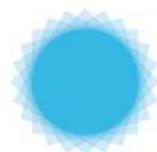


New Funding Models in the Arts: A Case Study

John Mahon, Executive Director, Edmonton Arts Council

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Note to the Reader from the CPAF Secretariat

Please note that the following document was presented at the Canadian Public Arts Funders (CPAF) Annual General Meeting, Future Directions in Public Arts Funding: What Are The Shifts Required?, on November 16-18, 2011, in Whitehorse, Yukon and was intended to serve as information for a discussion on the theme of the meeting.

The views expressed by the author(s) are based on their interpretations from a variety of sources of information and do not necessarily represent all points of view, or the current program structures and policies of the membership of CPAF.

The reader is invited to provide feedback to this report by contacting Melanie Yugo, Partnership and Networks Officer, CPAF Secretariat, at melanie.yugo@canadacouncil.ca or 1 800 263 5588 ext 5144.

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When the Edmonton Arts Council (EAC) came into existence in 1995 it inherited from the City, four arts grant programs. The programs were: arts organizations operating, festival organizations operating, SEED grants for new festivals, and a small travel grant program for individuals. They had been called Grants-in-Aid by the City, but with the advent of the EAC were re-named Community Investment Grants.

At that moment, the change of naming was viewed primarily symbolic (financial support from the City was an investment rather than a charitable gesture). However, the word change had influence and impact on the subsequent work of the EAC. It is an impact we continue to explore 16 years later.

Investment implies return. Like most public funders, we identify three types of returns, or bottom-lines, on our investment: artistic, social and financial.

An artistic return is about the ability of the arts to transform us, to enhance or change our awareness of things micro and macro. We have all experienced that personally and have a sense of it in others. It is arguably the most important impact of the arts, but is challenging to document and measure.

Closely related to artistic return and one might claim a consequence, is social return. This includes the impact of the arts on things like social inclusion and civic discourse. As well a social impact of the arts is the creation of strong sense of identity of and within communities. Documentation and measurement of social impact is clearer than artistic impact.

Financial return is probably the easiest to identify and measure but as those who have done reasonably rigorous economic impact studies (we have done three) know that this too is complex.

Investment to us also means guidance by portfolio theory where decisions are not based solely on a risk-reward evaluation of each investment opportunity. Rather, we seek portfolios of support programs for the arts that, in aggregate and in all three bottom lines, have an acceptable risk-reward outcome.

For example, our portfolio should include-large stable flagship organizations employing hundreds of artists as well as individual artists from many cultural backgrounds whose activities are exciting, provocative, risky and provide us with the highest potential return on our investment. This is consistent with the established investment principle of highest risk, highest return.

These foundational thoughts are important in understanding some of the innovations we have tried in Edmonton?

With this ambitious community investment mandate, it quickly became apparent that our inherited operating grants were inadequate. We needed more tools.

Like many public arts granters, we started by expanding our initial four grant programs successfully advocating for more funds in each of them. Then, with the support of the City, we added some grant programs targeted at some of our specific investment

priorities, e.g., individual artist projects, parades and one-day celebrations, and facility operations. But we knew we needed to go beyond this.

This year we introduced a MicroGrant program. On our website, we describe it as a new way to invest in the success of Edmonton arts and artists. With no set deadlines for applications, up to \$1,000 available per grant, and a turnaround time of less than three weeks, the MicroGrant enables an artist to respond to opportunities quickly, and to give life to projects that are just a small boost away from take-off.

This year, we have awarded close to \$17,000 of these grants with the average grant being \$700. This is an investment tool that we expect to be particularly effective in reaching young, culturally diverse, individual artists or artist collectives.

We have introduced more awards including the Cultural Diversity in the Arts Awards where we accept nominations from the community including social agencies like the Edmonton Mennonite Centre for Newcomers—a community agency that seeks to assist immigrants and refugees coming to the Edmonton area in achieving full participation in the community.

Cultural Diversity in the arts awards recognize and support individual artists who, due to their cultural background and relatively recent arrival in our city find themselves in artistic isolation. The intent is to help these artists pursue their artistic work and connect with the more mainstream institutions and support networks taken for granted by most Edmonton artists. We feel this nomination process and award format is a more appropriate tool to reach these artists, as it does not include many of the perceived barriers facing this community.

