



Grantmakers in the Arts
2004 Conference

DANCING WITH DIFFERENT PARTNERS

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KEYNOTE: BILL IVEY TOWARD A 21ST CENTURY AGENDA

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Ivey served as chairman of the National Endowment for the Arts under the Clinton-Gore administration and is credited with restoring Congressional confidence in the NEA. His Challenge America Initiative has garnered more than \$25 million in new Congressional appropriations for the Endowment to date.

Prior to government service, Ivey was director of the Country Music Foundation, a research institution dedicated to the preservation of American folk and popular music, which houses the Country Music Hall of Fame.

Ivey served as board chairman of the National Academy of Recording Arts and Sciences. He holds degrees in History, Folklore, and Ethnomusicology, and a number of honorary doctorates. Ivey is a four-time Grammy Award nominee (Best Album Notes category), and is the author of numerous articles on cultural policy, folk, and popular music. He is currently at work on a book about America's endangered 20th century cultural heritage.

October 18, 2004

IVEY: It's great to be with you here today, great to see old friends and have the opportunity to thank the many members of Grantmakers in the Arts who were so helpful to me during my tenure as Chairman of the Arts Endowment. During my years of federal service, I felt both energized by your advocacy on behalf of the NEA and welcomed here in these meetings as a fellow "grantmaker." Your support was an important ingredient in our successful effort to get the agency's budget growing again, and I want you to know that I remain grateful.

I am especially grateful to have a chance to audition my ideas before this gathering – Grantmakers in the Arts – because you are simultaneously *arts leaders* who must consider the large issues that affect our nation's cultural landscape, and program *managers* who must craft policies that work "on the ground." You have a demonstrated commitment to securing a *vibrant arts landscape* in our nation and around the world; this is the appropriate forum in which to begin a conversation about a new intervention model.

Since I left federal service in the fall of 2001, Vanderbilt University has afforded me an opportunity rare for former NEA chairs – that is, the chance to create a research center engaging the very issues that came to fascinate me during my tenure with the Endowment. We're the Curb Center for Art, Enterprise, and Public Policy – a cultural policy center with a distinct, private-sector tilt. We're, of course, all about finding new partners, and it's great to see the grantmaking community moving aggressively to define new relationships. My work, and the work of Steven Tepper and other colleagues at Vanderbilt's Curb Center is grounded in some of the ideas in this talk.

So I still get up in the morning and think about the U.S. arts system, how it works (or, at times, doesn't work) to serve the public interest, and ruminate on what kinds of interventions might make the system more effective for artists and citizens.

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

During the Clinton/Gore Administration, thousands of dedicated people inside and outside government devoted countless hours to advancing the budget of the NEA. Ultimately, that effort succeeded, and our Challenge America Initiative brought in first \$7 million and then \$10

million in new appropriations for the agency. Many of you were part of the effort. We cheered, "high-fives" all around: we'd notched America's cultural scene forward.

But, during those same years, the term of copyright was extended by twenty-five years; the Digital Millennium Copyright Act criminalized unauthorized duplication of recordings, films, and software code; the FCC lifted restrictions on the ownership of radio and television stations.

The disconnect made me slightly queasy. Had those of us who care about the health of America's arts system, by concentrating narrowly on cultural non-profits and the agencies and NGOs that support them, overlooked the policy interventions that *really* shifted our cultural landscape?

The FCC, after all, had received more than two million negative comments following broadcast ownership deregulation. Now, that's arts policy with impact.

But, as far as I could tell, *no one* from our self-identified "cultural community" had been at the table when deregulation was first proposed, and, once the regulations were enacted, our community wasn't part of the public response. Had we been guilty, in a sense, of "fiddling while Rome burned" when we engaged the cultural skirmish over the NEA while ignoring a firestorm of business practice and regulation that was reshaping our cultural system?

A slight disclaimer: I've always been a bit uncomfortable with our sector's be-all and end-all focus on the needs of the non-profit arts. After all, I had directed the Country Music Foundation for twenty-five years, mostly working with songwriters, studio musicians, and recording artists. I'd twice been the chairman of the Recording Academy – the Grammy Awards organization.

So I'd spent more time talking about arts issues with record company and TV executives than I had the heads of non-profit cultural organizations. And when I *did* have an opportunity to contrast the approaches of leaders across the for-profit/non-profit spectrum, well, there just wasn't much of a difference.

