GOVERNMENT AND PRIVATE FUNDING OF NONPROFIT VISUAL

ARTS ORGANIZATIONS IN THE STATE OF TEXAS:

AN ANALYSIS

DISSERTATION

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By

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The problem addressed in this study is the administra-
tive process and criteria used by nonprofit visual arts
organizations in the State of Texas in acquiring government
and private funding. The purposes of the study were to
examine the organization and administrative process of the
nonprofit visual arts organization, to determine the criteria
utilized by government and private funding sources for
distribution of funds to nonprofit visual arts organizations,
and to examine the process used by nonprofit visual arts
organizations when acquiring funds from government and
private sources.

The data were obtained by means of a descriptive survey
questionnaire which was mailed to 336 selected nonprofit
visual arts organizations in the State of Texas. These
organizations represent the following six areas of visual
art: foundations, galleries, museums, associations,
photography, and schools. From these areas the population
was further refined to include only museums and associations,
which represent the extreme diversity of administrative
processes used. The resulting subpopulation was comprised

of forty-six organizations which had filed for grants from the Texas Commission on the Arts within the past three years.

Thirty research questions were answered from the results of the questionnaire. Research questions one, and three through thirty were analyzed and presented in narrative discussion with the results. Categorical data were listed to show range. The second research question was analyzed using the Pearson Product-Moment Correlation Coefficient.

On the basis of the literature review and the survey responses received, an authentic problem exists in the funding process of these organizations. The organizations surveyed appear to recognize the funding problems, but the results of the study reveal that many have yet to develop effective and efficient strategies to solve several of these problems.

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CHAPTER I

INTRODUCTION

According to Joan Jeffri, the most important incentive
for giving to the arts since the early part of this century
has been United States tax laws (Jeffri 1983). The mechanism
used to capitalize on this incentive has been the forming of
the not-for-profit corporation, better known as the nonprofit
or tax-exempt organization. This tax-exempt status has
allowed art groups to receive a major portion of their income
from government and private funding sources.

There is a fine line between nonprofit organizations
and profit-oriented companies. Robert N. Anthony and
David W. Young define a nonprofit organization as

> an organization whose goal is something other than
> earning a profit for its owners. Usually its goal
> is to provide services. By contrast, in nonprofit
> organizations, decisions made by management are
> intended to result in providing the best possible
> service with the available resources; success is
> measured primarily by how much service the organiza-
> tions provide and by how well these services are
> rendered (1984, 35-36).

Measurement of performance is difficult because there are no
clear-cut choices between cost, benefits, and alternative
courses of action. Despite these problems, management must
develop strategic planning to assure that resources are used
effectively and efficiently. Funds must be received for

operating revenue, or fund resources must equal at least the cost of operating the nonprofit organization. Some organizations do not make a profit in the literal sense, but an equivalent amount is returned in dividends to the organization.

Beginning in the 1950s, nonprofit visual arts organizations supported many artists who were considered creative risks, experimental artists who could not compete in the commercial marketplace. As a result, many organizations experienced high failure rates. As Jeffri states,

> A steady maturation process where creative concerns took precedence over financial ones was influenced both by economics and by new audiences. On the one hand, in some organizations costs simply got out of hand; organizations were no longer made suddenly solvent by a board member with a personal check. On the other hand, so much time had been spent cultivating new audiences for the arts it was often difficult, if not impossible, to pay some heed to their tastes (1983, 3-4).

The product of the artist in the 1980s has become interchangeable with the commercial marketplace. In some cases, nonprofit visual art organizations have been accused of starting their organizations with the commercial profit-making market in mind.

Competition for money has become the prime concern for both the corporate sector and the tax-exempt organization. For the purpose of this study, funding is based on the nonprofit organization.

Nonprofit organizations work extremely hard to stay in the running for funds. As stated in Financial Management of Nonprofit Arts Organizations, by the Texas Accountants and Lawyers for the Arts,

> To be successful, today's nonprofit organization must achieve proficiency in two areas. First, it must create a product of high quality which satisfies a public need. Second, it must operate in an efficient business-like fashion to satisfy the requirements of government and private funding sources (1985, 1).

An additional area which should be added to the preceding description is the development of an administrative staff which is well-versed in techniques for acquiring funds. These areas are of great concern to nonprofit visual arts organizations in Texas. In order to meet these objectives of the organization, a good management control system is needed to set the goals. Anthony and Young point out that,

> the first requirement of good management is that it appreciates its importance, recognizes its feasibility, understands how to use the management control system, and is willing to devote enough time to the management control process. Senior management appreciates the fact that although control is not as glamorous as planning, and that although criticism is an unpleasant task, control is nevertheless essential.
> A well-managed organization has a strong governing body. Some of its members spend considerable time in examining program and budget proposals before they are submitted to the full board or legislative committee, and in analyzing formal reports on performance and informal communications from clients and others as to how well the organization is performing. They are assisted in this work by a staff (1984, 638).

Providing staff and volunteers is an important function of management control of nonprofit organizations because it

is their performance which is measured. It is the
responsibility of management to build an effective human
organization which will motivate people in the organization
to work toward its goal. When hiring staff and training
volunteers, management should be able to make sound judge-
ments as to their integrity, ability, potential, fitness
for a given job, and compatibility with colleagues. It is
these staff members and volunteers who deal with the public
directly, and therefore influence the public as to the
performance of the organization.

The staff collects, summarizes, presents information,
makes calculations, and translates the judgements of manage-
ment into the public's eye. Indirectly these staff members
and volunteers influence the funding process. Therefore, it
is important to direct their knowledge in the training
process with a strategic plan in mind.

It is difficult to separate the various steps in the
development of a nonprofit organization from how the organiza-
tion will be funded. Michael Phillips states that,

> If an idea is good enough, and the people involved
> want it badly enough, they'll begin to put their own
> personal energy and time into it, and the idea will
> soon be its own reward. Money itself cannot accomplish
> their goal, only the people themselves can accomplish
> it. Of the people I have explained this concept to,
> only a rare few have been able to understand that if
> they work hard enough on their project money will follow
> (1974, 3).

Another essential element of nonprofit organizations is
the voluntary action. T. D. Connors says that,

> Voluntary action is what one is neither paid to
> do nor made to do. In their broadest sense, NPOs
> are simply the collective form of individuals'
> voluntary action. That is, NPOs are the vehicles
> by means of which people pursue together goals
> that are not primarily remunerative and that they
> are not forced to pursue (1980, 1-3).

Voluntarism in the nonprofit organization must be developed in order to utilize the riches of its potential. Management, staff and volunteers have a set mission, which is then developed into goals and objectives. When these three units--management, staff, and volunteers--work in harmony, the public service to their community can yield great rewards.

Further study of the problems facing management, staff and volunteers in their financial pursuit warrants examination. Funding seems to be the most critical issue facing nonprofit organizations leading into the 1990s. The following statement-of-the-problem addresses these problems.

Statement of the Problem

This study addresses the administrative process and criteria used by nonprofit visual arts organizations in the State of Texas in acquiring government and private funding.

Purposes of the Study

The purposes of this study were (1) to examine the organization and administrative process of the nonprofit visual arts organization, (2) to determine the criteria utilized by government and private funding sources for

distribution of funds to nonprofit visual arts organizations, and (3) to examine the process used by nonprofit visual arts organizations when acquiring funds from government and private sources.

Research Questions

Based on the statement of the problem and the purposes of the study, the following research questions were developed for nonprofit visual arts organizations in the State of Texas.

In order to satisfy the three purposes, questions 1 through 10 are directly related to purpose 1, questions 11 through 20 refer to purpose 2, and questions 21 through 30 address purpose 3.

1. Do the longevity, budget and population of the city served by an organization affect its success in obtaining funding?

2. Does the square footage of a facility reflect proportionally the number of persons visiting each organization yearly?

3. What type of services does each organization offer to the public?

4. Do these organizations reach diverse populations in the state?

5. What is the ratio of paid staff to volunteers, and how are staff and volunteers trained?

6. Do these organizations maintain professional bookkeeping and financial statements on a monthly basis, and are they directed by legal and accounting services?

