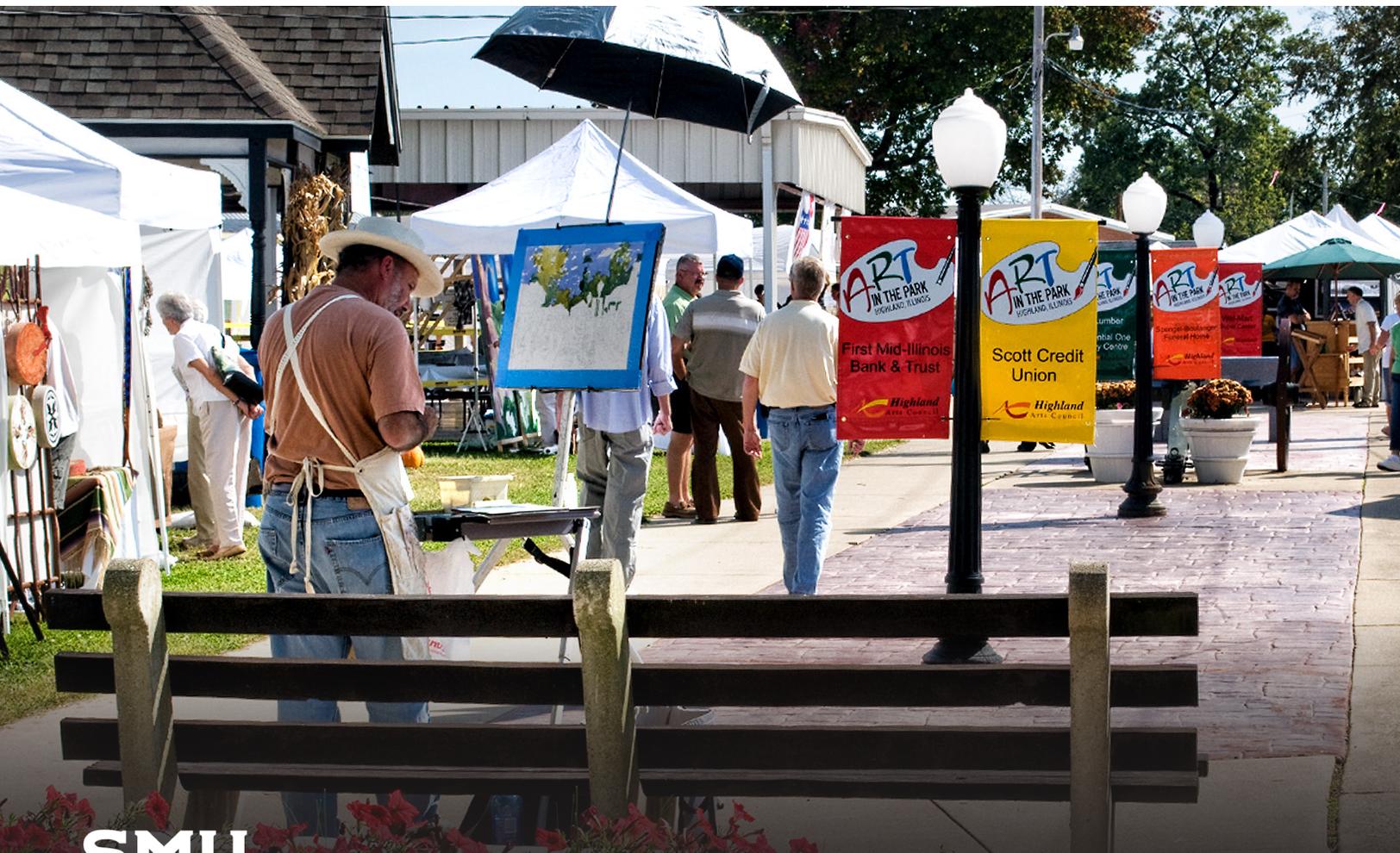


Local Arts Agency Funding and Arts Vibrancy

Exploring how funding from local arts agencies impacts arts vibrancy and its underlying dimensions.



