When we think of “policy innovation,” images of revamping health care frameworks or rescuing social security come to mind. Cultural policy seldom grabs the headlines, and there is a popular notion that the United States does not possess a formal “arts policy.”

Nevertheless, cultural policy innovation is alive and well in the states. This innovation takes many forms:

- The accurate recognition of policy problems,
- The identification and exploration of potential policy solutions,
- The invention of mechanisms to secure resources, and
- The development of policy parameters that outline how those resources would best be deployed to serve the common good.

This review will discuss how, despite a host of environmental challenges, arts policy entrepreneurs have been able to work with elected officials and other decision-makers to bring forth a wide array of innovations at the state level. The state arts policy community is active in the exchange of models, and makes good use of existing mechanisms that encourage the transfer and adaptation of policy ideas from state to state. Most of the mechanisms that assist with the transfer of ideas are fairly highly evolved, but opportunity certainly exists to strengthen these efforts or to develop new mechanisms that complement work already underway. It appears that there are multiple “points of leverage” to facilitate the innovation of new policy solutions and their diffusion and adaptation among different states in the future.
I. EXAMPLES OF POLICY INNOVATION

Possible examples of creative arts policy initiatives are plentiful. This assessment will explore four as a point of departure for discussion about the mechanisms and environmental trends that shape state-level policy innovation and diffusion in the arts. These four examples from Oregon, Arizona, Indiana and Florida have been chosen with the following criteria in mind:

- They are leading to significant increases in public or private funding for the arts at the state level, as well as other non-financial outcomes (new policy relationships, increased knowledge, greater public awareness, etc.).
- The policies link resources and relationships to explicit policy objectives (such as increasing public participation in the arts or improving the stabilization of arts organizations).
- The policies show evidence of both sustainability and the ability to be replicated in other state settings.
- The cultural community perceives a value to the policies.
- The policies is not already in active use by a majority of states.

Collaborative Cultural Policy Development in Oregon

Like most states, Oregon has an infrastructure of public and private agencies responsible for arts, humanities, history, preservation, education, heritage and tourism at the state and local levels. These agencies all have separate—and occasionally overlapping—agendas, relationships with policy makers and ties to cultural constituencies. But what would happen if the efforts of these cultural domains were united around a shared vision and parallel goals? And what kind of policy initiative would reach across the "boundaries" between the cultural domains and encourage broad public and private investment in all domains of arts and culture? Oregon decided to find out.

Policy Purpose/Goals
- To increase public and private investment in culture without upsetting the existing balance of giving to cultural organizations.
- To protect and stabilize Oregon's cultural resources, creating a solid foundation for the future.
- To expand public access to and use of Oregon's cultural resources and enhance the quality of those resources.
- To ensure that Oregon's cultural resources are contributors to Oregon's communities and quality of life.
- To encourage collaboration among Oregon's cultural agencies in the accomplishment of these goals.

General Description
A formal cultural planning task force—including the arts, humanities, community development, heritage, historic preservation and tourism—was created by passage of a special bill in 1999. Task force members were appointed by the Governor, House of Representatives Speaker and Senate president. Led by citizens with coordinating help from the state cultural agencies, the task force was charged with the development of an over-arching cultural plan to make explicit the connections between culture, state identity, community development and economic development.
The task force took a broad, cross-disciplinary view of culture and cultural participation. Shaping and encouraging "inventive collaborations" among Oregon's state arts, heritage and humanities groups became a theme throughout the effort. The planning process included extensive citizen input (through 95 individual interviews, 12 community forums and a survey mailed to 20,000 Oregon residents) and review of over 100 planning and arts funding models from other states and localities. This environmental scan led to the adoption of a cultural plan that outlines an ambitious vision for culture in Oregon. The plan contains specific recommendations for new funding mechanisms as well as the authorization of a new citizens' advisory board to provide guidance and oversight for collaborative activities.

Outcomes
To date, the chief outcome of the collaborative planning work undertaken by the task force has been the establishment of the Oregon Cultural Trust, authorized by the legislature in 1999. This special endowment is a new entity managed through the office of the Secretary of State. The primary funding mechanism will be a tax credit via which private donations to nonprofit cultural organizations (up to $500 from individuals and $2500 from organizations) will result in a matching tax credit placed into the cultural trust. The tax credit mechanism provides a double incentive—helping an arts organization and receiving a tax credit—for citizens to become cultural patrons. Funds from the tax credit, combined with the proceeds of the sale of selected surplus state properties, are projected to reach a ten-year corpus goal of $218 million. Fees from a new specialty license plate program will provide additional dollars for the initiative as well as a visible icon for the trust. The interest from the Oregon Cultural Trust will fund activities related to the state's new cultural development plan. Distribution mechanisms include: a) allocations to each Oregon county and nine federally recognized tribes, b) dollars for stabilization, capacity-building and physical infrastructure projects for cultural organizations, and c) supplemental funding to the state cultural agencies. All state-invested funds will be invested over and above the regular appropriations for the state's five core cultural agencies. As of this writing in June 2001, the first infusion of state dollars into the cultural trust has passed Oregon's Joint Ways and Means committee and is expected to receive complete House, Senate and gubernatorial approval by mid-July.

Additional outcomes of Oregon's collaborative planning policy include:

- The state cultural agencies have established shared long-term goals for Oregon's cultural development, goals that serve as a platform for a unified policy and advocacy agenda with the state legislature.
- Public officials, cultural organizations' trustees and citizens engaged in the planning process have an increased awareness of the importance of the role played by arts and culture in community identity and economic prosperity.

Background/Need for the Policy
The needs of the state's cultural organizations and audiences have for many years outpaced the appropriations the cultural agencies receive from the state legislature. The state arts council's FY 2001 funding stood at 41 cents per capita—ranked 47th among all 50 states.1 Oregon is one of only 14 states in which legislative funding is not appropriated to its statewide humanities council. Furthermore, the state devoted limited funding to address the needs of the renovation and preservation of historic properties, and many of the state's local historic societies have significantly curtailed their activities and reduced their hours of operation in recent years, limiting public access to these venues.

The crafting of a statewide cultural plan and the establishment of the Oregon Cultural Trust were seen as important ways to elevate the visibility and needs of the cultural community among policy-makers and to connect the arts and culture to the over-arching policy goals of state government (such as community

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1 Legislative Appropriations Annual Survey, Fiscal Year 2001 (National Assembly of State Arts Agencies, February 2001).
livability and economic competitiveness). Together, these two strategic choices serve as first steps in securing an increased, long-term funding commitment to the arts and culture from the state.

The Environment

- The state role in Oregon's cultural planning is significant because public support for the arts, humanities and heritage in Oregon has historically been so lacking. The Trust, planned to be citizen-driven through its tax credit mechanism, is seen as an opportunity to increase public investment through nontraditional means.
- Executive office leadership was a critical catalyst in this policy initiative. Oregon's governor issued a challenge to the state's cultural community in 1998 when he addressed the first statewide cultural summit. He challenged the arts, humanities and heritage sectors to "develop a cultural plan that would be as expansive as Oregon's powerful natural landscape." Because the task force included citizen leaders appointed by the governor, as well as a House and a Senate member, its planning work was guided by individuals positioned to make the task force plans become a reality.
- Oregon is a fairly "anti-tax" state in which new taxes and fees are adopted with reluctance. This meant that some earmarking mechanisms used in other states (such as sales taxes, property taxes, corporate filing fees or amusement taxes) were not likely options for Oregon.
- Success of the collaborative planning effort and efforts to secure initial funding for the Trust required the coordination of Oregon's cultural agencies. Some organizations have had to suspend or set aside their own agendas in order to advance these collaborative goals.

