

Equitable Investment Policies and Practices in the Local Arts Field

by Clayton Lord, Americans for the Arts

INTRODUCTION

Cultural equity is critical to the arts and culture sector’s long-term viability, as well as to the ability of the arts to contribute to healthy, vibrant, equitable communities for all. At the core of challenges related to cultural equity is the historically inequitable distribution of resources, and the values systems, biases, and systemic barriers associated with that distribution.

To achieve fair and equitable distribution of resources within the cultural sector of each community, all types of investment made by local arts agencies should adhere to core practices and competencies that center equity and address bias, honor and embrace the inherent knowledge of the communities and constituents with which they engage, strengthen and broaden the leadership pipeline, support the fullest range of arts, cultural, and creative expression, and embrace new models of power-sharing and decision-making.

Each year the United States’ 4,500 local arts agencies¹ (LAAs) collectively invest² an estimated \$2.8 billion in their local arts and culture ecosystems. This includes an estimated \$600 million in direct investment in artists and arts and culture organizations through grants, contracts, and loans. For comparison, all of private philanthropy directly invests approximately \$4 billion³ annually to the arts, corporations about \$1.5 billion,⁴ state arts agencies about \$300 million,⁵ and the National Endowment for the Arts about \$100 million.⁶

This makes LAAs, collectively, the largest distributor of publicly-derived funds to arts and culture and one of the largest and steadiest underwriters of artists and creative workers in the United States. It is therefore crucial that LAAs employ a strong lens of equity⁷ to consider the full scope of their investments—including not only direct financial infusions such as grants, contracts, and loans, but the

¹ **Local Arts Agencies (LAAs)**, of which there are 4,500 in the United States, promote, support, and develop the arts at the local level ensuring a vital presence for the arts throughout America’s communities. LAAs are diverse in their makeup—they have many different names and embrace a spectrum of artistic disciplines—but each works to sustain the health and vitality of the arts and artists locally and to make the arts accessible to all members of a community. Each LAA in America is unique to the community that it serves, and each evolves within its community.

² **Investment** is the allocation of a resource (money, time, space) in the expectation that it will yield a future benefit. “Equitable investment” is the centering of cultural equity in investment strategies, in particular the recognition and restructuring of inequitable systems of consideration, allocation, distribution, and evaluation in terms of such investments.

³ *Not Just Money*, (2018) Helicon Collaborative. http://heliconcollab.net/our_work/not-just-money/.

⁴ *Giving USA 2018*, (2018). The Giving Institute. <https://givingusa.org/>

⁵ *State Arts Agency Grantmaking and Funding*, (2017). National Assembly of State Arts Agencies. https://nasaa-arts.org/nasaa_research/2016_grant_making_and_funding/

⁶ *2017 Annual Report*, (2018). National Endowment for the Arts. <https://www.arts.gov/sites/default/files/2017%20Annual%20Report.pdf>

⁷ **Cultural equity** embodies the values, policies, and practices that ensure that all people—including but not limited to those who have been historically, and continue to be, underrepresented based on race/ethnicity, age, disability, sexual orientation, gender, gender identity, socioeconomic status, geography, citizenship status, or religion—are represented in the development of arts policy; the support of artists; the nurturing of accessible, thriving venues for expression; and the fair distribution of programmatic, financial, and informational resources. While intersectionality is real and crucial to providing entry for people at various stages of readiness, we acknowledge that racial inequity is central to most societal issues, particularly when it comes to the distribution of resources.

estimated \$2.2 billion each year that are expended on staff salaries, vendors, direct-to-community programming, overhead, marketing and communications, and more. This is particularly important because the existing systems of power that often drive the policies underlying such expenditures grant privilege and access unequally. With data, will, and guidance, however, progress can be made.

This report reviews results from the 2018 Local Arts Agency Profile, an annual survey deployed in April 2018, with a particular focus on an added module to the survey about how, when, and where LAAs in the United States currently consider equity in the deployment of their funds, time, space, and staff. The data was gathered from a broadly representative sample of 537 local arts agencies in the United States of varying budget size, community size, tax status, geography, etc.

Overall, the report tells a story of a field where direct and indirect practices about and centered on equity are on the rise. While major demographic challenges continue to exist among staff at LAAs of all sizes, the majority of large LAAs, and, in most cases, midsize LAAs as well, are taking a variety of steps to consider, engage, and develop support mechanisms for the full diversity of their communities. LAAs with more limited financial capacity and smaller staff sizes are not able to participate in these new mechanisms at the same rate but are inclined to want to know how they can.

That said, there is significant work to do. Only half of LAAs with DEI-related policies say that those policies affect fiscal decisions. The majority of entry- and mid-level staff do not have access to supported professional development. And, perhaps most starkly, LAA funds are distributed inequitably, with the largest 16 percent of grant recipients receiving 73 percent of the dollars awarded.

The centering of equity in the investment practices of the LAA field is necessary to the continued relevance of not only LAAs themselves, but the arts and culture sectors each LAA nurtures. The information in this report provides a jumping-off point. Those at the cutting edge of new practices like start-up capital, loans, and other creative financial mechanisms, as well as those who are pioneering and iterating better ways to addressing systemic inequities, biases, and other challenges within the field and its structures have now been identified, and their stories and learnings can be more easily told.

SUMMARY OF FINDINGS

Staff and Board Commission Knowledge, Readiness, and Demographics

LAA staffs and boards/commissions are generally more homogeneous than the general U.S. population, and have fewer people from historically marginalized populations in their ranks. This is true among the three staff positions most likely to impact investment strategy: CEOs, COOs, and Grants Management staff are statistically whiter than the U.S. population. Board and commission members are, in aggregate, whiter older, wealthier, and more likely to be politically liberal than the general U.S. population.

Nearly 9-in-10 respondents indicated their staff, board, and volunteers currently had the appropriate level of skill to respond to the needs of their constituents, and almost half of respondents indicated these groups currently had the appropriate level of diversity.

Overall access to professional development increases with budget size. In most organizations, senior leaders can access, and are supported in, professional development. Middle management and entry-level staff tend to have access infrequently in small and midsize LAAs, and such access is not universal even in the largest organizations.

About a third of LAAs administer equity-related training for board, staff, or volunteers. One-in-ten organizations require staff or grantees to participate in such workshops, while two-in-ten LAAs provide or underwrite training or educational materials for staff related to communicating with non-arts sectors, and about a third provide or underwrite similar trainings related to communicating the value of the arts to the community.

Research, Evaluation, Tracking, and Assessment

The percentage of organizations that track any sort of demographic data increases with budget size. Almost half of LAAs in the smallest category do no such tracking, while over three-quarters of the largest do. Among those LAAs that do track demographic trends, the most prevalent study groups are the general community population, arts audiences, individual artists, and board members or staff of other arts groups.

Budget and staff size also impacts whether evaluation occurs. Almost a quarter of LAAs with budgets under \$100,000 do not collect any information for the purposes of impact evaluation while all LAAs of \$1 million or more annual budget do. Among those LAAs who do evaluate impact, the most prevalent methods are tracking attendance or ticket sales of programs, conducting interviews or surveys of audience/community members and/or civic leaders, conducting interviews or surveys of organizations or individuals they support, and collecting a written narrative and/or financial report from grantees.

Policies, Guidelines, and Internal Practices

Half of LAAs current adhere to a diversity, equity, and inclusion policy of some sort—an increase of 21 percent since a similar survey in 2015—and one-in-five are currently in-process on creating or adopting a diversity, equity, and inclusion statement. LAAs with larger budgets are more likely to have such a statement, as are LAAs that indicate that diversity, equity, and inclusion is one of their top-five priority areas.

Tax status has a marked effect in the nature of diversity, equity, and inclusion statements. Private LAAs (those that operate outside city/county government) are more likely have developed their own statement, while public LAAs (those within city or county government) are much more likely to have adopted a statement from an umbrella entity (such as a city or county). LAAs in the Midwest are more likely to neither have or be working on a DEI statement than their counterparts in other parts of the country, even when controlled for size of organization.

LAAs equally rely on written and unwritten/informal policies related to diversity, equity, and inclusion, depending on the policy area. Written policies were most prevalent in terms of staffing/hiring, boards/commissions, grantmaking, and contractors/interns. About half of the LAAs who indicate they had diversity, equity, and inclusion policies of some sort also indicate that those policies inform any component of fiscal decision making. This is true for both public and private agencies.

Eight-in-ten LAAs have taken some sort of action related to diversity, equity, and inclusion since May of 2016. As in other areas, smaller organizations were much more likely to indicate they had taken no action since May of 2016. Sixteen percent of LAAs indicated that one or more of the actions they had taken since 2016 was a result of, or had been influenced by, the Americans for the Arts Statement on Cultural Equity and associated field work.

Financial Distribution and Investment (Including Grantmaking)

We extrapolate that, collectively, LAAs have approximately \$2.8 billion in annual expenditures across the whole field. This number is derived from the respondents of this survey, who reported \$777 million in revenue and \$873 million in expense in 2018. Of the expenses, approximately 25 percent was for direct financial distribution activities like grants, contracts, and loans.

In terms of revenue for LAAs, 40 percent comes from public dollars, 27 percent from contributed income, and 25 percent from products and services. The remainder is in-kind or miscellaneous. The public or private nature of the LAA has significant impact on the make-up of revenue, with public LAAs receiving more than twice as much funding from public coffers as private LAAs. Regardless of tax status, the percentage of public dollars (particularly local public dollars) increases dramatically as the LAA gets larger.

In terms of expenditures, on average, LAAs expend about half their budget on externally-focused work like grants/contracts and cultural programs and services and half their budget on internally-focused work like payroll/personnel, administrative overhead, and fundraising. Midsize LAAs expend a significantly higher percentage on payroll and personnel, and a significantly smaller percentage on grants and contracts.

The LAAs in the study distributed \$380 million to artists and arts organizations in the form of grants, contracts, loans, start-up capital, and commissions in fiscal year 2018. This represents 79 percent of the total amount requested. Just over 10,000 requests for funding were fully or partially honored by respondents in 2018.

Seventy-three percent of the total dollars awarded by LAAs in the study went to the top 16 percent of organizations by budget size. Six percent of the total dollars awarded went to the bottom 45 percent of organizations by budget size. Grants requests from organizations are significantly more likely than requests from individual artists to receive at least partial funding.

Traditional/standard mechanisms like grants, contracts, and commissions are more prevalent than nascent/non-standard distribution mechanisms like loans/microloans or start-up capital. While loans/microloans and start-up capital are not particularly associated with achieving equity-related goals, traditional grantmaking is associated with equity-related goals in more than half of respondents.

Around half of all LAA respondents provide financial support either directly or indirectly to organizations other than arts and culture non-profits, including non-501c3's and/or non-arts organizations.

The presence of funding programs specifically intended to serve underserved groups is tied to budget size, with such programs being much more prevalent inside larger LAAs. Practices associated with those programs vary. Eighty-five percent of LAAs with such programs do some sort of special communications outreach. Eighty-two percent of LAAs with such programs conduct some extra level of administration or co-design with the intended community.

About three-quarters of LAAs with granting programs integrate mechanisms for managing personal or systemic bias in the grant review process. The most prevalent practices are: composing panels with consideration of diverse expertise and/or representation and delivering informal and/or written diversity, equity, and inclusion policy or instructions to adjudicators.

About a third of respondents indicated that they had incorporated review criteria that extends beyond traditional/Eurocentric “excellence” and “aesthetics,” and a similar number incorporate discussion and direction around the consideration of equity in the panel orientation process.

Non-Monetary Community Investment, Programs, and Services

Indirect investment—the components of spending within an LAA that are not direct distribution of funds to arts organizations or artists for the purpose of supporting work—makes up approximately two-thirds of the total expenditures of the LAA field in a given year. Four-in-five LAAs provide their own cultural programming to the public, while three-in-four provide arts education programming or services, and over half operate one or more cultural facilities, with a similar percentage managing or operating a public art program. Such practices are tied to LAA budget size, and a third of the smallest LAAs provide no form of indirect investment/non-financial support.

The most common constituencies to receive direct non-financial support from LAAs are arts and cultural organizations, programs, and/or facilities, the general public, and individual artists.

Around half of LAAs provide support to non-arts organizations and/or to the business community. When making decisions about programs and services, just under half of LAAs have written guidelines that mandate taking consideration of some aspect of demographic diversity. About a third of LAAs consider race/ethnicity, disability, and/or age.

Just under half of LAA respondents provide training, guidance, or recognition directly related to equity and a third provide training for board, staff, and/or volunteers. Less than 10 percent have required workshops for various groups or provide public or private recognition opportunities for success related to DEI initiatives.

Half of all LAAs have created a marketplace to sell artwork, and nearly half of LAAs provide some form of free or discounted marketing or promotion. Around a third of LAAs provide career education or professional development support, free or discounted artistic space, and/or some form of brokering service to connect artists with opportunity. Less prevalent practices include fiscal sponsorship, free or discounted office space, and shared or subsidized backroom staffing.

FULL REPORT OF FINDINGS

The following is a detailed report of the findings from the Equitable Investment module survey fielded as part of the 2018 Local Arts Agency Profile by Americans for the Arts.

STAFF AND BOARD/COMMISSION KNOWLEDGE, READINESS, AND DEMOGRAPHICS

The knowledge, readiness, and demographic breakdown of both the board/commission of the LAA and its staff is at the core of the LAA’s ability to center equity in its various investment practices. For context, data drawn from other Americans for the Arts resources (and not solicited in the LAA Equitable Investment Profile) provides a useful snapshot of the current demographics of LAA staff and board/commission members in comparison to the general U.S. population.

- LAA staff overall are 14 percent whiter than the general U.S. population (86 percent vs. 72 percent). The most significant racial demographics other than white present in the field are African-American (7 percent) and Hispanic or Latinx (6 percent). (Fig. 1)
- Among three other position classes germane to investment (the Executive Director/CEO, Deputy Director/COO, and Grants Management staff person), racial demographics diversify as positional authority decreases. LAA Executive Directors or CEOs are 21 percent whiter than the general U.S. population (93 percent vs. 72 percent), Deputy Directors/COOs are 19 percent whiter than the general U.S. population (91 percent vs. 72 percent), and Grants Management staff are 7 percent whiter than the general U.S. population (79 percent vs. 92 percent). More data from the LAA Staff and Salary Survey will be released in February of 2019. (Fig. 1)
- Members of LAA Boards/Commissions, in aggregate, are 12 percent whiter than the general U.S. population. Board/commission members average 16 years older than the U.S. population. Board/commission members are twice as likely to make \$100,000 or more in annual household income, and more than three times as many identify as Democrats than the general population. While reflecting regional and community variation is more crucial than national trends, board/commission members do not match the general U.S. demographic profile in any category. (Table 2)