INTRODUCTION

Support for Local Arts Agencies (LAAs)¹ gets called into question on an all-too-frequent basis. Just recently, the Charlotte, NC city council voted to make the [Arts and Sciences Council \(ASC\) of Charlotte](#) ineligible to receive operating dollars to support the personnel, technology and other resources necessary to do its work for the broader cultural sector. Last year in Philadelphia, Mayor Jim Kenney [proposed a \\$1 million cut](#) to funding for the Philadelphia Cultural Fund, though funding levels were restored in the final budget after significant advocacy from local arts communities and their supporters. Do funding cuts have consequences for a community's arts vibrancy?

Those who work for LAAs witness the community impact of their work. Organizations and artists who are direct beneficiaries of LAA support leverage the funding to fuel their creative activity. Yet politicians and citizens who live in arts-vibrant communities may not connect the dots between their LAA and the direct value it adds. We decided to turn to data to empirically explore the question: Do local arts agencies contribute to their communities' arts vibrancy?

As part of a project with Chicago's Department of Cultural Affairs and Special Events, we undertook an effort to examine the effects of LAA funding on overall Arts Vibrancy and the individual, underlying components of Arts Vibrancy. Our colleagues at Americans for the Arts generously provided data collected via their [Profile of Local Arts Agencies](#) so that we could explore this issue.

Our research pointed to multiple ways that LAAs are catalysts for arts vibrancy in their communities. The more grant dollars they have to invest in artists and arts organizations, and the more programs and services they provide, the more their communities pulse with arts-driven creative and economic life, vigor, and activity.

Our global conclusion is that overall local arts agency (LAA) funding has a statistically significant, positive effect on overall Arts Vibrancy and each of its three underlying dimensions. There are nuances to consider, and other factors are at play alongside LAA funding, with some interesting twists.

LOCAL ARTS AGENCY LEADERS AND GRANTEES REFLECT

In advance of releasing this paper, we put out a call for LAA staff and their grantees to share their reflections about the impact of these agencies in their local communities. We received over 80 submissions. Some are showcased throughout the report, and the full set of testimonials we received can be browsed or shared on our website.

“Local Arts Agencies... have the unique ability to meet people where they're at, creating culturally relevant environments and working with people to experience the arts in ways that are meaningful to them. Sometimes that means introducing people to opportunities and experiences within more traditional institutions. Other times, it comes in the form of honoring and celebrating a community's art and cultural identity, regardless of institutional approval or status within the art world.”

Steff Rosalez
Grandville Avenue Arts and Humanities
Grand Rapids, MI

“When at their very best and most valuable, Local Arts Agencies develop a systems view which allows them to identify and address structural inequity. We work daily to advance shared responsibility and deliver on a social and moral contract with the community we serve.”

Nicole Mullet
ArtsNow
Summit County, Ohio

LOCAL ARTS AGENCY FUNDING AND ARTS VIBRANCY

MEASURING ARTS VIBRANCY

Since 2015, we have reported on Arts Vibrancy for every county in the country alongside an annual report on the top small, medium, and large arts-vibrant cities. Of the many ways of measuring arts vibrancy, we take a data-driven approach by examining a variety of characteristics in a city's arts ecology.

Overall, Arts Vibrancy is a [composite index](#) of three main dimensions with four measures of activity under each dimension, each calculated on a per capita basis. Our basic premise is that arts-vibrant cities will have relatively higher levels of arts activity per person living in the community. We gauge supply as total **Arts Providers**, demand with measures of total **Arts Dollars** in the community, and public support as **State and Federal Government Arts Funding**. Using multiple measures allows vibrancy to reveal itself in a constellation of ways.²

THE ROLE OF LOCAL FUNDING IN MEASURING ARTS VIBRANCY

LAA funding is not included as a direct measure within our Arts Vibrancy Index. We are often asked about the omission, especially given that the geographic area we report on aligns most closely with that of LAAs and the fact that they serve communities across the country. LAA funding has historically exceeded state and federal support levels for the average arts and cultural organization.³ Clearly, LAAs are critically important to the national arts and culture ecology!

