Shaping the Future through Narrative: 
The Third Sector, Arts and Culture

Noah Isserman
Department of Geography
Cambridge University
ni225@cam.ac.uk

Ann Markusen
Project on Regional and Industrial Economics
University of Minnesota
markusen@umn.edu

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Abstract

Throughout his scholarly career, Andrew Isserman made bold calls for vision, storytelling, and narrative construction in regional science and planning. The necessity to plan and make infrastructure and development decisions with incomplete evidence often requires narratives—gists, insights and ideas that are shorthand for an amalgam of reasoning, evidence, and feedback from practice. Narratives play a large role in planning practice and education, but their premises and implications must be subjected to evidence and compared with alternatives. From our respective work on the third sector, we explore a powerful narrative that bigger organizations are better: due to economies of scale, more professional personnel, more sustainable operations, and better measurement, they deliver superior services and greater public value for resources spent. We compare this with a competing narrative that smaller organizations generate superior social returns due to flexibility, innovativeness, and community-embeddedness. Using evidence on nonprofit arts and cultural organizations, we show that the superiority of large organizations is questionable and further, that the “bigger is better” narrative serves particular interests. In concluding, we underscore Isserman’s argument that planners and regional scientists must consciously and deliberately claim their roles in the creation of narratives that shape debate, planning process, and, ultimately, the future. In teaching and research, we must both acknowledge whose interests are served and harness evidence to compelling visions, explicit theories of causality, and story arcs—the tools that planners, regional scientists, designers and social scientists use in defining, shaping, and imagining our regional worlds.

I. Introduction

I recommend that we think big... [lest] in our rush to be relevant and marketable we completely forget what planning ought to be and give up our heritage. Let us not forget to teach planning. Let some of us become irrelevant. Let us plan as if it mattered—and let us make big plans, even plans that no one is willing to afford today...We must be concerned with what is humanly possible, not just politically and economically possible. We must accept the challenge to show the way, to be a source of inspiration to society regarding what might be. We must make big plans and explain how they can be realised. We must bring the future back into planning...We must make the future ourselves.


In the last 25 years of his career—the time since “Dare to Plan” was published—Andy Isserman remained a strong advocate for future-oriented planning as an integral element of practice and education. In his 2010 Abercrombie lecture, to have been
delivered in December, Isserman planned to argue that regional scientists and planners can and must strive to hit the happy intersection between pragmatic practice and visionary theory. He intended to examine the stories from which planners draw their inspiration and identity as a way to help planning stake a bolder claim on the future. While only notes exist on that project—and the field is poorer for their brevity—we make the argument that not only do narratives matter in planning, but that their centrality is not sufficiently examined or taught, and their premises and implicit causal links are not adequately subjected to scrutiny.

In recent years, Isserman focused on the necessary role of stories and storytelling to ground planning in the richness and diversity of the present and to appreciate the past, summarized in Isserman et al. (2010). In his recent teaching, he coupled film and novels with economic data to help understand regional cultures and economies, relying on the charismatic alchemy of fact and story to both inform and inspire his students—in part because of a perceived lack of reflection on the centrality of narratives in social science and design fields generally but especially in regional planning education and practice.

We define narrative as a characterization or explanation that includes implicit, if not explicit, “if this, then that” statements. A narrative might also be purely descriptive, as in naming a phenomenon, but we prefer here the causal narrative, because it implies action. A planning example is new urbanism, the gist of which might read as: “If people live closer together in homes that have sociable fronts (e.g. porches rather than garages in front), they will be happier and more community-minded.” Or, in our case, “If funders focus their resources on larger—and therefore better managed, and more thoroughly documented—organizations, the goals of those funders will be better realized.”

Researchers, planners, and regional scientists working on urban and regional phenomena often rely on narrative and anecdote in situations where impact and effectiveness are hard to quantify. Fields like planning, human geography, and development studies have a wide research ambit. The topics of study are often complex, multi-stakeholder, and based on human interactions. The great appeal and strength of these fields are their focus on issues of current and future importance to people’s lives. Each offers a broad menu of acceptable research topics and a wide range of methodological options for researchers. For those very reasons, these fields are particularly policy-relevant, which adds an impetus for reliance on narratives: policymakers often don’t have the time or training to go deeper and often want to avoid acknowledging imbalances of class, status, and power. Yet the breadth of these fields creates vulnerability to intellectual fads and places a premium on narratives and story arcs. The evidence on academia following fads both as institutions (Birnbaum 2000) and in individual disciplines (e.g., the arguments of Martin 2001) seems to indicate a broader susceptibility to and awareness of narrative.

Narratives should be perceptible, open to contestation, and supported by evidence drawn from research and past practice. In this paper, we explore the interaction between narrative and evidence in our intersecting research areas: regional planning and policymaking in nonprofits in general and in arts and culture in particular. Philanthropic
funding of nonprofit organizations is a good candidate for examining the impact of competing narratives on regions and communities. Despite $290 billion in financial resources voluntarily given to American nonprofits in 2010, primary indicators of nonprofit quality and outcomes are illusive. In their place, protagonists often use untested narratives.

As our central object of analysis, we explore a wide-spread narrative asserting that “bigger is better” due to economies of scale, more professional personnel, more sustainable operations, and better measurement—bigger organizations are presumed to deliver superior services and greater public value for resources spent. We compare this narrative with a contesting one emphasizing the service impact of small, innovative, dispersed and community-embedded arts and cultural organizations that rely on high volunteer involvement and focus more heavily on mission and engagement rather than on business operations.