7. Do these organizations require newly hired employees to sign employment contracts?

8. Do these organizations have insurance, and if so, what types?

9. What type of budget planning is used in each organization?

10. For strategic planning purposes, how far into the future can an organization project contributions?

11. How does an organization determine the criteria needed to qualify for federal, state and local funds?

12. How does an organization determine the criteria needed to qualify for private funds?

13. Do private and government funding sources give workshops to educate organizations on the criteria for applying for grants?

14. Do private and government funding sources assist organizations in meeting the criteria to apply for funds?

15. What criteria determine a grant proposal's acceptability?

16. Were any grants lost due to the lack of funds to meet matched grants?

17. What type of legal and accounting criteria do the organizations have to meet for funding?

18. Do these organizations obtain annual audits, reviews or compilations to meet funding criteria?

19. Do these organizations have strategic budget planning criteria for receiving funding?

20. Are these organizations required to predict future contributions in order to meet funding criteria?

21. How does an organization determine the process necessary to qualify for federal, state and local funds?

22. How does an organization determine the process necessary to qualify for private funding?

23. Do these organizations send representatives to seminars to learn techniques for acquiring funds through grants, from private and government sources?

24. When grant proposal techniques have been learned in seminars do these organizations usually receive funding from private and government sources?

25. Do these organizations belong to professional associations relating to fund raising?

26. Do these organizations employ independent fund-raising consultants, and if so, for how long?

27. Do these organizations plan their fund-raising campaigns over a projected time frame?

28. How are funds received for use in running an organization dispersed?

29. What forms of earned income do these organizations have?

30. Do the boards of trustees in the organizations participate in fund raising and are they catalysts for major philantropic gifts?

Background and Significance
of the Study

Even though they do not make a profit, the government requires tax-exempt, nonprofit organizations to file many of the same forms as profit-making companies. Government policies and rules often change; therefore, it is vital that nonprofit organizations prepare and fill all documents in a timely manner according to government standards, or risk the loss of their tax-exempt status. It is vital that a tax-exempt organization operate exclusively for a nonprofit purpose when dealing with Internal Revenue Service. Some of a nonprofit organization's income may not be tax exempt; some may be business-related income. Business income which is unrelated to an organization's tax-exempt status is taxed in order to eliminate unfair competition with tax-paying corporations who conduct the same type of business.

It is prudent for tax-exempt organizations to have regular audits of their records, both internal and external. Financial credibility is a requirement when submitting proposals and obtaining grants, even though it may not be stated as such. Managerial decisions should be based upon sound financial planning along with up-to-date bookkeeping.

Grant proposals require precise statements of all finances
and include a statement of the organization's functions,
objectives concerning the disbursement of acquired funds,
and a statement of organizational needs to make the project
a reality. Foundations, corporations, government agencies
and other sources of funds expect to see financial substance
in the nonprofit organization's progress. Often the best way
to determine the efficiency or professionalism of the
organization's management is to review its financial records.

In the State of Texas, no government funds can be given
to an individual artist. An artist must submit his or her
project to a nonprofit organization, who in turn submits a
grant proposal. The artist frequently finds that the non-
profit organizations have previously-planned projects and
are therefore not interested in dealing with individual
artists.

Many nonprofit arts organizations are formed by
individual artists who become frustrated while seeking fund-
ing. Such artists come together in hopes of gaining funding
as an organization, but often encounter further frustrations
due to their lack of knowledge as to how the funding process
works. Government agencies have little patience in dealing
with poorly-managed nonprofit organizations. Under federal
and state laws, directors who mismanage nonprofit organiza-
tions can be held liable. Funding sources can often examine

a grant proposal and immediately detect inadequate book-keeping and management. Such a situation results in failure to receive grant funds, which is what the individual artist experienced originally.

Definition of Terms

The following terms have restricted meanings and are defined for the purpose of this study.

Administration or management can be defined as the control process of performing the activities of planning, organizing, staffing, and control, to achieve goals effectively and efficiently.

Art service organizations give support to nonprofit visual art organizations in helping with business, legal, accounting, and other problems that nonprofit organizations may experience.

Budget refers to the amount of money with which the nonprofit organization has operated annually.

Challenge II Grant Program is an NEA program which provides the opportunity for art institutions of high artistic quality to launch major fund-raising campaigns that strengthen long-term institutional capacity and enhance artistic quality.

Civil Works Administration (CWA) is a government agency formed in 1933 to administer employment to needy artists.

Cold call is a term used to describe the making of a contract with an organization for the first time without a personal introduction, with the intent of receiving information and the possibility of exchanging goods.

Control structure is the management responsibility used to direct various functions within the organization.

Dissonance is defined as the static that is produced by an individual when presented with information (facts) that are not in agreement (matched) with what the individual has decided is true (reality).

Expansion Arts Program is a National Endowment for the Arts program providing assistance to arts organizations related to minority, inner city, rural, or tribal communities.

Federal Art Project (FAP) was a program developed to employ artists who provided murals, sculptures, paintings, and other forms of art for numerous buildings constructed with public funds, starting in 1935.

Federal Emergency Relief Administration (FERA) is a government agency which absorbed the CWA when it was terminated.

Foundation is a nongovernmental, nonprofit organization with its own funds, managed by its own trustees and directors, and established to maintain or aid charitable, educational, religious, or other activities serving the public good.

In-kind money is non-cash goods which can be donated such as time, services, space, supplies, and equipment which had a fair-market value.

Large foundation means a foundation which has well-defined statements of programs and interests, awards grants on a national basis, and publishes annual reports or brochures to make their interests and application procedures known to the public.

Longevity is the number of years the nonprofit organization has been in existence.

Matching means the applicant for a grant must cover at least half the cost of a project and match the grantee's funds on a one-to-one basis, or in-kind money to grantee's dollar.

Management control is the framework developed by nonprofit organizations for the implementation of strategic planning to assure that the administrative process is accomplished.

Metropolitan Statistical Area (MSA) is a free-standing metropolitan area composed of one or more counties.

National Council on the Arts is an advisory committee to the NEA with twenty-six members appointed by the president.

National Endowment for the Arts (NEA) is an independent agency of the federal government, created in 1965 to encourage and support American Arts and Artists.

Nonprofit organizations and tax-exempt organizations
are used interchangeably to describe visual arts organiza-
tions in the State of Texas which do not pay taxes.

Primary Metropolitan Statistical Area (PMSA) is a sub-
unit of a larger classification.

Program structure is the framework developed in every
organization to carry out its programs.

Responsibility center is the framework developed in
an organization to carry out its programs.

Small foundation is a foundation which supports a
broad range of activities oriented toward the community
or state.

Voluntary action or voluntarism is the choice to
complete any work or performance without being compelled
or imposed by another and without pay.

Works Project Administration (WPA) is a government
agency formed in 1935 to relieve the problems caused by the
termination of the CWA. It was an umbrella organization
for several federal work programs, including the Federal
Art Project.

Organization of the Study

The problem, purpose, research questions, and signifi-
cance of the study are included in this chapter. A review
of the relevant literature is provided in Chapter II.
Chapter III provides the procedures for collection of the

data, and an analysis of the results is presented in Chapter
IV. A summary of the findings, conclusion, implicatiions,
and recommendations for further study are discussed in
Chapter V.

CHAPTER II

REVIEW OF LITERATURE

Every nonprofit organization strives to achieve the
distinction of being recognized as a well-managed organiza-
tion with a proven record of success. Funding is a major
factor in achieving this easily recognizable distinction.
The two major categories of funding are: (1) private funding,
which encompasses fund raising from foundations, corporations,
and the public sector of society, and (2) government funding,
through the National Endowment for the Arts (national),
the Texas Commission on the Arts (state), and city programs,
(local). Within the two major categories of fund raising
there are three types of grantors: (1) foundations,
(2) corporations, and (3) government sources. The federal
government provides the largest source of grant assistance,
as stated by Theodore M. Lawe in his book, How to Secure and
Manage Foundations and Federal Funds in the 1980s (1980).

