio

(4) Examine the public's perception
of the arts in Ohio

(5) Outline research data and ensure
that it is accessible to all people

(6) Document the research process so
the report can be a model for
other organizations

The importance of using survey method-
ology as a key aspect of any sustained,
serious system of performance measurement
is so important to SAAs that it is worth
concluding the discussion of performance
measurement with a discussion of how
surveys of different kinds can be used for
this purpose.

Using Surveys to Measure the Performance of State Arts Agencies

A survey is simply an effort to systematically
ask members of a given population about
some views that they have or some experi-
ence they are having or have had in the
past. There are well-developed techniques
for carrying out surveys that can produce a
great deal of information without necessarily
having to talk to very large numbers of
people. The challenge in designing and
carrying out surveys is figuring out what
one wants to know and from whom. Listed
below are some different kinds of surveys
that an SAA can use to assess different
aspects of its performance.

General Population Surveys

A survey of the general population can help
the SAA better understand its environment.
One could use a general population survey
of a state to determine public attitudes
toward the arts in general and public sup-
port of the arts more particularly, the level
of public participation in the arts, public
awareness of the SAA and its programs,
or public participation in SAA-sponsored
programs and activities. These surveys can
provide a snapshot of the position of the
arts and the SAA in the political, social, and
economic culture of the state. The SAA can
use them to demonstrate support or to find
weaknesses in its public profile.

The OAC found that while 75% of those
surveyed supported public funding for the
arts, only slightly over half of those respon-
dents were aware that their tax dollars were
already helping to support the arts. As
noted in chapter 2, a South Carolina Arts
Commission (SCAC) survey found an
increase in support for public funding of the
arts even as arts participation in the state was
in decline. The SCAC was able to use this
disparity to convince the governor of the
public's need and desire for the SCAC's work.

Carried out on some regular basis (say, every two to three years), the surveys can begin to show the degree to which the goal of increasing participation in the arts is being achieved and the degree to which support for the general concept and particular programs of the SAA is being generated.

Client Surveys

Alternatively, one could focus a survey more narrowly on the arts community as it exists in the state. A starting sample group for such surveys could be those individuals and organizations who have applied for grants from the SAA. A survey focused on this client group can provide information about the activities and capacities of these organizations, as well as some valuable customer feedback from those the SAA seeks to serve. It could focus on how responsive and fair the system of grant-making seems to be, whether it has improved or worsened over time, and perhaps even solicit some suggestions for improvement.

There could also be surveys of those who participate in SAA-sponsored programs as patrons, presenters, or audiences as well as those who attend SAA convenings. No individual or organization should leave a convening led by an SAA without being invited to fill out a survey designed, at the very least, to evaluate the success of the convening.

For those SAAs that have decentralized their operations, a survey of members and grantees of local or regional arts councils can clarify which goals, values, and needs are consistent throughout the state and which are more locally determined.

Surveys of the Wider Arts Community

Somewhere between the idea of surveying the general population on one hand and surveying only that part of the arts community that is already in direct contact with

the SAA on the other is the idea that the SAA should find a way to survey the wider arts community. This group is engaged in the arts but is large enough to include those arts participants who have not yet made contact with the SAA. It may seem difficult to figure out how to find such a population. If they have not identified themselves, how can they be located?

The arts patrons, audiences, and producers beyond the usual reach of the SAA are some of the latent constituents that could be important targets for development in the future. One big question here is whether or not to include the commercial arts sector as part of the wider arts community to whom the SAA is trying to be responsive. If SAAs wish to argue for the public value of their work in terms of its economic impact, it probably makes sense for them to think of the commercial sector as an important part of the arts community. In a world where government is being encouraged to develop public-private partnerships for both political and operational reasons, it makes sense for SAAs to include the commercial arts sector.

Commercial does not mean just the big corporate interests or the arts dealers or the video arcades and movie theaters. It also includes the small-scale commercial activities that grow up around artists to support the less commercial arts: the musicians who support themselves by giving lessons, the dancers who organize fitness classes, or the guitar stores where one can buy strings and hang out to learn techniques from the staff and other patrons. The boundaries between the commercial and non-commercial arts communities begin to fade as one looks closely at the industry. Much art is in fact produced by individuals who would like to make money on it but have not found a market and therefore end up producing it voluntarily. These individuals have to supplement their artistic work with plenty of for-profit

economic activity to keep body and soul together, and some of that activity extends the reach of arts participation far beyond what is ordinarily considered the arts world.

A similarly important question might be to what degree religious organizations are considered important parts of the arts community. Religion has long relied on and sponsored artistic patronage, participation, and consumption. The choirs, pageants, plays, sculptures, and architecture associated with religious institutions have long been features of individuals' private and collective lives. Indeed, it would not be terribly surprising if in many states the most common way for individuals to participate in the arts was through their places of worship. Worship itself is often aided by art—including architecture, painting, sculpture, and singing.

It is also worthwhile to think of cultural festivals as an important form of artistic expression and activity. Those who sponsor such events or participate in them as performers or show up as audiences might also be viewed as important elements of the arts community.

Finally and most importantly, governmental agencies often show up as important parts of the arts community. This is obvious in the case of public schools and their contributions to the artistic opportunities for students, parents, and even the staffs of the school system. But it may also be true for governmental agencies that have come to understand the value of the arts as a device for self-expression, self-development, and the development of community understanding. These agencies could sponsor arts programs for those with mental illness or developmental disabilities or for the culturally oppressed or even prison inmates.

Combing Surveys for Maximum Effect

Figure 7 offers a simple way of conceptualizing the different population groups one might want to survey in efforts to determine their size, location, involvement with the arts and with the SAA, etc.

The crucial distinction among these groups is whether they represent the general population or a particular market that the SAA considers especially important. For

Figure 7: Different Surveys for Different Purposes

Groups to Survey	Reasons to Survey
SAA Client Surveys • Grant applicants • Grant recipients • Participants in planning activities • Technical assistance clients • Participants in education programs	• Client statistics • Impact measures
Arts Community Surveys • SAA clients (past & present) • Commercial arts organizations • Informal arts organizations	• Size of arts community • Knowledge of, attitudes toward, and engagement with SAA • SAA market penetration
General Population Surveys • Urban communities • Rural communities • Ethnic communities	• Attitudes toward the arts • Engagement in the arts • Importance of arts organizations • Knowledge of, attitudes toward, and engagement with SAA

the general population and current client markets, the sampling frame is usually pretty well defined and available for use. It is harder to develop and use a sampling frame for a group smaller than the general population and as yet unknown to the SAA.

In general, there are two methods one could rely on to develop sampling frames for a group like this. The first is to develop a sampling frame from existing sources: phone books, professional associations, etc. The second is to use the general population surveys to find the important organizations that are involved in the actual artistic experiences of the citizens of the state. If a large sample of individuals in a given state is surveyed about their participation in the arts and the particular venues they turn to as patrons, producers, or audiences, the institutions that are actually making a difference in the lives of individuals in the state will begin to emerge. The findings of such research can be sobering. The institutions that the public values most might prove to be very different from the institutions that show up at the SAA to represent the arts and ask for public support.

All of these different target groups are important because they all represent potentially important markets that could help the SAA build both publicly valuable participation in the arts and political legitimacy and support for its work.

Summary: Lessons in Developing Performance Measures

Obviously, one can go at this issue of performance measurement in many different ways. Obviously, too, it can become very complicated and difficult. Here are some lessons that could guide the SAA in the development of performance measurement systems.

(1) *The point of this work is to help the SAA do its work.* SAAs are the ultimate judges

of two important things: first, whether this work is valuable at all and, second, whether any suggested changes would be valuable for a particular SAA. It should be valuable to see what other SAAs are doing, but the point is to construct a tool to help each particular SAA improve its performance as it sees and experiences it.

(2) *Keep it simple and focus on the most important basic ideas.* It is easy enough to generate hugely complicated goal hierarchies of activities, outcomes, etc. Going into great detail may be important to clarify what is meant by some relatively abstract ideas, but it is also important not to lose the big picture. The three to six concepts close to the top of the goal hierarchy are in many ways much more important and more stable than the details near the bottom. Ideally, these are the ideas that will form the core of each SAA's understanding of itself and its mission.