Though narratives guide decisions that affect outcomes far into the future, they serve multiple and sometimes competing constituencies—this function is often hidden. In our case study, we highlight whose interests competing narratives serve.

For the third sector in general, we identify an emerging manager-dominated story arc that favors vertically integrated organizations preoccupied with business efficiency and financial viability. Both generally and in the arts and cultural sector, we find prevailing wisdom dominated by narratives asserting that service quality, accountability, and social impact are likely superior in larger organizations. Organizations seeking philanthropic resources are often forced into “dance of deceit” characterized by information asymmetry, intentional withholding of data, and a heavy reliance on narrative. These narratives—and the grant and tender application processes through which they are propagated—are sophisticated and crafted with expensive expertise.

Drawing on quantitative evidence for California arts and cultural nonprofits and on qualitative evidence from small ethnic and multi-disciplinary California and social enterprises, we confirm that dominant narratives serve the larger, better-connected nonprofit organizations rather than those that are small, locally-rooted, and have high volunteer-to-staff ratios. However, the alternative narrative is gaining ground, in part because the prevailing narrative is failing to generate patronage or broaden public support for the arts.

II. Dueling Narratives in the Third Sector

Narratives have consequences. In addition to their obvious roles in political processes at all levels, they influence resource allocation to civil society by governments, philanthropists, and other actors—crucial actors in resource allocation and planning processes. These funding choices have knock-on effects across the realms of social services, education, and arts and culture, among others, with regional consequences.
In this section, we ground our assertions about narrative in examples relevant to regional science planning in the third (nonprofit) sector, and particularly arts and culture. The narratives of interest concern managerialism and professionalism in nonprofits. We provide a basic overview of the third sector’s size and makeup, with a focus on funders and arts and culture organizations, before examining two competing narratives and subjecting them to evidence from a broad quantitative and qualitative research project on Californian arts and culture organizations.

A. An arena of narratives: the case of third/nonprofit sector funding

The tremendous power of narratives and gists to condense information into memorable, action-oriented decision-making heuristics has a downside: information is lost in the simplification. Since communicating complex realities is daunting, even fundamentally correct narratives should be held to evidence.

We choose to use nonprofit funding ecosystems as our focus because they are heavily reliant on narratives. Further, foundations, philanthropists, and nonprofit organizations are major actors in many planning processes and often important allies (indeed, the New York Plan of 1929 and the Chicago plan of 1909 were both privately funded and initiated by the same man, Charles Dyer Norton). We examine a prominent narrative that is currently shaping nonprofit arts and culture: that bigger organizations are superior providers of arts and cultural offerings. The narrative reflects a broader discourse about managerialism and professionalism in which larger size implies more sustainability and enables better management and measurement.

These narratives are not restricted to the third sector. We argue, though, that the difficulty in measuring the effectiveness of third sector organizations makes narratives more difficult to prove or disprove and therefore of greater influence. Private firms can meaningfully indicate their performance and robustness with profit-and-loss statements and changing market shares: the “bottom line” conveys, in a few numbers, a substantial amount of information. However, the third sector analogue to profit—social impact—is hard to assess, difficult to compare across investees or grantees, and open to subjectivity. Absent a clear bottom line metric like profit upon which to base their funding decisions, narratives play a powerful role in funding and other decision-making processes.

The importance of narrative is increased by the behavior of individual donors who conduct little or no research in their giving choices and are influenced by performance-unrelated factors. Donors gave $210 billion to US nonprofits in 2010 with very little research. Of donors who gave $210 billion to US nonprofits in 2010, only 35% did any research in deciding how much and to whom they were contributing, and fewer than 15% did more than two hours of total research. Larger donors did no more research than average donors, and all donors were most likely to get their information directly from the nonprofits to which they donated (Hope Consulting, 2011). Donors, too, show an awareness of the prestige effects beyond intrinsic benefits of their gifts (Harbaugh, 1998a, 1998b; Frumkin 2006), prestige is most likely to matter in the donor’s social network. There is evidence that giving is an interdependent phenomenon: the giving
decisions of individuals are influenced by the decisions of others in their “social reference space” (Andreoni and Scholz 1998).

Although individuals provide nearly three-quarters of contributions to nonprofits, the $45 billion that foundations give each year (about 15% of total contributions) can have an outsized influence on the behavior of nonprofits:

The five million people who support a large national organization with a $25 annual donation have far less influence over its direction or policy than a foundation that grants it $50,000 for a specific program or purpose (Dowie, 2001: 3)

A battle of narratives takes place when implicit “if-then” statements compete. In our third sector case, a competing narrative might be stated as follows. If funders focus their resources on smaller, less professionalized third sector/nonprofit organizations that engage large numbers of volunteers relative to paid staff and have fuzzy boundaries between providers and recipients, service delivery will be more tailored, more innovative, and have greater impact per dollar spent despite the lack of measured outcomes.