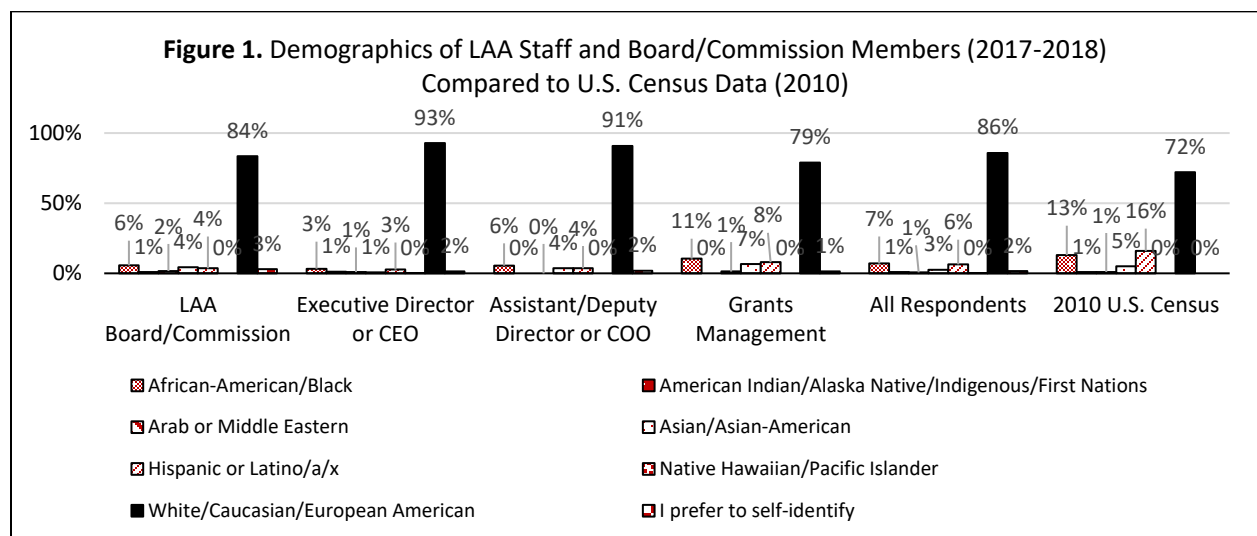
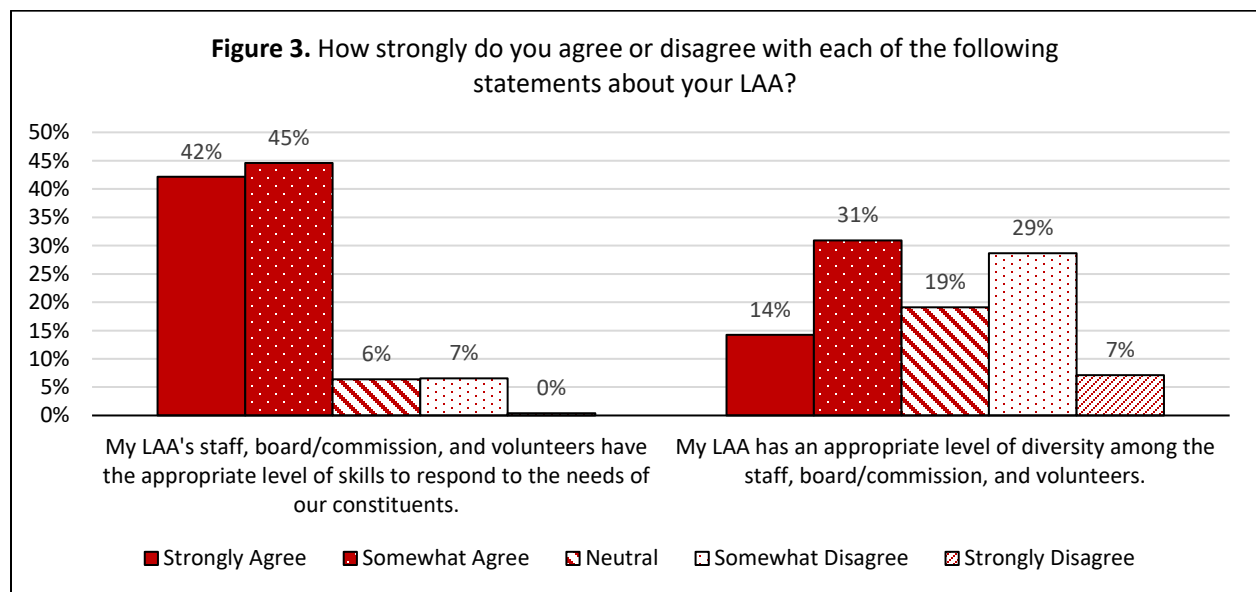


Table 2. LAA Board/Commission Largest Demographic Category (2017) vs. U.S. Census (2010).	LAA Board/ Commission Members	General U.S. Population	Difference
Average Age	53 years	37 years	+16 years
% Without Disability	96%	82%	+14%
% White	84%	72%	+12%
Bachelor's Degree or Higher	90%	28%	+62%
Annual Household Income \$100k +	56%	25%	+31%
% who ID as Democrats	69%	20%	+49%
% Cisgender Female	71%	51%	+20%
% Heterosexual	83%	94%	-11%

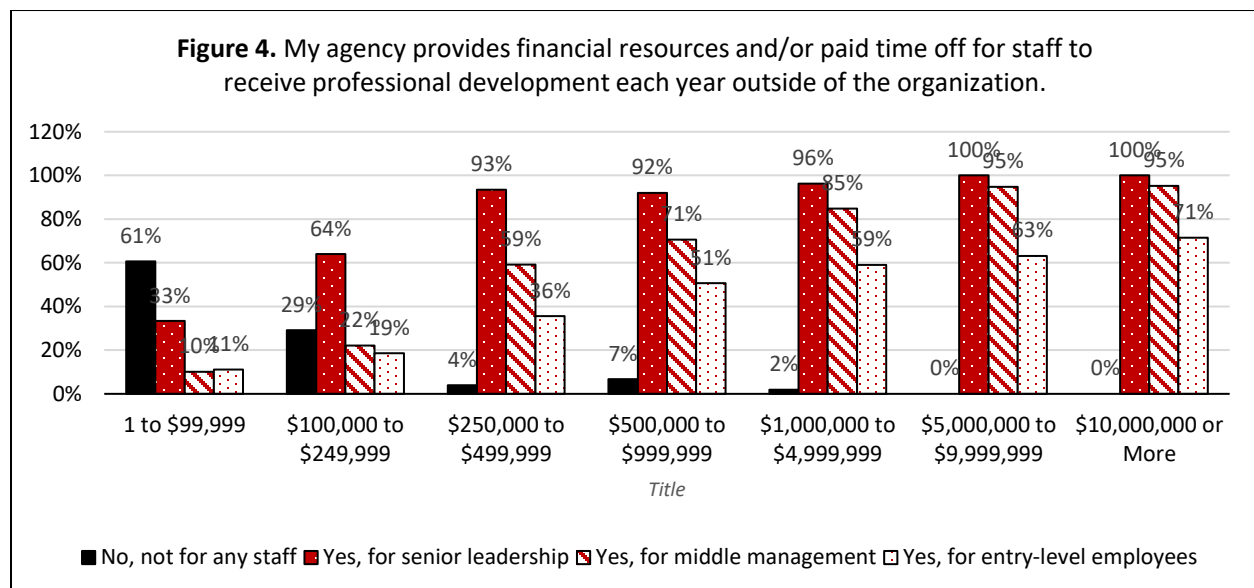
As part of the LAA Profile research, respondents (often senior or relatively senior staff members within the LAA) were asked to rate their level of agreement with various statements around staff/board/commission diversity and readiness (Fig. 3).

- 87 percent of respondents agreed or strongly agreed that “staff, board/commission, and volunteers have the appropriate level of skills to respond to the needs of [their] constituents.”
- 44 percent of respondents agreed or strongly agreed that their “LAA has an appropriate level of diversity among the staff, board/commission, and volunteers.”



Respondents were also asked about financial resources and paid time off availability for staff professional development.

- When reviewed by LAA budget category, two significant patterns emerge. First, overall access to professional development increases with budget size. The smallest LAAs are significantly more likely to provide no financial resource or paid time off for professional development, while the overall availability of such subsidy increases with budget size. (Fig. 4)
- Starting at about \$250,000 in annual budget, availability of support for professional development for senior leadership stays fairly steady at between 90 and 100 percent of organizations. Similar support for middle management and entry level, however, fluctuates more, and access increases with budget size. That said, about 20 percent of the largest-category LAAs (budgets of \$10 million or more) do not offer subsidy for entry-level employees to access professional development. (Fig. 4)



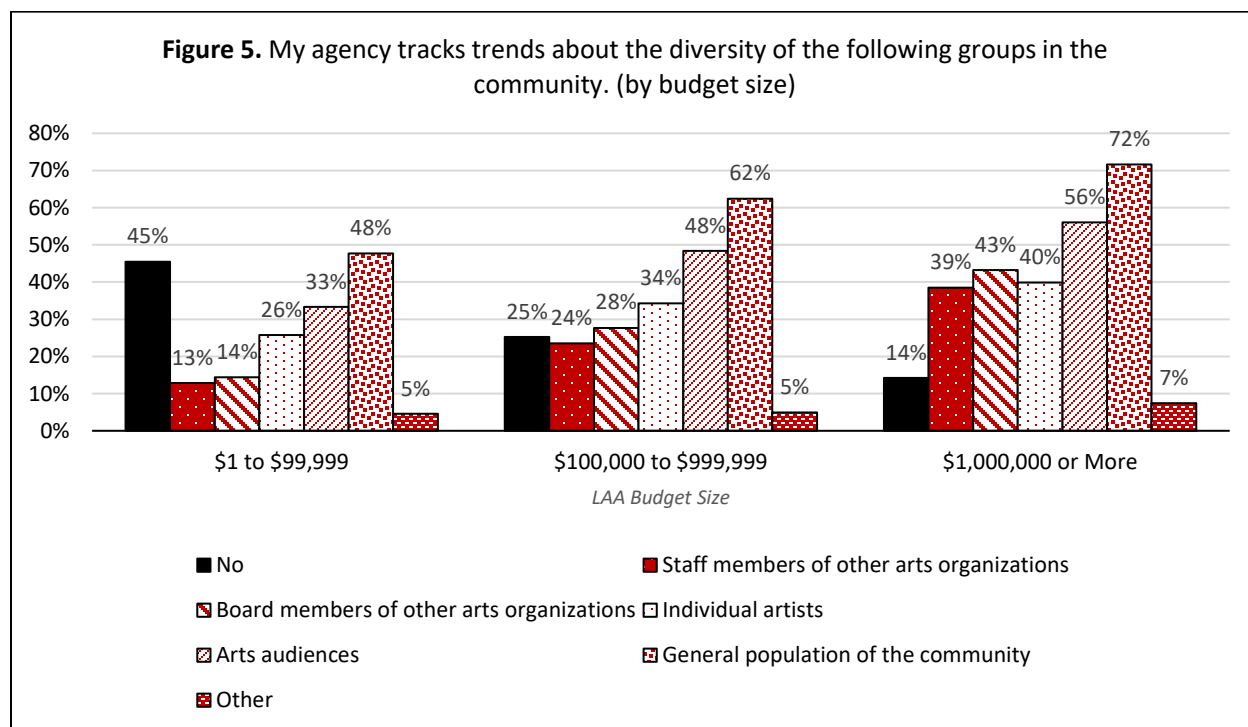
- Thirty-one percent of respondent LAAs administer equity-related training for board, staff, and/or volunteers. Nine percent *require* staff or grantees to participate in such workshops. (Fig. 34)
- Twenty-two percent of respondent LAAs provide or underwrite training or educational materials for staff related to communicating with non-arts sectors, and 36 percent provide or underwrite similar trainings related to communicating the value of the arts to the community.

RESEARCH, EVALUATION, TRACKING, AND ASSESSMENT

Having solid starting data on the demographics of an LAA’s board, staff, grantees, and service community, as well as a solid system for benchmarking, comparison, evaluation, tracking, and assessment of programmatic impact, is a core way of ensuring that equity outcomes shift towards the center of the work and that progress is being made. They also provide a backstop against unconscious bias, a rationale for continuing the work, and a way of celebrating incremental, measurable success on the way to the ultimate goal.

Respondents were asked about whether they track demographic trends among a variety of prospective stakeholder groups including staff and board members of other arts organizations, individual artists, audiences, and the general population. (Fig. 5)

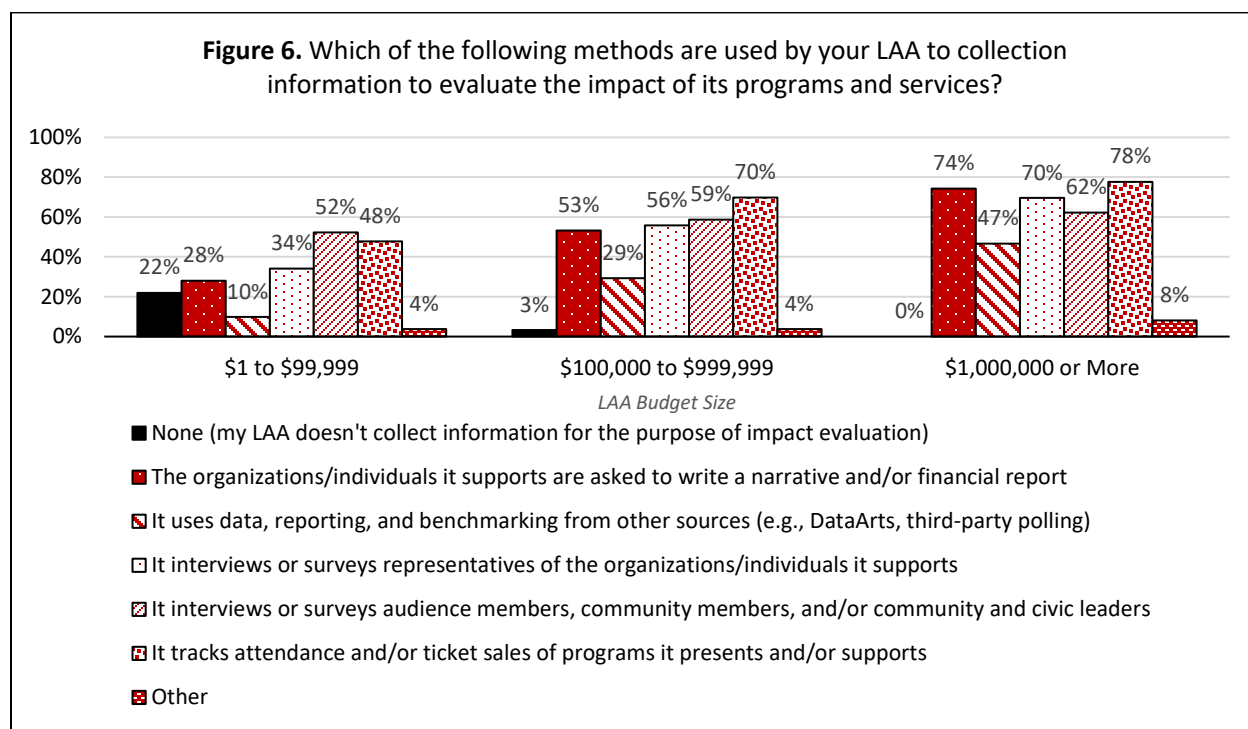
- As with the ability to underwrite training, there is a significant correlation between the percentage of LAAs that do not track any demographic trends and budget size. Forty-five percent of all LAA respondents under \$100,000 in annual budget do no tracking of demographics. This number declines as size increases, although 14 percent of the largest LAAs (\$1 million or more annual budget) also do not track demographic data in any category.
- Among those LAAs that do track demographic trends, 61 percent track demographic shift in the general population of their community, 46 percent in arts audiences, 33 percent in individual artists, 28 percent in board members of other arts groups, and 25 percent in staff of other arts groups. Among those who selected “Other,” write-in options included their own board and staff, their grantees, and consumers of direct programming (including students).



In the past two years, Americans for the Arts has worked to increase the availability and legibility of aggregated demographic research for the LAA field through tools and reports like the Local Arts Agency Profile, the Local Arts Agency Staff and Salary Report, and the Baseline Demographic Survey of the Local Arts Field. New editions of all three will be available in 2019.

Respondents were also asked about the frequency and nature of evaluation, particularly related to their programs and services. (Fig. 6)

- As with other components, budget size (and, by extension, staff size) has an impact on whether evaluation occurs. Almost a quarter of LAAs with budgets under \$100,000 do not collect any information for the purposes of impact evaluation. This number declines to 0 percent for organizations of \$1 million or more annual budget. Overall, 9 percent of respondents conduct no evaluation.
- Among those LAAs who do conduct research for the purposes of evaluating impact, 65 percent track attendance or ticket sales of programs they present or support, 57 percent conduct interviews or surveys of audience/community members and/or civic leaders, 53 percent conduct interviews or surveys of organizations or individuals they support, 52 percent request or require a written narrative and/or financial report, and 29 percent use data, benchmarking, or reporting from third-party sources.



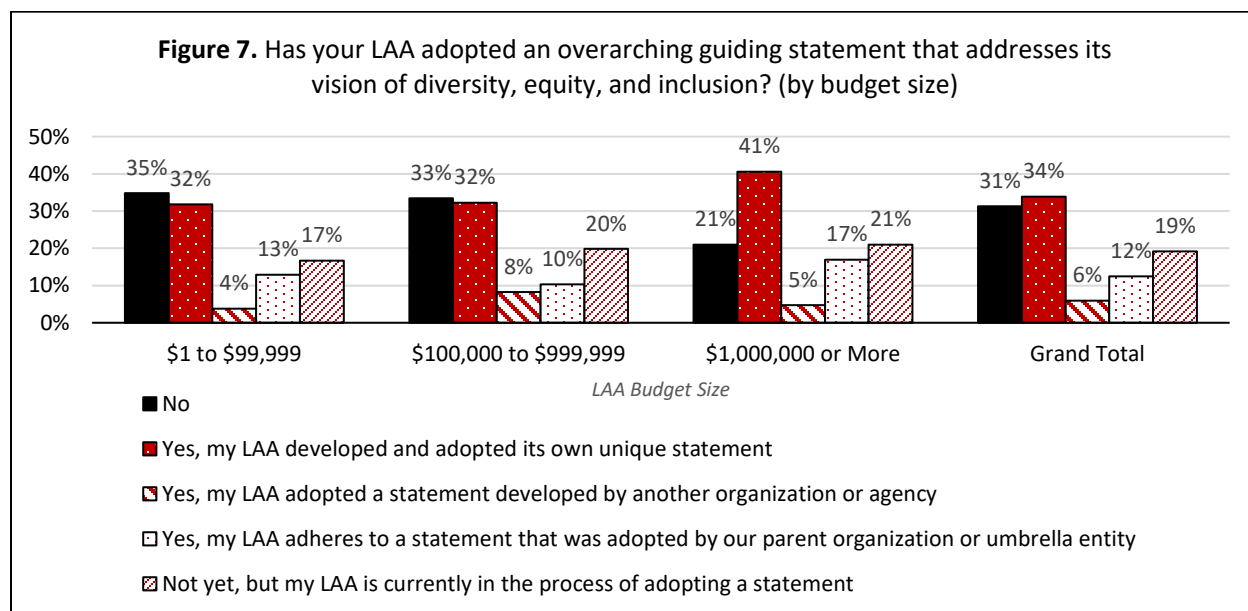
In various open response fields, LAA respondents also indicated a variety of other types of research projects they were either conducting or had commissioned. These included work on cultural asset mapping, individual giving trends, and the prevalence and nature of social impact-related arts projects.