Here's what I mean:

Twenty-five years ago, my friend Jim Ed Norman – then head of the Nashville division of Warner Brothers Records – explained to me why he signed a fine Black gospel vocal group, *Take Six*. "I thought they were really good," Jim Ed said. "I thought we could sell some product; and



I thought it was important that the Southern division of our label have at least one African-American act.”

Just a few years ago I was talking with Leonard Slatkin -- musical director of our National Symphony -- at a post-performance reception in DC. As he explained the reasons behind booking percussionist Evelyn Glinney and developing the orchestra’s “Drums Along the Potomac Festival,” his comments echoed Jim Ed: “I thought it was artistically excellent; I was confident we’d sell tickets, and it seemed that embracing something a little different positioned the orchestra well with our audience.”

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

The answer, of course, goes back to the late 1950s and early 1960s, when the Ford and Rockefeller foundations crafted America’s first effort at wholesale intervention in our arts system. Arts specialists of the day – mostly big-city philanthropists – began with the assumption that the public interest would be served if the supply of refined arts experiences across the nation was increased. (Rockefeller produced mostly position papers; Ford, the precise model for action.) By first describing the challenge (insufficient access to the refined arts), and then by crafting a specific solution (matching grants to non-profit cultural organizations) the policies and practices of those leading NGOs laid out the boundaries that have enclosed our cultural policy agenda over the past half century.

The growth in influence of the non-profit part of the arts system was possible, of course, because the basic model invented by Ford Vice President W. McNeil Lowry – matching grants -- was successfully handed off from Ford and Rockefeller to other parts of the system – first to other NGOs, and then to federal agencies like the NEA and onward to state and local arts councils. John Kreidler, writing nearly a decade ago, characterized the spread of the matching grant formula as “a chain reaction,” and, to this day, the “Ford model” remains the gold standard shaping intervention in America’s arts system. For funders, it’s certainly no surprise that our “partners” over the past forty years have been non-profits, mostly in the refined

arts; an extension of the intervention model our pioneering NGOs had in mind.

And, growth within the non-profit part of America’s arts system has been *extraordinary*. In 1965 there were 7,700 non-profit arts organizations; today, there are well over 40,000. In 1970, there were sixty symphony orchestras; today, more than 350. In fact, I’d assert that, in terms of employment and the sheer number of corporations, the non-profit sector grew more than any other part of the arts system – more than film, radio, and television.

Any assessment of our forty-year intervention in the arts system would declare the model “wildly successful.”

The non-profit sector has not only grown in size, it has also grown in influence. It has come to think of itself as the only significant source of quality arts programming in the U.S. Today, our dismissive term used to characterize the for-profit arts is “commercial,” suggesting an arena in which bottom line concerns consistently trump the demands of artistry. In contrast, the non-profit arts are “mission driven” – purveyors of “excellence.” The assumed differences between for-profit and non-profit work are so ingrained that university programs designed to train arts managers teach toward one kind of organization or another; almost never both. This assumed qualitative distinction, of course, does not hold up to even superficial scrutiny – many of our most-highly-regarded arts activities are almost exclusively organized for profit – but the notion survives as an oft-invoked indicator that makes it all too easy to substitute prejudice for policy.

But non-profit growth and funding trends have flattened over the past decade; Kreidler, in fact, marks the end of the expansionist “Ford era” as early as 1990. Today, inflation-adjusted funding by state, local, and federal arts agencies is actually less than in 1992, and arts grants as a percentage of total foundation giving have also declined; foundation giving to the arts actually decreased slightly last year. Finally, as Americans for the Arts recently reported, modest recent gains in overall giving to culture disguises the fact that the percentage of overall philanthropy devoted to the non-profit arts – our “market share” of all giving – has declined by nearly one-third since the early 1990s.

So the sector has grown bigger without getting richer. Between 1982 and 1997, the number of arts organizations expanded by 80 percent, double the percentage of growth in the for-profit arts industries; however, average revenue per non-



profit declined. Not surprisingly, percentage growth in number of workers employed in non-profit companies was also substantially greater than in other parts of the economy, but as we now know, a growing non-profit workforce in a period of flat funding simply generates depressed levels of compensation.