The battle of narratives is not necessarily a balanced one; the process by which philanthropic resources are allocated is as fraught as it is important. Necessary information for third sector funding applications and decisions is sometimes obstructed by one or both parties, an opaque process that has been called a “dance of deceit” (Carrington 2007). Larger organizations, often benefiting from full-time fundraising staff, are often well versed in the norms and conventions of funders. They are also sophisticated in structuring and modifying their organization’s story and image to the liking of each funder with whom they interact. Smaller groups rarely have such access or knowledge, and are disadvantaged in the process. In other words, political economy matters. In addition to their capabilities, narrative protagonists bring their unequal economic, political and personal stakes to the contest.

B. Placing and sizing the third/nonprofit sector

Private sector, public sector, and third sector funders all play important roles in economic development and prosperity. Directly and by providing resources to other actors, they create employment, improve human capital, help structure social and cultural institutions, and further important social missions. Private sector banks, investors, and venture capitalists—regulated and sometimes subsidized by governments—provide debt or equity funding to for-profit firms. In the US, corporate foundations also supply operating funding and sponsorships to nonprofits for which they get tax breaks and/or positive publicity. Regardless of form, decisions of private corporations are driven by profit motives and beholden to shareholders. The public sector, where many planners work, is governed by democratic processes, and thus responsible to citizens via the electoral process. It borrows for long-term physical infrastructure and uses taxation and fees to provide public goods and services.
What is often called the third sector, and in the US, nonprofit sector, comprises organizations that are neither public (public provision governed by democratic processes) nor private (profit-driven). The third sector includes voluntary and community organisations, charities, faith groups, social enterprises, cooperatives and mutuals both large and small. The nonprofit designation is a narrower notion than third sector in that it does not include the informal components of what is loosely termed civil society. The defining characteristic of all of these groups is that they are value-led for public benefit (Commission for the Compact 2009).¹

In 2011, US nonprofits number 1,574,674 (including 279,000 religious congregations) of which 60% are public charities, 6% are private foundations, and the rest are chambers of commerce, fraternal organizations and civic leagues. In 2009, US nonprofits accounted for 9% of all wages and salaries paid in the and for 5.4% of GDP. The public charities reported $1.4 trillion in total revenues and an equivalent amount in total expenditures in 2009. Public charities reported $2.56 trillion in assets in 2009 (National Center for Charitable Statistics, 2011).

This broad set of actors, comprising a significant portion of the American economy, draws on several streams of capital. Charities that work in the public interest, as defined by the American Internal Revenue Code, are eligible to receive both tax-exempt status and tax-deductible donations.² In addition to earned income, which accounts for just over 75% of income, about 20% of the nonprofit sector’s support comes from voluntary contributions of funds by private individuals and foundations: philanthropy. Philanthropic and charitable giving by private sources has equalled approximately 2% of American GDP since the 1970s. While the bulk of giving in the US is done by individuals, trusts and foundations account for approximately one-fifth of American giving.

Philanthropic capital stocks and giving rates have been increasing for decades in much of the world, especially by foundations. In the UK, for example, from 1995-2005 the largest 500 foundations and trusts quadrupled their grantmaking, to £3.3b annually, and nearly tripled their assets, to £33.3b (Goodey and Hall 2007).³ American foundation numbers have nearly quadrupled since 1980, and the 72,000 foundations active in 2006 held assets of approximately $670 billion. The next several decades are likely to witness continued increases as Baby Boomers transfer their wealth to younger generations and the public benefit (Havens and Schervish 1999).

Art, culture, and humanities organizations comprise approximately 9% of all American public nonprofits; some 60,000 organizations receive 4.6% of charitable contributions, approximately $13 billion in 2010.⁴ Arts and culture organizations are unusually reliant on private contributions, receiving approximately half of all their revenue from private contributions and investments in 2008 (Lawrence, 2011). Another distinctive element of arts and culture philanthropic funding is high degree of support from foundations, which provide 18% of total funding, and almost half of voluntary contributions.

C. How third sector narratives are structured: three examples
Just as narratives compete in the nonprofit funding market, narratives structure and restructure the arena itself. Narratives form the arena’s walls, dictating the shape of the arena (what is and is not allowed inside) and whether a given narrative falls under the shadow of doubt or benefits from the light of legitimacy. Philanthropy itself is currently in a time of significant flux, including challenges to its credibility. One response has been the adoption of the language of investment. In much the way that financial terms heavily influenced political discourse in the 1990s (Hesmondhalgh 2008), the language of effectiveness and engagement became prominent in philanthropy in the past decade (Frumkin 2006).

The “bigger nonprofits are better” narrative is supported by structural narratives of 1) free market dynamics, 2) managerialism and professionalism, and 3) sustainability. Applying free market narratives to civil society bolsters the idea that bigger organizations are better. Assuming full access to information, impact-maximizing giving (and therefore good impact measurement), and no geographic biases, “better” organizations would attract more funding and grow in a virtuous cycle. The self-correcting and self-optimizing nature of free markets, as the narrative has it, will move nonprofits and their funders toward ever-greater efficiency and effectiveness. This language has moved into civil society in force in the last two decades, wielding considerable influence. The need or desire to professionalize the third sector for increased social impact has wide currency. Scholars have advocated the adoption of private sector business or managerial practices by third sector funders (e.g., Letts, et al. 1997) and organizations (e.g., Porter and Kramer 1999).

But the wholesale application of free market narratives to the third sector is inappropriate. The philanthropic capital market fails to meet the definitional conditions of a free market. Information asymmetry is rampant (and many donors show little interest in conducting research based on the information that is available). There are few satisfactory means of measuring output quality, and certainly no market-wide way of doing so. And there are multiple spatial and social biases at play in funding choices.