POLICIES, GUIDELINES, AND INTERNAL PRACTICES

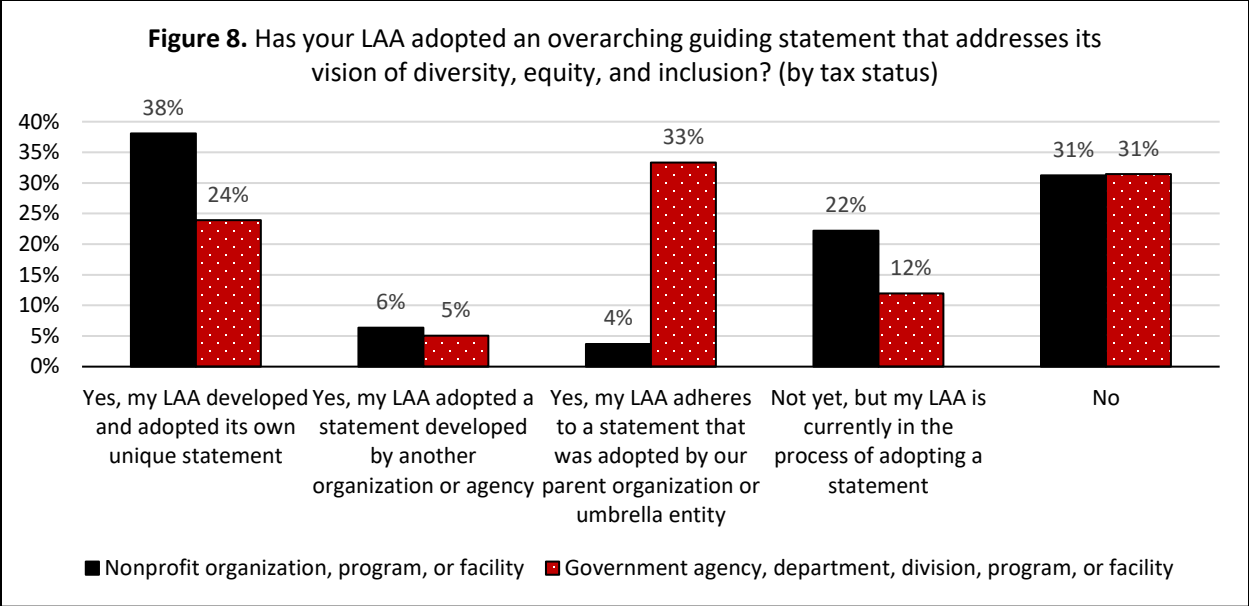
The internal policies, guidelines, and practices of an LAA are core to whether their financial and non-financial investments in the arts community and their service community at large are done equitably. The existence of a policy, who it is meant to cover and/or protect, what groups it is designed to impact, and how (and whether) the overall funds of the organization are dispensed with such policies in mind will make or break efforts to transform systems and move the field toward equitable distribution.

Existence of a Diversity, Equity, and Inclusion Statement

- Among all respondents, 50 percent currently adhere to a policy of their own making or one adopted from another agency or parent organization. This is an increase of 21 percent since a similar survey in 2015. (Fig. 7)
- Small and midsize LAAs mirror each other, with approximately 1 in 3 organizations currently neither having nor working on a diversity, equity, and inclusion statement. The number declines to about 1 in 5 LAAs of \$1 million or more annual budget. (Fig. 7)
- Nineteen percent of respondent LAAs are currently in-process on creating or adopting a diversity, equity, and inclusion statement.



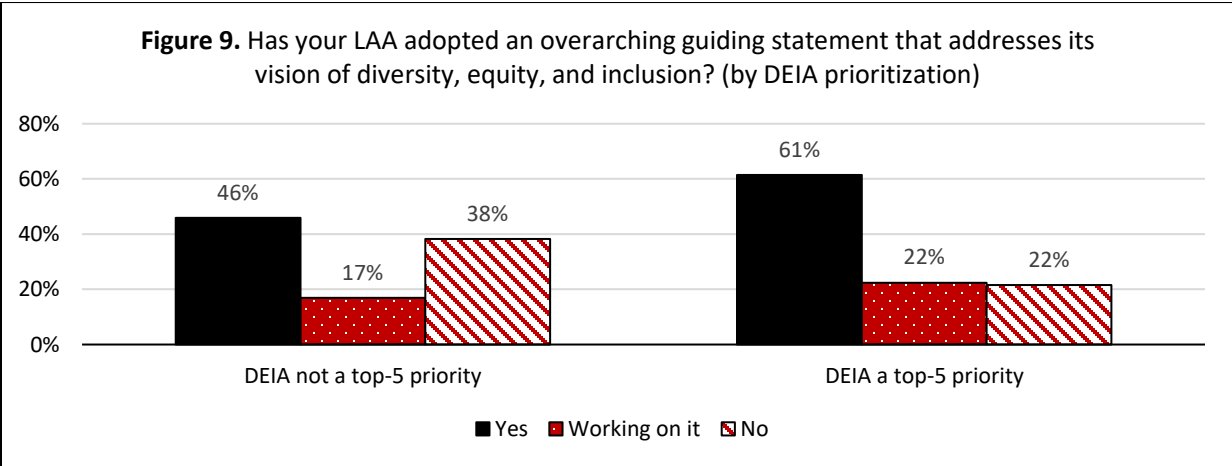
- Tax status has a marked effect in the nature of diversity, equity, and inclusion statements. While 31 percent of both public and private LAAs do not have a statement, more private LAAs (those that operate outside of city or county government) are in-process (22 percent vs. 12 percent), and therefore more public LAAs (those part of city or county government) already have a statement in place (62 percent vs. 48 percent). (Fig. 8)
- Public LAAs are nine times as likely to have adopted a statement from a parent organization or umbrella entity (such as their city or county) as private LAAs. Private LAAs are more likely to have developed and adopted their own statement. (Fig. 8)



Reviewing geographic distribution and organizational priority indicated some trends in adoption of a DEI statement.

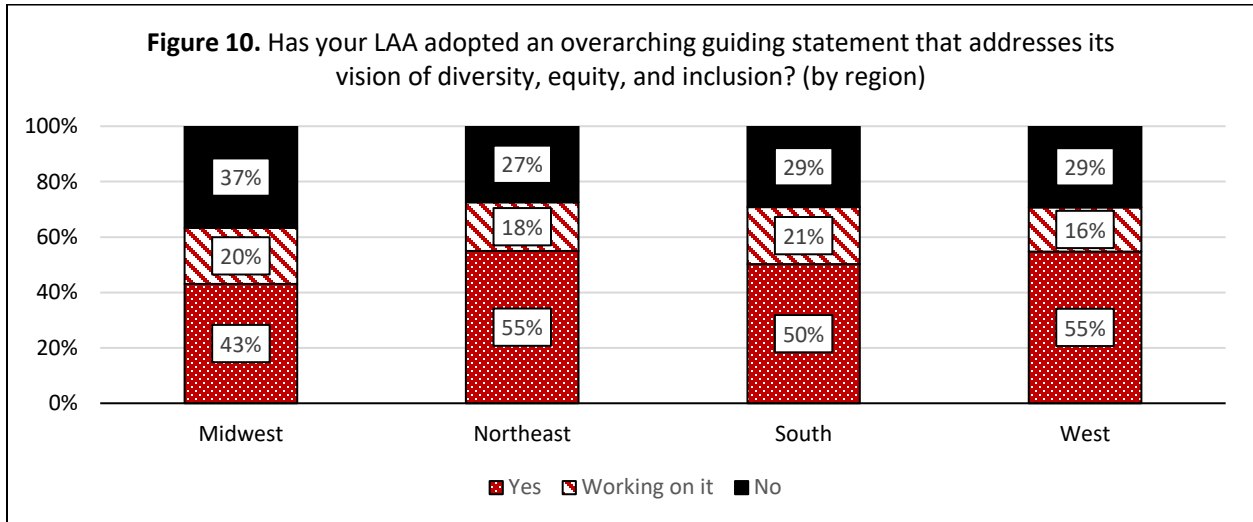
Respondents were asked to select their top five social impact priority areas from among a list of 26 areas, one of which was “Diversity, Equity, Inclusion, and Access” (DEIA). Forty-two percent of all respondents selected this as one of their top five areas.

- Sixty-one percent of LAAs that selected DEIA as a top-5 area of priority had an overarching statement related to diversity, equity, and inclusion, compared to 46 percent of LAAs that indicated DEIA was *not* a top-5 priority. (Fig. 9)
- More LAAs that selected DEIA as a top-5 area of priority who did not currently have a statement indicated they were actively working on it (22 percent vs. 17 percent).



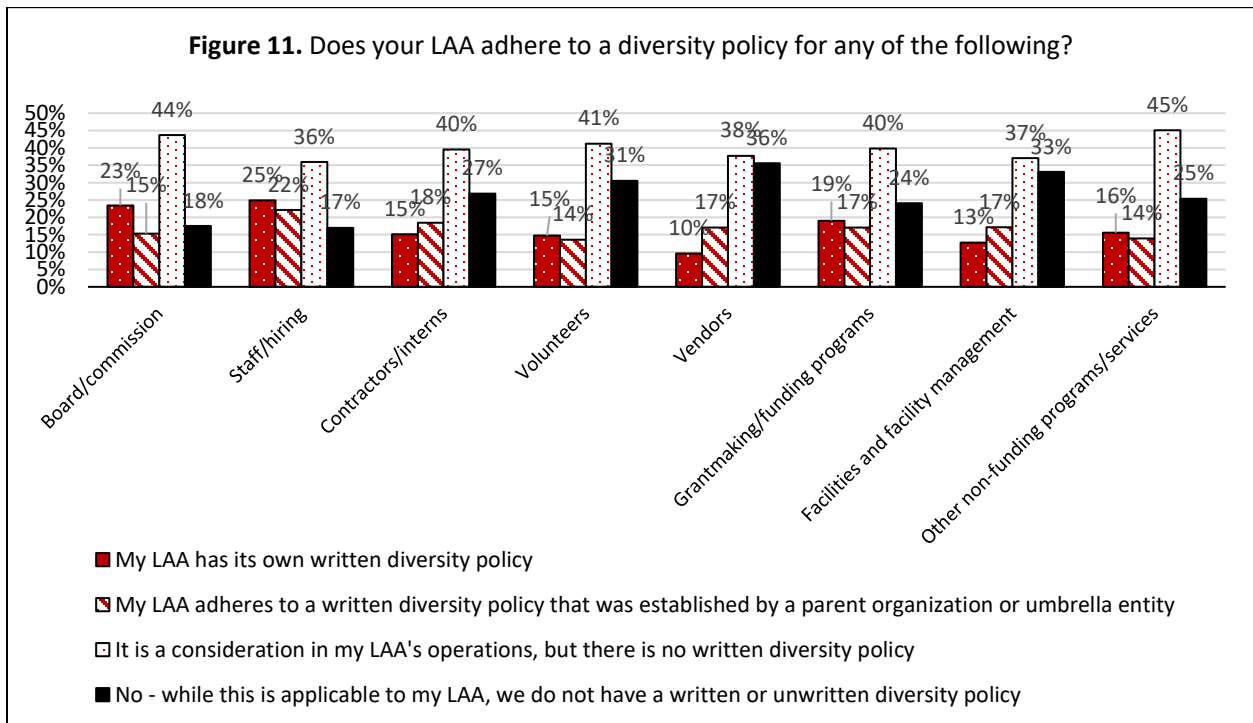
LAAs were also geographically divided by U.S. Census region (Midwest, Northeast, South, and West).

- LAAs in the Midwest were more likely not to have or be working on, a DEI statement than their counterparts in other parts of the country (37 percent vs. 28 percent). This held true even when controlled for size of organization. (Fig. 10)



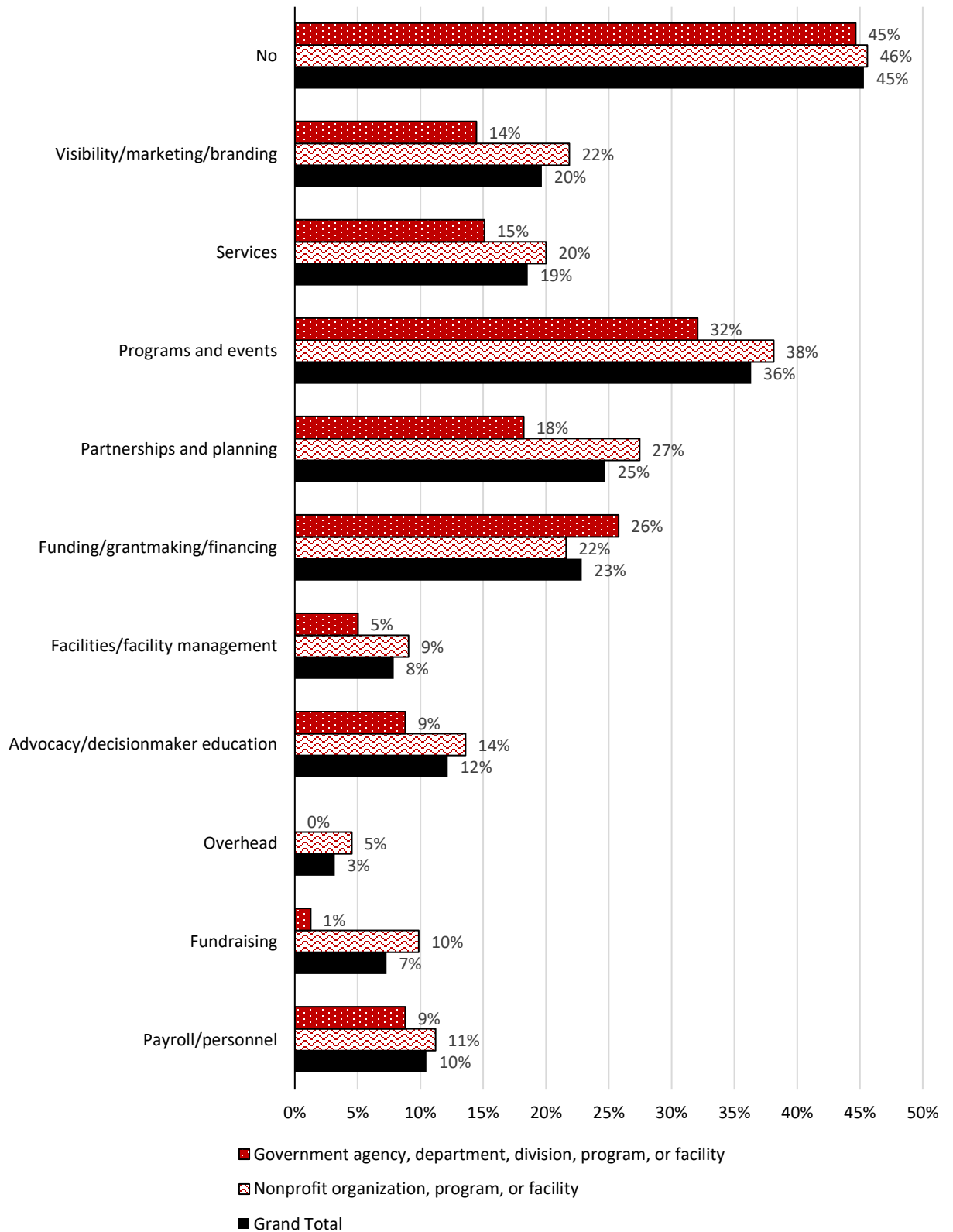
Nature of the Diversity, Equity, and Inclusion Statement

- When asked about different aspects of policy and the applicability of policies related to diversity, equity, and inclusion, approximately the same percentage of LAAs indicated that they relied on a written policy (either their own or one adopted from a parent organization) as on an unwritten consideration of DEI (generally from 30 to 40 percent in each category, depending on the policy area). (Fig. 11)