Sustainability

The development of meaningful county and tribal cultural benchmarks that align with statewide goals will be one of the most important steps necessary to ensure continued progress. Immediate hurdles to be overcome include the need for increased communication among the managers of the respective cultural agencies and the need for increased organizational capacity statewide.

The Oregon Arts Commission projects modest increases in its own state arts agency funding from the trust. In addition, significant benefits will be realized in those Oregon counties where there has been little public investment by any of the cultural agencies, and where the trust offers new opportunities to build rural cultural coalitions.

Challenges

One challenge faced by the architects of Oregon's cultural trust (as well as similar programs in other states) was finding a way to leverage both government support and private giving without creating a situation in which cultural organizations viewed the state as a competitor for the private arts dollar. The income tax credit was a creative solution that made individual contributions to culture a "win-win" situation for the donor, the recipient arts organization and the rest of the state's cultural constituency via the trust.

Another challenge was a short timeline. Oregon operates on a biennial budgeting and legislative cycle, confining the window of opportunity in which policy changes can be made. Before term-limit policies removed key policy leaders (the Governor and several legislative leaders) essential to the initiative, all task force work, planning, research and legislative activity had to take place in only two years.

An ongoing challenge is shared understanding of level of staffing and the professional expertise needed to successfully implement the plan. Even with a high-level citizen board in place, professional staff is needed to guide the ongoing policy and fund distribution, provide regional training and organize appropriate data collection.
Replication Potential
Oregon's approach to aligning the arts, humanities, preservation and other cultural constituencies around a common set of policy goals may help to inspire similar efforts in other states. In a separate initiative elsewhere in the country, Iowa is bringing together the arts, history and humanities in a statewide "Imagine Iowa" visioning campaign. The resulting vision for cultural participation will serve as a platform for coordinated planning, will engage constituents in "making the case" for public and private support, and will frame the policy arguments used to leverage government funding for culture in the future. Oregon's specific structuring of the cultural trust (including the tax credit plan and the establishment of a formal leadership entity to manage the trust) are additional unique tactics that may prove informative.

The success of the Oregon model in other states may hinge on several factors, including the presence of a leader (either within or outside of the cultural community) to catalyze action and rally constituents to meet an initial challenge. Preexisting relationships (positive, negative or absent altogether) between the various cultural domains also will bear on the success of this policy approach in other environments. It is worth noting that "cultural bureaucracies" of some kind (encompassing the arts, heritage, humanities, film, libraries, etc.) are within state government in ten states. Although the policy-making relationships within these clusters vary, the presence of an existing cultural "superstructure" may provide fertile ground for collaborative policy activity.

Arizona's ArtShare
The Arizona Arts Endowment Fund (institutionalized as Arizona ArtShare) was created in 1996 by the Arizona state legislature and the governor. This cultural trust fund advances the future of the arts in Arizona through both public and private contributions and is a unique partnership to build a foundation of long-term support for the arts in Arizona. The ArtShare partnership includes Arizona's nonprofit arts organizations, the arts education community, the Arizona state legislature and governor, the business and commercial entertainment sectors, the Arizona Commission on the Arts, the Arizona Arts Stabilization Committee, Arizona Community Foundation and the Community Foundation for Southern Arizona.

Policy Purpose/Goals
- To build the capacity and enhance the stabilization of mid-sized arts organizations.
- To sustain working capital reserves and encourage more private contributions to endowments of arts organizations.
- To train schools to implement and assess Arizona Department of Education arts standards.
- To increase education/outreach programs of arts organizations.

General Description
Until the year 2007, the State of Arizona will allocate legislative dollars to build the principal of Arizona ArtShare. The funds come from revenue collected over and above the 1994 base of the state's existing commercial amusement tax, levied upon admission receipts from events run by for-profit entertainment concerns (such as movie theaters, fairs, recreation facilities, professional sports, boxing matches or rodeos). The state contributes up to $2 million per year, and funds are managed by the State Treasurer, generating interest that is used for ArtShare grants administered by the state arts commission. These grants support three specific areas: training/working capital reserves grants, arts education initiatives that contribute to the implementation of the Arizona arts standards, and education/outreach grants for arts organizations. Working capital reserves grants to arts organizations are structured around the unique
developmental stages and needs of mid-sized and large arts organizations, based on research and guidelines developed with National Arts Stabilization.

Additionally, private sector contributions are sought to complement the State's contribution. Two development committees (one within the corporate community, one for individual donors) are working to raise private sector funds for ArtShare. Private contributions can either be designated or non-designated. Designated funds usually are gifts to the endowment of a particular arts organization; that organization manages and invests the money, utilizing the interest income as directed by the donor or board. Non-designated funds are gifts made to Arizona ArtShare via the Arizona Community Foundation and/or the Community Foundation for Southern Arizona. These foundations manage and invest the money, and the interest income is distributed through grants by the Arizona Commission on the Arts.

**Outcomes**

Since the legislation was passed in April 1996, substantial funds have been raised: $6 million from the State of Arizona into the state treasury, $1.15 million in non-designated private gifts and pledges (ranging from $25 to $225,000), and $20.9 million in designated gifts to endowments of arts organizations. More than $292,000 has been distributed in grants through June 2001. It is expected that an additional $262,500 will be provided in grants and $100,000 in training for mid-sized organizations for fiscal year 2002. Other notable changes in Arizona since the inception of ArtShare include:

- Prior to the ArtShare policy, only two Arizona arts organizations had their own endowments. Now, 12 arts organizations have endowment programs, and other organizations have created endowment funds through the ArtShare mechanism at one of the state’s community foundations. The new arts endowments have increased more than $20.9 million since Arizona ArtShare began.
- Arts organizations involved in ArtShare programs report that training and working capital reserves opportunities result in their being able to manage their organizations more creatively and more flexibly. They are also more savvy in making use of their assets and working with board and staff. Ultimately, such new skills allow arts groups to better serve the public by putting higher quality work on the stage and on the walls.
- ArtShare is supporting arts education by providing funding for the Arizona Alliance for Arts Education and helping to develop statewide networks to support arts education. The program also provides Artist Teacher Institutes around the state, bringing educators together with artists and arts organizations to develop tools to integrate the arts into teaching in their communities and meet the state's arts learning standards. The eleven institutes conducted between July 1999 and June 2001 have reached 55 schools and involved 374 teachers and school administrators.

**Background/Need for the Policy**

In 1996 when this legislation was passed, the arts community was at a high point in growth and development in line with the tremendous economic growth of the state. Large arts organizations had completed multi-year participation in the National Arts Stabilization program and had received working capital reserves grants through a private sector initiative led by the Flinn Foundation and local donors. As the result of a huge cultural bond passed in 1989, major new facilities and expansions were developed including the Phoenix Art Museum, Arizona Science Center, Phoenix Public Library and Phoenix Museum of History. Other facilities were being expanded including the Heard Museum and Tucson Symphony with private funds.

Concurrent with this public and private funding infusion, one area of support that was lacking for the arts in Arizona was endowments. Where comparable major cultural institutions in the east relied on endowments for 10-15 percent of their annual operating budgets, that support system did not exist in Arizona. At the same time, it was determined that a growing number of Arizona's mid-sized organizations were larger than the big organizations had been when they began the National Arts Stabilization training.
These research findings combined to inform the shape of the policy initiative. By both encouraging the development of endowments among large arts organizations and offering training and working capital grants to mid-sized arts organizations, this long-term stabilization policy could address the needs of many Arizona arts organizations at different points in their development.

**The Environment**
In the mid-1990s the Arizona economy was growing dramatically. There were also key business leaders who lent momentum to this initiative by using their personal and corporate credibility and lobbying expertise. They served on the boards of arts organizations, knew the key issues and understood the community benefits of such an initiative. As well, the governor and several key legislators, intrigued by what this policy might achieve for the arts over the long term, made this issue a priority.