(3) *There is a choice to be made about the degree to which ultimate social outcomes are emphasized versus the activities the SAA can control and monitor more closely.* Probably the right thing to do is to rely on a mix of measures that focus on key outcomes, client satisfaction, the quantity and quality of organizational outputs and activities, and costs. Too much focus at any point along the value chain will lead to significant distortions in operational strategies and diminished ability to imagine and exploit new ways of creating public value from SAA activity.

(4) *What the SAA wants to accomplish with performance measures determines whether it focuses more on social outcomes or organizational activities.* If one wants to use the exercise of developing performance measures to work through the political/ philosophical question of what public value one's agency produces, then one

would focus on conceptualizing and measuring social outcomes pretty far down the value chain. If, on the other hand, one is developing the measures to give guidance to the SAA and to create internal accountability for action within the SAA, one will focus more on activities. Ideally, one would try to do both these things, but sometimes it is more important to concentrate on one side than the other.

(5) *Developing a plan to build legitimacy and support—and a set of measures to gauge success in doing so—is only one part of a good strategic plan and performance measurement system.* Given the severe budget crises that have affected many SAAs, it is quite natural that building legitimacy and support in the authorizing environment would become the focus of much SAA attention. But one also has to be concerned with deploying public money through efficient and effective operational systems in order to actually produce the results one promised to achieve in the marketing effort. Indeed, performing well is one of the most important ways of building legitimacy and support. Simply performing well in a mission that the SAA thinks is important is not always enough to guarantee support. But, building a successful marketing campaign for the SAA is not enough either. It is important that the organization focus on its activities, outputs, and outcomes, as well as the stories it tells about value creation.

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. In many ways, the idea of "public value" is the most abstract and mysterious. It is open to many different kinds of claims. It recognizes that claims of value

creation have to work politically, have to be conceptually and philosophically sound, and have to be plausibly linked to the actions of the SAA. This is a heavy burden for any particular set of concrete ideas to meet.

The idea of "participation in the arts" is more concrete, particularly when one recognizes that participation includes three different roles—producer, audience, and patron—and when there is a broad definition of what constitutes art that is worth participating in.[92] Participation may also be highly correlated with at least two different aspects of public value. The more participation there is in the arts among individuals and communities, the greater the presumption that those individuals and communities value the arts. Similarly, participation in the arts is closely linked to political power for the simple reason that the more people engaged in the arts, the more likely the collective (which consists of many individuals actively engaged in the arts) will decide the arts are worth supporting.

The idea of the "social benefits of the arts" imagines there are some effects of arts participation generally deemed as socially valuable (e.g., making individuals happier or more productive, making economies work better, enriching social life, perhaps even strengthening the capacity of government to act wisely). The task, then, is to produce hard social science evidence that a strong arts community or increased arts participation helps achieve these important social goods. With that evidence, SAAs would no longer have to make these promises or measure the degree to which they are fulfilling them. SAAs could concentrate simply on strengthening arts communities or increasing participation in the arts, confident that these interim results would reliably produce attractive social results.

5

Conclusion

Seeking Public Value: The Challenge of Managing State Arts Agencies

Those who manage and lead state arts agencies—the politically appointed commissioners who are responsible for guiding the organization toward publicly valued purposes; the executive directors who draw on their experience, knowledge, and commitment to imagine the best possible uses of the SAAs' general assets and particular capabilities; the legislative overseers who check on the SAAs' performance; and the senior staff who put their heart and soul into imagining and realizing the potential of the SAAs that employ them—have a unique opportunity and challenge.

On one hand, they have the chance to represent, articulate, and operationally pursue their state's interests in supporting broader, deeper, more diverse, and more frequent citizen engagement in the arts. They can use their bully pulpit to talk about the importance of the arts in creating happy and full individual lives and strong, empathic, democratic communities. They can use the money and

authority entrusted to the organizations they lead to advance the concrete goals of broadening, deepening, and diversifying citizen participation in the arts. They can use their own passion and commitment to the arts—a passion and commitment that is typically developed through intense personal experience with the arts—to help others have similar experiences and realize the same benefits they enjoyed.

On the other hand, they have to recognize that governments in democratic societies are urged to tread lightly—to make as few demands on the money and freedom of their citizens as possible. They also have to recognize that citizens place many competing claims on the limited capacities of democratic governments. Citizens ask and expect the government to accomplish particular large purposes. They expect it to ensure their safety against foreign and domestic attacks; to establish a safety net that keeps them from desperate levels of poverty, hunger, and illness; and to educate them in how to participate usefully and appropriately in the economy and in civic and political society. Citizens also expect the government to recognize and support

the special status and/or contribution of particular groups of individuals engaged in particularly important social activities, such as those who have served their country in the military, those who pursue religious and charitable activities, those who through no fault of their own become sick and disabled, and even those who simply become old. Given the intense competition among public causes for limited resources, the idea that public support for the arts should be accorded a high priority cannot be taken for granted. There are many other important purposes that a fair-minded citizen might take to be more urgent and more important than public support for the arts.

In this situation, the passion that those who are committed to the arts have for the arts can sometimes become a disadvantage as well as an advantage. Often, the individuals who take the responsibility for leading SAAs differ from other citizens precisely in terms of their commitment to the arts. What they take for granted—the power of participation in the arts to create a good life for individuals and strengthen communities—is contested by others. The urgency they feel about engaging the assets of the state in the pursuit of these self-evidently good things is not necessarily shared by others. The vulnerability of their cause to the fact that these others have the right and effective power to make these quite different judgments about the value of the arts and the urgency of providing public support can come to seem not only wrong-headed, but intolerable.

But perhaps this kind of passion for the arts is not really the kind of passion that those who lead SAAs need to develop. In writing about the essential qualities needed among those who took up the "vocation" of public leadership, Max Weber concluded that "passion" for the work was one crucial quality. But he was careful to say what kind of passion he had in mind. It was not, he wrote, the kind of "excitable passion"

that he attributed to some "Russian intellectuals." It is, instead, what he calls the passion of "matter-of-factness"—the ability to focus with a "cool inner concentration" on the realities of the situation one confronts.[93]

It is this kind of passion for the arts we have sought to encourage in this publication—the passion that allows individuals who love the arts to concentrate on the realities they confront with that cool inner concentration in order to find the way forward for the arts and their potential to give pleasure and meaning to individual lives and strengthen democratic communities. The strategic triangle is, in the end, not only a concept that encourages one to speak with expressive, passionate enthusiasm about the public value that one sees within reach and feels duty-bound to pursue, but also one that directs managerial attention to what is possible to achieve in a particular political and organizational setting. It is a framework that allows one to explore the degree to which the world in which one lives and works encourages and allows one to pursue a compelling purpose. It asks those in positions that control assets of the state to find a purpose that is valuable, permissible, and doable.

It is unlikely that such a purpose will be exactly the same in every state. And, there is no reason to expect any one purpose to remain the same over a long period of time in any given state. Political communities differ from one another in the choices they make about the uses of their government. They change their ideas about what would be most valuable and appropriate in response to new conditions, ideas, and possibilities put before them.

The implication is that the act of leading a state arts organization is like the act of creating and interpreting art itself. It is an improvisation. It is an effort to find within the materials that are near to hand

an idea that is beautiful, challenging, and unexpected. The society needs those who lead SAAs to have the courage, imagination, and commitments of artists. It needs them to be willing to explore the potential of what could be done with the assets of the state to help citizens understand and exploit the great capacity of engagement with the arts to improve the quality of our individual and collective lives. The society has probably only begun to explore the real potential of SAAs. The examples in this document present some images of what might constitute progress. But SAA leaders still do not have the luxury of relying on either codified knowledge or well–established models to understand the best ways to use SAAs. They have to continue exploring and innovating in search of the best possible use. The authors are grateful to those who do this work—not only on behalf of those already engaged in the arts and aware of their power, but even more for those who will someday come to understand this power through the work of the SAAs.