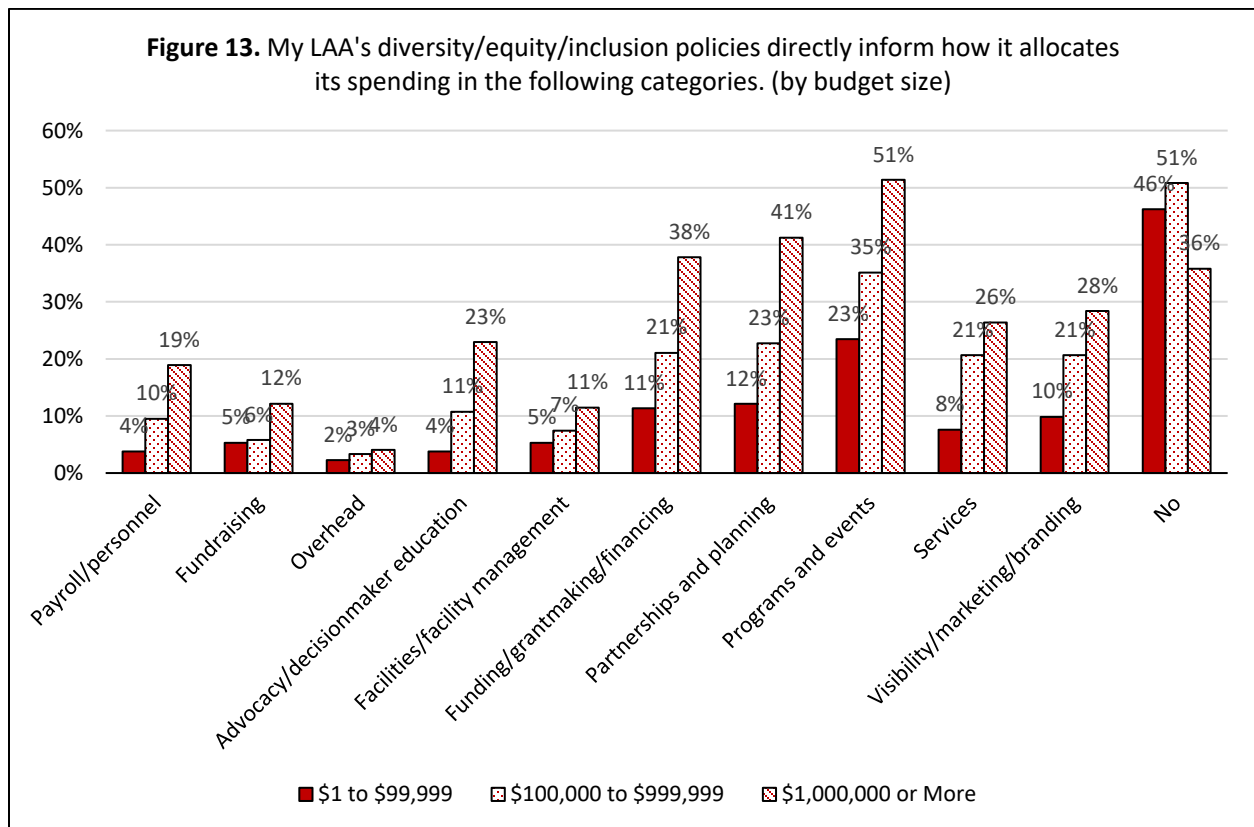


* Not Applicable responses removed from calculations.

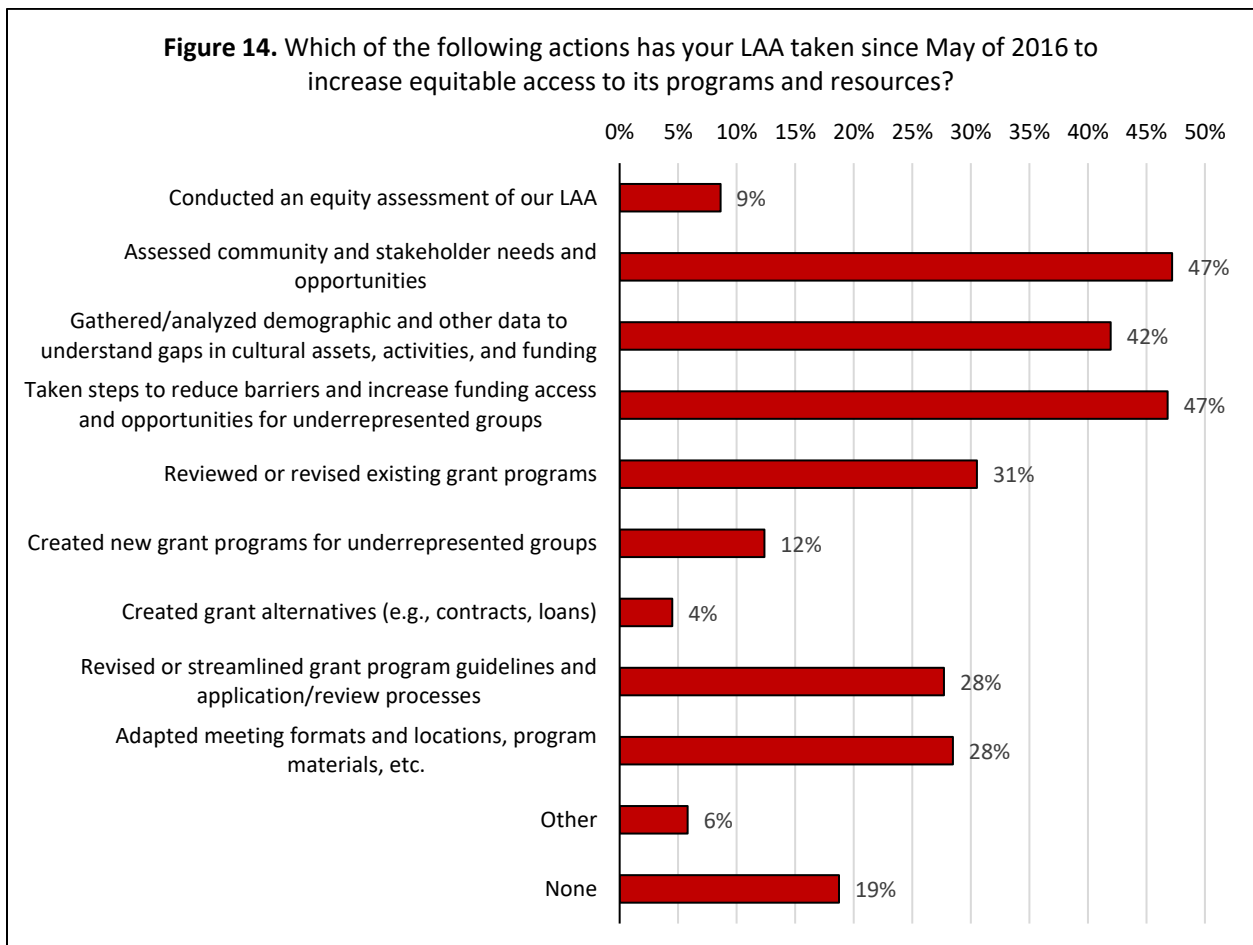
Figure 12. Does your LAA's adherence to any diversity/equity/inclusion policies directly inform how it allocates the following spending/expenditures?



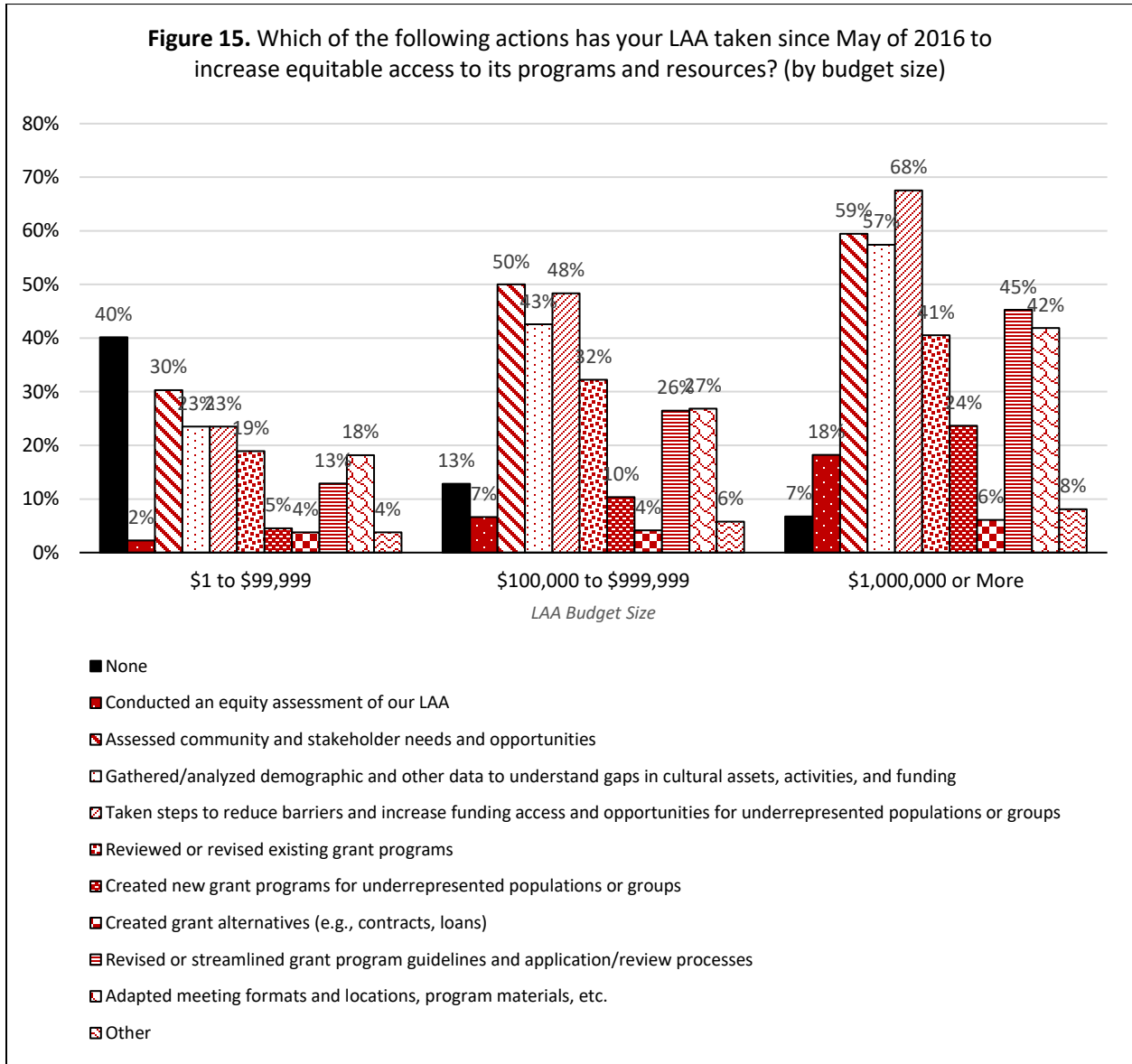
- Written policies related to staffing/hiring (47 percent), boards/commissions (38 percent), grantmaking programs (36 percent), and contractors/interns (33 percent) were prevalent. (Fig. 11)
- In terms of how an LAA's adherence to a DEI policy or policies directly informs how it allocates its overall spending, almost half (45 percent) indicated that adherence to such policies did not inform any of the spending categories outlined. This was true for both public and private agencies. (Fig. 12)
- Programs and events (36 percent), partnerships and planning (25 percent), funding/grantmaking/financing (23 percent), visibility/marketing/branding (20 percent), and services (19 percent) were most prevalent among the types of spending for which an LAA's adherence to a DEI policy directly informed allocation. Least prevalent were advocacy/decision maker education (12 percent), payroll/personnel (10 percent), facilities management (8 percent), fundraising (7 percent), and overhead (3 percent). (Fig. 12)
- The most significant areas of variation between public and private LAAs were in fundraising, partnerships and planning, visibility, and programs and events. In all four of those areas, adherence to a DEI policy was more likely to affect allocation of resources for private agencies than for public ones. (Fig. 12)
- When parsed by LAA budget size, the frequent trending of less participation in LAAs of smaller size was visible here as well. (Fig. 13)



- LAAs were also asked about what specific actions they have taken since May of 2016 to increase equitable access to their programs and resources. Eighty-one percent of respondents had taken one or more of the actions listed. (Fig. 14)
- Almost half (47 percent) indicated they had conducted assessments of community stakeholder needs and opportunities, and a similar percentage indicated they had taken steps to reduce barriers and increase funding access and opportunities. Forty-two percent had gathered and analyzed demographic or other data to understand gaps in their cultural assets, activities, and funding. (Fig. 14)
- Just under a third of LAA respondents (31 percent) indicated they had reviewed or revised an existing grant program. Twenty-eight percent specifically had revised or streamlined grant program guidelines or review processes, and a similar percentage had adjusted or adapted meeting formats and locations and/or program formats. (Fig. 14)
- The smallest frequency of action related to creating new grant programs specifically for underrepresented groups (12 percent), conducting an equity assessment of the LAA (9 percent), and creating grant alternatives like contracts or loans (4 percent). (Fig. 14)
- When asked, 16 percent of LAAs indicated that one or more of the actions they had taken since 2016 was a result of, or had been influenced by, the Americans for the Arts Statement on Cultural Equity and associated field work.



- When parsed by budget size, as in other areas, smaller organizations were much more likely to indicate they had done none of the proposed activities in the timeframe (40 percent of small LAAs, 13 percent of midsize LAAs, and 7 percent of large LAAs). (Fig. 15)
- While, generally, prevalence of activities increased with organization size, that trend did not hold as strongly for creating new granting programs specifically for underrepresented groups and for creating grant alternatives like contracts or loans. (Fig. 15)

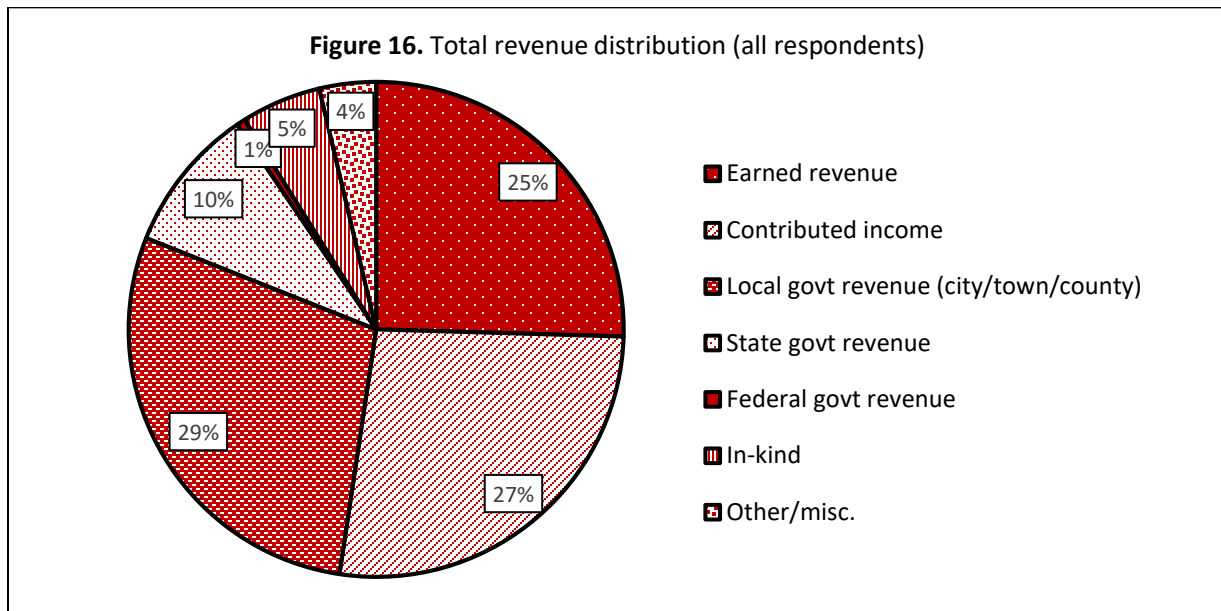


FINANCIAL DISTRIBUTION AND INVESTMENT (INCLUDING GRANTMAKING)