The simple reason why we do not factor LAA support into our Arts Vibrancy measures is that data on LAAs is not uniformly available. No two LAAs are alike. Just as communities vary in their size as well as their artistic and cultural traditions, so do LAAs and the kinds of programs and services they offer. LAAs are funded through local dollars as well as through support from state and federal agencies. This patchwork of sources makes it difficult to assemble consistent data on LAA support across the entire country.

Yet what might we learn about the relationship between LAA funding and Arts Vibrancy using what data is available? This report delves into that question.

EXAMING THE INFLUENCE OF LOCAL ARTS AGENCY FUNDING ON ARTS VIBRANCY

As part of a project with Chicago's Department of Cultural Affairs and Special Events, we undertook an effort to examine the effects of LAA funding on overall Arts Vibrancy and the individual, underlying components of Arts Vibrancy. Our colleagues at Americans for the Arts generously shared with us data collected via their Profile of Local Arts Agencies so that we could explore the topic.

The high-level take-away is that LAAs have a significant influence on Arts Vibrancy, and its three underlying dimensions: Arts Providers, Arts Dollars, and State and Federal Government Support.

Let's take it a step further. Additional analysis indicated that overall LAA funding has a statistically significant, positive effect on each underlying measure of Arts Providers: (1) the number of Nonprofit Arts & Culture Organizations, (2) the number of Arts & Culture Employees, (3) the number of Arts & Entertainment Organizations; and (4) the number of Independent Artists.

The funding and programs of LAAs make their communities pulsate with artistic activity and spur arts employment. Arts Vibrancy is also influenced in interesting ways by several other factors in conjunction with LAA funding.

Here are the details on what we found.

1. What is the effect of local arts agency (LAA) funding on overall Arts Vibrancy and the three individual, underlying components of Arts Vibrancy?

To answer the question, we conducted analyses at the county level, examining Arts Vibrancy from 2017-2020 (see the Appendix for the technical details on methodology and statistical results).

We used LAA data collected by DataArts through the Cultural Data Profile, additional data provided by Americans for the Arts via their Profile of Local Arts Agencies, and data culled from IRS 990s. We also included measures for factors such as county size,

LOCAL ARTS AGENCY FUNDING AND ARTS VIBRANCY

socioeconomic level, and the presence of other leisure opportunities. The goal is to understand as fully as possible what influences a community’s level of Arts Vibrancy. So, we capture data on as many of the real-life potential influences on Arts Vibrancy in the same equation as possible. We call these “predictors,” each of which accounts for – or explains – some amount of variation in a community’s Arts Vibrancy. Looking at them all at the same time rather than one by one helps avoid giving too much credit to one influencer when it’s really due to another one that was left out.

The majority of LAAs provide artists and/or arts organizations funding through grants. Other LAA expenses generally go to presentation of cultural programs or services or to paying personnel.⁴ Some LAAs act as pure pass-through entities, granting 100% of their budget to other arts organizations, whereas other LAAs offer their own programming, granting 0% of their budget.

Both Total LAA grants and Other LAA expenses have significant, positive influence on each measure of Arts Vibrancy, to varying degrees. The effect of LAA grants was strongest for the State and Federal Government Arts Funding component of Arts Vibrancy, as would be expected.

The results of our analyses appear in Table 1, which displays:

- Select predictors of interest listed in the first column:
 - Total LAA grants is the reported amount of grant dollars distributed by all LAAs located in a county.
 - Other LAA expenses are total LAA expenses minus the reported amount of grant dollars.

We include both measures to examine whether LAA operating characteristics have differential effects on Arts Vibrancy.

- The outcomes of interest are identified in the second through fourth columns of the top row: Overall Arts Vibrancy and its three component dimensions: Arts Providers, Arts Dollars, and State & Federal Government Arts Funding.
- Plus signs (+) where the predictor variable has a significant, positive influence on the outcome, ranging from one (+) to four (++++), as the impact increases from weak to very strong.
- Blank cells indicate that there was not a significant relationship.