John Schwartz, president of the American Association of
Fund-Raising Council, Incorporated, states that, going into
the 1990s, funding will take on a new dimension due to
national economic problems. He expects an important issue
to be the seeking of more funds from the private sector as
government funding falls short (1980). In the evolution of

American philanthropy, history shows that the private

sector provided funding for the arts long before the

government became involved.   The following issues involving

philanthropy in America set standards which have been

difficult to change for funding in all areas.

Private Funding

Private funding, which encompasses fund raising from

foundations, corporations, and the public, is the first

area to be covered in this chapter.   The word foundation

indicates a private foundation which has been set up to

disburse funds as a primary activity.   In some instances,

such organizations may operate a research or scholarship

program.   Wealthy individuals, or their descendants, usually

develop foundations as memorials to their founders.   Sharply

focused missions and goals are common in the establishment

of such foundations, which are usually developed to improve

society, to further some special cause, or to focus on a

group of issues which need improvement.   Foundations often

have a history of being short-sighted.   The wealthy founder

with millions of dollars can often be unpredictable.   There-

fore, a great deal of variety is often found in what and

how money is given.

The first genuinely open-ended foundation was

established by Margaret Olivia Slocum Sage.   Sage was

concerned with the problem of indiscriminate giving.

Robert DeForest, a Wall Street lawyer, director of many
corporations, and an experienced philanthropist, was hired
by Sage for consultation regarding the ultimate disposition
of her estate. About the time she sought his services,
DeForest was elected president of the Conference of Charities
and Corrections, in 1903. It was in his best interest as
well as hers to create a new type of charitable organization.
The result was the Sage Foundation, which was developed and
chartered by the New York State Legislature in April 1907.
The foundation was designed with an open-endedness which was
intended to fund worthy entities and facilitate the reform
of social, economic, and political life. The method of
facilitation was to be through surveys of social conditions
conducted by professionals, with their findings then being
made available to influential citizens. In turn, these
citizens would make the findings available to the public,
who would make changes for the better (Powell 1987, 12).

Unfortunately the process had loop holes which con-
flicted with the Rockefeller Foundation. As the Rockefeller
Foundation was being chartered, the public feared that these
foundations with great sums of money might influence public
policy for their own benefit rather than that of the public.
From that point on, foundations became more prudent by
funding noncontroversial activities which might indirectly
influence public policy. The intent of circumspection

toward a foundation's mission and goals became another problem (Powell 1987, 12).

Between 1882 and 1911, the Young Men's Christian Association (YMCA) set another standard in nonprofit contributions. Over a million dollars was contributed by the railroad industry to build 113 YMCA buildings. This started the trend of firms and foundations operating within a particular area of society when providing funding (Powell 1987, 13). By the 1920s, fund-raising efforts had been developed by nonprofit organizations to broaden their scope of grant disbursement. These efforts were also directed toward a new segment of society, the middle class. Until this time, funds were usually directed to welfare capitalist programs, universities, and community chests. A small amount of cultural funds were granted within the community chest. Funding continue to have a narrow scope and is departmentalized to certain segments of society. Information among granting bodies was not shared in order to upgrade the funding process. Art, for the most part, was without consideration of grantees, except for a few private citizens with money.

For many years these various entities of funding were segmented and the lack of communication between them resulted in little growth in the techniques of funding. Three forces, however, have made changes possible. As

stated by John Schwartz, these are donors, the donees,

and the enablers.

> Today all three are working together in ways that old
> attitudes would have made impossible just a few years
> ago.
> It has been my privilege to be a close observer
> of the philanthropic scene for more than forty-one
> years. Early in this period, I can remember too well
> how donors appeared to sit on top of their pyramid of
> funds and were too aloof to have any real interchange
> with donees.
> Another impediment was the elitism of some fund
> raisers. Those working for educational institutions
> did not associate with those raising funds for social
> services, hospitals, humanities, cultural, and religious
> organizations. The public perception of fund raisers
> generally was, in the least, suspicious, thanks to the
> media's strong preference for highlighting the bad
> practices of a few promoters (American Association of
> Fund Raising Council, Incorporated 1986, 116).

These problems have slowly disappeared due to the

patience and cooperation of leaders from all three elements.

Today organizations meet at least four times a year to compare

programs, techniques, identify shared concerns and mount

joint efforts to improve their field.

Although private funding is very important in the fund-

ing history of America, very little literature has resulted

on private grantees for the arts. Grant support has

increased dramatically, both in size and sophistication,

since the early days of the rich giving to the needy. The

arts in America were originally supported primarily through

the private sector. Whether the private support was for

aesthetic enjoyment or extra-artistic purposes, patrons

provided enough financial stability for major art

organizations to remain clear of financial problems.
Private support was often based on the personality of an
artist or those in charge of an organization. Today,
private sector grant giving continues to operate in somewhat
"mystical" ways.

Private foundations are the most often misunderstood
and misused, according to recent studies of the Annual
Register of Grant Support (1986). Approximately 80 percent
of all grant applications are misdirected or inappropriate,
due in part to the grant seeker assuming that all private
foundations share a common purpose. There are more than
24,000 grant-making foundations in the United States, and
a wide diversity exists among foundations. The word
"foundation" in the title of an organization does not always
mean that the organization makes grants. If an organization
cannot qualify as religious, charitable, educational,
scientific, or governmental, the federal government defines
it as a foundation, causing misunderstanding in some cases.

There are three classifications of foundations:
(1) large, (2) small, and (3) community. Each foundation
classification has its own funding pattern. Large founda-
tions usually place strong emphasis on academics, research,
technology, science, medical, political, and higher educa-
tion. Therefore, large foundations often support
universities, colleges, graduate schools, hospitals,

research institutes, and libraries. Small foundations

tend to focus the greater percentage of their grants on

programs that address specific community needs, such as

welfare, public health, cultural, and both elementary and

secondary education. Small foundations usually support

direct service agencies, art groups, and schools. Com-

munity foundation grants are directed almost exclusively

toward local community needs (Garonzik 1986, xii-xiii).

Most grant seekers apply to the private sector in

order to avoid government restrictions. Some private fund-

ing sources require that the applicant reveal whether

application has been made for government funding, and why

the organization was not funded. David Bauer points out

in his book, The "How To" Grant Manual, that there are

good reasons for this requirement. He lists the following

reasons:

> Foundations give away 3.46 billion dollars each year
> in the United States. (The federal government grants
> approximately $25 billion.)
> Foundations account for 5.3 percent of the total of
> 64.9 billion dollars given away to nonprofits by
> private philanthropy.
> There were only 32,165 grants for more than $5,000 in
> the entire United States last year given by 465 grant-
> making foundations.
> The average grant by a foundation with over $20 million
> in assets is $20,000.
> The average by all the rest is $1,700.
> The top 10 percent of the foundations gave 90 percent
> of the assets (1987, 163-164).

Private funding sources consider themselves different

from other funding areas because they are able to give funds

to anyone. Few standard forms, guidelines, and financial
requirements are needed for an organization to apply for
private funding. In many cases proposals are read by the
board members, since only approximately 1,000 of the 24,000
foundations have half- to full-time directors (Bauer 1987).
Accurate research is necessary when seeking funding from the
private sector; there is not an abundance of information as
is available in government funding. A key point for those
seeking private funding is to determine who the decision
makers of the organization are, for they are the grant-
giving body in private funding. As pointed out by Bauer,
it is important to check periodical indexes, libraries, and
newspapers, for these data are important in two ways:

> (1) It can help you determine, in advance, likely
> preferences and biases you will encounter at an
> in-person grant interview.
> (2) It makes it easier to locate "linkages" between
> your organization and a funding source. Note: You
> do not have to have this information in order to
> consider a source for a proposal, but it helps.
> Each step you include will increase your chances of
> success (Bauer 1987, 167).

Just as foundations and their founders have established
a wide variety of patterns in their funding processes, the
policies of corporate funding are unique to each individual
company. Throughout history, corporate funding has evolved
through individualistic patterns, sometimes resulting in
undesirable connotations during the early development of
gift giving.