Appendices

Appendix 1: The Strategic Actor

The first step in organizational strategy is identifying the decision-making agent who is authorized to provide direction to the SAA and who will be held accountable for its performance. Often, that agent will hold the title of director or executive director.

That person has to consult with and answer to a board that is formally established with either advisory or executive power vis-à-vis the director. Board members may be more or less actively engaged. They may think of their job as oversight or as control or as external advocacy for the organization. They may have quite different relationships with the executive director.

The director also has some key subordinates in both advisory and line positions. The executive director may or may not establish various processes to support substantial consultation with these subordinates on key decisions. The executive director may or may not make a point of bringing the staff into close contact with the board or of holding them apart.

Thus, the strategic decision-making agent for the SAA might consist of any of the following individuals and groups:

(1) The executive director
(2) The board
(3) The board and the executive director
(4) The board, the executive director, and the principal staff
(5) The executive director and the principal staff

Once it is clear who is in a position to deal with the strategic issues facing the SAA, it is possible to focus on those external actors who matter most to the political and managerial work of developing and implementing the strategy. If, for example, the strategic group consists of the executive director and the principal staff, then it may make sense to treat the board as part of an external authorizing environment that has to be managed to sustain a continuing flow of support to the organization. If the strategic group consists of the board and the executive director but not the staff, then it may make sense to treat the staff of the SAA as a group that has to be managed to ensure that the operations line up with the overall goals of the strategy.

Different kinds of groups may have different capacities to imagine and implement strategies. A powerful board that convenes only twice a year, for example, may require significant effort on the part of both board members and the executive director to stay connected and coherent. A strategic group that includes the board, executive director, and staff has a great capacity to absorb and use information from many parts of the organization's environment. Political and operational strategy can be formulated at the same time. The difficulty, of course, is keeping a group that large on the same page and focused. A strategic group that includes only the executive director needs only brains and a strong constitution (or a great therapist) to stay organized and coherent, but the executive director may not have all the information necessary to make wise choices. Without the buy-in that comes from consultation, he or she will have a difficult time mobilizing action for a unilaterally established strategic purpose.

Whether the strategic group to be addressed consists of the executive director, the board, the staff, or some combination is only partly a matter of formal structure. Formal structure pushes in the direction of one kind of relationship or another and makes some kinds of relationships easier than others. But almost anything that formal structure tends to facilitate or frustrate can be exaggerated or minimized through the development of other, more or less formal processes and personal relationships. An organization that looks strongly board-oriented on paper can turn out to operate in a way that gives a remarkable degree of freedom to an executive director, depending on how processes and relationships are set up by the particular incumbents of the formal offices.

For the most part, the assumption in this text is that the "strategic action team" to be addressed includes the executive director,

the board, and the principal staff. But, as anyone knows who has tried, it takes a lot of work to create and sustain such a group as a team.

By focusing on a strategic team, attention can be devoted to a relatively comprehensive view of the strategic issues facing the SAA. The assumption is that the board seeks to represent the public's interest and ensure that the SAA is responsive to the concerns of the public (including keeping costs down and efficiently investing the SAA's resources to support the public value of the arts). The board also operates as an entity that can help the SAA with the political-management efforts required to secure continuing public support and enthusiasm for its mission.

Another assumption here is that the executive director thinks of himself or herself as an obedient servant of the public will, but also as someone with the experience and expertise to nominate his or her own ideas of what would constitute innovative, valuable approaches to supporting the arts and using the arts to strengthen the overall quality of life in the state. The executive director's managerial tasks include looking up to the board and to other political figures who keep him or her in office and authorize and fund his or her agency, looking down into his or her organization to examine the processes that the organization relies on to achieve its goals, and looking out toward the value that the SAA is trying to create for the citizens of the state. In short, the executive director is a leader and a manager, a politician and an administrator, an entrepreneur and a steward, a visionary, and a technician.

Finally, this text assumes that the principal staff brings both a passion for art (and what it can do for the communities of their state or jurisdiction) and a sense of professionalism to the workplace. They have important ideas of their own about how

to do the work that is assigned to them, as well as ideas about new work that the SAA could do. They take a collegial approach to their work and would like not only to understand the overall strategy of the organization, but to participate in creating it.

Appendix 2A: Arizona Commission on the Arts' Performance Measurement Grid

VISION: An Arizona where all citizens experience the arts as integral to their lives.

MISSION: To enhance the artistic development of all Arizona communities, arts organizations, and artists through innovative partnerships and stewardship of public funds.

Strategic Plan Objective	Value Proposition*	Strategies	Output Measures	Outcome Measures
Guideposts for the Commission's allocation of resources to achieve our mission	*The agency's thesis on why public funds, allocated through a state arts agency, result in public/social value being created*	*Our current activities/modes of working*	*Results directly, immediately, and discretely attributable to the Commission's activities*	*Results that capture the ultimate public value of the organization as a whole and that may be less directly or immediately attributable to the Commission and are likely the result of environment-wide dynamics*
1. Investing in the future of the arts business sector	State economic investment in the nonprofit arts sector creates economic value	Grantmaking—general operating support and working capital reserves (organizations) Grantmaking—research and development projects (artists) Professional development of leaders (artists and administrators) Facilitation of coalitions and collaborations Technical assistance in organizational development Information & referral, sharing of research & data	Direct number of jobs, payroll, payroll taxes generated by nonprofit arts sector Arts organizations have increased working capital reserves proportional to their annual operating budgets Availability of Arizona ArtShare interest funds to distribute Organizations and artists document success/strengthening of artistic & management skills (percentage and qualitative) New work is created and presented # grants/$ awarded to support development of new work & leadership/management skills	Creative capital is built in Arizona communities: synergies between sciences, arts, academia; size and impact of creative industry increases; positioning of Arizona as attractor of clean, creative businesses Size of the Arizona arts industry (in aggregate) is viewed as an economic force because it is a growing part of the state's entire economic picture Arts organizations are healthier businesses as measured by standards in the field Artists and artsworkers are stronger creators and leaders/managers Need to begin to explore the impacts of what's generated economically (the next step beyond direct # of jobs, payroll, etc.)

*Internal, overall value propositions about funding through a state arts agency rather than direct or other means: fair and equitable processes, professional and expert staff, and accountability and ability to connect to state policy and goals

Strategic Plan Objective	Value Proposition	Strategies	Output Measures	Outcome Measures
2. Building vitality through the arts	Access to diverse arts experiences for all Arizonans creates more creative and healthy individuals and communities	Grantmaking—projects (guest artist performances/readings/exhibits, community residencies, marketing/implementation of arts activities tied to economic development and tourism, research and implementation to build participation in the arts)	Amount and type of support to community-based projects (# grants requested/funded, $ amount requested/funded, # new applicants/# funded, # apps from rural & ethnic-run orgs/# funded)	Arts participation (in its myriad modes) broadens, deepens and diversifies
	Communities with healthy arts sectors are more economically competitive	Convening community dialogues	Arts organizations report increased ability to serve growing and diverse populations	All quality of life indices include the arts, and over time the arts move up the scale of priority
	Communities in which the arts are embedded in many aspects of public and private life are better places to live, learn, and work	Information and referral, technical assistance to build capacity to deliver quality arts experiences	Arts organizations carry out research and learning activities that expand their participation-building capacity	Communities are healthier when the nonprofit arts are present (need to research/use healthy communities indicators, including issues of tolerance & cultural understanding)
		Engaging in partnership efforts	Staff/commissioners increase presence in communities and with constituents (# site visits/outreach)	Individuals' perception of themselves as creative increases
			Local matching funds generated relative to state dollars awarded	Occurence of a disconnect to personal creativity between ages 6 and 12 is reduced
			Individuals benefiting from programs sponsored by ACA	Arts organizations have more and higher quality connections to their communities
			Direct economic impact of arts projects that link to tourism and economic development	Tourists choose to visit Arizona and extend their visit because of arts participation opportunities
				Attraction/retention of creative class companies & workers in Arizona
				Rural & ethnic communities have a more solid foundation for participation in, and support of, the arts