The second structural narrative, that of (especially managerial) professionalism, supports the idea that bigger organizations are better because of their improved practices, governance, and conduct. The narrative is, in some ways, a result of the free market narrative: with funders and fundraising nonprofits both speaking the language of investment and return, there is pressure on both side to prove that wise investments are resulting in strong returns. The growth of the labor force in foundations and nonprofits over the last several decades has exacerbated the pressure: workers must justify their salaries as wise expenditures.

The difficulty in measuring outputs is central once again. Given the complexity and expense in even imperfectly measuring outputs, larger organizations are more likely to either have the internal capacity to do so or the funds to hire external auditors. With funders demanding output statistics, the nonprofits that display more rigorously gathered statistics—even if they are off-point—are at an advantage. The same principle applies to documentation more generally. Larger organizations tend to have more professional staff
with the capacity to generate more documentation of their work and practices—including documentation that is purpose-built to appeal to new funders and report back to current funders.

The final structural narrative is the ideal of sustainability, the idea that larger organizations are more likely to last into the future and are therefore better choices for funders. The previous investment and managerial narratives both feed into this concept, and similar challenges appear. Because of the difficulty in measuring outputs—and therefore determining efficiency, or input/output ratio—most funders cannot simply fund “better” organizations (presumably the more effective and efficient ones) because they cannot locate them. Downstream, other funders would face the same problem, so that better organizations might not be more likely to survive anyway. The professional pressure and general desire to be rigorous in funding choices, though, dictates that there must be some metric used, and financial input statistics are the only metrics that are universal and easy to measure.

Nonprofits that have raised money have proven the ability bring in funds, and are therefore more likely to attract more funds—and no one, especially not workers in foundations, wants to write the last check to a defunct nonprofit. (Here the narrative departs from its private sector counterpart. Profit-driven investors do not care whether a particular firm survives—they may support its sale or dismantling or disappearance via merger. Schumpeter’s creative destruction is not celebrated in the nonprofit sector). The fact that funding often comes with reporting requirements—funders want to see the return on their investment—also feeds into the cycle, with funded organizations developing an arsenal of evidence and stories that can be used to attract additional funding. Investments of philanthropic capital in professionalization have influenced what counts and how it is counted—and in the case of nonprofit sustainability, this translates to financial sustainability.

This exploration of “bigger is better” shows how narratives operating on different scales and with different assumptions can combine to provide legitimacy for another narrative—even if there are substantial theoretical problems with each. There are challenges to third sector organizations and capital providers in satisfying the demands of these narratives, as well as issues regarding aptness of the narratives and who benefits and who doesn’t from their usage. Having asserted the existence and roles of narratives in nonprofit capital provision, we explore these assertions with evidence.

III. Holding Narrative Accountable with Evidence: The Case of Arts and Culture

In the nonprofit arts and cultural sphere, presumptions about the superiority of services and organizational viability align with the “bigger is better” narrative. In the United States, planners and policymakers rely heavily on the nonprofit sector to deliver arts and culture at all scales—neighborhoods, cities, regions, states, and federally. While a few cities—Los Angeles, San Francisco, Denver—have dedicated taxes that fund departments of cultural affairs, many others have only a very small public sector
commitments and most are dominated by economic development concerns (Grodach and Loukaitou-Sideris, 2007). Arts-rich Minneapolis, for instance, pays only two city staffers to work on arts and culture, one within the Department of Employment and Economic Development and one reporting to the City Manager. Cities can make important regulatory and financial decisions about redevelopment that shape arts and culture, including designating cultural districts and underwriting (and sometimes owning and managing) large flagship venues. States also, through their capital budgets, underwrite arts and cultural capacity. However, the creation, production and presentation of American arts and culture are relegated to the nonprofit and for-profit sectors, the latter heavily dependent on the former for talent and innovation (Markusen, 2010).

Through data analysis and qualitative insights on the politics of public and philanthropic arts commitments, we document how the “big is better” vision is powerful and yet unsupported by evidence. We also explore how Euro-American “fine arts,” overwhelmingly the domain of the largest arts organizations, are privileged at the expense of ethnic, racial and working class cultural forms. Our evidence is based on recent studies of California’s arts and cultural ecology (Markusen et al, 2011; Brown, Novak and Kitchener, 2008) and US nonprofit arts funding (Sidford, 2011).

We find the following. Collection of data and its dissemination within the sector is biased towards large organizations, replicating past funding bias. Use of budgets, employment, and attendance as surrogates for impact understates outcomes, especially for smaller organizations. Financial viability and reserves are increasingly emphasized within the sector as key to mission achievement, distracting from a focus on outcomes. The narrative of “big is better” is reflected in skewed philanthropic funding distributions by organizational size and place. In closing this case study, we reflect on who benefits from the interaction of rhetoric and action.