TABLE 1: Predictors’ Effects on Overall Arts Vibrancy and Each of its Three Components

Predictor Variables	Overall Arts Vibrancy	Arts Providers	Arts Dollars	State & Federal Arts Funding
Total LAA Grants	+++	++	++	++++
Other LAA Expenses	+++	++	++	++
Non-LAA Public Grants	++++	++++	++++	++++
Total Private Giving	++++		++++	++++
Other Leisure Activity	++++	++++	++++	++++

++++ very strong positive; +++ strong positive; ++ positive; + weak positive

As mentioned earlier, our calculation of LAA influence on Arts Vibrancy packs a number of other predictor variables into the equation. It's a way of saying, for instance, "After taking into account county population and socio-economic status, which have their own impact on arts vibrancy, do LAAs still have an effect?" You'll see in Table 1 that a number of these have an even greater influence on aspects of Arts Vibrancy than do LAAs, but think of them as creating the level playing field from which LAA influence can be examined. Their strength does not diminish the fact that, all else being equal, the greater the LAA investment, the higher the community's Arts Vibrancy. We highlight findings related to three other predictors that we found interesting, here and in Table 1:

- a) Non-LAA public grant support has a very strong, positive effect on each outcome.
- b) Private giving has a very strong, positive effect on each outcome except Arts Providers, where the relationship is nonsignificant. Remember, there are four measures that make up each of these three dimensions, so this doesn't necessarily mean that private giving has no effect on any of the underlying measures. We'll probe this topic in the next section.

If we examine the impact of LAA and non-LAA public support combined (not shown in Table 1), we see that public funding appears to be essential to geographically-dispersed, arts-vibrant cultural resources. When private funding is low, public funding tends to influence more dispersed arts activity, which likely produces an ecology that features a larger number of smaller arts organizations. When private funding is high, moderate levels of public funding create a concentration of arts activity. Expanding public funding to high levels tends to "spread the wealth" and create a munificent arts environment and exceptionally high levels of Arts Provider Vibrancy.

- c) Finally, other leisure opportunities are positively related to each dimension of vibrancy. **It appears that arts-vibrant communities are nourished by citizens who also support other leisure offerings, including zoos, cinemas, sporting events, bars, restaurants, and hotels.** This finding is consistent with other studies that have found that frequent arts attenders are also participants in other forms of civic engagement and the most frequent attenders of other

leisure activities.⁵ It also argues that civic leaders consider the synergistic effects of investments in the arts alongside other leisure activities to create communities that pulsate with life, vigor, and activity.

Confounds are important to recognize because they involve using parts of a whole to predict the whole, which should be avoided in efforts to tease out clean results. We recognize that there are two confounds between LAA funding and Arts Vibrancy in that: 1) Depending on how they are organized, LAAs may be counted as **Arts Providers**, in which case some LAA funding is captured in the Contributed Revenue component of total **Arts Dollars**, and 2) some **State and Federal Arts Funding** may go directly to LAAs. We control for these potential confounds by including non-LAA public funding and private giving as additional predictor variables. The goal is to isolate the effect of LAA funding.

In addition, to further reduce concerns with respect to this potential confound and develop a comprehensive understanding, we examined the influence of LAA funding on the underlying measures of Arts Providers, the Arts Vibrancy dimension where there is no direct confound with LAA funding. It gives us the purest look at LAA impact.

Next, we share the results of these analyses.

2. What is the relationship between LAA funding and the four underlying Arts Provider Component Measures: Arts & Culture Employees, Independent Artists, Arts & Entertainment Firms, and Nonprofit Arts Organizations?