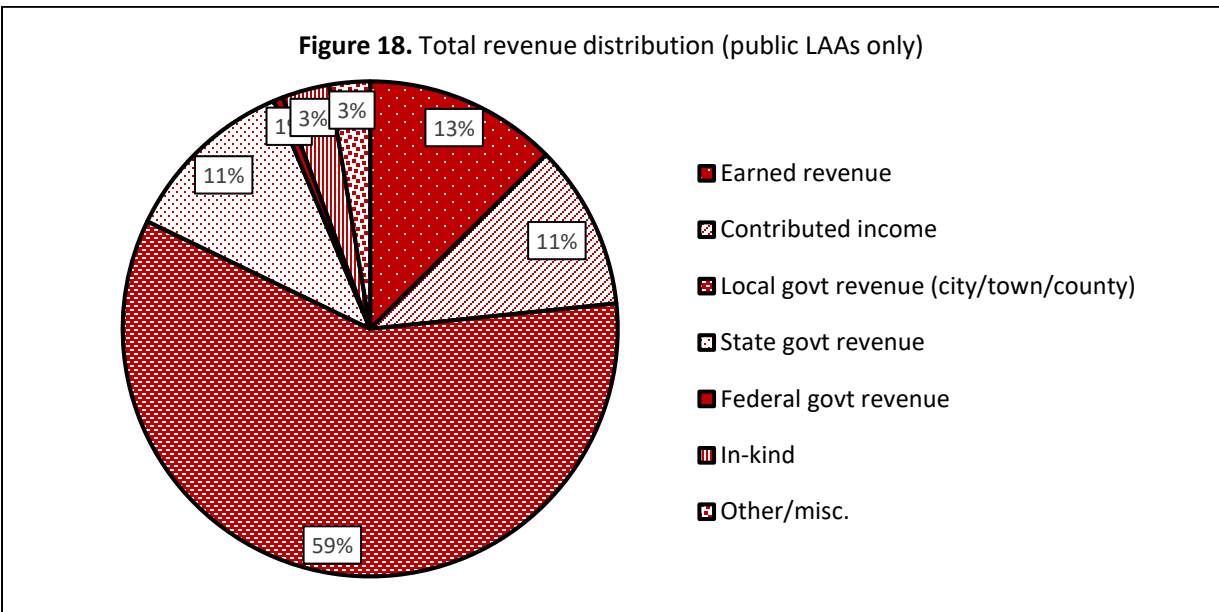
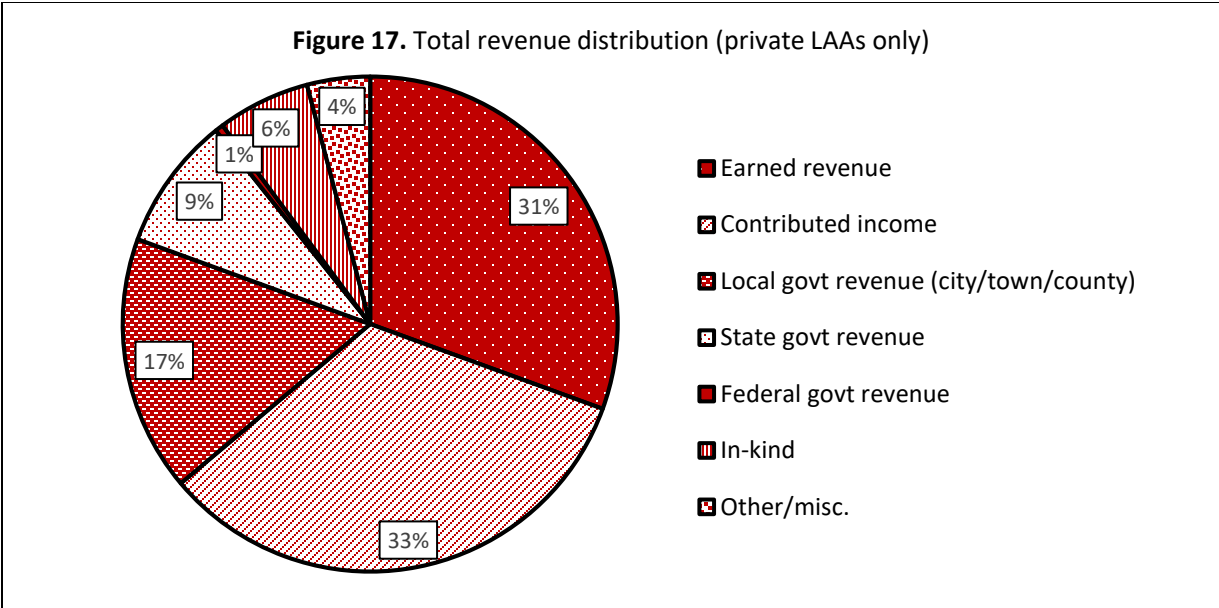
Collectively, the sample of LAAs who responded to the survey earned \$777 million and expended \$873 million in 2018. Given the size of the overall LAA universe and relative make-up of the survey respondents versus the known field, a total field estimate of annual expenditures of \$2.8 billion has been extrapolated. How are these funds derived, and how are they spent?

Revenue

- In aggregate, the largest percentage of annual revenue for LAAs comes from public dollars—40 percent of total revenue. Of that, 29 percent comes from the locality, 10 percent from the state, and 1 percent from the federal government. (Fig. 16)
- LAAs, on average, make 27 percent of their revenue from contributed income from foundations or individual donors, and earn 25 percent of their income from products and services. (Fig. 16)

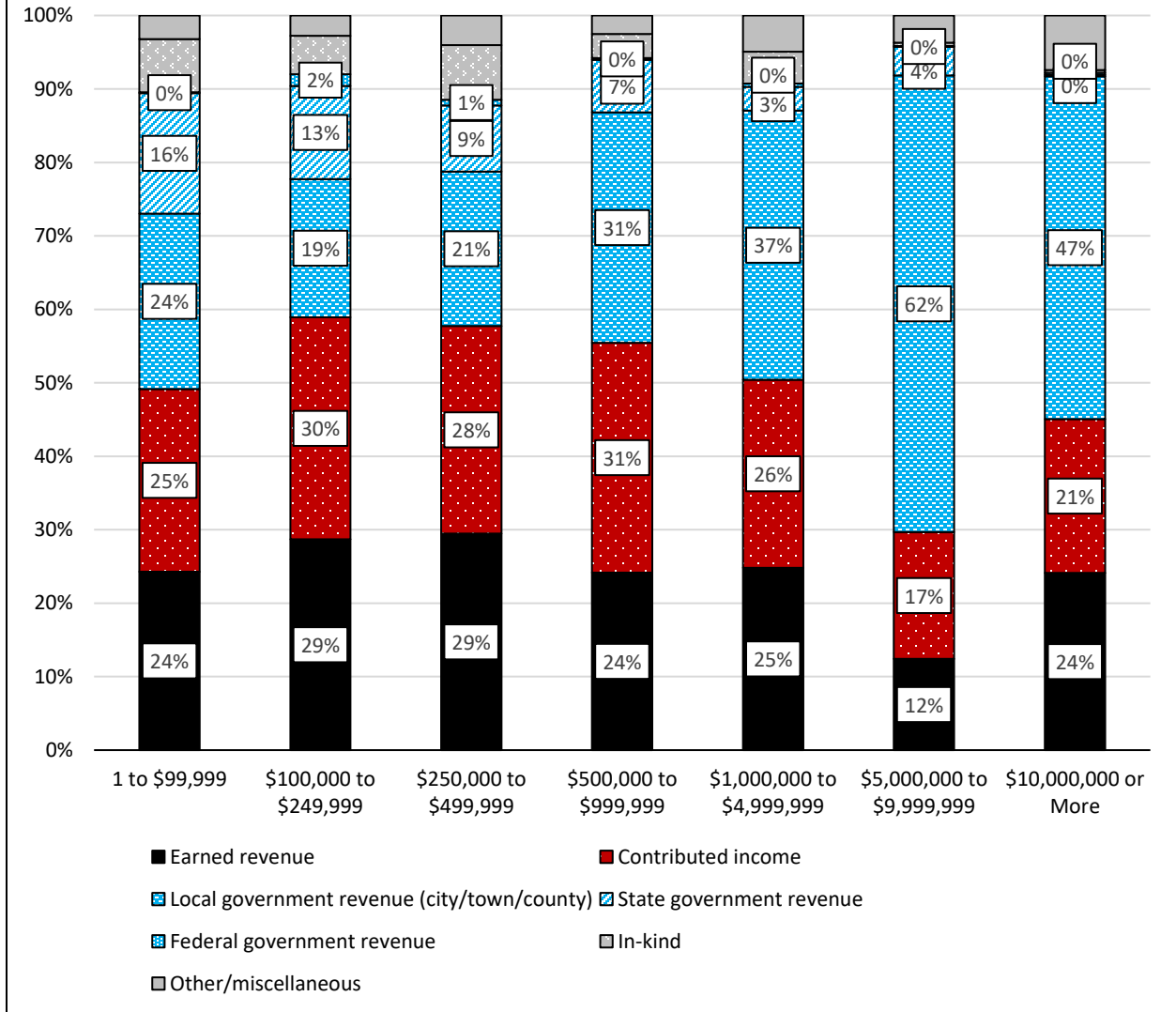


- Whether the LAA is public (part of government) or private has significant impact on the make-up of revenue. For public LAAs, on average, almost two-thirds of all revenue is derived from local government (59 percent). In total, 71 percent of public LAA revenue comes from public money at a local, state, or federal level, while 11 percent is derived from private philanthropy. (Fig. 17-18)
- By contrast, for private LAAs, only 27 percent of total revenue is derived from public money, and 33 percent is derived from philanthropy. (Fig. 17-18)



- When viewed by LAA budget size, what emerges is that, while categories of earned and privately-derived contributed revenue stay fairly constant, the percentage of public dollars (particularly local public dollars) increases dramatically as the LAA gets larger. LAAs under \$1 million average 37 percent in total public funds (local, state, and federal), while LAAs above that threshold average 42 percent in total public funds. (Fig. 19)

Figure 19. Revenue sources by LAA budget size



Expenditures

- “Investment” for LAAs is often thought of primarily as an exercise in giving grants/contracts and conducting cultural programs and services, but every dollar distributed by the LAA has the potential to be distributed with equity in mind, or not. On average, LAAs expend, in aggregate, 47 percent of their budget on externally-focused work like grants/contracts (25 percent) and cultural programs and services (22 percent). They spend, in aggregate, 48 percent of their budget on internally-focused work like payroll/personnel (31 percent), administrative overhead (13 percent), and fundraising (4 percent). (Fig. 20)
- Private LAAs and public LAAs expend their funds differently, most visibly in the area of grants and contracts, where private LAAs expend 20 percent of their funds versus 37 percent for public LAAs.

- When parsed by budget size, the main finding is that midsize LAAs (\$100,000-\$1 million) expend a significantly higher percentage (over 1/3 of their total budget) on payroll and personnel, and a significantly smaller percentage on grants and contracts. (Fig. 21)

Figure 20. How does your LAA spend its resources each year?

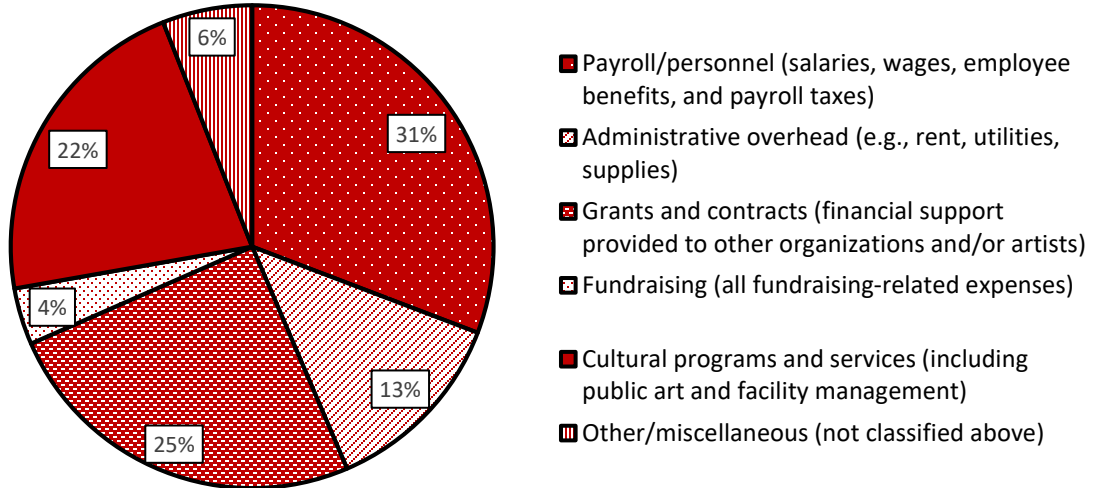
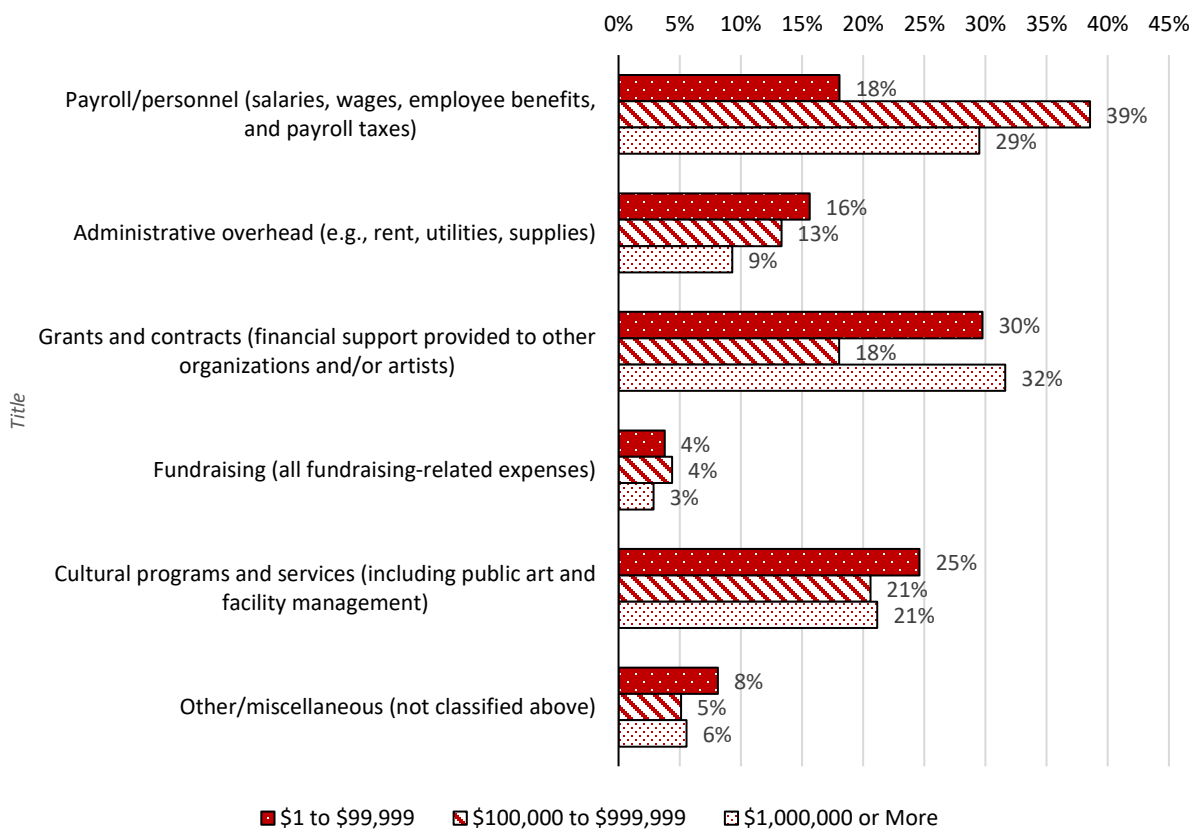
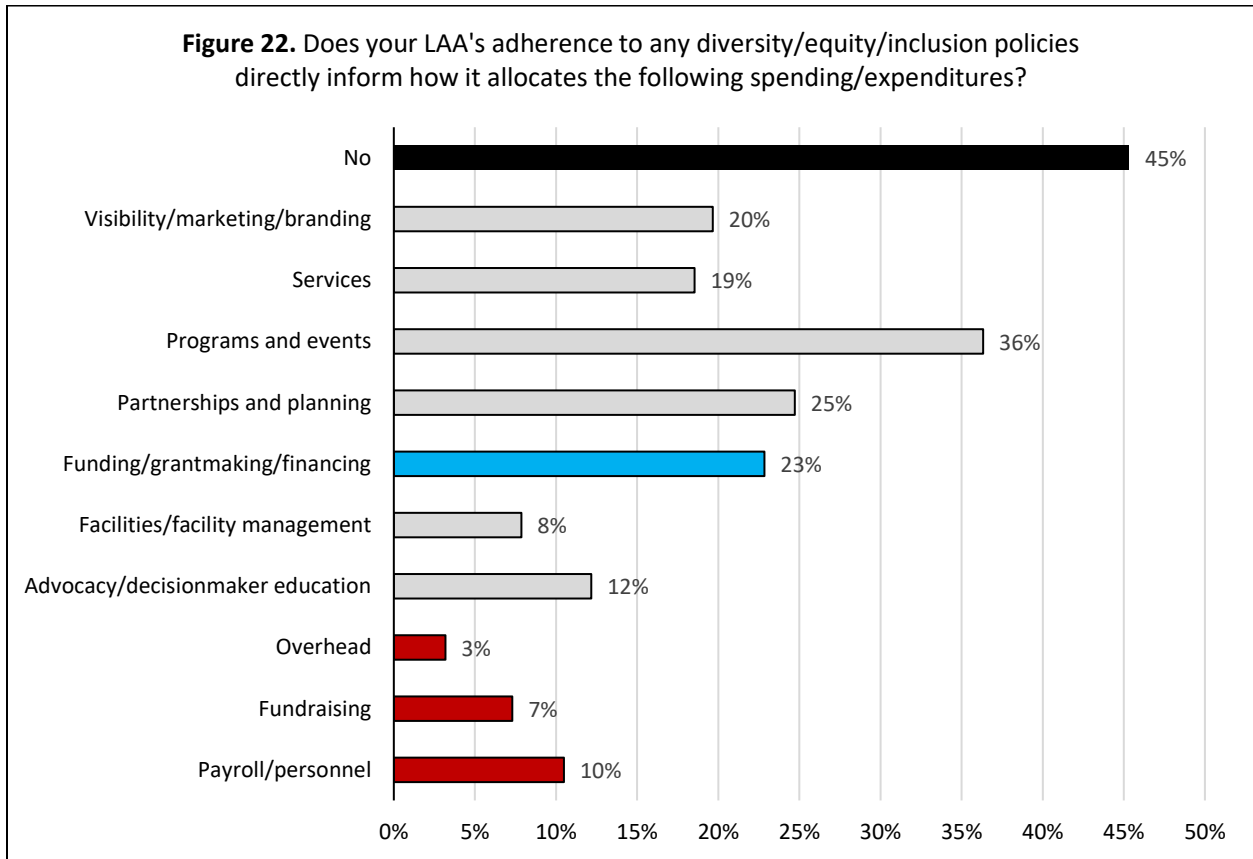


Figure 21. How does your LAA spend its resources each year? (by budget size)



- As noted earlier, the amount that LAA decisions about spending are informed by existing DEI policies varies depending on the type of expenditure. In terms of the categories of expense discussed here, DEI policies are considered more frequently in terms of externally-oriented categories like programs and events (36 percent) and external partnerships and planning (25 percent) than in terms of internal processes (in red) like payroll/personnel (10 percent), fundraising (7 percent), and overhead (3 percent). The specific distribution of funds through funding, grantmaking, and financing (in blue) is affected by considerations of equity about a quarter of the time.