We draw upon multiple data sources for this effort. Because nonprofits are legally defined and receive substantial public sector tax breaks for their charitable work, the IRS tracks data on revenues, expenditures, employment, and other features of all US nonprofits, available through the National Center for Charitable Statistics. A third sector innovation, the Cultural Data Project surveys and makes available nonprofit arts and cultural data that philanthropic and public sector funders use in making funding decisions. We show how the California CDP survey produces a biased data set supporting the “big is better” and “fine arts” narratives, and that it emphasizes financial viability rather than mission outcomes. At the same time, we use CDP data, benchmarked against the NCCS IRA data, to challenge the “big is better” narrative. We also recap Sidford’s (2011) evidence from the NCCS and The Foundation Center (2011) data to track how funding is skewed away from smaller ethnic and low income-serving arts and cultural organizations.

California provides a great laboratory for studying the American arts and cultural ecology because its population size and diversity, geographical complexity, and multiple large metro areas permit comparisons impossible elsewhere. Home to an estimated 11,000 nonprofit arts and cultural organizations, more than in most countries in the
world, California hosts multipurpose cultural centers, science and visual arts museums, symphony orchestras and folk ensembles, artist service organizations, ethnic arts groups, literary societies, dance companies, and professional associations in every region and across all types of communities. How is the “bigger is better” narrative propagated in the sector, and is it reflected in actual funding patterns?

A. How metrics collection and dissemination favors large organizations

The California Cultural Data Project sums up nonprofit arts finances, employment, volunteers, and attendance for those organizations that elect to complete an extensive online profile. Most organizations take the survey because it is required when applying to California foundations or agencies for funding. The CDP data thus do not constitute a random sample. They contain relatively few observations—1,604 unique arts and cultural organizations or 14% of those in the NCCS, our estimate of the “full universe” of organizations. Even some very large organizations, including the J. Paul Getty Museum, are not in the California CDP data set. However, as we show here, the distribution of survey takers available to us in 2010 was skewed towards large arts nonprofits in certain focus areas (i.e. artistic disciplines/mission) and regions.

By organizational budget size, the CDP captures only 2% of California’s NCCS arts nonprofits with budget sizes less than $25,000, a group that makes up 48% of California arts and cultural nonprofit organizations in the NCCS (Figure 1). In contrast, the CDP captures 37 to 40% of organizations in budget categories greater than $500,000, although these organizations only make up 10% of all California arts and cultural nonprofits in the NCCS.

Figure 1. Arts & Cultural Organizations, Budget Size: CDP vs NCCS Coverage, 2008

The CDP survey results also present a skewed view of arts organizational foci and location. The CDP over-represents performing arts and music organizations with 22% and 19% NCCS coverage respectively compared with 11% across all disciplines (Figure 2). Conversely, the CDP only captures 6% of the NCCS’s ethnic, folk arts, and multidisciplinary organizations, although this group comprises 22% of all NCCS arts and cultural nonprofits. Similarly, the CDP captures only 4% of the NCCS organizations in the humanities, legacy, and other museums group, although this group accounts for 21% of all NCCS arts and cultural organizations. The CDP over-estimates the share of California arts nonprofits in the large urban centers like the Bay Area (15%) and under-estimates those in the Northern Valley, San Joaquin Valley, and Inland Empire (6% or less of NCCS organizations).

Figure 2. Arts and Cultural Organizations by Focus Area: NCCS vs CDP, California 2008


Thus California’s nonprofit arts sector is much more diverse than the CDP data suggest. It hosts many more small organizations, and these are more spread around the state, though the CDP coverage is less skewed by region than it is by size and focus area. They are more numerous in ethnic, folk arts, multi-disciplinary, humanities, heritage and non-art museums than they are in what we thing of as the flagship arts institutions—major theatres and visual arts museums. The bias in the CDP data set arises from the fact that larger, big city, and fine arts and performing arts organizations are disproportionately taking the CDP survey. Nationally, foundations fund museum (37%) and performing arts (31%) organizations at much higher rates than other types of arts groups (Foundation
Center 2011, in Lawrence, 2011). We speculate that these organizations have been favored by funders in the past and have the capacity to devote staff resources to survey-taking.

The California CDP data are too new to permit longitudinal analysis, but Sidford reports that the number of nonprofit arts organizations in the US has expanded exponentially in the past 30 years and that a substantial percentage of the new groups focus on non-European cultural traditions. Using 1stAct Silicon Valley data on 659 active arts, culture and humanities organizations in 2008, she shows that 70% of the region’s groups are less than 20 years old, and 30% of these are ethnic-specific, focusing on the cultural traditions of India, Mexico, Japan, Korea, China, the Philippines, among others (Sidford, 2011: 13).

These concerns with the bias and use of CDP data are not mere researcher nitpicking. In the first major use of CDP data for arts advocacy purposes, the Greater Philadelphia Cultural Alliance study (2008) showcased CDP data that are similarly selective. Despite a data note acknowledging an undercount of smaller organizations, the study’s graphical depiction of area nonprofit arts organizations by size and discipline (GPCA, 2008: Chart 2, p. 10) depicts medium and large-sized (not counting very large) organizations as more numerous than smaller ones, highly unlikely given bias in the CDP survey respondents. We estimate that California organizations under $250,000 account for 85% of all arts and cultural nonprofits, compared to 39% in the Greater Philadelphia study. The same chart displays only 30 community arts and cultural organizations, 30 museums, galleries and visual arts organizations, and 77 dance, theatre and other performing arts—again, highly unlikely given our benchmarked results. Yet the 2008 Portfolio claims to provide “an accurate measure of the current health and vibrancy of the cultural environment” (p. 8.) Thus the CDP data, its collection and use are, to date, reinforcing the notion that larger, urban arts and cultural organizations are dominant and by inference, superior, providers of arts and cultural experiences.