To fund the policy, it was determined that the existing State Commercial Amusement Tax was an area of state revenue that was likely to increase with pending growth in sports teams and movie theaters. Since the nonprofit arts industry acts much like an incubation, research and development system that benefits the commercial arts sector and popular entertainment industry, a cogent policy argument could be made to link this revenue back to the nonprofit arts support system.

Another important catalyst for the authorization of ArtShare was the passage by the Arizona State Board of Education of the Arizona arts standards. This education policy specifically articulates what students should know and be able to do in the arts as well as eight other core curriculum areas. With the adoption of these statewide requirements, schools and districts were looking for resources to assist their students and teachers in meeting the standards. ArtShare positioned Arizona's cultural organizations as partners, making their expertise, collections and events accessible to Arizona's education system in a systematic way.

**Sustainability**
The efforts by Arizona arts organizations to both establish and expand endowments is very strong, and the legislative infusions to ArtShare continue. The legislature remains pleased with the impact of the effort as well as the resulting commitments that have been made in the private sector toward creation and expansion of endowments. In May 2001, the Joint Legislative Budget Committee also provided a favorable review of ArtShare as part of the agency’s progress report (a cyclical accountability evaluation of all Arizona state agencies).

**Challenges**
It has, however, proven quite challenging to seek non-designated funds. Corporate donations are an important source of non-designated funds, and there have been many changes in Arizona's corporate landscape, stemming from buy-outs and changing leadership. Few CEOs involved in advocating for this policy only six years ago still maintain their company positions. This transition has made fund-raising within the corporate community more difficult, especially for the non-designated funds that get routed to an umbrella organization with which individual donors do not necessarily have a relationship or affinity.

Another significant barrier was the lack of management and administrative funds attached to the initiative. All of the work in fundraising and promotion has been left to committed volunteers. An energetic communications committee helped take on special events to raise awareness about ArtShare, but it is challenging to sustain the efforts of that group, and the fundraising committees, over time.

**Replication Potential**
Although different varieties of cultural trusts are present in some 16 other states, Arizona's program is unique in several ways, including its connection to education policy-making and the way that it leverages private investment directly into the endowments of local arts groups. Arizona has also been able to secure
a substantial number of modest contributions from individuals, businesses and community foundations, rather than relying on the availability of large lump sums from only a few sources.

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

Competition for funds presents another potential problem. State arts councils are often reluctant to pressure the donor base upon which many arts organizations rely, and donors willing to give money to the arts may not want to contribute to a fund managed by the state government. Arizona's solution to this problem was to forge a direct connection between private arts donors and cultural organizations as part of the policy's essential architecture. And, as with most public policy development, timing is everything—in order to receive authorization and a "critical mass" of funds, Arizona's cultural trust needed to be aligned with the current needs and interests of the state's legislators, business leaders and arts organizations.

Indiana’s Regional Partnership Initiative

The Regional Partnership Initiative is a decentralized cultural development strategy adopted by the Indiana Arts Commission (IAC) and the Indiana General Assembly in 1996. As the cornerstone of a statewide strategic plan, the Regional Partnership Initiative was designed in collaboration with local arts councils and community foundations. Since its inception, the initiative has grown in scope and funding momentum.

Policy Purpose/Goals
The purpose of the Regional Partnership Initiative is twofold: 1) to provide a service delivery system that is responsive to the cultural development needs of Indiana communities in each region, and 2) to provide citizens a direct role in the allocation of state resources to enhance the cultural development of their communities. Goals of the policy include:

- The movement of decision making for allocation of public arts support closer to arts consumers and taxpayers.
- The achievement of greater equity in the distribution of state funds for the arts.
- Development of a strong network of partners to assist the state arts agency with statewide communications, capacity building, planning and research.

General Description
Through the Regional Partnership Initiative, approximately 68 percent of the total FY 2001 legislative appropriation of the Indiana Arts Commission is devolved to 92 counties through 12 Regional Arts Partners, each of which receives a formula-based Regional Block Grant as well as Arts Development Service Funds. These funds support four “core” arts development services: cultural needs assessment and planning; grant making; information and referral services; and technical assistance.
A comprehensive cultural plan and a regional advisory board provide ongoing consultation and planning support for the Regional Arts Partners. The IAC regularly convenes the partners and provides support for a variety of capacity-building activities, staff training the development of sophisticated information systems to support the exchange of data among regional partners, grantees, the state arts council and the public.

**Outcomes**

Because Indiana's regional approach policy shifted the policy dialogue about the benefits of arts funding to a local focus, both state and local public officials are more engaged in arts policy deliberations about arts funding and have become stakeholders in leveraging state dollars that have direct benefits to the constituencies they represent. Between 1997, when the policy was first implemented, and 2001, the IAC's appropriation from the Indiana General Assembly increased by 28 percent (from just over $3 million in 1997 to more than $3.8 million in 2001). The increases have boosted not only the regional block grants but also, based on the recommendations of the regional arts partners themselves, increased the centrally administered programs supporting major cultural institutions and individual artists. Additional beneficial outcomes of the policy include:

- Services provided through the regional partners (such as technical assistance to arts organizations, information services and marketing assistance) are customized to meet the unique geographic and community needs of each Indiana region.
- More constituents are reached through the regional partners than the state arts agency could efficiently reach on its own.
- Public awareness of the arts has increased, both through regional grant review panels, improved arts coverage in local media, and outreach through planning workshops, public forums, and other activity.
- Regional arts advocacy networks have been galvanized to affect arts policy at the state, county and municipal levels. Two specific statewide advocacy and service networks—the Indiana Advocates for the Arts and the Indiana Assembly of Local Arts Agencies—had nearly ceased their activities prior to the creation of the RPI, but were resurrected by the Regional Arts Partners to provide additional support services for the state.
- The 12 regional partners provide the IAC with grassroots-level "eyes and ears" (effectively independent-sector branch offices of the state) that provide powerful advice, feedback and planning input for the IAC itself. This input helps the IAC to keep the programs it continues to run on a centralized basis responsive to local needs.

**Background/Need for the Policy**

Faced with a reduction in federal funds granted by the National Endowment for the Arts, as well as flat legislative funding, in 1996 the IAC launched a cultural resources assessment to explore the needs and opportunities facing Indiana communities. Recurring themes of the results were: 1) while the IAC and its grant programs were highly valued, communities also wanted access to quality technical assistance to further their financial, managerial, and artistic development and 2) communities wanted more direct involvement in decision-making about the allocation of state resources for the arts. A public sector leadership role was needed to respond to these interests.

Informed by these findings, the IAC conceived the Regional Partnership Initiative as a strategic policy designed to increase the engagement of multiple levels of stakeholders—state, regional and local. The initial impetus for the policy came from the state arts agency, which then collaborated with potential partners in order to galvanize the necessary public, legislative and gubernatorial support. The Regional Partnership Initiative brings a local focus to the delivery of funding and technical assistance, allowing the state arts agency itself to play a coordinating and leadership role, delivering statewide services that complement the programs provided at the regional level.
The Environment
While Indianapolis has the largest number of large and mid-sized organizations, cultural resources abound in large and small towns across the state. However, due to the independent spirit of Indiana’s citizens and communities, organizing and delivering services on a statewide basis was challenging. A “one size fits all” centralized service delivery system did not provide the kind of customized technical assistance needed at the local level. In considering the strengths of the Indiana arts environment, the IAC’s appointed commissioners decided to refocus their attention from grant-making oversight to the development of cultural policy and collaborations.

Sustainability
The IAC reallocated existing resources (primarily through salary savings) to launch the initiative, and legislative investment in the policy has been increasing since then. As the initiative continues to build upon its early success, additional legislative funds will be essential to ensure its future. To help this happen, the partnership has deep roots by design. Networks of state-to-regional collaborations have seeded regional-to-local collaborations involving artists, arts providers, patrons and arts consumers that now thrive in all 92 of Indiana’s counties. This network of stakeholders provides an extremely powerful platform for support. The policy has elevated the public’s expectations for an ongoing legislative commitment to the arts, and elected officials may be reluctant to disappoint those expectations.