Total LAA grants has significant, positive effects on each of the four component measures of Arts Providers, and Other LAA expenses has significant, positive effects on three of the four component measures of Arts Providers. In both cases, **the effect was strongest on Arts & Culture Employees.** The weak negative effect for Other LAA expenses on Nonprofit Arts Organizations might suggest that LAAs that provide extensive programming of their own may be filling a need in communities with relatively fewer nonprofit arts organizations. Alternatively, this finding may

TABLE 2: Predictors’ Effects on Underlying Arts Provider Component Measures

Independent Variables	Arts & Culture Employees	Independent Artists	Arts & Entertainment Firms	Nonprofit Arts Organizations
Total LAA Grants	++++	++	++	++
Other LAA Expenses	++++	++	++	-
Non-LAA Public Grants	++++	++++	++++	+++
Total Private Giving		----		++++
Other Leisure Activity	++++	++++	++++	++++

++++ very strong positive; +++ strong positive; ++ positive; + weak positive; ---- very strong negative; - weak negative

reveal a tension where high levels of LAA programming crowd out other nonprofit arts organizations in the community.

The results of our analyses appear in Table 2, which adopts the same display convention as Table 1 above with the addition of minus signs where the predictor variable has a significant, negative influence on the outcome.

Other leisure activity and non-LAA public grant support are strongly, positively related to each underlying Arts Provider component measure, mirroring the strong influence of both on the broader Arts Provider dimension we saw in Table 1.

Interestingly, private giving has no significant effect on Arts & Culture Employees or Arts & Entertainment firms, a very strong negative effect on Independent Artists, and a positive effect on the presence of Nonprofit Arts Organizations in the community. These results combine to form the nonsignificant impact of private giving on the overall Arts Provider dimension we saw in Table 1. It appears that private giving supports nonprofit arts organizations, some of which present programming that does not necessarily create high levels of artistic employment in the community (e.g., presenting organizations that offer performances of touring productions).

Moreover, a reason for the nonsignificant relationship between private funding and Arts and Culture Employees and the negative impact on Independent

Artists may be linked to the nature of private giving, especially from individuals. Private giving influences greater concentration of arts activity. This implies that giving likely reflects concentration of giving to organizations that are convenient to the donor base rather than widespread support throughout a community. This, in turn, creates fewer opportunities in the broader market for artists and employees, all else being equal. By contrast, **both LAA and non-LAA public grants have a positive impact on Independent Artists per capita, as well as a positive influence on the Arts & Entertainment firms and Nonprofit Arts Organizations that create artistic employment opportunities.**

The facts are in: LAAs are catalysts for arts vibrancy in communities throughout the country. The more grant dollars they have to invest in artists and arts organizations, and the more programs and services they provide, the more their communities pulse with arts-driven creative and economic life, vigor, and activity.

“Nobody else does this type of work, as the role of the LAA is to support the vibrancy of all artists, culture bearers, and arts and culture organizations in the region.”

Sarah Rubin
Santa Barbara County Office of Arts & Culture
Santa Barbara, CA

APPENDIX: TECHNICAL DETAILS

Selection Bias. Selection bias poses a problem in this analysis because there is no complete and reliable source for LAA data. According to Americans for the Arts, 30% of LAAs are government agencies, with comingled funds and no standardized reporting requirements. Independent LAAs are generally required to file 990s, but there is little oversight or repercussions for incomplete or incorrect reporting. As a result, an unknown number of LAAs do not report their activities in a reliable way, so LAA funding is certainly undercounted in this analysis.

For the four years 2017-2020, we identified 5,289 unique LAA records using data from the CDP, Americans for the Arts, and IRS 990s. But, only 25% of these records reported that they granted funding to other arts and culture organizations and only 2,299 records reported receiving any public grants, with public funding representing only 17% of LAAs budgets for the 5,289 records. According to Americans for the Arts, 58% of LAAs provide funding to arts and cultural organizations and public grants represent more than 40% of the typical LAA's total budget. Collectively, this points to serious underreporting of funding activity and public grants by LAAs.

To address this underreporting, we included LAA records in counties where public grants were greater than \$1,000. The resulting sample represents 1,527 counties over four years (2017-2020) – i.e. slightly less than 400 (out of 3,142) counties nationwide per year on average – where 41% of the LAAs reported funding to arts and culture organizations and public grants represent 40% of the typical LAA's total budget. This implies that, for a large majority of counties, LAAs either do not exist or they seriously underreport their activity. The data do not tell us directly which is true, but the Heckman⁶ (1979) selection procedure can control for this type of bias.