Strategic Plan Objective	Value Proposition	Strategies	Output Measures	Outcome Measures
3. Preparing the thinkers of tomorrow	Children succeed through participating in the arts	Grantmaking (artists in residence, curriculum development, teacher professional development) Technical assistance (artist teacher institutes, teaching artistic disciplines and integrating the arts across the curriculum, connecting arts organizations to needs of schools) Convenings, dialogues & collaborations Information & referral Research projects that connect to national research and make the Arizona case	A menu of grants and services is available for schools to access Percentage of arts education grantees that report using the Arizona Arts Standards in teaching # of and quality of arts organizations' and arts education organizations' connections to schools & educators After-school programs incorporate the arts using ACA support and contribute to achieving the goals of broader initiatives (such as No Child Left Behind)	Artist/Teacher Institute participants (teachers) report increased capacity to use the skills learned Decreased dropout rate for students who participate in the arts Increased academic achievement for students who participate in the arts (test scores, level of educational attainment, etc.) Student behavior (as observed by teachers/volunteers) indicates increased self esteem and generates discussion within classrooms, schools, and families # Arizona students engaged in creating art through regularly scheduled, guided practice and how they score on Stanford 9 in reading, writing, and math

Strategic Plan Objective	Value Proposition	Strategies	Output Measures	Outcome Measures
4. Public policy maximizes the arts' potential	Public investment in the arts through policy and resource allocation decisions creates value for the state	Participation in public policy development Research on the need for, and impact of, state and federal investment in the nonprofit arts sector Professional assistance in local (municipal & regional) arts policy development and implementation	State funds are appropriated to implement the agency's strategic plan Number of non-arts forums/tables at which the ACA is represented Level of active engagement by Commissioners and board members of arts organizations in arts advocacy Research/resources/referrals are available that make the case for the value of the arts Constituent satisfaction ratings (anecdotal?) Cumulative contributions to Arizona ArtShare increase in both non-designated funds and contributions to arts organization endowments	Dialogue between arts community and authorizers reflects more commonly held understanding of public value created through the arts The presence of the nonprofit Arizona arts community at non-arts forums/tables influences attitudes positively about the value of the arts and public funding Public policy at state, regional, and local levels (education, transportation, health, disability, economic development, community development, corrections & rehabilitation) reflects increased incorporation and support of the arts Number of candidates with favorable arts planks

Appendix 2B: Arizona Commission on the Arts' 2006-2010 Strategic Plan

MISSION: To make possible an Arizona where citizens can broaden, deepen and diversify their engagement with the arts; engage with the arts as creators, audiences and stewards; and find that engagement to be satisfying and integral to their lives.

The Commission's authorizing environment – those individuals and entities which impact our authority and resources

- Commission members
- Legislature
- Governor
- Media
- Congress
- Arts community
- Education community
- State agencies
- The public
- National Endowment for the Arts
- Congressional representatives
- Interest groups

Advocacy partners: Arizonans for Cultural Development, Arizona Alliance for Arts Education

The internal resources and external partnerships we develop to maximize our capacity and impact

The ACA's Tools/ Roles
- Strategic funder
- Convenor/facilitator
- Advocate
- Policy advisor
- Knowledge/ information resource
- Professional/staff assistance
- Broker/matchmaker
- Catalyst
- Education/professional development
- Technical assistance provider
- Sounding board
- Research
- Change agent
- Technology

The Commission's partners and coproducers that assist us in providing public arts participation opportunities

Partners/Coproducers
- Artists
- Arts organizations (unincorporated, non-profit and commercial)
- Arts service organizations
- Education community
- Community development sector
- Cultural sector
- State/local government, public policymakers

The strategies we employ to advance toward our goals and mission

Partnerships that lead to greater awareness, understanding and participation in the arts:
- As a leader in the partnership
- As a catalyst for the partnership
- As a participant in the partnership
- In partnerships involving research and data use to support role of the arts in people's lives

Leadership Activities that reflect the agency's role as an arts policy and information resource, connect the arts and other sectors, effectively communicate, and maximize staff expertise:
- Through being both responsive and proactive in connecting with different constituents
- Through effective use of data to understand the arts and make agency decisions

Services that affect the practice of artists and arts organizations to support participation and learning through the arts; meet an identified need; add impact and range to grantmaking activities; and utilize the Commission's capabilities.
- Training, professional development and peer learning opportunities
- Collection, framing and distribution of information in ways applicable to artists and arts organizations
- Stimulation of community leadership outside of the arts

Strategic Funding that supports the generation of public benefit and public participation; responds to artistic growth and authenticity; reaches a broad range of artists, organizations and communities; reaches those who articulate goals and demonstrate progress; provides leverage and learning to the applicant; and is distributed through transparent, accountable and streamlined processes.
- General operating support
- Projects
- Arts learning
- Artists

How arts experiences impact individuals and communities in Arizona

Valuable, Transformative Arts Experiences
- Audiences
- Creators
- Stewards

Opportunities to broaden, deepen and diversify personal arts experiences

- Artistic/Creative
- Escape/Joy/Fun
- Cognitive Development
- Healing/Behavioral/ Therapeutic
- Educational/Cultural Understanding
- Social/Family Interaction
- Economic Impact Short-Term
- Economic Impact Long-Term

The indicators that tell us that we are contributing to public value and moving toward our goals

- Arts organizations and creators produce quality work and are viable, as measured by standards in the field
- Arts participation, in its myriad modes, is broadened, deepened and diversified
- Citizens have opportunities for substantive engagement with the arts, including continuing and increased access to the widest range of artforms and experiences
- The arts are included in policy decisions in areas such as education, economic development, community development, aging, transportation, tourism, justice and safety
- The level of engagement in arts advocacy by Commission members, arts board members and the public rises

The value the Commission helps reveal for Arizonans

Arizonans live and work in healthy, vibrant communities, through the arts

Arizonans experience lifelong opportunities to participate, create and learn through the arts

Arizonans implement public policy that recognizes and supports the pivotal role of the arts in society

Evidence
Reports, interviews/ anecdotes, research, other sources', dissemination by ACA

Reveal the value organizations and artists provide to participants
Reveal the public value provided to the authorizing environment

| Authorizing Environment | Arizona Arts Sector | Frameworks and Strategies | Impact | Public Participation in the Arts |

Rev. 5/3/05

Appendix 3: A Catalog of Sample SAA Performance Indicators

The following is an excerpt (pp. 23-31) from A State Arts Agency Performance Measurement Toolkit *written by Kelly J. Barsdate and copyrighted November 1996, National Assembly of State Arts Agencies (NASAA).*

Reprinted with permission from the National Assembly of State Arts Agencies.

A Catalog of Sample SAA Performance Indicators

The following pages contain a catalog of more than 100 performance measures. Nearly all are currently in use by state arts agencies, but a few reflect suggestions from researchers or practitioners in other fields.

As you browse through the catalog of indicators, notice that some can be applied to all state arts agencies, while others have more relevance to a specific state program or constituency. This diversity was intentionally included to represent a wide range of available techniques and approaches and assist you in the brainstorming process.

To facilitate readability as much as possible, we divided this catalog into four main sections: efficiency measures, output measures, outcome measures and satisfaction measures. (The categorization is not cast in concrete, however. You may spot some multi-functional measures that, though classified as outputs may, in fact, work as part of an outcome in your state. See pages 15–16 [of the Toolkit] for a more detailed discussion of measurement categories.) As a further organizational convenience, the long lists of output and outcome measures have been roughly

sorted according to how states use them to document progress toward a state arts agency goal or function (e.g. "access and participation" or "educational improvement"). In the interests of space, not every SAA goal is represented in every table, but a sufficient breadth of major goals is included to help readers understand the types and character of measures that are available for each.

This information represents a point of departure, for the scope, units and methods of measurement will need to be tailored to each individual state's needs in order to be meaningful. Remember, too, that **the objective of measurement is not the construction of the measures themselves, but the ultimate improvement of practice and demonstration of impact.** So the indicators cataloged here should act as a springboard that can encourage more extensive and fact-based exploration of how the arts build communities and improve lives.