Challenges
Decentralization requires partner entities skilled in grantsmanship and capable of accountably addressing local needs. Where such an infrastructure does not exist, it needs to be cultivated. As the Indiana Arts Commission worked to recruit regional partners among local arts agencies (both public and nonprofit) and community foundations, an up-front investment in capacity-building was necessary. In this first phase, financial and technical support through the IAC’s newly created Capacity Building Program assisted each partner with comprehensive organizational assessments and the development of regional cultural plans. During this time, the IAC also helped its regional partners to develop their grant guidelines, grant-making processes and grant-writing workshops.

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

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

Replication Potential
Indiana’s regional regranting policy is among the most recent of 16 other similar policies in different states across the country. Indiana’s policy is unique, however, in its scope (the proportion of state funds managed via the decentralized mechanism), the type of strategic working relationships crafted between the regional partners and the state arts agency, and that it devolves not only grant making but also cultural planning, technical assistance, and information services. Early on in any devolution initiative, the state needs to decide what statewide services should be centrally maintained as a necessary and appropriate state function. In the case of Indiana, The IAC continues to play an active leadership role in assisting its
regional partners with planning and the exchange of information and best practices across the state, while encouraging independence in the policy and program decisions of the regional organizations.

As a model for other states, the Regional Partnership Initiative has as some advantages. It was created out of existing funds and without a strong advocacy or statewide alliance organization to voice support for (or opposition to) to the policy. In other states it may be necessary, as it was in Indiana, to plan for a “get-ready phase” to ensure that the regional partners are strong, well-managed agencies aware of the difference between current levels of service and expected levels of new services. A critical part of Indiana’s success was to remain responsive to concerns as they arose and to be willing to embark on new or restructured relationships in order to address the cultural development needs of the entire state.

**Florida’s Corporate Filing Fees for Culture**

Most state governments assess a suite of fees on corporations conducting business within their borders. Fees are assessed on articles of incorporation or their amendments, name registrations, annual reports and various penalties and certifications. Beginning in 1988, Florida was the first state to tap this funding base as a source of support for arts and cultural activities.

**Policy Purpose/Goals**
The Florida Division of Cultural Affairs, a section of the Florida Department of State, administers the Cultural Institutions Trust Fund—a mechanism to transfer proceeds from corporate filing fees into funding for cultural institutions in Florida. The purpose of this policy is to establish a dedicated and sustainable public funding source to support cultural organizations that demonstrate a commitment to excellence in their programming and services to the community.

**General Description**
Portions of corporate filing fees, charges for umbrella businesses operating under an assumed name, penalty fees collected from out-of-state corporations failing to file in Florida, and fees for limited liability partnerships, a new fee added in 1995, all have portions of the proceeds feeding into the Cultural Institutions Trust Fund. The Cultural Institutions Trust Fund provides a dedicated and ongoing funding source for arts and cultural institutions. Funding is based upon the recommendation of peer review panels and the Florida Division of Cultural Affairs, with awards then approved by the Secretary of State. Originally, the program targeted 32 Florida organizations – 25 major cultural institutions identified by the Division of Cultural Affairs and seven “vital locals” identified by the state legislature. Over time, the number of cultural institutions served through the program has grown to about 65, and together they receive approximately $6.5 million a year, with annual grants ranging from around $40,000 to $240,000 each. Growth of the filing fee proceeds has also allowed 600 or so general support and project grants, many of which benefit small and mid-sized organizations, to be funded through the trust. Funding for special programs areas such as international cultural exchange and touring is also available.

The concept of using corporate fees worked well, and in the early 1990s two new trusts—the Science Museum Trust Fund and the Youth and Children’s Museum Trust Fund—were created with lump sum transfers from the Corporations Trust Fund, where several additional state fees on corporations were being deposited. Following a proliferation of dedicated trust funds in state government, there was a move to consolidate the extra administrative workload of maintaining so many separate funds. In the mid-1990s, the Science Museum Trust Fund and the Youth and Children’s Museum Trust Fund were both brought under the operational umbrella of the Cultural Institutions Trust Fund. The funding and distinct programs of these trusts remain intact, but they are now administered through the Division of Cultural Affairs.
Background/Need for the Policy
In the years preceding the corporate filing fee policy, the base appropriation for the Florida Division of Cultural Affairs had fluctuated greatly, ranging from $1.4 million to $7.2 million per year. At the same time the number, services and needs of Florida cultural organizations were growing steadily. Competition for funding among small and large organizations, as well as rural and urban groups, was increasing. A more stable and sustainable funding platform was needed to provide arts resources, especially in the area of general operating support.

The Secretary of State initiated the plan, with support from the state arts council. It was selected as an efficient option because the revenue would stay within the same state government department (the Division of Corporations and the Division of Cultural Affairs are both housed in the Florida Department of State). Part of the legislature’s appropriation authority package was the creation of a new “vital locals” provision, which identified seven organizations not otherwise eligible for major support, but very important to each of seven key legislators. Although the 25 major arts organizations originally targeted by the program were influential in leveraging support for the plan, without the “vital locals” component the final authority necessary to divert the corporate filing fees would not have been granted. Support for the organizations once designated as “vital locals” have since been integrated into the general Cultural Trust Fund program.

Outcomes
• The filing fees yield between $12 million and $16 million annually for arts and culture. Corporate filing fees have grown to represent anywhere from one-third to one-half of the Division of Cultural Affairs’ total appropriation. At the same time, the division has been able to secure increases in general fund dollars for other programs, notably arts education and capital improvement for cultural institutions.
• By establishing what is essentially a separate budget for major arts organizations within the Cultural Institutions Trust Fund, the fund has helped to minimize competition among large and small cultural organizations, which used to compete for dollars out of the same funding pool.
• The number of cultural organizations served through the program has more than doubled since its inception, and the amount of funding each organization receives has been growing, as well.

The Environment
At the time that the policy was initiated, corporate filing fees in Florida were only $25 per year—among the cheapest in the country. Florida added $10 to be used as dedicated revenue to fund major cultural institutions. This funding mechanism was able to capitalize on two decades of relatively steady economic expansion. As the growth rate of corporate development in Florida has accelerated, so too have the revenues available to the arts through corporate fees.

The leadership of the Secretary of State was essential to the establishment of this policy. A process of education was also needed to make members of selected legislative committees aware of the strategy’s public benefits.

Sustainability
Corporate filing fees have been a good long-term strategy for Florida, providing dedicated and recurring funding for arts and cultural programs and insulating them from the extreme pressures of general revenue funds. The legislature still funds capital development programs (cultural facilities and endowment-building) and arts education programs from the general fund. Both of these budget lines have received increases in recent years. In an environment where intense legislative scrutiny has been paid to earmarking strategies, the continued growth of the Trust fund reflects the faith that the state legislature has in the distribution policies of the Florida Division of Cultural affairs.
Challenges
Filing fees require support from the business community in order to avoid undercutting corporate giving to the arts if business leaders feel they have “already contributed enough” to culture through their state fees. This has not happened in Florida, where business support for the arts remains strong. One ameliorating factor was that the plan did not involve the levy of large new fees at its inception in 1988. A mix of small increases and a redirection of existing resources were used. Nevertheless, strong leadership from state officials with ties to the business community was necessary at the program’s inception to ensure that corporations did not oppose the policy.

Over the life of the policy, the size of corporate filing fees has fluctuated – some peaked as high as $225 per year. High fees may have had a dampening effect on business development, since the growth of corporations actually filing in Florida has slowed in recent years. Umbrella corporations were getting costly to maintain, so many just dissolved.