The selection control model first estimates the probability of including a county in the analysis. The output from the selection model (i.e., the inverse Mills ratio, typically referred to as lambda) is then included in the second-stage outcome model to control for selection bias. The McFadden pseudo R² for the selection model was .84; values in the .20-.40 range are generally considered acceptable for selection-type models, thus the .84 value is robust.⁷ We show the results for the selection model in Table A1.

TABLE A1: Selection Model Results

	Selected County = 1
Total LAA Grants	0.04***
Other LAA Expenses	0.33***
County Population	1.07**
Population Density ⁺	0.93**
County Population* Population Density ⁺	-0.07*
Non-LAA Public Grants	0.15***
Total Private Giving	-0.11***
Socioeconomic Indicator	0.02
Other Leisure Activity	0.00
Total Business Activity ⁺	-0.42***
McFadden's Pseudo R ²	0.84

*** $p < .001$; ** $p < .01$; * $p < .05$; [†] $p < .10$ (two-tailed t tests)

⁺ These independent variables act as exclusion restrictions, which are independent variables that explain selection but are not theoretically related to Arts Vibrancy.

APPENDIX: TECHNICAL DETAILS

Most coefficients have the expected sign. LAA activity and non-LAA public granting activity are positively associated with selection. Counties with larger population and population density are more likely to be selected. It is reassuring that the socioeconomic indicator is not significant, which suggests that the selected sample of counties are representative on this dimension. The negative signs for total private giving and total business activity likely reflect a political philosophy emphasizing a greater reliance on the private marketplace as the primary driver of economic activity and support for the arts.

Both total LAA grants and other LAA expenses have significant, positive effects on each measure of Arts Vibrancy. The effects for LAA grants range from .06 ($p < .05$) to .26 ($p < .001$). The effects for other LAA expenses range from .36 ($p < .05$) to .71 ($p < .05$). While statistically significant, meaning the impact exists and is unlikely to have occurred by chance, the effects for both LAA grants and other LAA expenses are practically quite small, meaning the magnitude of these effects carry modest consequences in real life.

Results predicting overall arts vibrancy and each of its three components. Here we provide technical detail on the analyses presented in Section 1 above, including Table 1, reproduced as Table R1, with coefficients, p-values that relay the level of statistical significance, and the R^2 for included counties. The Arts Vibrancy measures are scaled from 0-100, and the predictor variables are either log transformed (all dollar figures and population) or standardized factor scores (socioeconomic and other leisure activity). The independent variables explain 65%-82% of the variation in the vibrancy measures (see “ R^2 for included counties”).

TABLE R1: Results Predicting Overall Arts Vibrancy and Each of its Three Components

Independent Variables	Overall Arts Vibrancy	Arts Providers	Arts Dollars	State & Federal Arts Funding
Total LAA Grants	0.09**	0.06*	0.07*	0.26***
Other LAA Expenses	0.46**	0.36*	0.49*	0.71*
County Population	-0.97***	0.25†	-1.70***	-3.96***
Non-LAA Public Grants	0.56***	0.50***	0.52***	0.83***
Total Private Giving	0.49***	-0.01	0.94***	0.99***
Socioeconomic Indicator	0.04**	0.09***	-0.03†	0.03
Other Leisure Activity	0.92***	0.78***	0.98***	1.05***
R^2 for included counties	0.82	0.80	0.77	0.65