George Pullman is an example of how the corporate
funding system worked in the early 1900s. The manifestation
of shortcomings was demonstrated by a paternalistic element
when the Pullman Corporation donated funds to build a model
community for its employees. Pullman exercised extra-
ordinary political and social control over workers living
in the community. Even though the facilities were developed
for the benefit of employees, the Pullman Corporation placed
undue financial burdens on workers in other ways to offset
the original donation. This was typical of corporate giving
during this time. Most corporations were factory-oriented
and their existence was the sole support of a town. Never-
theless, welfare capitalism embraced many possibilities,
including exploitative company towns with open-ended pro-
visions in health care, insurance, education, pensions, and
profit-sharing plans for workers, which could be manipulated
as the corporation saw fit (Powell 1987, 13).

Marcus Alonzo Hanna, a powerful national Republican
Party leader and corporate owner of iron and coal operations,
was one of the first individuals to support the Board of
Trade and Civic Federations to stop the exploitation of
workers through corporate gift giving. This step by Hanna
helped establish a rationalization of the charitable
resources given to communities from the corporate sector.
By 1922, other social leaders were following Hanna's

leadership. In his book, <u>American Individualism</u>, Hoover

outlined a model for a "New Era" in corporate giving. The

main points are as follows:

> The key to this achievement lay in the development
> and proper use of cooperative institutions,
> particularly trade association, professional societies,
> and similar organizations among farmers and laborers.
> [It was believed by Hoover and other associates] that
> this association would form a type of private govern-
> ment, one that would meet the need for national reform,
> greater stability, and steady expansion, yet avoid the
> evils long associated with "capital consolidations,"
> politicized cartels, and government bureaucracies.
> Unlike the earlier trusts, these newer institutions
> would preserve and work through individual units,
> committing them voluntarily to service, efficiency,
> and ethical behavior and developing for them a new and
> enlightened leadership capable of seeing the larger
> picture. And unlike government bureaus, they would be
> flexible, responsive, and productive, built on services
> and efficiency rather than coercion and politics, and
> staffed by men of expertise and vision, not by self-
> serving politicians or petty drudges (1922, 132).

Hoover's ideas were shared by many leaders in the

corporate community, and corporate giving took on a more

charitable meaning with fewer strings attached than ever

before.

Following the 1922 reform, corporations grew in

significance as charitable entities with professional

management and a broader acceptance of welfare capitalist

doctrines. "Between 1920 and 1929 thirty-five thousand

corporations gave over $300 million to Community Chests in

129 American cities (Williams and Croxton 1930, 93). When

the Great Depression came, the resources from private sector

giving by corporations dried up. Corporations were no

longer able to give, due to the national and international economic crisis. These corporations' administrators cut costs by eliminating the welfare and benefit programs they supported. The lack of funding for these programs hit a section of society dependent on their support, and their skills were unusable in any other salary-producing field. Thousands of people were without work to support their families and themselves. The federal government was forced to develop solutions to this problem. Government intervention helped, but as the government support of charitable programs grew stronger, corporate funding grew weaker.

Roosevelt did not rule out the role of charitable corporations entirely. "His 1936 tax act for the first time permitted corporations to deduct charitable contributions from their federal income tax. (He first opposed the deduction, but finally accepted it after intensive lobbying by the Community Chest)" (Heald 1970, 148). Corporations and individuals in the upper-income bracket once again turned to large-scale giving to reduce tax obligations.

Unfortunately, however, only the very rich were able to increase their level of giving in order to take advantage of the 1936 Tax Act. The government failed to gather substantial statistics about income levels of individuals and corporations who could quality for this tax act. Only those earning $300,000 or more were able to give

substantially to charities in order to take advantage of the
tax deduction. This group was a very small minority of the
population (Jones 1940, 8-10).

Roosevelt's tax legislation may have been the start of
a negative impact on corporate giving. Before this time,
charitable contributions were given with emphasis on funding
an organization or institution in order to support issues
the corporation believed in strongly. Motives for contribu-
tions became negative, because giving was done to avoid
taxes. An atmosphere of distrust, involving active efforts
by companies to affect the environments resulted in a
relatively unimaginative corporate philanthropy. Although
allowed by tax regulations to deduct up to 5 percent of
pretax income for charitable gifts, business giving between
1936 and 1980 never exceeded 2 percent (Harris and Klepper
1977).

The Arthur Page Papers became of historical signifi-
cance following these tax issues. The key issue was started
by Arthur Page who was an educator in the nonprofit sector.
Page corresponded with leading figures in American corpora-
tions, and a host of major foundations who had provided
funding to educators in the past. This correspondence was
the first effort challenging the legal restrictions of the
tax laws and federal government funding, trying to take
over when the corporate factor failed after the Depression
began. Corporations were highlighted in their limited

capacity for gift giving. Page and his associates were concerned about the growth of federal power and the limiting effects of funding to higher education (Curti 1965, 238-58). In response to Page's communication, the Chief Justice of the Supreme Court of New Jersey noted in his endorsement of a broader mandate for business philanthropy:

> I am strongly persuaded by the evidence that the only hope for the survival of the privately-supported American college and university lies in the willingness of corporate wealth to furnish in moderation some support to institutions which are so essential to public welfare. . . . I cannot conceive of any greater benefit to corporations in this country than to build and continue to build, respect for and adherence to a system of free enterprise and democratic government, the serious impairment of either of which may well spell the destruction of all corporate enterprise (Smith v. Barlow 1954, 147).

In time it was proven that federal power was ultimately limited. By the early 1950s, Page and his associates were passing their reign of power to younger men who were more concerned with management techniques. As Allen Matusow characterized them, these corporate liberals "were not reactionary champions of laissez-faire, as myth would have it, but sophisticated managers seeking to secure their hegemony with governmental assistance" (1984, 32).

With this sophisticated and educated management coming into existence, both in major nonprofit organizations and corporate administrations, dramatic growth began. Community Chest records of gift giving indicate that little change was shown before World War II. A combination of

patriotism and excessive profits encouraged firms to give more than in the past (Andrews 1952, 158). As new management techniques became part of corporations and nonprofit organizations, philanthropy in the corporate sector began a new phase which would continue on to the present.

Today, the national total from the corporate sector in philanthropic gifts is about the same as that from foundations (Chavers 1983, 8). Although this is a generalization about business characteristics, some short-comings must be noted in order to provide a frame of reference as to how corporations perceive profits and contributions when dealing with those presently seeking corporate grants.

W. Grant Brownrigg writes,

> The focus of business is on making a profit, on selling something for more than it costs so that the company can invest in the future and reward its employees and shareholders. Most corporations believe they can best help the community, not by finding ways to give away money, but by making a profit and thereby providing jobs and other benefits that are essential to the community's economic vitality.
> Corporations recognize only one valid reason for the contributions function: it must help the corporation achieve its overall goals by improving the environment in which the company does business. A healthy business cannot exist in a sick community; consequently, it is in a company's best interest to support worthwhile organizations and activities in the community in which it draws its employees and other resources. Corporations contribute more from enlightened self-interest than any other reason (1982, 5-7).

Corporate contributions to the arts are difficult to analyze, because each corporation funds differently,

reflecting the objectives of each company. A corporation's annual report is the best source of information as to their grant funding. Annual reports specify amounts funded, the type of project, and the donee's name. This information is valuable to anyone seeking a grant because they can determine which corporations are best to apply to for grants.

A general aspect of corporate gift giving is that corporations seem to give as grants, in-kind or matching funds and goods, and donations. Some corporations set up a separate foundation with a board of trustees, executive director, professional staff, outside members, and a support unit of volunteers similar to nonprofit organizations. Other corporations may give grants through the establishment of a trust fund, relying on corporate funds for grants and contributions. Corporate philanthropy programs have also been utilized to fund grants by forming a separate department within the corporation. A corporation short of funding money may also establish a program allowing employees to contribute to grants with the corporation, in turn, matching the funds. Many other creative gift giving methods are coming into play due to the soft economy. One possibility is for a corporation to loan part of their staff to a nonprofit organization for a period of time. Other forms of giving are slowly emerging, and by checking with various corporations a long list of creative

possibilities can be discovered. Many corporations are willing to listen to ideas presented by outsiders for help in this growing field.