B. How employment and attendance as outcome metrics serve “bigger is better”

In addition to budget size, funders and arts advocates often use employment and attendance metrics as proxies for outcomes. Granted, comparing outcomes across and even within organizations is challenging: is one attendee at a painting workshop for prisoners worth more than one attendee at a cello recital in a park? Less? As in the public sector, nonprofit managers are prone to using inputs as surrogates for outcomes. Are organizations with bigger budgets and more paid employees producing better art and more meaningful experiences for people? Outcomes, not inputs, justify the significant nonprofit tax exemption, a status that in the case of arts and cultural organizations is currently under scrutiny as possibly not “charitable” in nature (Cohen, 2010).

Proxying outcomes with employment totals favors large organizations because they rely more heavily on formal employment than do smaller counterparts, who rely more heavily on volunteers. California arts organizations with budgets over $2 million report just one volunteer for every five paid staff members, while organizations between
$25,000 and $250,000 engage seven volunteers for every one staff member. Three-dozen interviews conducted with small arts and cultural nonprofits in California, none of whom had taken the CDP survey, found heavy reliance on volunteers (Markusen et al, 2011). Volunteers are thus a hidden force multiplier, helping small organizations produce greater arts and cultural impact that their paid employment suggests.

Attendance is an outcome variable, but does not necessarily connote impact, and its usefulness depends on the range of events covered in surveys of individuals and organizations. The National Survey of Public Participation in the Arts (SPPA) asks individuals how many and what types of events they patronize, but the range of choices is narrow and Euro-American centric. When the SPPA’s recently included, for the first time, attendance at salsa concerts (not dances), the shares of California adults who attending at least one arts event annually jumped three percentage points. Many smaller organizations do not treat participants as attendees—e.g. festivals that have no admission fees, so that participants are under-estimated on the CDP survey. Thus smaller organizations, especially those serving ethnic and low-income communities, can be dismissed in the quality and size rhetoric that dominates much of the sector. Obstacles to identifying “better” programs and organizations place a premium on narrative and storytelling, favoring organizations (including funders) with the capacity and sophistication to manage their image, story, and relationships.

C. Preoccupation with managerialism, professionalism, financial sustainability

Among arts and cultural nonprofits, financial viability has been prioritized over mission outcomes in funding and nonprofit managerial discourse. Data-gathering processes like the CDP implicitly propagate a financial viability norm as denoting a “good” and therefore funding-worthy organization. A seasoned funder recently lamented about both government and foundation review panels that he’d sat on, “review criteria and panelists focused on stability and sustainability, perpetuating the old caste system” (Killacky, 2010: 4.) Prioritizing financial viability means, too, greater roles for fundraisers and managers.

Amidst a deep recession, the US organization of nonprofit arts funders—Grantmakers in the Arts (2011)—launched a capitalization campaign, counseling arts organizations to bank larger shares of their revenues against a rainy day (Curtis et al, 2011), mirroring a broader nonprofit-wide initiative dating from the early 2000s (Miller, 2002). Such campaigns increase resources dedicated to fundraising at the expense of programming during the capital-building phase. Nonprofit arts organizations are encouraged to become investors — 9% of income comes from investments, versus 7% in the broader nonprofit sector — as well as service providers, a pattern that is already under legal scrutiny in the nonprofit hospital sector.

While reserves may indeed help support organizations over time, satisfying the demands of the sustainability narrative, their accumulation may result in damage to organizations’ services in the medium run, requiring layoffs and service cuts, particularly in smaller organizations. While medium and large-sized organizations bid for the funding
to create reserves, many smaller organizations are struggling for the same resources to pursue their current missions. Critical of narrow quality and Euro-American centric funding criteria, Killacky (2011: 5) emphasizes this danger: “With organizations like the Philadelphia Orchestra and New York City Opera imploding, I worry that precious philanthropic resources will be further diverted to maintaining what was, instead of capitalizing a more representative future.”

The current concern with financial “health” (though no good indicator of that health has been agreed upon) is reflected in the composition of Cultural Data Project questions. Fiscal questions are detailed, and the CDP maintains a 24-hour data phone desk where staff members help organizations interpret and answer questions. Few questions inquire about quality or meaning, or the demographics and experience of people who participate in their offerings. Together, these agendas and procedures propagate a commercial business-like mentality rather than a public service and charitable mindset on the part of arts organizations. Evaluation becomes focused on demonstrating financial viability rather than the more difficult and resource-intensive task of verifying the impact of arts and cultural programming.

D. Funding patterns – action reflects rhetoric

Do actual funding patterns favor larger arts organizations and those specializing in Euro-American-centric art forms? For the US as a whole, recent research shows that philanthropic funding heavily favors large arts organizations over small, ethnically-distinctive and social justice groups. Sidford (2011) concludes that in the arts, “philanthropy is using its tax-exempt status primarily to benefit wealthier, more privileged institutions and populations (p. 4).” Using NCCS data, Sidford finds that nonprofit arts groups with budgets greater than $5 million receive 55% of all contributions, gifts, and grants, even though they account for only 2% of total arts and cultural nonprofits (p. 8). Furthermore, these huge institutions “focus primarily on Western European art forms, and their programs service audiences that are predominantly white and upper middle income” (p. 1). Ethnic, non-Euro-American, and low-income community-serving arts organizations are markedly underfunded.