Replication Potential
Since Florida's program, one other state—Arizona—has successfully adopted corporate filing fees as an arts funding mechanism (for their agency appropriation, not the ArtShare trust described earlier), suggesting that it may be a viable model for consideration in other places. States evaluating this option need to make sure that commerce policies conducive to continued corporate development are in place. Taking into account with general economic trends is also important, as this policy approach may hold less revenue potential in times of long-term economic decline.

Other Types of Policy Innovations
The examples cited above have the acquisition of significant new resources as their principal focus. But not all state-level policy innovations are designed solely to secure the dedication of new funding streams. For example:

- **Encouraging greater public participation in the arts:** State arts agencies have been active in the establishment of policies designed to deepen the state role in increasing public access to and participation in the arts. In the early 1980s, “percent for art” legislation falls into this category, as does arts education policy today. State arts agencies are often pivotal in the policy decisions that are made about education in the arts, including the articulation of the arts in statewide curriculum standards, teacher certification requirements for art teachers, high school graduation requirements for students, etc. These policies influence the arts knowledge and experiences of K-12 students, help build future generations of arts participants and trustees, and also affect the financial resources devoted to arts education at the state and local levels.

- **Providing a state framework for local policy:** Many locally-centered cultural development policies (such as the creation of cultural districts, the establishment of local option taxes to benefit the arts, or the authorization of local bond issues for cultural facilities) first require the state legislature to establish policies granting localities the authority to proceed.

- **Educating local policy officials:** State arts agencies involve local decision-makers (such as mayors, city council members and school board members) in purposeful dialogues about the value of the arts in communities. In this case the policy role of the state cultural agency is to influence the decisions made about arts programs at the local level and to encourage the local commitment of resources to culture. Examples of this work can be seen in Iowa and South Carolina. South Carolina hosts annual mayors’ institutes to help improve urban planning and city design through intensive problem-solving workshops with architecture professionals. Iowa's Community Arts Initiative is a grant-making program that funds...
joint planning dialogues among arts organizations, local government officials and rural development staff.

- **Establishing statewide networks to achieve policy goals:** State arts agencies create and support infrastructures to amplify their ability to develop as well as implement cultural policies. These statewide networks include alliances for arts education; assemblies of local arts agencies; service organizations for visual artists, writers, museums and historical societies; and statewide convenings of educators, business leaders and civic groups.

- **Strategic grant-making:** State arts agencies align their grant-making practices with specific policy goals. Increasingly, state arts agency grant programs require participants to engage in particular types of planning, establish strategic partnerships or emphasize outcomes relating to specific community involvement, participation, and organizational sustainability goals. This sphere of influence is considerable—state arts agencies award approximately 27,000 grants per year to more than 20,000 grantees in 3,500 American communities.

- **Collaborative planning:** Planning is policy-making at its most fundamental level—articulating the purposes of arts support, deciding how resources will be acquired and setting the parameters according to which they will be allocated. State cultural agencies are increasingly collaborative in their planning efforts and engage a variety of arts and non-arts partners from the public and private sectors. When done effectively, collaborative planning galvanizes both public and private support.

- **International exchange relationships:** International issues are gaining momentum as part of state governments' policy agendas. In the past, many states have had difficulty rationalizing support for international activities (due to laws that restrict spending outside of state borders, and parochial attitudes among legislatures). However, some states are finding new ways to invest in international programming, and many governors have found that the best way to establish productive dialogues with international partners is through cultural exchanges and involvement of the state arts agencies with their cultural policy peers in other nations.

**II. EXISTING MECHANISMS FOR INNOVATION AND EXCHANGE**

Examples such as those from Oregon, Indiana, Arizona and Florida did not evolve in a vacuum. They were informed by the shape, successes and failures of other states with similar initiatives. To secure such information, policy catalysts make extensive use of pre-existing mechanisms to identify, track, share, analyze and extend innovation. Examples of such mechanisms include:

- **The state arts agency network:** State arts agencies participate in the National Assembly of State Arts Agencies (NASAA) as their primary policy network. NASAA acts as a knowledge broker, think-tank and learning community. It provides strategic analysis of policy issues and supplies the information exchange mechanisms (communications tools, leadership development convenings and information systems) used by state arts policy entrepreneurs to discuss policy challenges and imagine solutions for their states. NASAA also has partnerships with key policy-making groups (e.g., the National Governors’ Association, the Council of Chief State School Officers or the National Conference of State Legislatures) to focus policy-makers’ attention on the arts and to identify opportunities for collaboration in individual states. State arts agencies, themselves, created NASAA to encourage the transfer of ideas and to ferret

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out good policy and program ideas and ensure that they get shared. To this end, NASAA serves as a central repository for information, a consultant/trainer and even as ancillary staff (especially in areas such as research, where state arts agency human resources are scarce). State arts leaders (both the professional staffs of state arts agencies and the appointed/volunteer trustees on state arts councils) make extensive use of the formal and informal information exchange networks offered by NASAA. Meetings are convened around policy issues, listservs are active with policy discussions and NASAA’s ongoing research agenda is largely shaped by the policy interests of state arts agencies.

- **Regional networks:** Originally born as regional multi-state presenting and touring partners for state arts agencies, the nation’s six regional arts organizations\(^3\) are increasingly diversifying their activities and resource bases. Although every region still retains presenting/artist fee grant-making as its primary function, some have developed additional services. For example, The Western States Arts Federation, for instance, conducts and publishes economic impact and arts participation research and has also convened arts policy symposia.\(^4\) The New England Foundation on the Arts is involved in several ongoing research initiatives designed to reveal the impact of the arts on New England communities and state/regional economies. Regional associations of private grant-makers (often cited as "RAGs") also exist across the country. Although these organizations do not necessarily have the arts as their primary focus, these networks facilitate knowledge-sharing and serve to strengthen grant-making practices among their members, many of which are active in funding culture.

- **Policy-makers’ affinity groups:** The National Conference of State Legislatures (NCSL) has a formal Economic and Cultural Development Committee as part of their Assembly on State Issues. The mission of the Economic and Cultural Development Committee is "to identify, evaluate and share creative and innovative programs that have successfully promoted economic and cultural vitality."\(^5\) In collaboration with NASAA, NCSL has included the arts in publications routinely consulted by state legislators and their staffs, as well as NCSL convenings and their Web site. NCSL has a full-time staff analyst charged with oversight of culture and tourism, who also serves as an ex-officio member of the NASAA Board of Directors. This appointment helps to facilitate the exchange of information between the state arts agency network and the network of elected officials. NASAA is also collaborating with the National Governors’ Association to integrate information about arts policies into the materials disseminated through the NGA’s Center for Best Practices.\(^6\) As part of this partnership, senior state policy officials will convene to discuss the role that the arts can play in state governments’ economic development policy agendas. Such activities are designed to increase the awareness of cultural policy issues among elected officials and to shape a more supportive environment for cultural policy.

- **National convenings of arts leaders:** The National Assembly of State Arts Agencies, Americans for the Arts and Grantmakers in the Arts convene state and local arts leaders on an annual basis. Although they do incorporate some practitioner-oriented components, these gatherings are primarily designed as forums to exchange policy ideas and to explore specific policy issues. (For instance, the joint NASAA-AFTA conference in 2001 will focus on leveraging state-local partnerships to integrate culture into community livability agendas. The Grantmakers in the Arts also routinely integrates policy issues into their agenda.) Such gatherings attract some of the most influential individuals in the arts policy sphere. Their coming together provides a significant point of leverage for the transfer of new policy ideas and the development of policy frameworks that can then be refined and applied at the state and local levels. Furthermore, the

\(^3\) Arts Midwest, Mid-America Arts Alliance, Mid Atlantic Arts Foundation, New England Foundation for the Arts, Southern Arts Federation and Western States Arts Federation.