This catalog has been excerpted from a database of more than 200 indicators submitted by state arts agencies. For member states, NASAA research staff can perform a search by type of measure, by SAA strategic goal or by participating SAA. Results can be printed in a report or sent in a data file so that you can design your own queries. Contact NASAA for more information.

Measures of State Arts Agency Efficiency

Performance Indicator	Unit or Method of Measurement
Program expenditures in relation to administrative expenditures	$, ratio, % of total budget
Growth of administrative budget vs. growth of program budget	$, % change
Applications received and processed by agency	#
Applications processed per staff member or program category	#, ratio of applications per staff
Administrative cost per grant awarded (general)	$, ratio of administrative $ per grant
Administrative cost per grant awarded by specific program area (e.g., AIE, GOS, or Minority Organizations)	$, ratio of administrative $ per grant
Operating cost per arts attendance opportunity	$, ratio of beneficiaries per grant $
Comparison of constituents reached per dollar for arts vs. other state services	comparative $, ratio of constituents per $
Agency turn-around time per technical assistance request	hours/days
Agency turn-around time per constituent information request	hours/days
Amount of regular administrative costs vs. administration of special projects/programs	$, % of total administrative $
Average administrative costs used for cultural trust	$, % of total administrative $
Average cost per economically disadvantaged community targeted	$
Cost per pupil (or artist or teacher) per residency	$, ratio of pupils per $
Resources saved through partnership affiliations	$, % of total project costs
Panel review costs per grants awarded	$, ratio of costs per award
Reports filed in timely and accurate manner	#, % of all reports
Staff hours saved by consolidation of on-site art acquisition program	hours/days, $
Staff hours spent on performance and monitoring systems	hours, $, ratio per administrative dollar
Staff hours spent on hardware/software maintenance	hours, $, ratio per administrative dollar
Staff time/salary spent on programming rather than administration	hours/weeks, $
Technical assistance cost per recipient	$, ratio of $ per TA recipient

Measures of State Arts Agency Outputs

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Grant Making Operations	Total funds requested by grant applicants	$, #, % of available funds
	Total grants awarded	#, $
	Financial resources secured through partnerships	$, % of total revenues
	New works created with SAA support	#
	Portion of total project costs supported by SAA	% of total project expenses
	Private funds received from local arts coalitions or partnerships	$
	SAA grant funding per capita	$, ratio of $ per person
Availability of the Arts	Grant awards by SAA program area (e.g., GOS, touring, folk arts)	#, % of total awards, ratio of awards to applications
	Applications funded in each county	#, % of total awards, ratio of awards to applications
	Applications funded in each region	#, % of total awards, ratio of awards to applications
	Applications funded in each community	#, % of total awards, ratio of awards to applications
	Applications funded in each legislative district	#, % of total awards, ratio of awards to applications
	Applications funded in each artistic discipline	#, % of total awards, ratio of awards to applications
	Applications funded for each kind of grantee institution	#, % of total awards, ratio of awards to applications
	Organizations funded that did not apply previously	#
	Re-grants by local arts agencies	#, $
Participation	All individuals served by SAA	#
	Projects in communities with less than 50,000 people	#, % of total awards
	Grant awards to rural grantees	#, % of total awards
	Attendance at public outreach activities	#, cost per capita

Measures of State Arts Agency Outputs (Continued)

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Participation (continued)	Participants in public planning meetings by region	#
	Public planning and panel meetings held by region	#
	Scholarships/subsidies provided to SAA events	#, $ value
	Visitors to cultural center	#
Diversity	Demographic characteristics of funded grantees	#, $, % of total population
	Demographic characteristics of program participants/audience	#, $, % of total population
	Grant awards to minority artists or ethnic groups	#, % of total awards, % of applications
	Contacts with diverse and disadvantaged communities	#
	Culturally rooted/ethnic activities, celebrations supported by SAA	#, $
	SAA-sponsored projects including multicultural component	#, % of all projects
Support for Artists	Grant awards to individual artists	#, % of total awards
	Grant awards to emerging artists	#, % of total awards
	All artists supported by SAA grants	#
	Artists attending SAA professional development workshop	#
	Artists from rural areas included in Artists Resource Bank	#, % of total
	Artists in artist registry	#
	Artists included in Slide Bank	#
	Employees supported in funded arts organizations	#
	Rostered artists with disabilities	#

Measures of State Arts Agency Outputs (Continued)

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Support for Organizations	Grant awards to emerging organizations	#, % of total awards, ratio new to established
	Grant awards to professional organizations	#, $, % of total awards
	Grant awards to local or statewide organizations	#, $, % of total awards
	Grant awards to service organizations	#, $, % of total awards
	Grant awards to touring groups	#, $, % of total awards
	Grant awards to community service organizations	#, $, % of total awards
Educational Improvement	Grant awards to educational activities	#, $, % of total awards
	Individual schools served by AIE program	#, % of all schools
	School districts served	#, % of all districts
	Public school students served	#, % of total enrollment
	Duration of residencies supported	hours/days/weeks
	Artists attending AIE workshops or conferences	#
	Circulation of integrated curriculum guides produced by SAA	#
	Teachers participating in accredited SAA sponsored programs/workshops	#
Communication	Electronic communication pieces	#
	Information requests received and answered	#
	Media contacts made	#
	Percent for Art installments completed	#
	Written communication pieces	#

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Services to the Field	Facility rental requests	#
	Grant applicants assisted by SAA staff	#
	Groups receiving technical assistance	#, $
	Services offered through partnerships	description, $ value
	Site visits conducted	#
	Workshops/conferences conducted annually	#, attendance

Measures of State Arts Agency Program Outcomes

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Availability of the Arts	Rate of arts participation in specific populations (e.g., rural, minority, middle class)	#, % change
	State residents living in communities with established local arts & humanities boards	#, % of total residents, % change
	State (or community, county, or region) population participating in SAA activities	#, % of total population, % change
	SAA-supported organizations with approved ADA access plans	#, % of funded organizations
Stabilization of the Field	Amount of targeted per capita funding achieved	% of goal achieved
	Arts organizations reaching 20-year anniversary	#
	Arts organizations reporting surpluses/deficits	% of organizations, size of surpluses/deficits
	Growth of cash reserves/endowments	size, $ available for use
	Rate of fundraising success experienced among TA recipients	$, % increase in $
	Earned income	$, % of total revenue
	Grantee success in securing private matching dollars	#, ratio of private to SAA funds
	Growth in small or mid-sized arts organizations	#, % change
	Number of non-profit cultural organizations in state	#, % change
	Progress made toward Cultural Trust fundraising goal	$, % increase
	Sponsorship of arts activities by state's anchor industries	$, ratio of industry to public $, % change
Excellence	Apprentice artists continuing independent work	#
	Artists advanced professionally through SAA award	qualitative assessment
	Artists entering in public arts competitions	#
	Effect of artist training on quality of artwork	qualitative assessment
	Increase of skill level of apprentice artists	qualitative assessment
	SAA grantees gaining national/state recognition for excellence	#
Economic Impact	Arts consumption/acquisition by individuals in state	$, % change
	Economic impact of arts organizations	quantitative assessment
	Economic impact of related non-profits	quantitative assessment

Measures of State Arts Agency Program Outcomes (Continued)

SAA Function or Goal	Performance Indicator	Unit or Method of Measurement
Economic Impact (Continued)	Economic impact of SAA–event audience spending	quantitative assessment
	Growth in out–of–state admissions to arts events	#, % change
	Impact of SAA–funded events on tourism industry	quantitative assessment
	Importance of arts in business development relocation decisions	qualitative/quantitative assessment
	Increased sales tax revenue from new cultural festival	$, % increase
	Jobs provided through SAA grantees	#, job classification
	Projected earned interest on out–of–state tax revenue	$
Diversity	Alignment of artists and touring groups funded to state's cultural diversity	comparative #
	Extent to which endangered cultural traditions have been preserved	qualitative assessment
	Minority peer review panel nominations	#, % of nominees
	Panel involvement of individuals from protected classes	#, % of panelists
	Presence of ethnic/underserved cultural programming groups in state	#, % change
Education	Effect of AIE on academic achievement or SAT scores	quantitative assessment
	Effect of AIE participation on school attendance or student retention	quantitative assessment
	Growth in AIE programs among state's arts non–profits	#, % change, participation
	Public educational institutions integrating arts into curriculum requirements	#, % of schools
Social Needs	Community groups addressing issues through arts	#
	Effect of arts participation on juvenile delinquency	quantitative assessment
	Effect of arts participation on risk behaviors (e.g. drug use)	qualitative/quantitative assessment
	Evidence of cooperation among community groups	qualitative assessment