Regional imbalances in arts and cultural funding parallel lopsided funding by size and focus. California private philanthropic (i.e. foundation) funding on a per capita basis is markedly skewed in favor of the Bay Area but also high in the Los Angeles and the Central Coast regions, while much lower elsewhere (Table 1). The Bay Area receives $24 per capita in arts and cultural philanthropic grants, while the San Joaquin Valley, Inland Empire, and North Coast and Sierra regions receive $1 per capita. Large institutions account for part of this bias—nearly 30% of arts funding by California-based foundation was awarded in just 29 grants to large museums, performing arts organizations and media groups, chiefly located in large metro areas (Helicon Collaborative, 2010).
Table 1. Private Philanthropic Funding for Arts and Culture, per Capita by Region (2008 $)

<table>
<thead>
<tr>
<th>Region</th>
<th>Per Capita Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bay Area</td>
<td>23.5</td>
</tr>
<tr>
<td>Los Angeles Metro</td>
<td>17.3</td>
</tr>
<tr>
<td>Central Coast</td>
<td>16.1</td>
</tr>
<tr>
<td>Sacramento Metro</td>
<td>6.5</td>
</tr>
<tr>
<td>South Coast and Border</td>
<td>3.8</td>
</tr>
<tr>
<td>Northern Valley</td>
<td>3.8</td>
</tr>
<tr>
<td>North Coast and North State</td>
<td>1.4</td>
</tr>
<tr>
<td>Inland Empire</td>
<td>1.1</td>
</tr>
<tr>
<td>Sierra</td>
<td>1.1</td>
</tr>
<tr>
<td>San Joaquin Valley</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Sources: Markusen et al, 2011, Table 11. Data from Foundation Center, 2008; California Department of Finance, 2010.

We can conclude, then, that both in California and at national levels, larger arts and cultural organizations, those in the heavily populated metro areas, and those that focus on higher brow art forms receive disproportionate shares of philanthropic funding. Action is consonant with narrative.

E. Who benefits from the “big is better” narrative and its funding counterparts?

Despite huge tax subsidies (federal, state and local), nonprofits do not have to demonstrate their contributions to the public good nor are they responsible in any formal way to the publics they serve. They can be defrocked of their nonprofit status, but this rarely happens, and usually only to very small organizations that have difficulties with IRS paperwork, a problem the IRS is attempting to remedy with a new postcard system (Blackwood and Roeger, 2010). This distance from performance requirements leaves the door open for special interests to use nonprofits for ulterior motives.

Top staff and members of boards of directors of nonprofits comprise one group of special interests, at least in large, established arts organizations. As the economics literature has long theorized, they (like public sector employees and even managers in large firms) have satisficing goals for their organizations that include preserving their own relatively comfortable jobs and perquisites. It does not help matters that most nonprofit boards of directors are self-perpetuating, picking their own successors (i.e. the recipients of their charitable services have no voice or vote). Board members contribute meaningfully to their organizations, providing both funding (many organizations impose a “give-or-get” policy of mandatory donations from board members) and volunteer labor, most often in accounting, strategy, and finance—roles that might otherwise be hard to fill. In smaller organizations, board roles and composition is more diverse. Board members may be elected by the membership, friends of the founder, artists, community
members, or service providers, and in some cases, they may serve as tokens only (Markusen et al, 2011, pp. 39-40).

One confounding factor for arts and cultural nonprofits, especially the largest and Euro-American-oriented ones, is that their activities often provide wealthy contributors and board members pleasurable opportunities for exclusive social mixing, a phenomenon less true of nonprofits devoted to poverty reduction, social services or community development. Operas, fine arts museums, and high end theatres provide beautiful and exciting spaces for benefits and special perks. This function reinforces the privileges and access given to large, elite arts nonprofits by both governments and foundations.

Why do narrative struggles like these matter? Third sector/nonprofit organizations are major creators and deliverers of community wellbeing. Researchers, planners and policymakers in fields like workforce development, cultural affairs, health care, and parks and recreation are often working with nonprofits, providing knowledge-building, evaluation, funding and regulatory advice and directions to their leadership. In the arts and cultural sphere, these intermediaries often have little understanding of nonprofits’ governance structures, motivations, embeddedness in their communities or regions, or synergies with public and private sector actors in the same ecologies. These lacunae can lead to facile acceptance of narratives such as “big is better for the mission.”

Arts and cultural organizations, whether public or nonprofit, are not without their embedded special interests, and these may affect the spatial distribution of arts and culture (Markusen and Gadwa, 2010a). A case study of Gordon Square Arts District—a long process started by a musician and carried forward by a community development corporation—shows how three theatre groups on Cleveland’s declining working class west side were able to revitalize their neighborhood with modest city commitments for planning assistance and streetscapes (Markusen and Gadwa, 2010b). They had to contend with years of rejection from major area arts philanthropies that were deeply committed to existing large and venerable arts venues on the east side of the city. Eventually, however, both the Gund and Cleveland foundations helped the theatres with funding for renovation. The Gordon Square case demonstrates the ability of smaller organizations to produce substantial artistic and economic impact while revealing the reluctance of larger philanthropic funders in the area, preferring their large arts institutions, to fund their efforts.