Public funding is a noteworthy concept because of its importance in the funding process of any nonprofit organization. Fund raising from the public sector of society involves the actual donor who must be solicited for the basic operating expenses and support of an organization. However, before this can happen, nonprofit organizations must begin with a mission. Even though nonprofit organizations vary greatly, most can be defined as a "human collectivity that is structured to perform a specific mission through the use of largely rational means. It's specific mission is usually clear at the beginning" (Kotler 1982, 34). Once the mission is defined, objectives and goals established, and sound budget planning developed, the next basic step is marketing. Marketing is the key factor in acquiring public funding.

David L. Radoes, in his book Marketing for the Non-Profit Organizations, describes marketing in the following way.

> Marketing aims to influence mass behavior. A business firm has customers to whom it wishes to sell and competitors over whom it wishes a modicum of influence. In addition, it often distributes its products through middlemen, retailers, wholesalers, jobbers, and the like, all of whom it wishes to reach.
> Customers transcend all others, however, because they buy and thus provide the firm with revenue and, when things go well, with profits. But a business

firm normally finds its customers can choose among products and among suppliers (1981, 14).

Marketing in nonprofit organizations works in much the same way as in business firms. These organizations provide a service and a product which requires profits, and customers may choose to spend or give their money to other nonprofit organizations. For these reasons marketing is a key issue in the operation of nonprofit visual arts organizations.

Marketing concepts usually begin with top management. In many organizations a designated person (or marketing manager) is hired for this function. The marketing manager usually has three main tasks: (1) planning, (2) execution, and (3) control of the marketing process (Montana 1978, xi).

Planning begins with the development of a marketing strategy aimed at a target market. The target market is made up of customers who are interested in, or have some attraction to, the organization's product. First this group of individuals must be selected, and then a strategic plan is developed to reach them. Once planning is complete, execution of the planning device is set into motion. When the results begin to come in as to how the device is working, control becomes the next factor. Control of the results provides feedback, thus revealing whether or not the device is producing an anticipated amount of revenue. Not all marketing techniques work. For this reason, administration

needs to be cognizant of the fact that marketing is an on-going tool which must be manipulated for the greatest outcome.

Once the marketing plan is developed the staff in charge of representing the organization in the marketing campaign must develop an approach for soliciting backers and funding. The best approach in fund raising is usually direct personal contact. Philip Kotler, in his book Marketing for Nonprofit Organizations, says that,

> A responsive organization is one that makes every effort to sense, serve, and satisfy the needs and wants of its clients and publics within the constraints of its budget (1982, 33).

The financial status of an organization is projected by the staff who represent the organization's product. This factor is always present in an organization, whether the annual budget is small or large. An organization with a small budget can project a positive image as well as one with a large one. With sound planning of the fund-raising campaign, staff members who have prepared their direct approach message for the customers, and a good product, a responsive organization can stand out from their competitors. "The result is that people who come in contact with these organizations report high personal satisfaction" (Kotler 1982, 33).

The concept of public funding is simple, but the process of catering to the public has short-comings. In

all contributions, a person is contacted before any monies come into the organization. Therefore, it is the job of an organization to employ fund-raising staff who understand, can identify, and communicate successfully with potential contributors. An organization armed with these basic tools should have good response to their efforts for a successful outcome.

Government Funding

Government involvement in the arts was slow to become a reality. The support needed in the field of art took almost 200 years of national growth before the American public accepted the arts as what is now described as cultural. Although minute government involvement has existed since 1790, it was, for many years, available only for restricted projects which, in most cases, were for purposes other than truly artistic. Most support for the arts during those early years was controlled by social, economic, and political priorities rather than artistic considerations (Taylor and Barresi 1984, 3). During the 1700s and 1800s, most art was imported from Europe, and was centered in the Southern colonies.

The government's first step into the arts was the establishment of a Commission on the Fine Arts in 1910. Activities of this commission were restricted to the Washington, D. C. area. During the Depression, from 1929

through 1934, government support of the arts became a

necessity. In reaction to the economic crisis, the

federal government responded with programs designed to

provide jobs for out-of-work artists. These programs were

specifically initiated in response to the economic necessity

for the artists' survival. From the despair experienced

by creative artists during the Depression came a realiza-

tion of the need for public support of the arts.

As a result of the Depression, approximately 70 percent

of the nation's artists were unemployed. Taylor and Barresi

state that,

> Between 1933 and 1943 the course of the arts in America
> was profoundly influenced by federal patronage. Out of
> the misery and despair thrust upon creative artists by
> the Depression grew a recognition of the need for sub-
> stantial public support of the arts. Under a variety
> of "alphabet soup" labels--WPA, PWAP, TRAP--thousands
> of artists, writers, actors, and musicians found in the
> patronage of the federal government the freedom to
> create, and to preserve their skills (1984, 9).

Further investigation of these programs with the

"alphabet soup" labels provides interesting insight into the

government's efforts with art activities during the Depres-

sion. In 1933, the Civil Works Administration (CWA) was

created to provide employment for artists, enabling them

to create, teach, and perform in a variety of work situa-

tions. This program was terminated in 1934, and transferred

to the Federal Emergency Relief Administration (FERA). By

1935, the Works Project Administration (WPA) was legislated

to support and relieve the slack caused by the termination
of the CWA. The Works Project Administration supported the
most highly-publicized Depression programs. Of these pro-
grams the Federal Art Project (FAP) program was extremely
popular. The FAP provided murals, sculptures, paintings,
and other forms of graphic art for numerous buildings
constructed with public funds. The results of these
Depression projects proved artistically beneficial to
artists and the public. It is important to remember that
they were subsidies of the economic problems of a particular
time in history.

By the end of the Depression old patterns of patronage
were largely gone. In spite of this, artists were beginning
to be considered a social force because of their interaction
with the public. As a result of this change in public
awareness of the arts, legislators initiated bills providing
more support for the arts. During 1937 a bill was presented
in the House of Representatives providing for the establish-
ment of the Department of Science, Art, and Literature. A
more definitive bill was appropriated, which called for the
establishment of a Bureau of Fine Arts. Unfortunately the
bill did not pass because the majority of the Representatives
were still thinking of support of the arts as something of
necessity rather than being the support of creativity. One
important issue that took place during this time was the

establishment of the National Gallery of Art (Taylor and Barresi 1984, 9-11).

In 1846, when the Smithsonian Institution was founded, the legislature showed surprising wisdom by including a gallery of art, along with the museums, laboratory, library, and lecture rooms. As the years passed, the Smithsonian broadened its scope of activities through the sponsorship of publications, museums, art galleries, and public arts presentations (Taylor and Barresi 1984). The government's role also broadened in support of the arts from practical necessity, as demonstrated by the economic necessities of the Depression. Until the National Gallery of Art was established, in 1937, the federal art treasures were housed in the facilities of the Smithsonian Institution.

During, and just after, World War II artists received some assistance from the government for activities which improved morale and helped build international understanding. During this time Nelson Rockefeller was the Coordinator of the Office of Inter-American Affairs (OIAA), and organized cultural exchanges for international good will. Art support was often disguised within non-art programs (Grants for Business and Employment Programs 1986, 47-48).

One of two significant federal actions which occurred in the 1950s was the development of the National Cultural Center. When President Kennedy was killed, in 1963, the center was renamed the J. F. Kennedy Center. At this time

the government authorized a matching grant of $15.5 million for the construction of new facilities.

The second significant federal action was a bill by Nelson Rockefeller to establish a National Council on the Arts. The first bill failed, but was reentered for consideration in 1960, when Rockefeller was Governor of New York, and was passed. The passing of this bill, establishing the National Council on the Arts, marked the arrival of the federal government on the threshold of a new arts frontier (Hanks 1980).

The National Endowment for the Arts, an independent agency of the federal government, was created in 1965 to encourage and assist the nation's cultural resources. Advisement for the endowment is provided by the National Council on the Arts, which is made up of the chairman of the endowment and twenty-six distinguished private citizens appointed by the president and recognized for their expertise or interest in the arts. The council advises the endowment on policies, procedures, and programs, as well as making recommendations on grant applications (Appendix A).