*** $p < .001$; ** $p < .01$; * $p < .05$; † $p < .10$ (two-tailed t tests)

TABLE R2: Results Predicting Arts Provider Component Measures

Predictor Variables	Arts & Culture Employees	Independent Artists	Arts & Entertainment Firms	Nonprofit Arts Organizations
Total LAA Grants	0.13***	0.08*	0.07*	0.07*
Other LAA Expenses	0.57***	0.54*	0.38*	-0.32†
County Population	0.92***	1.46***	0.88***	-2.72***
Non-LAA Public Grants	0.60***	0.50***	0.40***	0.27**
Total Private Giving	0.20*	-0.96***	-0.14	1.29***
Socioeconomic Indicator	0.02*	0.10***	0.14***	0.06***
Other Leisure Activity	0.65***	0.73***	0.72***	0.64***
R ² for included counties	0.77	0.63	0.79	0.71

*** $p < .001$; ** $p < .01$; * $p < .05$; † $p < .10$ (two-tailed t tests)

Results predicting Arts Provider component measures.

This subsection provides technical detail on the analyses presented in Section 2 above, including Table 2 reproduced as Table R2, with coefficients, p-values that relay the level of statistical significance, and report of R² for included counties, which indicate the amount of variation in the outcome explained by the predictor variables. As shown in Table R2, the independent variables explain 63%-79% of the variation in the Arts Provider component measures (see “R² for included counties”).

Total LAA grants have significant, positive effects on each of the four component measure of Arts Providers, ranging from .07 ($p < .05$) to .13 ($p < .001$). Other LAA expenses have significant, positive effects on three component measure of Arts Providers, ranging from .38 ($p < .05$) to .57 ($p < .001$). Other LAA expenses have a marginally significant ($\beta = -.32$, $p = .051$) effect on the per capita number of Nonprofit Arts Organizations. The statistically significant effects for both LAA grants and other LAA expenses are practically small. This means that the impact exists and is unlikely to have occurred by chance, but the magnitude of these effects carry modest consequences in real life.

“The Irving Arts Board is charged with developing the Irving Arts Center, and the city’s museums and archives. For our orchestra, they are our ‘best friends.’ They provide annual grants and facilities...to resident arts groups like ours. Their staff advise and work with us to handle ticketing, technical staff for concerts and recordings, poster production, and audience data.
We’re a team.”

Betty Taylor Cox
New Philharmonic Orchestra
Irving, TX

ENDNOTES

¹ The U.S. government defines a local arts agency as “a community organization, or an agency of local government, that primarily provides financial support, services, or other programs for a variety of artists and arts organizations, for the benefit of the community as a whole.”

See <https://www.govinfo.gov/content/pkg/USCODE-2014-title20/html/USCODE-2014-title20-chap26.htm>

² See <https://culturaldata.org/arts-vibrancy-2022/executive-summary/>

³ See <https://culturaldata.org/the-fundraising-report/by-source-indices/more-details/>

⁴ Cohen, R. (2020), [Research Report: 2019 Profile of Local Arts Agencies](#), Americans for the Arts.

⁵ See, for example:

Kopczynski Winkler, M. and M. A. Hager (2004), Boston: Performing Arts Research Coalition Community Report, PARC. Retrieved from: [file:///C:/Users/28601239/Downloads/PARCBoston%20\(1\).pdf](file:///C:/Users/28601239/Downloads/PARCBoston%20(1).pdf)

Montgomery, S. S. and M. D. Robinson (2006), “Take Me Out to the Opera: Are Sports and Arts Complements? Evidence from the Performing Arts Research Coalition Data,” *International Journal of Arts Management*, 8 (2), 24-37.

Nichols, B. (2007), “Volunteering and Performing Arts Attendance: More Evidence from the SPPA,” NEA Research #94, National Endowment for the Arts. Retrieved from: <https://www.arts.gov/sites/default/files/94.pdf>.

⁶ Heckman, James J. (1979). “Sample Selection Bias as a Specification Error,” *Econometrica*, 47 (1): 153–61.

⁷ <https://stats.stackexchange.com/questions/82105/mcfaddens-pseudo-r2-interpretation#:~:text=A%20rule%20of%20thumb%20that,indicates%20very%20good%20model%20fit>

SMU DataArts

PO Box 750356
Dallas, TX 75275-0356

smu.edu/artsresearch



SHARE YOUR THOUGHTS

#ArtsResearch **@SMUDataArts**