Satisfaction Measures for State Arts Agencies

Performance Indicator	Unit or Method of Measurement
General satisfaction ratings by SAA program audiences	polls, opinion surveys, focus groups
Satisfaction of specific grant constituents (e.g., rural, underserved, presenters) with SAA offerings	opinion surveys, focus groups
Public perception of quality of cultural opportunities	polls, attitude surveys
Public perception of availability of cultural opportunities	polls, attitude surveys
Observations offered at public planning and outreach sessions	narrative description
Artist evaluations of SAA assistance and professional development services	opinion surveys, focus groups
Parent/teacher evaluations of AIE program	qualitative assessment
Public perception of role of art education (or other SAA activity) in state	polls, attitude surveys
Grantee evaluations of SAA application process	opinion surveys, focus groups
Media reviews, editorials of SAA–sponsored activities	number and tone of clippings

Endnotes

[1] Grants awarded through the Building Arts Participation program were funded in part through the START Program grant made to the Montana Arts Council by The Wallace Foundation.

[2] Applicants to the Montana Arts Council's Building Arts Participation were required to read excerpts from *A New Framework for Building Participation in the Arts* by Kevin F. McCarthy and Kimberly Jinnett (Santa Monica: RAND, 2001) and "The Montana Study," a survey of public attitudes toward participation in the arts in Montana commissioned by the Montana Arts Council.

[3] This discussion of the Choteau Performing Arts League is drawn from Louise K. Stevens' *Building Arts Participation in Rural America: The Montana Story* (Helena: Montana Arts Council, 2004), 21-25, and Melody Martinson's "Drummers Celebrate Community with Creations" in *Montana: The Land of Creativity— Thirty Stories: Return on Investment the Western Way* (Helena: Montana Arts Council, 2005), 16.

[4] The Vermont Arts Council is officially classified as a nonprofit but does receive appropriations from Vermont's state legislature.

[5] Jonathan Katz, chief executive officer of the National Assembly of State Arts Agencies (NASAA), emphasized the strategic aim of the National Endowment for the Arts to ensure equitable distribution through state arts agencies. NASAA Director of Policy, Research, and Evaluation Kelly Barsdate pointed out the role of incentive money in encouraging the creation of new SAAs and new programming in existing SAAs.

[6] There are several conflicting accounts of how many SAAs existed before the creation of the National Endowment for the Arts (NEA). In the interest of letting SAAs speak for themselves, this tally is based on founding dates cited on SAA Web sites or in materials readily available from SAA Web sites (see www.nasaa-arts.org/aoa/saaweb. shtml). Those SAAs that do not publicize founding dates on their Web sites or downloadable materials do not appear in the tally except in the case of the New York State Council on the Arts (NYSCA). For information on the founding of the NYSCA, see "The State Arts Council Movement" by James Backas, (background paper for The National Partnership Meeting sponsored by the NEA and the National Assembly of State Arts Agencies, 1980), 3.

[7] Jonathan Katz of the National Assembly of State Arts Agencies (NASAA), pointed to the creation of NASAA, a professional association representing the policy interests and "corralling" data on the activities of SAAs, as a seminal moment in the development of the SAAs as an industry. NASAA was created in 1968.

[8] Mark H. Moore, *Creating Public Value: Strategic Management in Government* (Cambridge: Harvard University Press, 1995), 299-305.

[9] Ibid., 70-76.

[10] California has taken the most substantial cut, losing over 90% of its budget in FY2004. Other major cuts occurred in Massachusetts (-61.9%), Florida (-77.9%), and Colorado (-79.3%). These cuts occurred in response to state fiscal crises, but underscore the low prioritization that some authorizers give to supporting the arts through

SAAs. Nationally, SAA budget cuts have been fairly widespread (43 SAAs received cuts in FY2003, 33 in FY2004) but much more modest, with median percentage changes of −7.3% in FY2003 and −3.3% in FY2004. In FY2005, the economic climate of SAAs has shown improvement, with 22 SAAs receiving funding increases, 22 remaining at level funding, and only 12 receiving cuts (Washington, D.C.: National Assembly of State Arts Agencies, "Legislative Appropriations Annual Survey," Fiscal Years 2003, 2004, 2005).

[11] In *A New Framework for Building Participation in the Arts* by Kevin F. McCarthy and Kimberly Jinnett (Santa Monica: RAND, 2001, 3), the authors describe these three modes of engaging citizens in the arts as "broadening, deepening, and diversifying" arts participation.

[12] State expenditures to support the arts through SAAs currently account for less than 0.048% of state spending. The average citizen pays just $1.00 a year for state support to the arts. (Washington, D.C.: National Assembly of State Arts Agencies, "Legislative Appropriations Annual Survey, Fiscal Year 2005," 10).

[13] "What's in it for them" is a complicated idea. The most common way to think of this idea is in terms of individual material satisfactions, i.e., what individuals in the society get from the production of art for their own personal satisfaction. They may directly experience the arts' benefits as participants or they might be an indirect beneficiary—an innkeeper who sees his or her inn fill to capacity during the local arts festival or parents who discover the pleasure of seeing their children perform in musicals. The potential value of the arts registers with many different individuals in many different dimensions. Beyond this consideration, it is important to see that the value of the arts registers not just in individual experiences but in conditions that are both experienced and valued collectively. Each of us may have our doubts about the value of being exposed to the art and culture of other communities, but our own community might decide collectively that it would be beneficial to take a bit more interest in understanding a broader culture.

[14] Note that using this practical justification for the existence of state-supported arts agencies means one has to be equally willing to accept the choices of the legislature if and when it decides to cut back or even end public support for the arts.

[15] The ideas of values statements, mission, goals, and objectives are discussed further in "Goal Hierarchies" in chapter 1 and "Goal Hierarchies and Performance Measurement Grids" in chapter 4.

[16] To ensure that SAAs stay within their policy mandate, the agencies are required to submit regular, detailed reports that describe past activities and set out plans for the future so that the key authorizers (the elected representatives of the people) can see the ends the agency is pursuing and the means they use. Reports ensure that the SAAs account for their use of public funds. They also give a sense of whether the agencies are being (1) faithful to the public purposes set out by the legislature; and (2) efficient, effective, and fair in their practices.

[17] For an analysis of the various social and economic factors that have affected private and public funding for the nonprofit arts sector since the Industrial Revolution, see John Kreidler's "Leverage Lost," *In Motion Magazine* (February 1996), http://www.inmotionmagazine.com/lost.html.

[18] William Baumol and William G. Bowen, *Performing Arts: The Economic Dilemma* (Cambridge: MIT Press, 1968).

[19] McCarthy and Jinnett, 7-8.

[20] The study's participants were selected based on an online survey of organizations that had taken part in a participation-building conference held by the Connecticut Commission on Culture and Tourism. Groups participating in the study were eligible to submit a one-page "concept paper" based on their learning, and grant money was awarded to seven organizations based on the decisions of a panel that reviewed those concept papers.

[21] An-Ming Truxes, Alan Brown, and Bitsie Clark. "The Values Study: Project Overview," PowerPoint presentation, January 27, 2005.

[22] Richard Florida, *The Rise of the Creative Class and How it's Transforming Work, Leisure, Community, and Everyday Life* (New York: Basic Books, 2002).

[23] *From Reggae to Rachmaninoff: How and Why People Participate in Arts and Culture*, (Chris Walker and Stephanie Scott-Melnyk with Kay Sherwood 2002, 48-50) cites survey research conducted by The Urban Institute as part of The Wallace Foundation program, Community Partnerships for Cultural Participation, indicating a correlation between civic and community engagement and cultural participation.