When the National Council on the Arts was created, the general public began to integrate art into their daily lives more than ever before. The goal of the council is to nurture individual artists in the face of growing mass production.

The National Endowment for the Arts was created as an administrative branch to accomplish the over-all goals. The forming of the National Endowment for the Arts marked the federal government's commitment to the preservation and advancement of artists, art organizations, and cultural opportunities for its citizens (Appendix A).

The endowment provides three types of financial assistance: (1) non-matching fellowships to artists of exceptional talent--fellowships are given only to citizens or permanent residents of the United States; (2) matching grants to nonprofit, tax-exempt organizations and projects of the highest artistic level, and of national or regional significance--matching means that the applicant must cover at least half the cost of a project and match the endowment's funds on a one-to-one basis; and (3) matching grants to state and local arts agencies and regional arts groups--the guidelines for funding are set by legislative requirements in Guide to the National Endowment for the Arts:

> The endowment has always placed strong emphasis on quality as the first criterion in evaluating applications for assistance.
> Program guidelines generally preclude funding for new organizations, thereby focusing endowment support on activities that have demonstrated their quality and value to their communities and ability to attract basic support from non-federal sources.
> The endowment is supportive of programs that by their nature and design generate non-federal funds beyond the legislatively required one-to-one match. The endowment does not wish grantees to become dependent on the federal government for a major portion of their budgets.

The endowment generally has followed a policy of
not awarding grants to cover institutional deficits
except in special circumstances as part of the
Challenge II Grant Program (Appendix A) (National
Endowment for the Arts 1987, 6).

Individuals of exceptional talent may receive grants

from the Visual Arts Program, as may organizations who assist

these visual artists (Appendix A). The Expansion Arts Pro-

gram is one which should be noted by nonprofit visual arts

organizations. This program provides assistance to arts

organizations of high artistic quality relating primarily

to minority, inner-city, rural, or tribal communities. The

program provides support in four categories: (1) expansion

arts organizations, (2) services to the field, (3) community

foundation initiative, and (4) special projects (Appendix A).

The fifty-five existing state art agencies receive

funding from the federal agency charged with supporting the

arts, the National Endowment for the Arts, and state legis-

lative appropriations. All state agencies have a

professional staff and a volunteer advisory council or

commission appointed by the governor.

All state arts agencies administer certain federal

programs, and are concerned with supporting the arts within

their state or jurisdiction. Because state agencies receive

federal funds and are an integral part of the federal-state

partnership in support of the arts, state arts agencies are

charged with carrying out the provisions of Section 5(c) of

Public Law 89-209, the legislation establishing the National

Endowment for the Arts:

> Section 5(c) calls for the creation of a program of
> contracts with or grants-in-aid to groups or, in
> appropriate cases, individuals of exceptional talent
> engaged in or concerned with the arts, for the purpose
> of enabling them to provide or support in the United
> States: (1) projects and productions which have
> substantial artistic and cultural significance, giving
> emphasis to American creativity and the maintenance
> and encouragement of professional excellence;
> (2) projects and productions meeting professional
> standards of authenticity, irrespective of origin, which
> are of significant merit and which, when without such
> assistance, would otherwise be unavailable to our
> citizens for geographic or economic reasons; (3) projects
> and productions that will encourage and assist artists
> and enable them to achieve wider distribution of their
> works, to work in residence at an educational or
> cultural institution, or to achieve standards of pro-
> fessional excellence; (4) workshops that will encourage
> and develop the association and enjoyment of the arts
> by our citizens; and (5) other relevant projects,
> including surveys, research, planning and publications
> relating to the purposes of this subsection (Kreisberg
> 1979, 180).

Most state arts agencies were created after 1965 in

response to federal initiatives. When the National Endowment

for the Arts was created by Congress in 1965, the Congres-

sional Declaration of Purpose stated, "It is necessary and

appropriate for the federal government to complement,

assist and add to programs for the advancement of the

humanities and arts by local, state, regional and private

agencies and their organizations" (Kreisberg 1979, 180).

The Texas Commission on the Arts is a state agency,

established in 1965 by the Texas Legislature to provide

financial, informational, and technical assistance. Through

the use of this assistance the commission attempts to "develop a receptive climate for the arts in Texas, attract outstanding artists to Texas, serve as a source of information on the arts for state government and the general Texas population, and expand and enhance the cultural opportunities for all Texans" (Texas Commission on the Arts 1988, 2).

The Texas Commission on the Arts' financial assistance program includes organizational, project, and touring assistance. Service assistance includes informational, technical and legislative services. The commission is charged with the responsibility of being a leading force in stimulating art education at the local level and fostering cooperation among arts and cultural organizations and academic institutions. The commission's assistance programs are to provide the financial catalyst for assisting individuals and organizations in obtaining access to local resources.

The Texas Commission on the Arts belongs to the Mid-America Arts Alliance, which is one of the six regional organizations of state arts agencies. The federal government requires that a minimum of 20 percent of all NEA program funds be directed to state and regional organizations. The Texas Commission on the Arts receives funds amounting to $200,000 or more from this source. This allocation is termed the Basic State Agency Grant or the

Block Grant and is received upon submitting a state plan to the National Endowment for the Arts (Kreisberg 1979, 181).

The Texas Commission on the Arts is also eligible to apply to other NEA programs for grants for specific projects. State appropriated funds supplement federal funds and, in many instances, surpass federal funds.

The eighteen commissioners to the governing board of the Texas Commission on the Arts are appointed by the governor. Commissioners serve six-year terms and are appointed on a rotating basis, with six commissioners appointed every two years. This commission meets at least four times each year in order to establish agency policy, review long-range plans, and award financial assistance funds. Most financial assistance decisions are made at a June meeting. The executive director heads the agency with four organizational divisions. These divisions include the administrative division, performing arts division, visual arts-communication arts division, and special projects-local arts agencies division (Texas Commission on the Arts 1988, 2). The organizational chart of the Texas Commission on the Arts appears in Appendix A).

The assistant director for administration heads the administrative division and is responsible for all internal and external administration. The assistant director for programs heads the three program divisions which are made up of one field representative and one in-house program

administrator. It is their responsibility to provide

assistance to organizations, individuals, and to the public.

The principles of the commission are dedicated to

assisting cultural and artistic organizations and individual

artists in the State of Texas. The commission attempts to

improve and increase cultural and artistic opportunities for

all Texans. The commission is dedicated to stimulating

financial assistance at private, local, state, and federal

levels. It develops new services and strengthens existing

support mechanisms (Texas Commission on the Arts 1988, 3).

The commission's role is to provide leadership, guidance,

and assistance to cultural and artistic organizations and

to individuals. It operates primarily on a partnership

principle which places responsibilities and commitments on

both public and private members of the partnership.

When making application to the commission, the applicant

is expected to "compete for financial assistance funds by

application. Continuous funds cannot be assured. [The

applicant] must provide at least 50 percent of the total

program. Financial assistance must be matched in kind.

Applicants must comply with all local, state, and federal

laws applying to discrimination" (Texas Commission on the

Arts 1988, 3).

On the other hand, the commission pledges:

commitment to approving the highest quality applications;
support of contemporary American and Texan art and
artists for future generations; recognition of the

geographic distribution of services and financial
assistance; to provide technical assistance and access
to financial programs to special populations including
minority and handicapped artists and audiences;
dedication to policies based on the cultural needs of
Texas; and initiation of special programs to address
unique needs which are clearly beyond the scope of
existing cultural and arts organizations when and where
appropriate (Texas Commission on the Arts 1988, 3).

The Texas Commission on the Arts offers four types of

assistance: financial, informational services, technical

assistance, and mandated services. Appendix B contains

details of these services. Financial assistance is given in

three ways: (1) organizational assistance given for twelve

months to help with operational support of an organization;

(2) project assistance is the funding of different events,

projects, or activity an organization would have planned;

and (3) touring assistance is given for two years to either

performing arts or visual arts.

Informational services are on-going to the public

through the services of staff consultation and publications.