Financial difficulties seem endemic and, in meeting after meeting, non-profit leaders complain that their organizations are chronically undercapitalized, that they cannot recruit new managers into a field offering uncompetitive salaries and few benefits, and that the desperate need to retain patrons and subscription audiences constrains creativity and encourages conservative, repetitious programming.

But the intervention model is forty years old. Our primary partnering strategy has matured, and for the past ten years, our non-profit refined arts have presented striking indicators of an overbuilt industry – depressed wages, lack of capital, defensive, conservative business practices. To paraphrase the tune from *Oklahoma*, “We’ve gone about as far as we can go.”

How have we responded?

Well, for the most part, we’ve tried to generate new tactics for pumping up venerable non-profit revenue streams, either by expanding existing resources or by placing the non-profit arts on new funding agendas. Early on, it was “more arts education; more exposure to the fine arts. Today, we argue the economic impact of the arts to community leaders; try to convince parents that arts training will bump up math and reading test scores, or that the presence of a vibrant symphony will move a city up a notch on Richard Florida’s “bohemian index.” This process has produced some wonderful, productive connections between the arts and community, but it’s probably fair to say that, for the past decade, the search for “new partners” has probably been subsumed beneath a search for new money.

John Kreidler’s “Leverage Lost” painted a gloomy picture of an intervention model that had grown to overtax the capacity of society to continually expand government and NGO funding streams, but I view the impact of what he calls “the Ford era” more positively: *the forty-year implementation of the matching-grant model was not only America’s most successful intervention in our arts system, it stands as one of the most transforming interventions ever, in any cultural system, in any nation.*

It’s time to declare victory and move on.

It’s time to consolidate the gains of the past four decades. It’s time to stop thinking that the potential for societal support for the non-profit arts agenda is limitless, constrained only by our inability to craft and then advance exactly the “right” argument in order to motivate the “right” financial partners. Instead, we should today think about strategies that will minimize erosion of the gains achieved over a half-century of leveraged matching grants to cultural non-profits. And, after doing our best to secure what’s been achieved, we must take on new challenges - - draw a bigger, more-inclusive map of America’s arts system, redefine the “public interest” in relation to the arts, and identify new points of leverage and new intervention strategies.

Why change our approach now?

First, circumstances have changed; we have no choice but to engage the problems of too much success. The matching-grants-to-non-profits approach has succeeded beyond anyone’s reasonable dream; we’re bumping up against the outer limits of the model; we’re being *pushed* to consider culture in a new way.

But more importantly, more urgently, our concentration on the non-profit refined arts has left “culture” as the only component of American public policy that has not yet been gathered into a coherent whole. We’ve resisted being *pulled* into a broader set of cultural questions. As a result, neglected parts of the arts system are today spiraling out of control. By advancing a public interest *only* in relation to the non-profit arts, the larger arts system has been abandoned to the unfettered forces of the marketplace. This lack of attention is today generating negative consequences affecting artists, art, and the public interest.

Quick examples:

Is the expansion of the footprint of copyright and trademark good or bad? Should the Graham Company spend a year without dancing its founder’s works because of an intellectual property dispute? Do today’s artists possess a right to artmaking of the past? Do copyright constraints help artists, art, and do they serve the public interest?

Today, the average radio station in the U.S. programs music from a playlist of twenty-five selections (or fewer). One or two new tracks, maximum, are added to that list each week. Only five years ago, stations routinely rotated forty cuts, adding three or four each week. To make matters worse, the consolidation of radio ownership permitted under the 1996



Telecommunications Act makes it possible for a single media giant – like Texas-based Clear Channel – to program (and even broadcast) music from a central location, imposing identical simultaneous playlists on hundreds of stations. Despite the growth of new media, seventy-five percent of consumers still learn about new music by listening to the radio. Record companies, recording artists, and songwriters have complained about the near-demise of radio as a channel to audiences. Consolidation makes it difficult for local artists, new performers, and mature artists to obtain radio exposure. Do these recent regulatory changes really serve the public interest?

Within the past few months, the merger of Sony and BMG music companies, and the acquisition of MGM Pictures by Sony, has placed several million historical sound recordings and thousands of vintage films in the consolidated hands of non-U.S. multi-national corporations. These archival works-for-hire date to the earliest days of America's film and recording industries. What value do we place on maintaining citizen access to art that is simultaneously cultural heritage and corporate asset? Should public policy nudge media companies that own heritage art material like recordings, films, and radio and television broadcasts to guarantee preservation and citizen access?