\(^4\) See From NASCAR to Cirque du Soleil: Lessons in Audience Development and 1999 Cultural Policy in the West Symposium Proceedings, both published by the Western States Arts Federation.


\(^6\) See the June, 2001 release of “The Role of the Arts in Economic Development” on the NGA Web site for more information. http://www.nga.org/center/divisions/1,1188,C_IBSUE_BRIEF^D_2225,00.html
number of individuals from state arts agencies, local arts agencies and foundations that participate in more than one of these gatherings has risen in recent years, enhancing the opportunity for work across the public and private sectors.

- **Research convenings:** Gatherings such as the annual Social Theory, Politics and the Arts meeting, the Barnett Policy Symposia, Independent Sector’s ongoing research forums and the symposia sponsored by the Center for Arts and Culture have played an important role in helping to generate policy research. Together such convenings have advanced the development of an arts policy research community and have provided visibility for many different types of research initiatives. These forums attract professional researchers, scholars and students, but participation (as either presenters or attendees) of individuals who actually make or implement cultural policy is typically sparse.

- **Networks of consultants and other professionals:** Securing good advice is an ever-present challenge for policy entrepreneurs at the state level, and their need for professional services is perennial. Consultants provide an almost accidental “Johnny Appleseed” network for new ideas and strategies. Engaged by cultural agencies to facilitate activities with a direct bearing on policy (evaluation, environmental assessment, the structuring of strategic dialogues, visioning and goal-setting, etc.), consultants have the opportunity to identify new ideas and spread best practices in other states. Although some professionals certainly take a formulaic approach, many earnestly encourage and inform innovation.

- **Information tools:** Arts leaders also make use of an assortment of information tools. Some tools are sources of policy ideas, others are research resources that can be used to understand the effects of policy changes. (The key databases, policy libraries and bibliographic references have been cataloged and reviewed elsewhere.) The most significant of these resources are updated on an ongoing basis and enable retrieval of information on a specific state-by-state basis.

- **Journals and publications:** Governing Magazine, State Legislatures and other similar publications are faithfully monitored to give arts leaders a feel for general public policy trends and current ideas influencing public policy-makers. In the arts sphere, Grantmakers’ in the Arts Reader, NASAA’s NOTES, Americans for the Arts’ Monographs series and the trade publications of the national arts service organizations are routinely consulted as sources of information on national and state-level policy updates. Scholarly journals (such as the International Journal of Arts Management or the Journal of Arts Management, Law and Society) infrequently contain state-level information, so service organizations typically alert their members to selected pertinent articles.

Taken together, these mechanisms already exert influence on the development of arts policy at the state level. A few of them are new, while most are ongoing and have had the opportunity to evolve through one or more generations of arts leaders. Opportunities certainly exist to strengthen or to deepen existing structures and address some needs that are not currently met. For example:

- **Leadership development** is necessary to empower arts leaders in their role of policy entrepreneurs. Policy entrepreneurs, in any sector, are individuals that initiate change in state policy by identifying policy problems, developing strategies for presenting policy alternatives and shaping the terms of the debate surrounding potential policy solutions. State arts agency leaders (both professional and appointed) are policy entrepreneurs, as can be civic officials and their staffs, officers of philanthropic

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7 See Information Sources for State-Level Arts Policy: Current Resources and Future Needs by Kelly J. Barsdate (NASAA, briefing paper prepared for a symposium organized by the Cultural Policy Program of the University of Chicago in April, 2001).

organizations, leaders of statewide cultural advocacy networks, trustees of cultural organizations and others. These individuals, as well as the individuals who will succeed them in the coming generational transition\(^9\) in the arts, all call on a sophisticated set of decision-making, partnership-building and analysis skills. Existing mechanisms for providing these individuals with information are highly effective, but mechanisms to transfer skills and ideas are needed, as well. Existing convenings could serve as a platform for such learning, or new mechanisms could be designed to serve this need.

- **Active legislative monitoring** is a tool used extensively in other sectors (such as health, education, etc.) to monitor new policy ideas as they are proposed, modified and ratified by various states. Several commercial and education services exist, of course, but they are not extensively used by the arts community (likely due in large part to their expense). Even those organizations most concerned with state-level arts policy (for example, NASAA and Americans for the Arts) do not systematically monitor current/pending arts legislation in a comprehensive way across all 50 states. Instead, these organizations do focused inventories of special policy topics or special searches as the need arises. A widely-available, cost-effective and multi-state legislative monitoring system would improve the field’s analysis of policy diffusion.

- State cultural agencies and advocacy networks are typically the catalysts for public arts policy innovation at the state level. But the **state legislators, governors and their staffs** who are the ultimate public policy-makers also need information to help them evaluate policy proposals and to understand policy as a tool available to them to address other goals in their states. While elected officials do sometimes consult groups such as NASAA and Americans for the Arts directly, they often first look to their own service groups, which are not always a source of comprehensive information on arts policy. As noted above, NGA and NCSL have made steps to address arts issues in partnership with NASAA. But additional opportunities may exist to help identify the needs and interests of elected officials and to raise (directly, through their cultural agencies, or through their affinity groups) their level of awareness of arts policy issues.

- Even as the quantity and quality of arts policy research has improved in recent years, there is still a **gulf between the research work** that is being conducted by universities and think-tanks and the arts leaders who are in a position to use those findings to affect policy decisions or to shape the policy environment. Much top-notch research on the effects of particular policy interventions, cultural indicators, the fundamental needs and characteristics of arts organizations, etc. at best informs the practice of a single grant-maker. Disseminating the findings of such research is one possible solution; engaging state arts policy makers in the design of research so that it is practically useful for policy from its inception is another.

- Sectors outside the arts are informed by an extensive **body of knowledge that specifically addresses the questions of policy innovation and diffusion**. The work of scholars such as Michael Mintrom, Virginia Gray, Frances Stokes Berry, Christopher Mooney and others potentially have much to teach the arts about how policy diffusion happens, as well as the variables (internal and external to a state) that affect the process.\(^{10}\) The theories and empirical research, however, have not been tested on the arts, and


\(^{10}\) For many years, a “regional diffusion” model was popular, holding that policies spread from state to state following a geographic proximity pattern (with a state being more likely to adopt a policy if a neighboring state does so first). Subsequent research, however, suggested that this explanation of policy diffusion may not stand alone. Other frameworks (such as internal determinants, a national diffusion model, the advocacy coalition framework or the policy entrepreneurship model) may offer compelling explanations for how policies spread from state to state. See “Sizing Up State Policy” *Policy Studies Journal*, Vol. 22, No. 3, 1994) and *Agendas, Alternatives and Public Policies*, Second Edition, by John Kingdon (Harper Collins, 1995). No empirical tests have yet been completed on the arts, although a cursory inspection of the spread
no mechanism currently exists that brings together arts policy entrepreneurs with policy experts (entrepreneurs or scholars) from other fields.

III. DEMAND AND READINESS

State arts agency leaders exhibit a strong desire to learn about potential policy strategies from one another, as well as from other sectors. State arts agency executive directors actively consult their colleagues in other states, participate in both formal and informal communication opportunities, and are active users of the idea- and information-sharing systems described above.

Consider a list of questions recently posed to NASAA’s information services department:

- Which states have created “cultural bureaucracies” within state government? How are they structured, and how do they relate to the executive branch of state government?
- What are some incentives that states can provide to encourage the establishment of local cultural districts?
- What policies in various states govern the allocation of arts resources between rural and urban constituencies?
- What types of earmarked state taxes currently support arts and culture, and where do those policies exist?
- Which states have curriculum requirements or high school graduation requirements in the arts? Where did the impetus for those policies originate?
- What are the top ten things my state legislature needs to know about why public and private support for the arts are both necessary?
- Are any states experimenting with “venture capital” policies?
- What are some model relationships between community foundations and public cultural agencies?
- Have any states conducted statewide “community cultural assessments?”
- My governor wants to develop quality-of-life indicators that include the arts. What are some good models from other states?