Technical assistance is provided to the public by publica-

tions, site visits, staff consultations, and a statewide

partner organization. There are services to selected state

agencies mandated by legislation which provide creation,

acquisition, construction, erection, or remodeling by the

state of any work of art (Appendix B).

Local arts agencies are nonprofit, public or private

agencies which function primarily as a support system, and

a network to develop, sustain and deliver quality arts in

the community (Conrad 1980, 24). Local arts agencies have developed around arts activities in various areas of the state and function in ways best suited to the geographic area served. Each serves the specific needs of the area involved.

The functions of each local arts agency may be carried out in a number of ways, but the following six represent the most important: (1) providing services to artists, (2) cooperative work with institutions, (3) art programs and services for the culturally deprived, (4) audience development, (5) fundraising, and (6) promotion of individual arts. The services of local arts agencies are all directed to the development of the cultural life of a community. Local art agencies help to build a strong and culturally vital community through the overall planning and development of the community.

Historically, Texas' local programs have been developed through the Texas Arts Council, which recognizes one arts organization per city. Local organizations are usually called Arts Councils, but in some cases a major art organization in the community is recognized to fulfill the purpose. Several Texas cities currently have both a Council and a local Art Commission. There are presently 103 identified councils, and an estimated 130 qualifying organizations in the State of Texas.

In 1973, the Texas Arts Council was formed, with 13 representatives throughout the state. During the next four years 11 new councils were formed. From 1978 to 1981 another 36 were added, and from 1982 to the present the total increased to 103. These councils are divided into two types: visual arts and performing arts. There are 52 visual arts councils and 61 performing arts councils. Budgets for councils are developed from hotel-motel tax income, city income, county income, sub-granting, and projected request from the Texas Commission on the Arts. Income from these areas are determined individually by each city, and vary greatly.

The hotel-motel tax income is an exception (Texas Arts Council 1987, 1-2). Hotel-motel tax income is provided by an ordinance tax levied upon the cost of occupancy of any room for sleeping furnished by any hotel. The rate is two dollars or more per day, not to exceed 7 percent of the consideration paid by the occupant. Up to 1 percent of this money can be used by a city for the arts. Appendix C contains the amendment to the original hotel and motel tax bill which addresses the arts, passed during the last legislative session. In order to receive these funds, the city administrators must either vote to do so or offer the option on a city-wide ballot (Texas Senate Bill 1532 1987).

CHAPTER III

PROCEDURES FOR DATA COLLECTION

Population and Sampling

The population for this study is made up of the 336
nonprofit visual arts organizations comprised of foundations,
galleries, museums, photography, associations, and schools
in the State of Texas. From these six areas, the population
was further redefined to include only museums and associa-
tions from the original population of 336 which had filed
for grants from the Texas Commission on the Arts within the
past three years. This resulted in a subpopulation of 46
museums and associations. Returned questionnaires from
fourteen museums and fifteen associations comprised the
sample. Data from the questionnaires returned by organiza-
tions in the four additional areas--foundations, galleries,
photography, and schools--are significant to the study and
are discussed as subheadings following the sample informa-
tion even though they were not a part of the chosen sample.

Geographically, the State of Texas was divided into
fifty counties which provided a significant portion of the
population for statistical comparisons (Texas Almanac 1988,
278). By using the commission's list of nonprofit organiza-
tions who had filed for grants in the past three years, this

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study focuses on organizations that have been involved in
the administrative funding process over a given period of
time. This period of time is used as a measurement for
establishing whether these organizations are financially
stable, have developed a proven track record for success
in acquiring grants, and if they are located in a popula-
tion area large enough to show importance in their
community.

Research Design

This study was conducted through the use of a survey
appraisal which included a modified questionnaire mailed to
336 nonprofit visual arts organizations in the State of
Texas.

The returned questionnaires represented a sample of
the museums and associations in the parent population.
Both types of nonprofit visual arts organizations showed a
high percentage of completed questionnaires. There was a
64 percent response rate from museums and a 63 percent
response rate from associations. Each group indicated
that the questionnaire addressed main issues involved in
their administrative process.

Items on the modified questionnaire were established
through a panel study conducted with five distinguished
professionals in the fields of visual art, art administra-
tion, art institute services, legal, and accounting. These

panelists represent both the nonprofit visual arts organizations and the nonprofit art service organizations.

Validation of the questionnaire was conducted over a period of thirty days. The study was conducted by an initial telephone call to establish the willingness of each individual to serve on the panel. At that time an appointment was made for the following week to deliver the questionnaire. A week later all questionnaires were received. The fourth week, question revisions were completed and a follow-up telephone call or visit was made to the five panel members to discuss the final outcome of the questionnaire.

Originally the survey questionnaire was set up as a guide for personal interviews, using a sampling figure of 10 percent as an adequate sample if proportionately distributed across the State of Texas. A recommendation made by the members of the panel was to mail questionnaires to all 336 organizations. A mailed questionnaire included the following major incentives to insure adequate returns. (1) Organizations had just filed for 1988 grants with the commission, and the commission made the sampling address list available for this survey. These organizations were aware that the commission would receive the survey results for their use and that it could be beneficial to be listed as a participant in the survey to which the commission has

access. (2) Each participant in the survey would receive a survey report prepared from the research. This survey report would contain valuable information which refers directly to the administrative development of nonprofit visual arts organizations. Once the useable responses to the questionnaire were received, they were used for more in-depth research of government and private funding.

Based upon the recommendation made by the panel members that the questionnaire be mailed to all 336, a cover letter (Appendix D) and questionnaire (Appendix E) were mailed to the nonprofit visual arts organizations in the State of Texas. After one week, telephone follow-ups were begun to directors of the organizations to establish receipt of the questionnaires. During a telephone conversation with the directors, they were asked when they would be completing the questionnaire and if they had any questions regarding the survey. If a subpopulation area was short of respondents, it was recommended to the directors in that area that a personal interview be arranged to complete the questionnaire. In most cases the director agreed to complete the questionnaire and return it promptly in order to avoid the necessity of arranging a personal interview.

The State of Texas was geographically divided into four levels by counties and population. Each level represents the population and a group of counties surrounding a large city. These areas are either Metropolitan

Statistical Areas (MSA) or Primary Metropolitan Statistical
Areas (PMSA). Within each of these levels there are
concentrations of nonprofit visual arts organizations.
The four levels are categorized in tabular form in Appendix
F.

Validation of the Preliminary Instrument

The five panel members selected for validation of the
preliminary instrument were Texas residents who were
distinguished in their respective fields (see Appendix G).
Each panel member was contacted by telephone or in person
to determine his or her willingness to serve as a panelist
and to set an interview date. During the interview,
panelists were given the preliminary questionnaire and were
asked to evaluate and make suggestions for its improvement.
The following areas were evaluated: (1) item clarity,
(b) clarity of language, (c) item appropriateness, (d) design
of instrument, (e) logic placement, and (f) added subject
matter. Each panelist was allowed one week to review the
instrument and make recommendations. A second meeting was
set for instrument collection and discussion of the items.
If more than one-half of the panel members made a suggestion
about a question it was deemed important to the improvement
of the questionnaire. After the appropriate changes were
made panelists were contacted for a third time, either in
person or by telephone, to discuss the changes.

The final questionnaire was developed with the following changes. The four original sections of the questionnaire were expanded to six, with the changing of headings to (1) General Profile, (2) Government Funding, (3) Private Funding, (4) Legal and Accounting, (5) Fund raising, and (6) Release Form. Within the General Profile section, nine new items were added and three were deleted. Government Funding was expanded to add four new items, with the deletion of one. A new section, Private Funding was developed to parallel Government Funding. Texas Accountants and Lawyers for the Arts was changed to Legal and Accounting, and ten new questions were developed. The Fund Raising section was extended to include five new items. A publishing release form was included with the questionnaire.

Procedures for Analysis of Data

Data gathered for use in answering the research questions are presented in descriptive form. Research questions 1, and 3 through 30 are analyzed and presented in narrative discussion with the results. Categorical data are listed to show range. Research question 2 is analyzed by using the Pearson Product-Moment Correlation Coefficient to assess the relationship of facility size and number of visitors.