I could continue for the remainder of my time presenting compelling anecdotal evidence that our larger arts system – the one that encompasses both for-profit and non-profit companies; the one that every artist and citizen must navigate – is in serious disarray. But, instead, if we agree it's time for a new agenda, let's sketch the outlines of new approaches to building and maintaining a vibrant arts landscape.

First, let's reaffirm our understanding that the for-profit/non-profit distinction cannot be used to predetermine artistic quality. Our society boasts many fine non-profits, but much art making that arts people hold in high regard operates almost entirely on the "for-profit" side of things – art galleries; small literary presses and literary journals; classical music recording; architecture and design; *Angels in America* on HBO. In a recent National Opinion Research Center poll, an overwhelming majority of respondents agreed with the statement, "Artistic excellence can be found in popular and folk culture just as much as in the fine arts." No part of the arts system has a monopoly on quality; excellence is where you find it.

If worthy art is everywhere, let's back up and widen our field of vision to take in the *entire* arts system to understand how it interacts with individuals and communities. How does a painter, actress, or musician navigate the system – not just the non-profit world of grants, but the *whole, complex system*? How do citizens gain access to the work of artists, or to heritage art products like old films and historical recordings? How does an aspiring professional find work as a manager – a leader – in our arts industries? Does the system serve the larger public interest, or does it tilt too far toward special interests, owners' rights, and protected revenue streams?

A vibrant arts system – one that serves citizens, artists, and art – requires a reasonable balance among artistry, the bottom line, and the public interest -- the balance set forth informally in my quotations from Jim Ed Norman and Leonard Slatkin at the top of my remarks.

I believe we can evaluate this state of balance --judge the health of our system -- by looking at two processes: *nurturing* and *gate-keeping*. Do arts leaders – the heads of record labels, film studios, art galleries, and performing arts centers – possess the resources and the creative flexibility required to invest in the work of artists; to *nurture* new or established art of quality? And are the *gates* sufficiently open; are paths of distribution, wholesale, and retail sufficiently broad and clear to allow a diverse variety of art and artists to readily connect with audiences?

When we spot great models – things that really work – we need to support and extend them. But, if the nurturers are ineffective and the gates too narrow – if it's too difficult for a painter to navigate the system of housing, criticism, patronage, and gallery relationships; or if radio plays too few recordings to let much music of quality through its gates – then society should find ways to intervene. It's in the public interest.

If parts of the system fail art, artists, and the public, we must identify *points of leverage* where money, legislation, regulation, or corporate policy can be applied to enhance nurturing and open gates. In fact, these activities -- mapping the arts system, assessing the state of gate-keeping and nurturing, and applying appropriate pressure to points of leverage constitute a pretty good definition of cultural policy at work. At least, it's the definition we use at the Curb Center.

Now, in the non-profit fine arts, we long ago settled on our intervention of choice. The grant – more specifically the matching grant to a cultural non-profit company – has been our mechanism



for nurturing the arts and to opening gates of distribution and access. But our arts community has not been much interested in nurturing, gate-keeping, or locating the unique points of leverage that function in the “commercial” part of the U.S. arts system. From time to time, we’ve used non-profit go-betweens to apply our strategy -- grant money -- to boutique publishing houses, independent filmmakers and other commercial, for-profit arts activities that have somehow found favor with supporters of the fine arts, but generally we’ve not directed our strategy – grants -- toward HBO, Warner Brothers Records, Disney, and the like.

Historically, we’ve also been little interested in the policy issues of for-profit arts industries – intellectual property, trade in arts products, media regulation, and mergers and acquisitions: the very issues of regulation and legislation that began to gnaw on me back when I was with the NEA.

But, just because *we* haven’t devoted much time to understanding nurturing and gate-keeping in the for-profit arts, and haven’t moved far beyond matching grants in developing tools for leveraging change, that *doesn’t* mean that our larger arts system lacks a policy environment. In fact, the system is engaged by a multitude of policy actors, each of whom defines a piece of our policy agenda.

After all, it is the Federal Trade Commission that approved the merger of Sony and BMG, the FCC that de-regulated radio ownership, unintentionally wounding our recording industry. It is the Office of the U.S. Trade Representative that promotes the sale of television and movies around the world; it is copyright that determines what kind of access citizens and artists have to creativity of the past ninety-five years.