Another award program is the Edmonton Artists' Trust Fund set up with the Edmonton Community Foundation. These awards are intended to offset living and working expenses, allowing an artist to devote a concentrated period of time to his/her artistic activities, career enhancement and/or development. No specific project is required; only a commitment by the artist to devote her or himself to their artistic practice while living in Edmonton.

There are also some initiatives we are connected to, but not taking a lead. This raises the question of how a public arts funder works with other investors in the arts—where it is appropriate for us to lead, where to support and where to leave it entirely to others who are more appropriately placed to make the investment?

The Edmonton Community Foundation and the City have established a social enterprise fund (SEF) described as being for a non-profit that wants to be more sustainable and self-reliant, or for a social entrepreneur who is passionate about change, committed to using business to power change, and committed to ploughing all profits back into the work. Our role in this is to understand the mandate of the SEF and to make referrals when we recognize a fit between an arts venture and this loan fund.

To date among their many loans, they have given four loans to arts ventures. Beyond having a clear positive social impact, successful loan applications must have a viable business plan. It is a loan, rather than grant, and must be repaid. In the words of the current Executive Director of this fund, Jane Bisbee, "I look to see if there is a 'gut' understanding of the enterprise as a business that must earn revenue in order to work.

Do they understand who their customer is and have the skill set to reach that customer, then sell the product or service? Too often, I am afraid, arts organizations have a default position where they look for a grant as the solution. It is true grants are important and the arts are essential for our social stability and well-being, but I know I have a social entrepreneur when they also immediately look to increase earned revenues in their plan.”

Another interesting venture in the Edmonton region is the recent establishment of the Edmonton Film Fund where the City, in partnership with private investors, will be taking an equity position in pre-sold film projects that are produced in the Edmonton region.

Finally, we are discussing some of the newer ideas around ‘crowd sourcing’. The model is tested and seems to work well in many situations. Take a look at this Wikipedia entry: www.en.wikipedia.org/wiki/List_of_crowdsourcing_projects.

The question in this article, however, is when and how, should or could a public funder become involved. In the interest of stimulating some conversation, I can only offer the following thoughts as, to date, we have no direct experience with this alternative method of making investment decisions.

We perceive some of the positive features as the potential to break down entrenched biases for or against certain styles or schools of art, raising an awareness of interesting projects being proposed by artists, stimulating a stronger general understanding by a large public about the work of artists, and providing an access to large pools of funds.

Alternatively, a negative feature is the possibility of manipulation of results through active campaigns to gain support through brand loyalty (of a specific demographic, art form, or presentation style) rather than merit. There is complexity in assessing arts grant applications and the professional discipline we bring to this task is important. It is not reasonable to expect this same degree of scrutiny from members of the public. This is a common challenge of all referendum-type decisions.

Finally, is crowd sourcing an avoidance of our responsibility to make informed, open and fair decisions—sometimes controversial decisions with complex factors? Is it just a technically charismatic variation on determining grants by claiming the “wisdom of the crowd” as an excuse for anemic, controversial or bad decisions?

To date, I think the most attractive concept I have heard of for a public funder like the EAC is, through crowd sourcing, to offer a small set of projects that we would fund but cannot due to lack of funds. This was illustrated in our last round of grants to individual artist projects where we had funds for about 30 projects but had another five worthy projects left unfunded. Crowd sourcing might be the tool to fund those five.

In closing, I have attempted to describe the conceptual basis of our grants, awards and other financial support programs. This investment model based on artistic, social and economic returns requires us to constantly evaluate our investment tools and to look beyond traditional grants and traditional granting procedures.

John Mahon
Executive Director

Edmonton Arts Council
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John Mahon is the Executive Director of the Edmonton Arts Council. He joined the EAC in 1996 as the first Grant Director and became Executive Director in 1998. He studied music at the Royal College of Music in London England and at the University of Alberta. He has a Bachelor of Music and M.B.A. from the University of Alberta.