The high volume of such information requests and the nature of the inquiries themselves confirm that the demand for state-to-state information exchange is high. With limited resources at their disposal, state arts leaders are not looking to reinvent the wheel, so extensive borrowing and adaptation of ideas can be observed as policy innovations spread across the states.

While the appetite for information and ideas is certainly high, the readiness for the actual adoption of those ideas varies. As the case studies earlier in this field scan revealed, “timing is everything.” Useful ideas can only take root when the need is unmistakable, when the overall policy environment is fertile, when the necessary catalysts (both internal and external to the arts community) are ready and able to take action, and when the necessary resources to solve a particular policy puzzle are available.

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

IV. THE POLICY INNOVATION ENVIRONMENT AND ITS CHALLENGES

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

- **The overall economy.** Since public arts dollars at the state level are primarily drawn from state general fund allocations, overall state revenue and expense patterns have a significant influence on the dollars available for the arts. In recent years, states have simultaneously cut taxes, increased general fund expenditures and contributed to budget stabilization or surplus set-asides. In fact, states enacted revenue reductions for the seventh straight year (reducing taxes and fees by $1.7 billion) while increasing general fund spending by $19 billion in 2001. With a nationwide economic slowdown of unknown duration taking hold in early 2001, the National Governors’ Association, the National Association of State Budget officers and other policy-makers’ affinity groups are sending cautionary messages suggesting the increased spending trend may not be sustainable. Parallel concerns have become evident in the private sector, too. Recent years have seen unprecedented growth in corporate and foundation support for the arts, but a cooling economy restricts the grant-making resources available to foundations and corporations. This scenario bears watching for the arts field. It will affect the resources available to the arts as well as attitudes toward policy innovations that require new spending. Support for new cultural policy initiatives may be squeezed, or the effects of new policies (if dollar allocations are used as the sole indicator of measurement), may be obscured.

- **Policies imposing limitations on budget growth.** Despite aggregate increases in state spending across the nation, 28 state governments operate under some kind of constitutional or statutory limitations on budget growth. Most of these limitations can be (and have been, at some point) overridden through a majority vote of the state legislature. But as the economy slows and additional tax cuts affect bottom-line state revenues, moves to raise state spending may become increasingly unpopular. At the same time, few state services will become cheaper to deliver. One likely consequence is increased competition for existing resources. Arts funding currently drawn from dedicated taxes and fees may be eyed hungrily by non-arts agencies at the same time that cultural agencies need to become increasingly resourceful about finding other state revenues that might be diverted to arts support.

- **Devolution.** A trend of devolution—transfer of policy and spending authority from federal to state, and state to local, governing bodies—has affected most policy arenas, especially education and health care. The arts at the state level have been affected, as well. As of 1979, seven state arts agencies operated decentralized funding programs in which state arts dollars were distributed in block grants to local or regional grant-making authorities who then took local control of decision-making about how those arts funding dollars are spent. As of 1999, 23 state and local arts agencies reported decentralized funding programs in which state arts dollars are distributed in block grants, specified target groups, or specific arts organizations.

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11 See *The State Arts Agency Policy Environment* by Kelly J. Barsdate (NASAA, briefing paper prepared for a symposium organized by the Cultural Policy Program of the University of Chicago in April, 2001).
12 *Fiscal Survey of the States* (National Governors’ Association, December, 2000.)
14 *Budget Processes in the States* (National Association of State Budget Officers, December, 1999). Most policies tie budget caps to a population growth or revenue index of some kind.
funds were used. Today, 17 states have some geographically decentralized grant-making mechanism in place. The effects of devolution are not just seen in the proliferation of decentralized grant-making programs—increases in county and municipal arts funding have been recorded at the same time. Ultimately, the broad trend of devolution will continue to prompt consideration of the relative roles of local, state, regional and federal arts funding as well as the roles that private arts trustees and corporate/philanthropic funders embrace. Effective synchronization of these multiple roles remains an overarching policy goal.

- **Perceived alignment between the goals of arts policy and that of broader public policy.** Policy-makers who perceive support of the arts to advance the broader policy goals of their state are more likely to support new cultural policy initiatives. State arts agencies have achieved particular success in showing how their programs enhance the effectiveness of K-12 education, help to revitalize inner cities, make growing suburban tracts more livable and attract out-of-state cultural tourism dollars. As a result, many of the state arts agency budget increases seen in the last five years are tied in some way to these broader public policy agendas. The "new economy" is a particularly compelling connection here. The forces of globalism, deregulation, devolution and technology all converge with broad demographic and social trends to create a new information- and service-based economy, one in which every state must compete against its neighbor for knowledge-workers and economic prosperity. State policy-makers therefore attach a high priority to economic development policies which may give them a competitive edge. Cultural agencies that can articulate how new cultural policy (or additional resources devoted to existing policies) can be an advantage in areas such as workforce development, international import/export exchange or quality-of-life development may be positioned for success in this current environment.

- **Relationships between the state’s cultural agencies.** Although this discussion concentrates primarily on public arts, state arts councils are certainly not alone in the cultural policy milieu. State history and humanities councils, preservation agencies and departments of libraries, museums, arts education, film and tourism services, just to name a few, are also essential parts of the public policy matrix. Community foundations, family and corporate foundations and patron affinity groups are among the critical players in the private sector. The relationships, both formal and informal, among these entities affect the degree to which cultural agencies can present a united front and influence policy-making. They all possess different (sometimes highly complementary, but sometimes asynchronous) goals, constituencies, governing structures, accountability pressures, planning behaviors, definitions of what “the public interest” is and perceptions of their relative roles in addressing those interests. These differences affect how both public and private cultural agencies gain access to resources and also affect the degree of self-determination that each of them has in deciding how cultural resources should be expended. Some states (among them Maine, Oregon, Iowa and Nebraska) have been able to achieve significant policy advancements when the interests of these various public and private agencies are brought into alignment.

- **Efficacy of statewide cultural advocacy networks.** Scholarship on policy innovation and diffusion in other areas (education, health, taxation and morality policies) has revealed that advocacy coalitions and organized interest groups can be highly influential catalysts in the adoption of state policy, offering decision-makers information on the feasibility of various policy alternatives and providing impetus for action. Likewise in the arts, the ascension of state funding for the arts over the last decade is often
anecdotally credited to the growing sophistication of state-level advocacy networks. In the “lean years” of the early 1990s, arts advocates had to galvanize constituent support for the arts and convince legislators that arts funding was a worthwhile investment even in an environment of severe state budget shortfalls. The skills, alliances and rationale forged in that early part of the decade remain an important factor in securing legislative support for new arts policy initiatives today. Advocacy coalitions are most effective when their members share common beliefs and sustain coordinated activity over time. Great state-to-state variations, however, can be observed in the efficacy of these cultural advocacy groups, as well as in the level of agenda coordination when multiple groups (representing different segments of the cultural sphere) are present.

- **Perceptions of the appropriateness of government funding for the arts.** Some policy-makers regard the arts as an appropriate government endeavor, while others may question any involvement of government in culture. Regardless of the substance of the arguments, each side does claim to be dutifully representing “the will of the people.” National opinion polling on the subject suggests that the public favors federal, state and local arts funding through the government, but the information suffers from ambiguity and a lack of comparable trend data. Meanwhile, policy-makers are left to speculate (or assume, based on individual citizen testimonials) what cultural role the residents of their state want their elected officials to adopt. In addition, cultural and regional differences can be observed in public attitudes toward government in general. New England states, for example, have a strong "town meeting" tradition of local control and minimalist state intervention, whereas southern states have a different set of expectations connecting to a more expansive role for government in the lives of citizens.