So, in America’s arts system, non-profit interventions have settled into a pattern of private philanthropy and government and NGO grants. The rest of the system, however, operates in an environment made up of a hodgepodge of legislative and regulatory interventions, few of which even acknowledge the unique role of art and artists within society.

That’s what we’re about at the Curb Center for Art, Enterprise, and Public Policy – seeking new partners who can serve the public interest by leveraging change in the entire arts system. We’re beginning to build the relationships and the programs necessary to define and map the arts system, seek out opportunities to nurture art

and art making, and work with policy leaders in government and for-profit and non-profit arts industries to make certain the gatekeepers respond to artists, art, and the public interest.

Through our Washington, D.C. office, we’ve launched the Arts Industries Policy Forum, a bipartisan, policy-neutral, ongoing arts issue seminar by and for Capitol Hill and federal agency senior career staff. Our steering committee of government leaders is made up of career professionals from the Commerce Committee, the FCC, the Federal Trade Commission, the Office of Trademarks and Patents, the Office of the U.S. Trade Representative, the House Appropriations Committee, and the offices of many members of Congress. Although it will take time, we are confident that this policy forum will ultimately help shape a more coherent approach to cultural issues in a nation that does not have – and probably will not create – a Cabinet-level Department of Cultural Affairs.

I believe that, even as we begin to work with new partners, it is time for a fresh look at the U.S. arts system; a time of redefinition as we protect our accomplishments and set new goals. It is process in which I believe the Curb Center and Vanderbilt University can make a real contribution. And because, over the years, individuals and organizations represented here today – Grantmakers in the Arts – have addressed issues of art, artists, and the public interest more than any other group of professionals, I believe this is the right place to begin our conversation.

Now, I know that some NGOs and arts agencies have already begun to take up elements of this challenge. Some in this room were part of a conference on “Art and the Public Purpose” a few years back; some state agencies have linked up with departments of tourism or economic development. There’s a foundation in attendance here that’s explored interventions that would fund the nightclubs, record labels, and other for-profits that serve the jazz field; there’s a policy center that has begun to study radio as an arts “gatekeeper,” another funder interested in the ways intellectual property legislation affects America’s cultural landscape, and important recent work has begun to track the career paths of art school alumni. A forthcoming report will consolidate, review and advance new arguments for the value of art to society.

This is all to the good; you’re already crafting bits and pieces of a new approach to arts intervention.



But I think we need to do more. We need to define a new agenda before our enthusiasm and talent are dulled by repeated collisions with the outer limits of the non-profit funding model. In other words, let's define our future, instead of letting the future define us.

Let's conduct the basic research necessary to understand the way our arts system works, find models that advance art and the careers of artists, locate places where the gates are too narrow – places where careers can't advance or where works of art can't break through to find a deserved audience. Let's develop the practical knowledge base that can enable action – a knowledge base that will produce short-term deliverables as well as long-term definitions and objectives.

Second, let's work together to define the public interest in the arts. Fifty years ago, the interest of the public was simply assumed – the public needed more access to the refined arts, and our funding and policy interventions emerged to serve that early assumption. Today it is not enough to assume the public purpose, we need to derive, demonstrate, and defend our sense of the public interest. To do so we must devote the time required to exploring every relationship between art, art making, and the well being of citizens, communities, and the nation. Let's establish a space where a new conversation can inspire new programming as we push toward a larger view.

Finally, when we've mapped the arts system and defined a public interest for the 21st century, let's link up with the policy partners in government and industry who can help shape the arts system to serve art, artists, and the public. These partners will not be funders – at least not at first -- but will be individuals and organizations that lead in regulation, legislation, and in corporate practice. New partnerships, a bigger map, and broader definitions will advance the cultural agenda within our own institutions.

If our shared purpose is to shape a vibrant arts system, we must first paint a picture of that ideal landscape; then create plans to make the dream reality. Nearly a half-century ago, arts leaders crafted just such a vision of a cultural landscape enriched by a deeper connection between the fine arts, citizens, and communities, and found a way to realize that dream. If, as arts leaders, we take up the challenge again, we will share the satisfaction of shaping the new arts intervention model for the *next* half-century.

If our necessary and timely effort is half as successful as our forty-year commitment to

building the non-profit arts, our investment holds the promise of reshaping America's entire arts system to truly serve art, artists, and the larger public interest for the next fifty years and beyond.

END