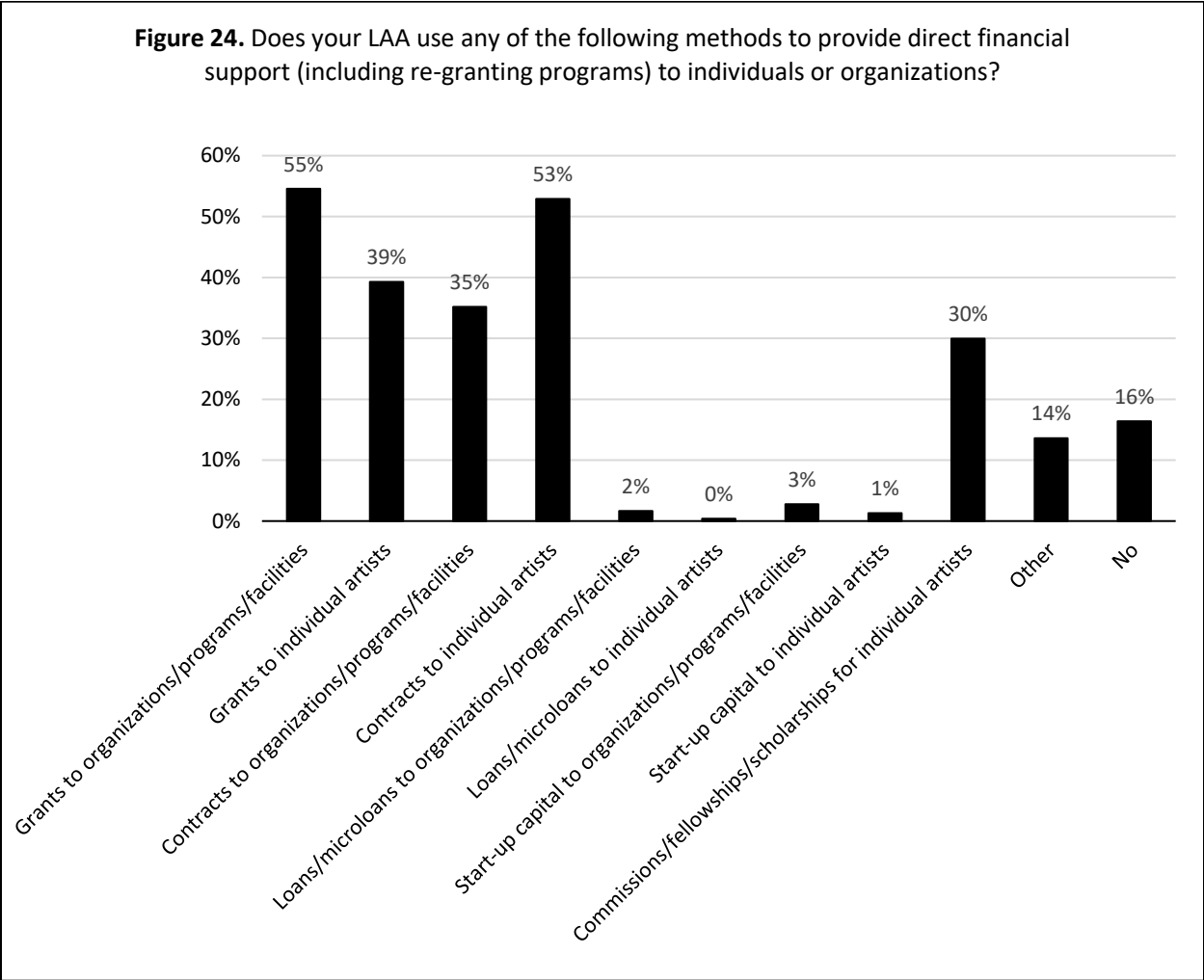


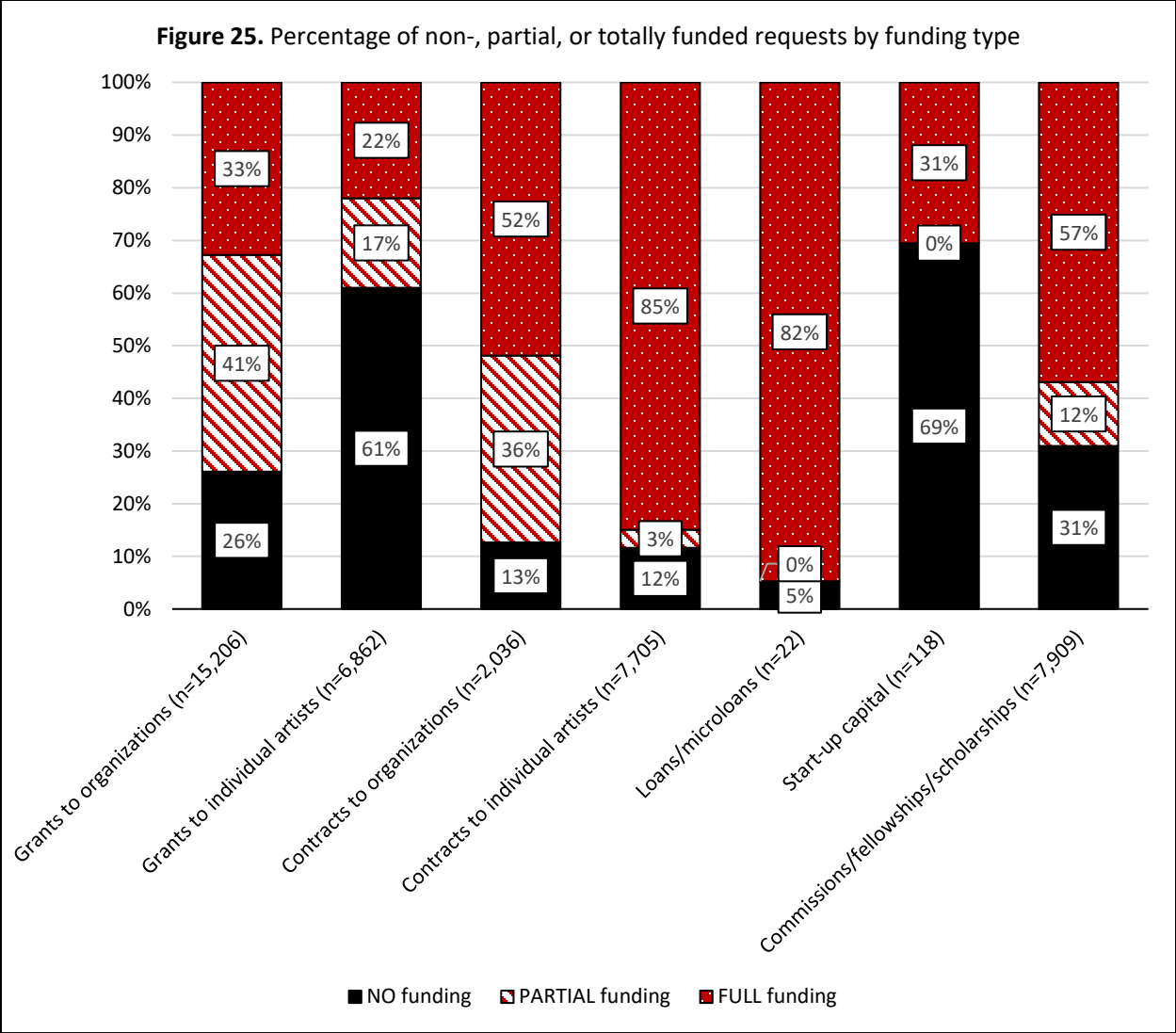
Where Externally-Oriented Dollars Go, and How

- Among the LAA respondents, in the fiscal year ending in 2018, a total of \$380,076,534 were distributed to artists and arts organizations in the form of grants, contracts, loans, start-up capital, and commissions. This represents 79 percent of the total amount requested from artists and arts organizations, \$482,505,428.
- A total of 10,018 requests for funding were fully or partially honored in 2018.
- Recipients with budgets of less than \$100,000, which made up 45 percent of the recipient pool, received 6 percent of the total dollars awarded, an average per-organization award of \$70,084. On the other end of the spectrum, recipients with budgets of \$1,000,000 or more, which made up 16 percent of the recipient pool, received 73 percent of the total dollars awarded, an average award per-organization of \$829,346. (Table 23)

Table 23. Percentage of recipient pool and dollars awarded, by budget size of recipient organization	Recipients (%)	Dollars Awarded (%)	Avg. Award per Organization (\$)
Recipients with budgets of less than \$100,000	45%	6%	\$ 70,084
Recipients with budgets of \$100,000 to \$249,999	21%	6%	\$ 74,047
Recipients with budgets of \$250,000 to \$999,999	18%	15%	\$ 169,207
Recipients with budgets of \$1,000,000 or more	16%	73%	\$ 829,346

- In terms of the types of direct financial support occurring to individuals or organizations, more traditional/standard mechanisms like grants, contracts, and commissions are more prevalent than nascent/non-standard distribution mechanisms like loans/microloans or start-up capital. (Fig. 24)
- Among responses in the “Other” category, respondents included matching funds, scholarships for other people (such as students), and various consignment and shared revenue arrangements on artwork sales.

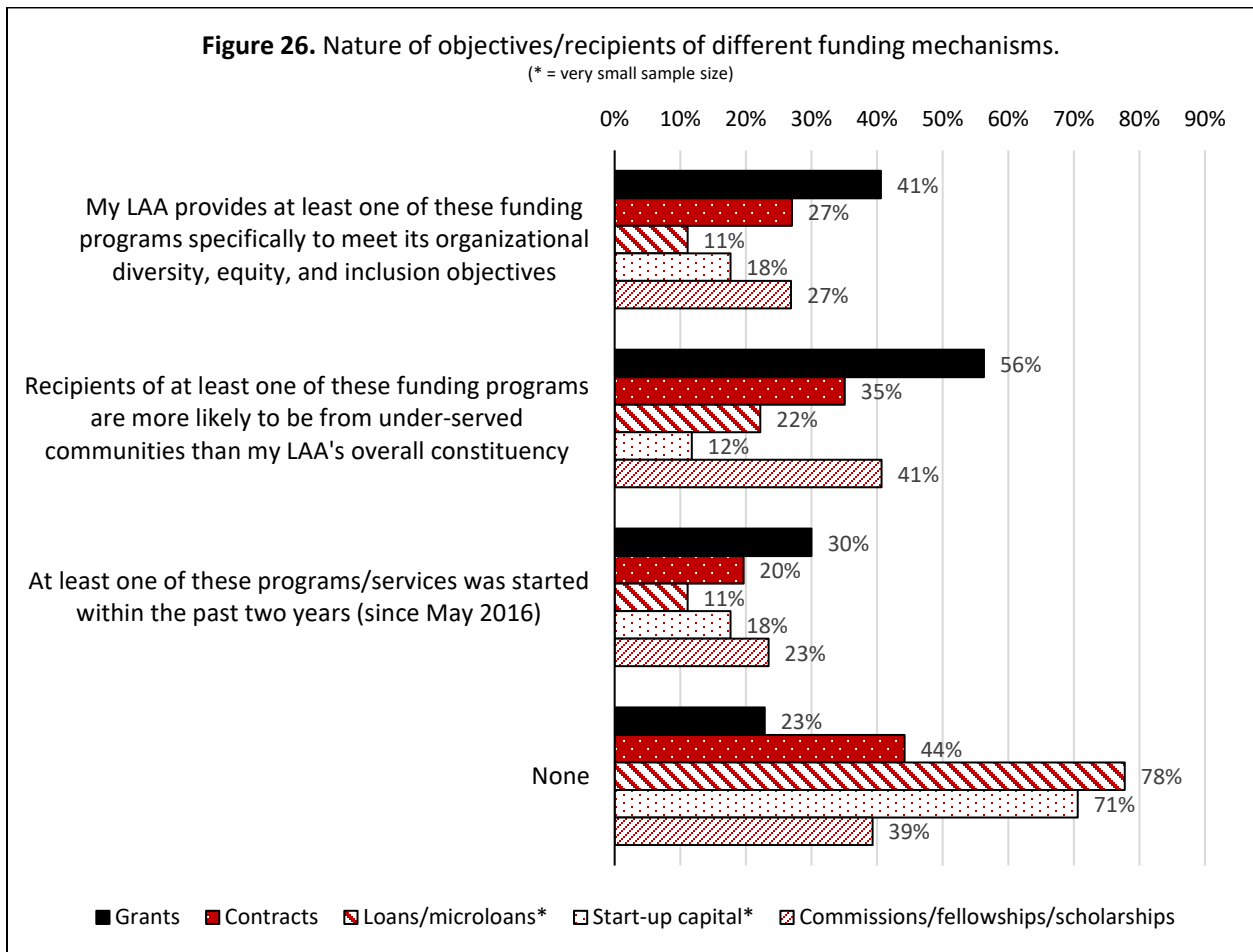




- Respondents were asked to tally up and categorize the number of unfunded, partially funded, and fully funded requests in all the various forms of investment. Given the extremely small sample sizes associated with some of the mechanisms (notably loans/microloans and start-up capital), the percentage results there are unreliable, but for the other categories they are statistically stable and reveal variation. (Fig. 25)
- Notably, grants to organizations are significantly more likely to receive at least partial funding than grants to individual artists (74 percent vs. 39 percent). While the percentage of fully unfunded contracts is similar between organizations and individuals, individuals are fully funded almost in 85 percent of cases, whereas organizations receive full funding just over half the time (52 percent). (Fig. 25)
- While the sample size for start-up capital is, again, too small to be statistically stable, the high rate of declined requests (69 percent) is potentially worth noting. (Fig. 25) It is also worth noting that loans/microloans and start-up capital are not particularly associated with achieving equity-related goals. Whereas 41 percent of grantmaking agencies have at least one granting pool

specifically designed to meet organizational objectives around diversity, equity, and inclusion, among the small sample who have start-up capital and/or microloans, less than 1 in 5 has them to meet that objective. (Fig. 26)

- Similarly, while 56 percent of grantmaking agencies indicate that at least one of their funding programs is more likely to yield recipients from historically under-served communities, among the small sample with start-up capital or loan/microloan programs, less than a quarter indicate those programs reach that objective. (Fig. 26)



- LAA respondents were asked to indicate the ways in which they utilized direct financial distribution to support both individual artists and arts organizations. The most prevalent related to individual artists were special projects/commissions (47 percent), marketing/ promotion/visibility (45 percent), teaching/artists in schools (43 percent), and awards/prizes/commendations (43 percent). The most prevalent related to arts organizations were arts and cultural programming (66 percent), arts education programming (61 percent), project support (52 percent), and marketing/ advertising/media relations (42 percent). (Fig. 26-27)
- While tax status does not largely impact the frequency of various direct investment/support for arts organizations, there are variations in terms of the support of individual artists. More private LAAs underwrite marketing/promotion/visibility (51 percent vs. 32 percent), professional development (35 percent vs. 22 percent), residencies (26 percent vs. 16 percent), and

teaching/artists in schools (47 percent vs. 33 percent). More public LAAs support special projects/commissions (54 percent vs. 44 percent).