[24] Kevin F. McCarthy, Elizabeth H. Ondaatje, Laura Zakaras, and Arthur Brooks, *Gifts of the Muse: Reframing the Debate About the Benefits of the Arts* (Santa Monica: RAND, 2004), xii-xiv.

[25] Ibid., xiv-xv.

[26] Bill Ivey "An American Cultural Bill of Rights," speech to the National Press Club in Washington, D.C., December 18, 2001. Reprinted in *The Idler*, v.III, n.22, January 26, 2001, http://www.geocities.com/dcjarviks/Idler/vIIIn22.html.

27 The Arizona Commission on the Arts has contracted its graphic design work to Karyn Ricci, who submitted the "52 Reasons" deck to a national paper company's design contest and won.

28 Florida.

29 E. E. Schattschneider, *The Semisovereign People: A Realist's View of Democracy in America* (Fort Worth: Harcourt Brace Jovanovich, 1975).

30 For a further discussion of kinds of innovations, including those that particularly need authorization, see "Innovations in State Arts Agency Operations" in chapter 3.

31 As grant-making agencies well know, getting approval and technical assistance for innovating helps, but a little financial assistance eases the anxiety that comes with experimental work considerably.

32 For a discussion of the high-profile/low-profile choice, see "Staying Below the Radar v. Making a Big Splash" in chapter 2.

33 Moore, 117-118.

34 For a discussion of this idea, see "Economies of Scope" in chapter 3.

35 For a more detailed discussion of these techniques, see Moore, 135-189.

36 For language from the Mississippi Arts Commission's survey, see "Using Surveys to Measure the Performance of State Arts Agencies" in chapter 4.

37 The proposed cuts would have amounted to about one-sixth of 1% of the state's budget (http://www.njartscouncil.org).

38 Recognizing that such a campaign's chances for success are directly related to the number of people who internalize the message, the price structure for organizations attending the workshop was $30 for one representative, $15 for two, and $5 for four.

39 Karl Albrecht, *At America's Service* (New York: Warner Books, 1988), 20-42.

40 V.O. Key, *Politics, Parties, and Pressure Groups* (5th edition) (New York: Crowell, 1964); Schattschneider.

41 Over the period of time in which the Massachusetts Advocates for the Arts, Sciences, and Humanities worked with the Massachusetts Cultural Council on planning, the advocacy organization grew to its highest level of membership ever.

42 Surveys also turn out to be very important as instruments for performance measurement. See "Using Surveys to Measure the Performance of State Arts Agencies" in chapter 4.

43 Kelly Barsdate of the National Assembly of State Arts Agencies gave the following data on current SAA structures: "Currently, 23 SAAs are embedded in larger departments, six are part of the governor's or Secretary of State's Office, and 24 are independent…. Among those that are divisions of larger agencies, 11 are part of some kind of consolidated 'cultural affairs' agency. The balance between independent and embedded agencies has remained relatively stable over many years."

44 Of course, the SAA is often not the party that initiates the conversation, and an SAA's own calculations may not match the calculations of the authorizers who have power over the agency's ultimate fate.

45 "Assets" and "activities" should be broadly defined. For further discussion of these concepts, see "State Arts Agency Assets" and "Different Activities and Product Lines of State Arts Agencies" in chapter 3.

46 Citizens and taxpayers are at the base of this group because they are powerful but disorganized and inarticulate and because the other authorizers claim to represent their interests. The specific authorizers who hold elected office are at the top because they have to sign on the bottom line. The interest groups are in the middle because they seek to represent the interests of citizens and taxpayers and do so by exercising specific influence over the elected representatives and administrative agencies of the state.

47 The 13 states involved in The Wallace Foundation's START Program learned a great deal about how to approach the question of engaging potential arts participants from *A New Framework for Building Participation in the Arts* by McCarthy and Jinnett.

48 Mary Regan, executive director of the North Carolina Arts Council; identified this as a section of the arts community close to the SAA but distinct from those arts organizations that receive ongoing funding.

49 Mary Regan of the North Carolina Arts Council and Jonathan Katz of the National Assembly of State Arts Agencies emphasized this particular point.

50 Dedicated funds may come from a number of sources, including corporate filing fees, special license plate proceeds, lottery funds, and tourism taxes. These funds account for about 10% of aggregate appropriations for SAAs (Washington, D.C.: National Assembly of State Arts Agencies, "Legislative Appropriations Annual Survey, Fiscal Year 2005," 8-9).

51 Both Kelly Barsdate of the National Assembly of State Arts Agencies and Alex Aldrich, executive director of the Vermont Arts Council, have made the important observation that the council or board members appointed to oversee SAAs represent a very

important asset to the SAAs. Council members, board members, and commissioners are most important for the advice and guidance they can provide as to the best possible uses of the SAAs' other assets. But they are also an important asset in making connections and building relationships with actors in the authorizing environment and key SAA partners and co-producers. The board may become the focus of network management activities carried out by the SAA to build legitimacy and support and operational capacity. In the time we had to prepare this publication, we were not able to go into detail about this important asset and how it can best be utilized, but we wanted to be sure that we recognized it and marked the place for further discussion and research.

[52] Kelly Barsdate of the National Assembly of State Arts Agencies (NASAA) noted, "This is a condensed version of a longer descriptive document that NASAA uses to illustrate to SAAs the range of their endeavors and how human-resource intensive their work is."

[53] John Hagel, III and Marc Singer, "Unbundling the Corporation," *Harvard Business Review* (March 1, 1999).

[54] For more information on these programs, see "Programmatic Innovations" in chapter 3.

[55] For a similar analysis of municipal police departments, see Malcolm Sparrow, Mark H. Moore, and David M. Kennedy, *Beyond 911: A New Era in Policing* (New York: Basic Books, 1990).

[56] Mark H. Moore, Malcolm Sparrow, and William Spelman, "Innovations in Policing" in *Innovations in American Government: Challenges, Opportunities, and Dilemmas*, ed. Alan Altshuler and Robert Behn (Washington, D.C.: Brookings, 1997).

[57] The study was carried out with the assistance of the Western States Arts Federation (WESTAF), and its findings were published in *Take Part! A Look at Trends in Leisure and Cultural Participation Among Mississippi Residents.* Jackson: Mississippi Arts Commission, 2003.

[58] McCarthy and Jinnett.

[59] The projects focused on diversity in part because the participation research findings emphasized that, as the Executive Director of the Mississippi Arts Commission Tim Hedgepeth put it, "We're in the deep south. Race is still an issue. I like to think that it's getting better, but still there are some old wounds that are difficult to heal."

[60] See "Listening as Well as Talking" in chapter 2.

[61] These working groups mirrored the four core strategies the Massachusetts Cultural Council (MCC) developed with the Conservation Company, a nonprofit management consultant group, for implementing the MCC's broad set of START-related activities.

[62] This discussion of the Ohio Arts Council's administrative innovations is drawn from Neil F. Carlson's case study on the Ohio Arts Council entitled, "The Cartography of Change: Organizational Development and the Journey Toward Public Value." Information on administrative innovations by the Massachusetts Cultural Council (MCC) and the Minnesota State Arts Board (MSAB) came from the case studies, "After the Gold Rush: Creating Public Value in an Age of Austerity" and "Three Feet High and Rising: The Challenge of Defining and Measuring Public Value," also by Neil Carlson for the MCC and the MSAB, respectively. These case studies were commissioned by Arts Midwest for the START Program.

[63] Ninety-five percent of those who applied for grants using the Arizona Commission on the Arts' new grant application system in its first year gave positive feedback, according to Shelley Cohn, executive director of the Arizona Commission on the Arts.

[64] Etienne Wegner, Richard McDermott, and William Snyder, *Cultivating Communities of Practice: A Guide to Managing Knowledge* (Boston: Harvard Business School Press, 2002).

[65] The Montana Arts Council offers similar "opportunity grants."

[66] The Golden LEAF Foundation is funded by tobacco settlement money, and the HomegrownHandmade project has been established, in part, to help compensate tobacco farmers who have lost their primary source of income.

[67] These observations and recommendations on convenings and the use of consultants were largely drawn from the comments of the 13 START states in a survey conducted by The Wallace Foundation in August 2004.