IV. Conclusion

Planning and policymaking, and the regional science, social science, geography and design fields that inform them, should more explicitly and honestly use narrative and storytelling in their toolkits, as Andy Isserman recently argued and demonstrated. Narratives abound in all these fields, and often are contested by others within or elsewhere. We have made the case for why narratives and storytelling are important, affirming Andy Isserman’s emphasis on the need to envision, plan and design the future in planning and policymaking.
At the same time, we insist on the need to subject narratives and stories to evidence, moving beyond rhetoric to reality. We thus honor Isserman’s commitment to face squarely the frequent problem of insufficient metrics and evaluation tools, to which he dedicated much of his own life’s work. For nonprofit arts and cultural activity, we have examined prevailing narratives in philanthropy and planning, noting counter-narratives and subjecting the former to evidence.

Our revisiting of the Isserman contributions yields implications for teaching and research. Introduction to planning and regional science courses, at both undergrad and graduate levels, should review outstanding visions and narratives in these fields’ histories of thought. In planning, Peter Hall’s *Cities of Tomorrow* (2002), an intellectual history of the past hundred years of city and regional planning, is a great text for this. In these and other fields, students can dissect the dominant narratives of each period, review whether and how the protagonists provided evidence for their contentions, and reflect on the impacts and outcomes. Such an exercise will both embolden future planners and regional scientists to think about vision themselves and to be deliberate (and cautious) in their construction of complementary narratives. Isserman, in his call for vision and narrative, invoked Alonso’s (1971) call for radicalism, even utopianism, to invent new alternatives and even new objectives.

Visioning is also something Isserman ardently advocated. In his forthcoming Abercrombie lecture, he intended to point out that although quantitative and qualitative tools help us understand past and current spatial relationships, their predominance makes it riskier for practitioners to advocate major shifts that might improve our future. Rather than method-driven research, which is more common than many of us would like to think (the recent GIS craze is an example), researchers should pursue question-driven research. Whatever our field, what we spend time thinking about, conceptualizing, and writing should justify the significance of the problem attacked and the researchers’ ability to make a difference to it. For academics, our teaching should reflect this—the topics we choose to present and discuss in class should not be those that fall easily under the lamplight (and use flashy methods), but those that are central to making a better world.

Finally, we should extract from other fields of study what is useful about the concept of narrative and the use of storytelling as a presentation and teaching device. We were shocked to find so little concerted planning literature acknowledging the power of narratives and their ubiquitous (but implicit) presence in planning discourse and practice. As planning scholars, especially across our fields of expertise, we should be questioning each other… “wait a minute, what does that word/concept mean?” Examples might be “sustainability,” “resilience,” “amenities,” “well-being,” … and many more. So many narratives that we use are built, on examination, on fuzzy concepts, a phenomenon documented in Markusen’s (2003) paper of that name that challenged narratives of “flexible specialization” and “world cities” among others. Will planning finally pay attention to its own rhetoric? Will regional science move beyond tools to imagine and conscientiously construct narratives? Andy Isserman hoped so, demonstrating how in his teaching and writing. And, perhaps most daunting of all, we should be telling more (good, documented) stories!
References


1 The Compact is a document, initially drafted in 1998 and modified since, that lays out the relationship between the public and third sector in the UK. It is overseen by the Commission for the Compact, a non-departmental government body.

2 In the US, nonprofits are formally designated through the tax system—the International Revenue Service grants tax breaks for organizations judged to be serving the public interest, and nonprofits must report their income, contributions and expenses to the IRS (small ones only every third year) to continue their tax status, a tax expenditure that amounts to major subsidy from the public sector without significant oversight. This means that many small and informal organizations also are operating either below the radar or as commercial organizations because they have not achieved this status.

3 Figures do not include more than 8,000 smaller trusts.

4 As of April 2010, there were 102,156 arts, culture, and humanities nonprofits registered in the United States; 63,218 filed with the IRS. The balance consists of defunct and small (and exempt from proper filing) organizations.

5 In 2008, 77 of the largest 100 US foundations claimed to be involved in investment, venture activity, or leveraging (Foster 2008).

6 Beginning in 2004, the Pew Foundation, a major funder of arts and cultural nonprofits, launched an ambitious Cultural Data Project to collect data on arts nonprofits, principally to help funders in their grantmaking. By the fall of 2011, foundations in eleven states, including large ones like California, had agreed to cover the costs of the turnkey project, which maintains a large staff and hopes to cover 22 states by 2014.
Data are tabulated by state, since funding consortia are organized at this geographic scale.

For details on the challenges of working with the CDP and the NCCS as well as our benchmarking method, see the Technical Appendix to Markusen et al. (2011): 2-3.

For a detailed discussion of the SPPA and its coverage, see Markusen et al. (2011), pp. 17-21, and Technical appendix, pp. 14-17.

Though our client was potentially interested in “financial health” in our California arts and cultural ecology study, we concluded with their concurrence, that there is no consensus on how financial health should be defined or measured, and that this is particularly problematic in a difficult period of downturn, as at present.

The Sidford study uses the Core NCCS, which excludes organizations under $25,000.

Foundation funding accounts for only 10% of contributions to all US nonprofits (much of the rest is from individuals), but it remains a very important source for arts and cultural organizations.

Satisficing was coined by Herbert Simon (1956).