- **Leadership turnover.** One of the key factors in public sector arts funding can be the power of key leaders to influence decision-making relevant to cultural agencies. Depending on the state environment, key leaders can include legislators and their staffs, governors, trustees of the state arts agency or cultural institutions, corporate leaders and heads of cultural agencies in the state. Most state arts agencies that experienced sustained budget growth in the 1980s and 1990s could point to one or more “champions” of the arts—members of the state House or Senate who were willing to take the lead in finding creative policy solutions for their state. With legislative term limits taking hold in 19 states, ensuring continuity of legislative leadership has become more difficult for the arts as well as other policy fields. And it is not just the public sector in which leadership by key individuals is essential. A Business Committee for the Arts survey indicates that 93 percent of all decision-making about business support to the arts was made by top-level executives. Continual education of key leaders is necessary in order to cultivate a cadre of decision-makers who are informed about their roles in cultural policy.

- **Degree to which the state has developed a "winning" distribution mechanism for the disbursement of its funds.** A common denominator among states that have achieved significant cultural policy goals is the striking of an accord among the state’s most diverse arts constituencies: professional vs. amateur, large vs. small, urban vs. rural, emerging vs. established, etc. Polarity between these groups can undermine popular support for new cultural policy initiatives unless all of the stakeholders perceive a policy to advance a distribution system that benefits them all.

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22 National Conference of State Legislatures (NCSL). For an interesting discussion of policy-makers’ views on the effects of term limits, see the results of an informal NCSL poll at www.ncsl.org/programs/legman/about/survrsh.htm.
24 “Budget Breakthroughs: Major Increases in State Arts Funding” (The NASAA Advocate, Vol. 4, No. 2).
These environmental variables are documented overarching themes, although the 50 states exhibit 50 variations in the way that these trends present themselves and intersect to affect cultural policy. Some of these factors are clearly outside the scope of immediate intervention. (For instance, it’s hard to imagine how the arts sector, itself, could influence term limits or broad economic trends.) Other issues, however, may be actionable. A valuable follow-up exercise might involve examining each of these factors in turn and imagining what type of additional investigation or action could usefully shape the environment in which arts policy ideas are expected to take root. Regardless of the terrain presented by any individual state’s policy environment, several additional challenges may come into play:

1. **Random acts of policy:** “The presence of a single aide on a legislative staff who is enthusiastic about a new program, or the chance reading of an article by a political leader, can cause states to adopt new programs more rapidly than might normally be expected. We are studying an immensely complicated social system in which random occurrences and chance factors are prominent ingredients.” Nearly every state has stories of policy surprises to share—ideas that came out of left field or were motivated by the interests of one particular constituency or institution, rather than the needs of the state’s arts audiences or cultural community as a whole. Such policies may be well-intentioned and innovative, but not necessarily always constructive. Oliver Wendell Holmes once observed that knowledge, like timber, should not be much used until it is well-seasoned. The practical role of the state’s cultural agencies as policy entrepreneurs, gatekeepers and “seasoners” is essential. The state arts, humanities and preservation agencies are charged with stewardship of the state’s cultural resources and with encouraging policies that deploy those resources to achieve a maximum public benefit. Achieving these goals is often a case study in the art of compromise. It may mean championing new policy ideas as innovations or, ironically, placing a state’s cultural agencies in the position of opposing a policy innovation if it is not consistent with the best long-term interests of the public and the state’s arts community.

2. **Gaps in our fundamental knowledge base.** Policy-making is best informed by analyses of complete and reliable information that enables policy makers to clarify their goals and foresee the consequences of their interventions. A scarcity of such data on the arts has been lamented by many scholars, practitioners and policy-makers in the past. Although the sophistication of arts policy research has improved dramatically in recent years, state-level policy deliberations are still hampered by information that cannot be referenced on a state-by-state basis. Detailed information on state-level arts funding and grant-making, as well as detailed analysis of selected policy issues and strategies is available from service organizations active in the cultural policy arena. But much of the other fundamental, sector-wide data (such as most public arts participation data, much of the data collected by the national arts service organizations and most arts policy research projects supported by private foundations) are based on samples that cannot support state-level generalizations. Also of critical importance is an incomplete understanding of the arts funding ecology, including public funding (federal, county and municipal, as well as state), private funding (grants from corporations and foundations as well as individual donations) and earned income. At the present time, researchers and policy analysts have access to systematic, state-by-state information for a small portion of this list. If data on financial support of arts is scarce, our ability to judge the success of policy interventions using monetary indicators may be compromised.

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26 The Autocrat of the Breakfast Table (Oliver Wendell Holmes, 1858).
28 Although national figures are released annually for local arts funding, foundation support and individual giving, these are projections based on relatively narrow samples from which no consistent state-by-state estimates (let alone actuals) can be drawn. Information on arts organizations’ earned and contributed income has improved with the development of the Unified Database. Although it is the most comprehensive resource developed to date, the Unified Database does not contain complete data for small arts groups. Embedded organizations and those in less-institutionalized fields may also be difficult to extract. See Information Sources for State-Level Arts Policy: Current Resources and Future Needs by Kelly J. Barsdate (NASAA, briefing paper prepared for a symposium organized by the Cultural Policy Program of the University of Chicago in April, 2001).
3. **A need to deepen evaluation efforts.** Innovative cultural policies might spread farther and faster if their efficacy could be more convincingly demonstrated. The field's ability to define and track basic indicators (scope and reach of funding, patterns of attendance, etc.) for the arts has improved significantly at the state level. But systematic research on the ultimate outcomes—public benefits connected to a documented change in knowledge, life situation, behavior, etc.—remains scarce. "Outcomes research" is expensive, it requires special skills and necessitates a long-term commitment to evaluation, one that usually extends beyond the parameters of a typical grant-making or appropriations cycle. Also, few of the results can be generalized to apply beyond the parameters of the specific program or population studied, and some bias may be introduced if data suppliers (grantee arts organizations, for instance) have an incentive to emphasize what they think their principal funders want to hear. Nevertheless, learning more about what actually happened as a result of a particular policy could help decision-makers better understand and anticipate the effects of their choices, and could help future resources be allocated in areas where the greatest good is accomplished.

4. **The heterogeneous nature of the field:** States and the state arts agencies that serve them are not homogeneous. States' populations and arts communities exhibit tremendous variation, as do state arts agencies, which have different needs, capacities and goals. All of these variables affect how policy evolves and the ease with which policies can be replicated among other states. Any new national initiative designed to facilitate state-level policy innovation therefore needs to avoid a “one size fits all” approach. Flexibility will be the key to maximum utility.

**V. CONCLUSION**

In the arts, the availability of resources can never be taken for granted and our policy rationale must be continually sharpened in order to survive in a constantly-shifting environment. Despite this context, arts policy innovation has flourished. State arts leaders have proven themselves adept navigators of often unpredictable political terrain and have been creative in surmounting the many challenges inherent to the arts policy environment. One key to past success has been the existing mechanisms that encourage the transfer of ideas and the sharing of experiences.

But opportunities to nurture future innovation are present, as well. Innovation happens at the intersection of three points on a policy pyramid: information (identification of the policy problem, data about the state's needs environment and awareness of policy alternatives), knowledge (an understanding of the implications of the data and the potential effects of different policy models) and action (the application of knowledge, skills, relationships and resources to effect change). All three of these anchor points must be in balance for policy entrepreneurs to be successful. New ideas cannot become reality if the skills to effect change are not present; likewise highly motivated change agents cannot be successful if their efforts are not guided by facts and an understanding of the potential consequences of their actions. New efforts to foster cultural policy will be most useful if they capitalize on the intersection between information, knowledge and action—each of which can offer a possible point of leverage for encouraging cultural policy innovation at the state level.

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