[68] For an excellent parallel discussion of performance measurement for SAAs, see Kelly Barsdate, *A State Arts Agency Performance Measurement Toolkit* (Washington, D.C.: National Assembly of State Arts Agencies, 1996). This discussion was not developed in conjunction with the strategic triangle, but it runs along a remarkably similar course. See, in particular, the discussion of "Performance Measurement and Strategic Planning" and the figure entitled "Planning and Measurement" on page 39 of that publication. The diagram, which points to an "environmental scan" at the top left, an "internal scan" on the bottom left, and out to "mission and goals" on the right, resembles the strategic triangle. The only difference between this diagram and the strategic triangle is that the circles labeled "activities, strategies" and "measurement" would have been treated as parts of the "value chain" that link "organizational capacity" to the achievement of "mission and goals."

[69] For a detailed and impassioned argument on the importance of performance measurement to the definition and implementation of strategy in the private sector, see Robert S. Kaplan and David P. Norton, *The Balanced Scorecard: Translating Strategy into Action* (Boston: Harvard Business School Press, 1996) and Robert S. Kaplan and David P. Norton, *The Strategy Focused Organization* (Boston: Harvard Business School Press, 2001).

[70] The National Assembly of State Arts Agencies recognizes the importance of consulting with "stakeholders" in the development of performance measures that the agency will use to report on its performance. See Barsdate, 13-14.

[71] See "Organization Capacity v. Operational Capacity" in chapter 3 for a discussion of the important distinction between organizational capacity and operational capacity necessary for the SAA to achieve its broad purposes.

[72] Again, there is a very close parallel between the discussion here and the recommendations made by the National Assembly of State Arts Agencies (NASAA). NASAA distinguishes among: "efficiency measures" (which measure the cost in dollars per unit of activity, output, or outcome); "output measures" (which "quantify how many and what kinds of products and services were delivered" by the SAA and to whom); "satisfaction measures" (which "report the level of constituent satisfaction"—both "customer service ratings" and "information about how well arts programs are meeting customer satisfaction"); and "outcome measures" (which reflect the ultimately desired social "impact or effect"). While this framework is very close to the one based on the value chain, there are at least two crucial differences. First, the "public value scorecard" recommended here would make a relatively sharp distinction between the satisfaction that authorizers have with the performance of the SAA on one hand and those that co-producers and clients have on the other. Presumably, the authorizers evaluate the performance in the broadly social terms that sustain their commitment to public financing of the SAA— in effect, the ability of the SAA to achieve socially desired outcomes. Clients and co-producers, on the other hand, evaluate the SAA performance primarily as it relates to their own interests, however public spirited those might be. The difference between the authorizers' interests in achieving social outcomes versus the clients' interests in having their own desires met need not be very sharp. If the authorizers want the SAA to provide financial support to major arts organizations, the authorizers essentially tell the SAA to give money to the arts organizations to do what they want to do. If, on the other hand, the authorizers have challenged (implicitly or explicitly) the SAA to find ways to broaden and diversify arts participation and the major arts organizations do not share this goal, then the SAA will be in the position of seeking to impose a kind of duty or obligation on their grantees to achieve the outcomes the state as a whole requires. That might well reduce the satisfaction of the clients (and their willingness to provide political support) even as it improves the SAA's capacity to achieve publicly valued social outcomes.

[73] For a discussion, see Kaplan. For a critique and an alternative, see Mark H. Moore, "The Public Value Scorecard: A Rejoinder and an Alternative to 'Strategic Performance Measurement and Management in Nonprofit Organizations' by Robert Kaplan" (The Hauser Center Working Paper No. 18, May 2003).

[74] See "Maintaining a System of Accounts" in chapter 2 for a discussion of a system that could be constructed to produce measures of the degree to which the SAA and the arts in general enjoy support among the key authorizers in the state.

[75] This would be viewed by Kaplan and Norton as the "internal business process perspective."

[76] It is important to remember that an SAA "meets" different kinds of stakeholders in quite different kinds of encounters. On the one hand, it meets authorizers in its efforts to engage them in a discussion of the public purposes that lie behind the SAA and to understand what their aspirations are for the SAA. On the other hand, it meets clients when it convenes or provides information or technical assistance for organizations and when it interacts with the individuals and organizations who apply for and receive grants. An important question to consider is whether these various encounters are "service encounters" in which the SAA thinks its goal is primarily to satisfy the demands of these individuals as those demands now exist or whether they are "obligation encounters" in which the SAA seeks to encourage the clients to embrace the SAA's ideas about what constitutes public value or some combination of the two—in which the SAA enters into a relationship of both service and obligation, of insisting and learning.

[77] This, again, would be the output of a performance measurement system that was developed from the system of accounts that the SAA would use to manage its relationships with its key authorizers. See "Maintaining a System of Accounts" in chapter 2.

[78] These are what the National Assembly of State Arts Agencies has in mind when talking about social outcomes. See Barsdate, 15.

[79] See Harry Hatry, *Performance Measurement: Getting Results* (Washington, D.C.: Urban Institute Press, 1999).

[80] This is most likely what animated the National Assembly of State Arts Agencies to develop its Toolkit. See Barsdate, 9.

[81] They resemble customers in two key respects. First, they show up at the business end of the organization as individuals or organizations that want something from the SAA. Second, the SAA has some kind of obligation to ensure that this experience is a satisfactory one—namely, that these customers feel reasonably well treated. But these clients also differ from customers in some key respects. First, they are not putting their own money down in exchange for something that they value; they are asking for others to contribute to what they value. They hope, of course, that what they value is also what is valued by the citizens and taxpayers, their elected representatives, and the SAA that represents these interests and that the SAA will therefore give them the grant they want. But it is part of the responsibility of the SAA to determine whether the applicant "deserves" the grant and will "make good use of it" in achieving mandated public purposes. Thus, while customer or client satisfaction is an important part of the goal of the SAA's grant operations, it is not the only criterion. The SAA has to ensure that applicants are fairly treated and explain to those unhappy customers who do not receive grants why they did not.

[82] The value of "benchmarks" increases among SAAs as they reach agreement with one another about how to talk about the different activities in which they are engaged. The reason is that when standard processes are developed that are similar across agencies, it becomes possible to begin making meaningful comparisons from one SAA to another along a series of efficiency measures. These measures cannot "prove" that one SAA is more efficient than another, but they can focus managerial attention on areas that might need some attention.

[83] Nota Bene: It is not entirely obvious that one can simultaneously reduce costs and increase the quantity and quality of valuable output. But experience in the private sector, where it is much easier to measure costs and outputs, has consistently shown that it is nearly always possible to find ways to improve one's performance if one looks closely enough at one's operations. If that is true in the private sector, where there have long been strong incentives to keep scouring one's operations for efficiency gains, it seems almost certain to be true in the public sector, where there has traditionally been less reason and less capacity to search for efficiencies. Even if that were not often true, it would be an important part of the SAA's public commitment to continue searching for ways to reduce its costs per unit of valued output. Nothing else is consistent with committing oneself to the important value of caring for taxpayer dollars, which should be embraced by every public agency.

[84] Barsdate.

[85] McCarthy, Ondaatje, Zakaras, and Brooks.

[86] Ibid., xiv–xv, 7–21.

[87] Ibid., 7–21.

[88] Ibid., 21–35.

[89] It is precisely this kind of declaration that is made when the legislature establishes a mandate or a mission for the SAA. For examples, see "The Legislative Mandate for State Arts Agencies" and Table 1 in chapter 1.

[90] See "Goal Hierarchies" and Table 3 in chapter 1.

[91] Barsdate.

[92] McCarthy and Jinnett.

[93] Max Weber, "Politics as a Vocation" in *From Max Weber: Essays in Sociology,* ed. H. H. Gerth and C. Wright Mills. (New York: Oxford University Press, 1946), 115.

Arts Midwest

2908 Hennepin Avenue

Suite 200

Minneapolis MN

55408-1954

The Wallace Foundation

Five Penn Plaza

7th Floor

New York NY

10001-1810

Mark H. Moore

Gaylen Williams/Moore