Figure 26. Direct investment/support provided by LAAs to individual artists

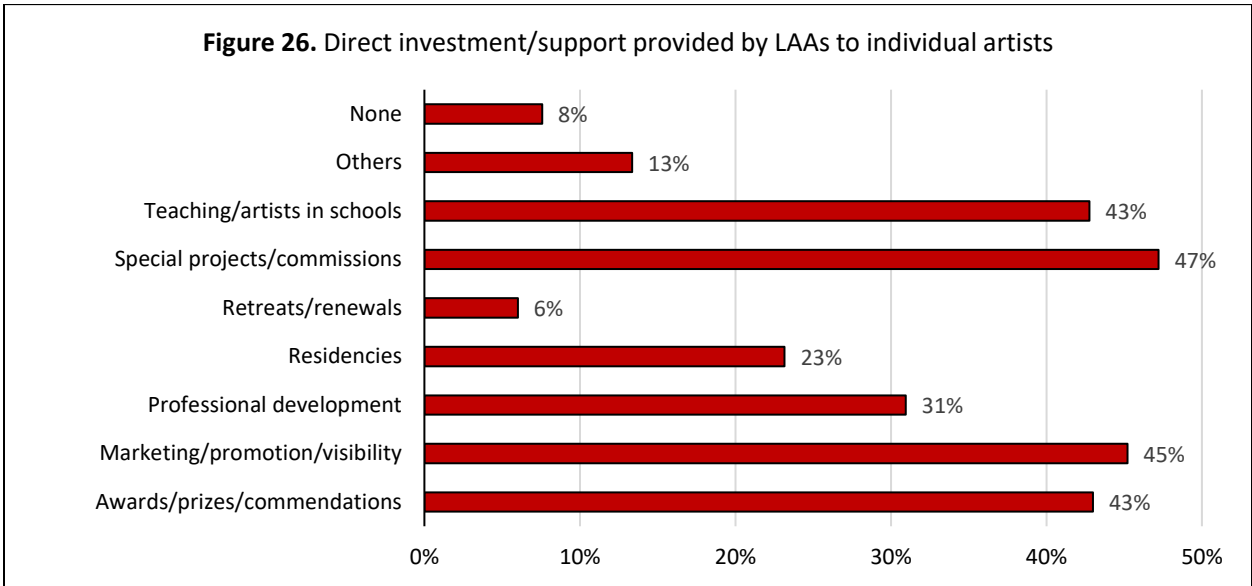


Figure 27. Direct investment/support provided by LAAs to organizations

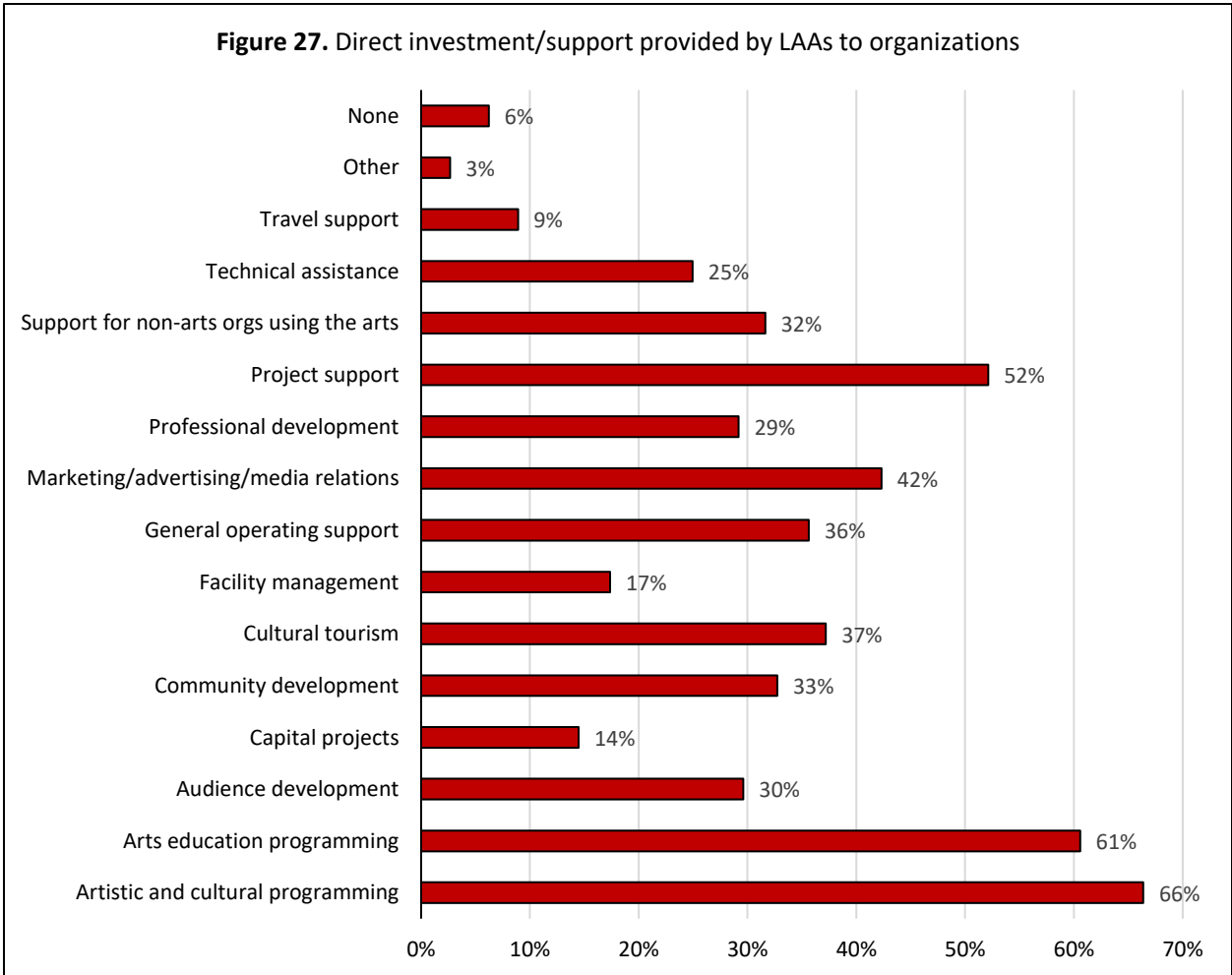
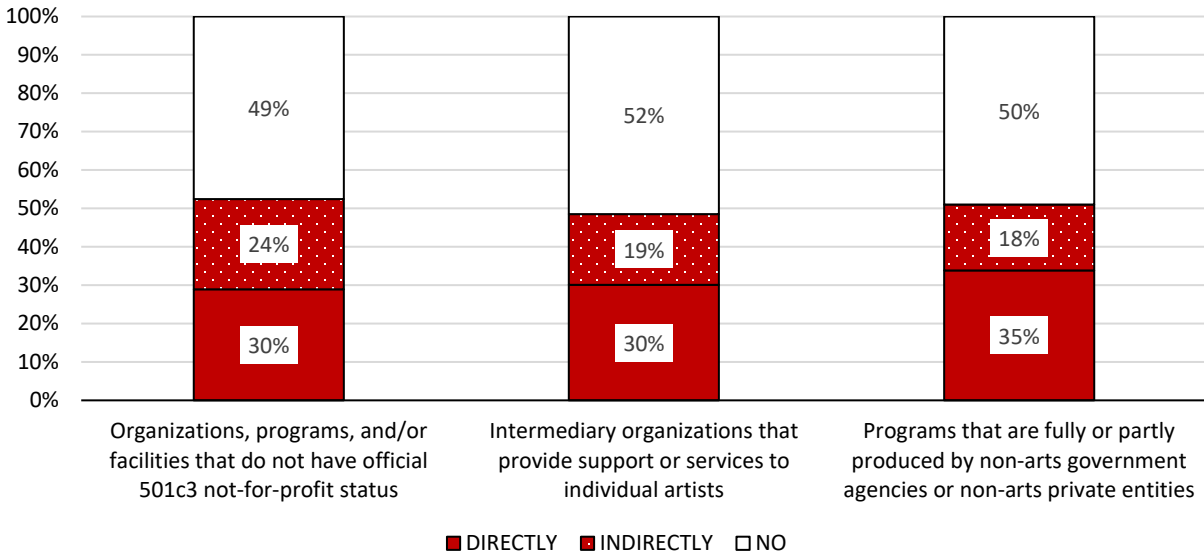
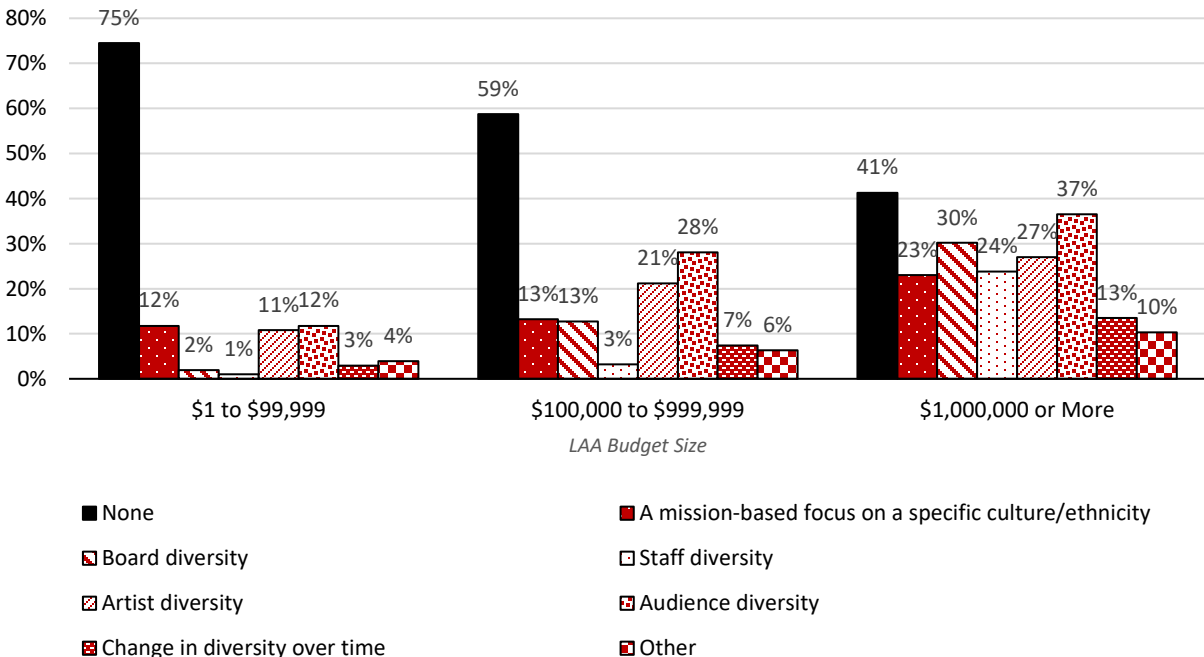


Figure 28. Does your LAA provide financial support to any of the following?

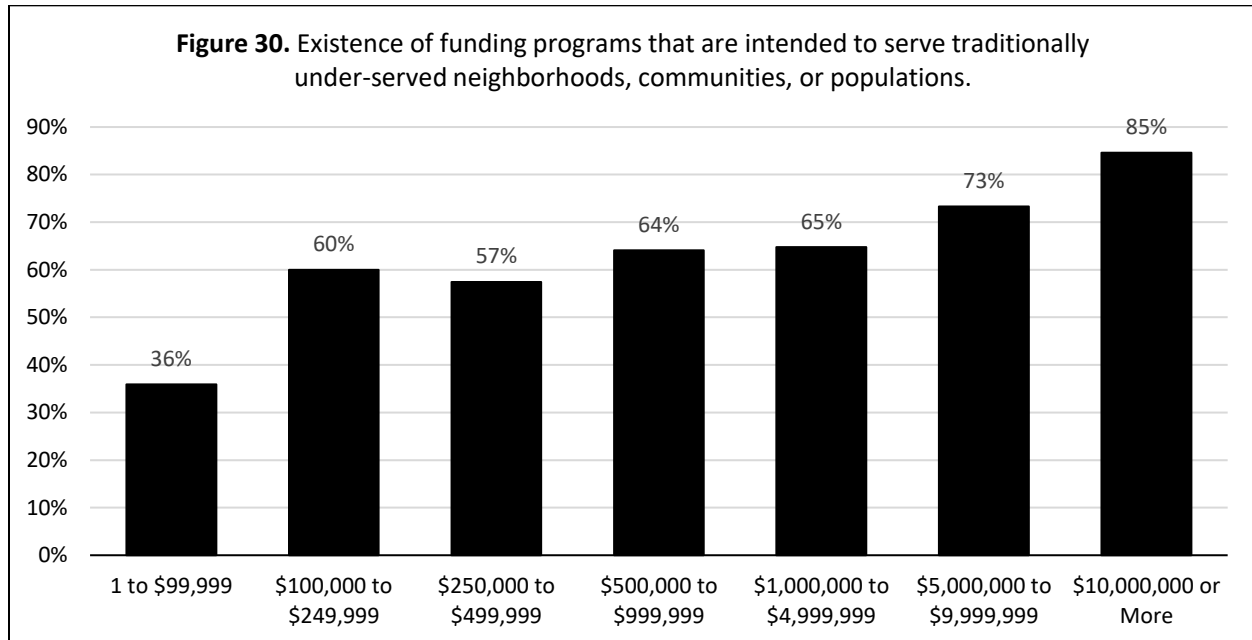


- LAAs were asked to indicate whether they provided financial support either directly or indirectly to organizations other than arts and culture non-profits. Around half of all respondents indicate that they did—54 percent support organizations that lack 501c3 status, 49 percent support intermediary organizations that provide support or services to individual artists, and 43 percent provide support for programs that are fully or partly produced by non-arts government agencies or non-arts private entities. (Fig. 28)

Figure 29. Does your LAA have funding programs that require the recipients of the funds to demonstrate any of the following?



- LAA annual budget size again is correlated to the presence of funding programs that are specifically intended to serve traditionally under-served groups. While only a third of organizations under \$100,000 have such programs, 85 percent of the largest organizations (\$10 million or more) have such programs. The percentage progresses basically linearly between the two. (Fig. 30)



- Among those organizations that have funding programs specifically developed for typically under-served groups, a variety of strategies are deployed to communicate these opportunities to the intended communities. While 15 percent of organizations with such funding programs do no special communication outreach, among those who do, the most prevalent are encouraging the sharing of such opportunities via personal networks (63 percent), building new relationships with the intended communities (62 percent), using multiple/alternative media platforms (60 percent), making specific effort to reach those otherwise unfamiliar with the LAA (58 percent), and identifying and supporting new or inexperienced applicants via information sessions, workshops, coaching, mentoring, etc. (52 percent). Sixteen percent of LAAs with such programs provide language translation. (Fig. 31)
- In the administration and development of funding programs intended for underserved groups, LAAs can also deploy a variety of strategies. While 18 percent of LAAs with such programs do no specific such practices, 68 percent gather input from the intended community, 39 percent engage the intended community in co-building/adjudicating the program, and 37 percent engage the intended community in developing guidelines or criteria. Seven percent of LAAs with such programs give over control of building/adjudicating entirely to the intended community. (Fig. 32)
- Responses in the “Other” category include one-on-one trainings, office hours, artist portfolios online hosting, advocacy training and deployment, board training and other capacity building and mentorship, discounted or free exhibition/meeting/storage space, and networking opportunities.

Figure 31. Which of the following strategies does your LAA employ to communicate funding opportunities specifically to communities, groups, and individuals that are typically underrepresented?

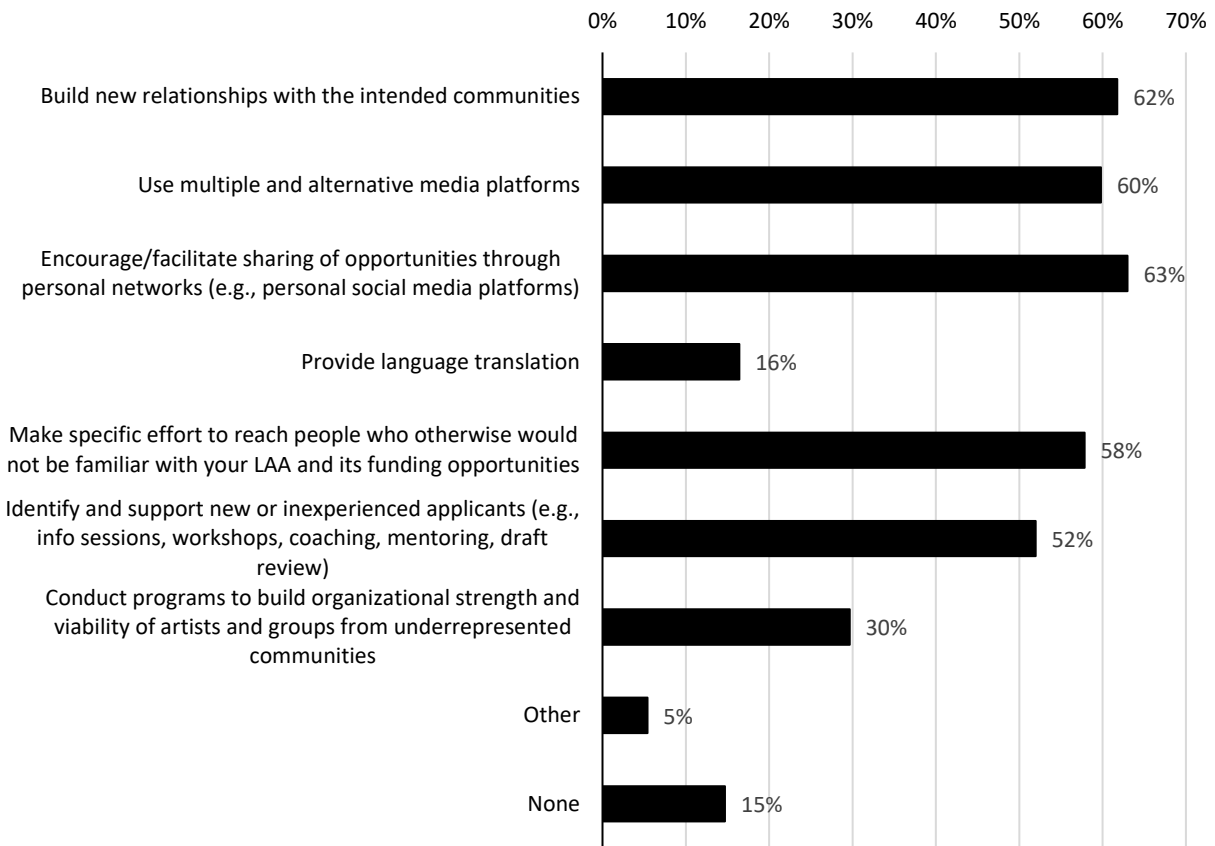


Figure 32. Does your LAA undertake any of the following activities when administering its funding programs that are intended to serve traditionally under-represented neighborhoods, communities, or populations?

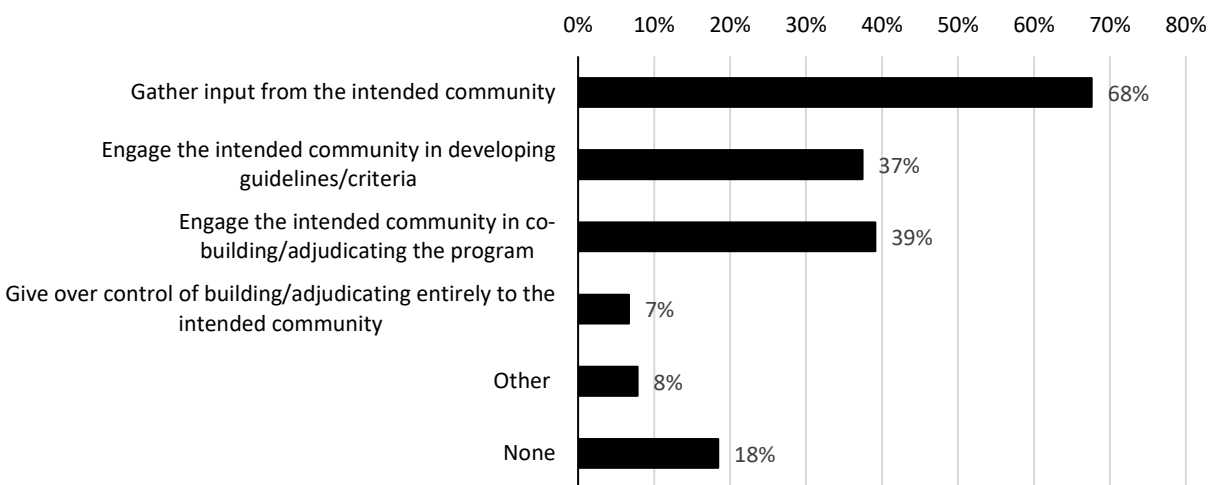
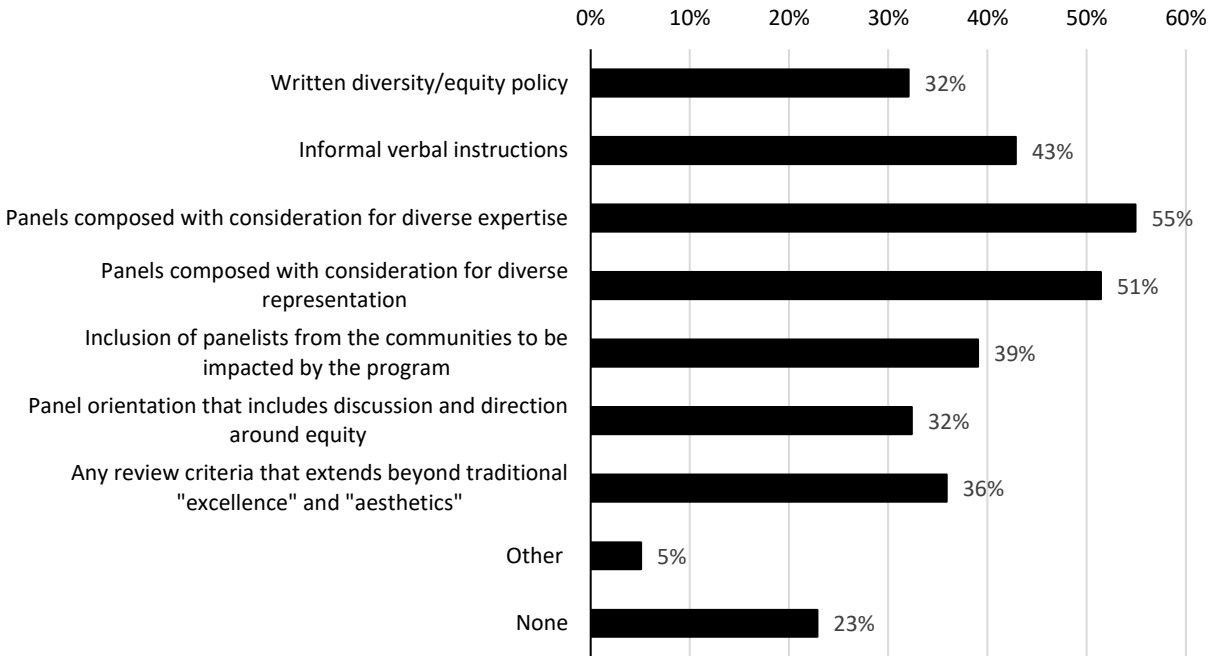


Figure 33. Does your LAA employ policies and/or practices to address personal or systemic bias in the grant review process?



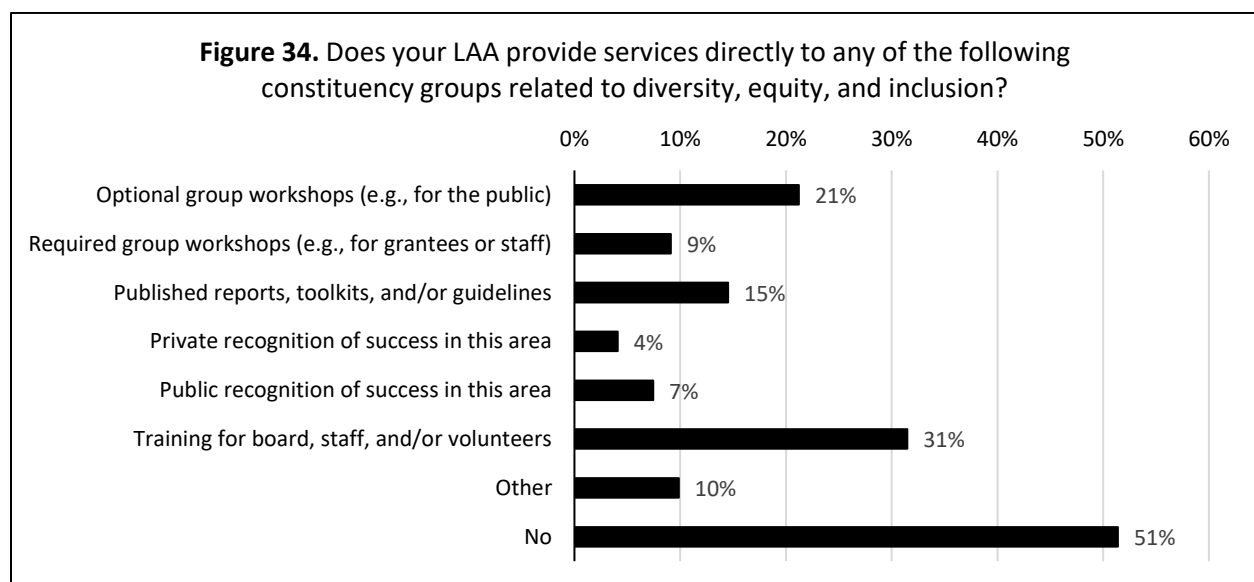
- Finally, in terms of the management of personal or systemic bias in the grant review process, while about a quarter (23 percent) of respondents do no specific practices, the most predominant among the three-quarters who do include: composing panels with consideration of diverse expertise (55 percent), composing panels with consideration of diverse representation (51 percent), and informal (43 percent) or written (32 percent) DEI policy or instructions. (Fig. 33)
- About a third of respondents indicated that they had incorporated review criteria that extends beyond traditional/Eurocentric “excellence” and “aesthetics,” and a similar number incorporate discussion and direction around the consideration of equity in the panel orientation process. (Fig. 33)

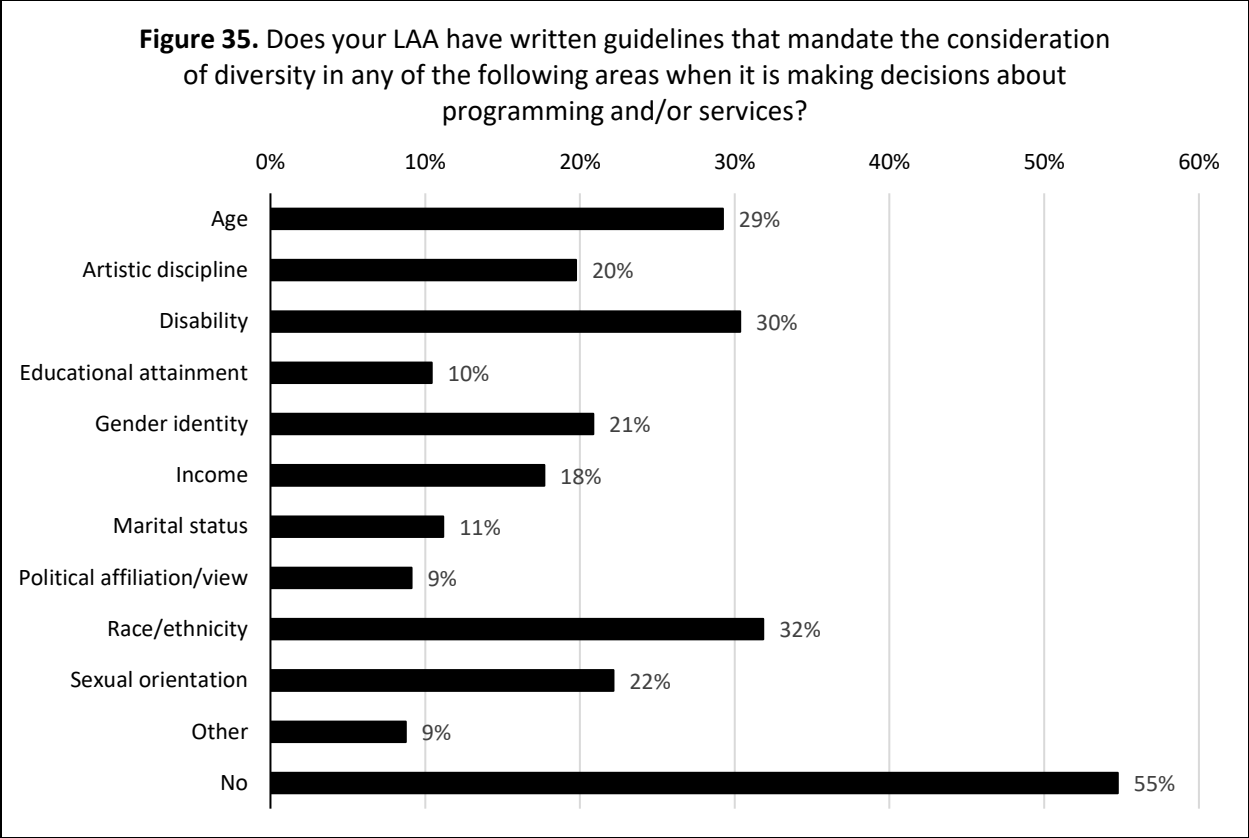
NON-MONETARY COMMUNITY INVESTMENT, PROGRAMS, AND SERVICES

Indirect investment—the components of spending within an LAA that are not direct distribution of funds to arts organizations or artists for the purpose of supporting work—makes up approximately two-thirds of the total expenditures of the LAA field in a given year. How and whether those funds are spent with equity in mind is important to understand.

Consideration of Equity in Non-Monetary Investment

- To review from earlier (page 19), spending that falls deeply into this category, like payroll and overhead, is affected less frequently by an agency’s adherence to a DEI policy than spending that orients more externally. Spending that is more external, such as directly-produced programs and events, non-financial service delivery, broad cultural marketing and visibility, and facilities management, are affected more frequently. (Fig. 22)
- Eighty-five percent of LAAs provide their own cultural programming to the public, including the performing arts, visual arts, fairs and festivals, media arts, living collections, public radio and public television, and public art.
- Sixty-three percent of LAAs operate one or more cultural facilities, including gallery/exhibition space, performance venues and space, studios, artist live/work space, arts incubator space, office space.
- Seventy-seven percent of LAAs provide arts education programming and/or service. 51 percent manage or operate a public art program.
- Just under half of LAA respondents (49 percent) provide training, guidance, or recognition directly related to equity. A third (31 percent) provide training for board, staff, and/or volunteers, and 21 percent provide group workshops for the public or other groups on the topic of equity. Fifteen percent provide publications and/or toolkits. Less than 10 percent have required workshops for various groups or provide public or private recognition opportunities for success related to DEI initiatives.





- When making decisions about programs and services, 45 percent of LAAs have written guidelines that mandate taking consideration of some aspect of demographic diversity. About a third of LAAs consider race/ethnicity (32 percent), disability (30 percent), and/or age (29 percent). Smaller percentages consider artistic discipline, gender identity, sexual orientation, or income. At the least frequent end are marital status, educational attainment, and political affiliation. (Fig. 35)

Types of, and Constituencies for, Non-Monetary Investment

- The most common constituencies to receive direct non-financial support from LAAs are arts and cultural organizations, programs, and/or facilities (83 percent), the general public (85 percent), and individual artists (83 percent). Around half of LAAs provide support to non-arts organizations and/or to the business community. (Fig. 36)
- In addition to more standard investment in community-oriented programs and services, LAAs are also acting on various ways of using their non-financial resources like time, space, reach, and expertise to support organizations and artists. (Fig. 37)
- As with most other areas of this report, organizational budget size is a major factor in how prevalent such practices are. A third of the smallest LAAs (under \$100,000) provide no form of non-financial support, compared with 8 percent of the largest LAAs. (Fig. 37)
- Half of all LAAs have created a marketplace to sell artwork, whether online or in a physical location. This is most prevalent in midsize LAAs, where 57 percent report such a service. Nearly half (46 percent) of LAAs provide some form of free or discounted marketing or promotion.

Thirty-nine percent provide career education or professional development support, 33 percent provide free or discounted artistic space, and 28 percent provide some form of brokering service to connect artists with opportunity. Less prevalent practices include fiscal sponsorship (23 percent), free or discounted office space (12 percent), and shared or subsidized backroom staffing (6 percent). (Fig. 37)