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

Introduction

This study addresses the administrative process and
criteria used by nonprofit visual arts organizations in the
State of Texas in acquiring government and private funding.
The sample used in the study consisted of fourteen museums
and fifteen associations which applied for grants from the
Texas Commission on the Arts within the past three years.
The two groups chosen for the sample--museums and associa-
tions--provide an example of the wide range of administrative
techniques used in securing funding among nonprofit visual
arts organizations, as seen in Tables 1 through 9. Dis-
cussion of the thirty research questions developed for the
study follow the analysis of the questionnaire.

Analysis of the Questionnaire

The data collected by the Texas Nonprofit Visual Arts
Questionnaire are presented in narrative discussion and
categorical data are listed to show ranges. Tables 1
through 5 contain data from the general profile section of
the questionnaire and Tables 6 through 9 display responses
to the government and private funding, legal and accounting
services, and fund raising sections of the questionnaire.

Additional information obtained from the questionnaire is presented as part of the findings in Chapter V.

Each questionnaire mailed was pre-coded by population level, type of visual art organization (foundation, gallery, museum, photography, school, or association), and the order number in which the packet was mailed. Pre-coding was used to categorize the returned questionnaires for more efficient utilization of the data.

The questionnaire was developed in six sections. Five of these sections encompass (1) general profile, (2) government funding, (3) private funding, (4) legal and accounting, and (5) fund raising. Questions are representative of knowledge and techniques used in acquiring successful funding. Section six contains a publishing release form, allowing publication of data collected from the study.

The general profile, as the initial part of the questionnaire, requests information about each respondent. This information consists of the organization's name, address, telephone number, and names and titles of executive staff members. This information is important for up-dating the original mailing list used for the sample. Other questions presented in this section are relatively homogeneous among organizations seeking art funding in the nonprofit sector. Each organization is represented in a city population group, has a specific 1988 budget, and has been in

operation for a given amount of time. Similar types of questions were used throughout the questionnaire in order to provide a homogeneous quality.

The second and third sections, government and private funding, follow general profile. These sections contain similar questions which were designed to establish a parallel when developing comparison conclusions. Government funding questions are directed toward the Texas Commission on the Arts, the state government agency, rather than federal or local programs.

Legal and accounting, the fourth section, addresses the Texas Accountants and Lawyers for the Arts (TALA), an art service organization. This section is designed to determine the number of organizations that are aware of the services offered to nonprofit visual arts organizations in Texas, at minimal or no cost, as well as other related art organizations. Legal questions are designed to reveal how much legal protection the organizations have. Accounting procedures are investigated in order to better understand the administrative development of the organizations surveyed.

Fund raising is the fifth section, and concerns the methods used in acquiring funding. This section is designed to cover several techniques necessary for establishing good fund-raising skills.

General Profile

Questions 1 and 2 ask for the organization's name, address, telephone number, and the names and titles of executive staff members. For the purpose of this study, each organization is coded by number, population level, and type of organization. This code is used in place of the name, address, telephone number, and title of staff members. This coding is used throughout the study for identification of each organization. The coding is designed to assure the privacy of each organization.

Question 3 asks for the number of employees (paid staff and volunteers) and the number of full-time and part-time employees. Summary information on the staff and volunteers is displayed in Table 1.

Question 4 asks for information regarding the organization's longevity, budget, and the population of the city served by each organization. This information is shown in Table 2.

Question 5 asks for the square footage of each facility and the number of visitors each year from within the state, out-of-state, within the county, and the total number of visitors each year. The results appear in Table 3.

Question 6 asks what type of services each of the organizations offer to the public. The service options are programs, publications, exhibitions, and education. This

TABLE 1

NUMBER OF FULL-TIME AND PART-TIME STAFF AND
VOLUNTEERS FOR MUSEUMS AND ASSOCIATIONS

	Staff		Volunteers	
	Full-Time	Part-Time	Full-Time	Part-Time
Museums				
1A(M)	15	4	0	3
2A(M)	50	20	0	10
3A(M)	13	15	0	22
4A(M)	66	16	0	58
5B(M)	2	4	0	25
6B(M)	2	4	0	25
7B(M)	4	2	0	5
8B(M)	11	4	0	40
9B(M)	10	6	0	21
10C(M)	1	0	6	0
11C(M)	4	6	0	25
12C(M)	7	2	0	16
13C(M)	28	20	0	90
14D(M)	5	4	0	2
Associations				
1A(A)	0	0	0	170
2A(A)	2	0	0	10
3A(A)	0	0	0	80
4A(A)	0	0	0	91
5B(A)	0	1	0	25
6B(A)	0	0	0	40
7B(A)	1	0	0	10
8B(A)	0	0	0	75
9C(A)	0	0	0	74
10C(A)	0	0	0	143
11C(A)	0	0	0	30
12C(A)	2	4	2	60
13C(A)	0	0	0	82
14C(A)	0	0	0	23
15D(A)	0	0	0	35

TABLE 2

LONGEVITY, BUDGET, AND CITY POPULATION
FOR MUSEUMS AND ASSOCIATIONS

	Years Longevity	Budget	Population
Museums			
1A(M)	40	$1,250,000.00	3,230,700
2A(M)	38	1,500,000.00	3,230,700
3A(M)	3	980,000.00	3,230,700
4A(M)	27	3,555,719.00	1,253,900
5B(M)	12	4,250.00	375,800
6B(M)	19	8,500.00	375,800
7B(M)	5	75,000.00	726,400
8B(M)	17	1,000,000.00+	363,300
9B(M)	33	1,000,000.00+	375,800
10C(M)	3	82,288.00	170,300
11C(M)	17	228,450.00	152,100
12C(M)	21	250,000.00	127,100
13C(M)	55	1,011,000.00	195,200
14D(M)	3	250,000.00	98,100
Associations			
1A(A)	19	9,800.00	3,230,700
2A(A)	4	75,000.00	3,230,700
3A(A)	21	15,000.00	3,230,700
4A(A)	6	2,500.00	3,230,700
5A9A)	44	200,000.00	375,800
6B(A)	20	3,500.00	375,800
7B(A)	6	26,700.00	363,300
8B(A)	18	10,000.00	377,800
9C(A)	8	8,000.00	152,100
10C(A)	9	25,000.00	120,800
11C(A)	5	5,000.00	120,800
12C(A)	2	175,000.00	214.800
13C(A)	3	9,568.00	120,800
14C(A)	9	679.00	224,800
15D(A)	10	4,000.00	98,300

TABLE 3

SIZE OF FACILITY AND NUMBER OF VISITORS PER YEAR
FOR MUSEUMS AND ASSOCIATIONS

	Square Footage	Visitors			
		In-State	Out-of-State	In-County	Total
Museums					
1A(M)	25,000	7,500	7,500	75,000	90,000
2A(M)	6,000	. .*	. .	. .	50,000
3A(M)	11,000	. .	. .	. .	134,000
4A(M)	68,778	. .	. .	. .	180,000
5B(M)	500	. .	. .	. .	5,500
6B(M)	. .	. .	. .	. .	6,000
7B(M)	8,000	. .	. .	. .	7,500
8B(M)	50,000	. .	. .	. .	182,000
9B(M)	10,000	. .	. .	. .	98,000
10C(M)	2,000	550	145	2,156	2,851
11C(M)	17,000	14,400	1,600	9,600	25,600
12C(M)	35,000	. .	. .	. .	39,000
13C(M)	290,000	. .	. .	. .	150,000
14D(M)	10,438	8,499	2,330	17,550	28,379
Associations					
1A(A)	. .	. .	. .	. .	. .
2A(A)	1,000	. .	. .	. .	100
3A(A)	. .	. .	. .	. .	. .
4A(A)	. .	. .	. .	. .	. .
5B(A)	900	100	75	1,200	1,375
6B(A)	. .	. .	. .	. .	. .
7B(A)	1,200	. .	. .	. .	1,300
8B(A)	. .	. .	. .	. .	. .
9C(A)	. .	. .	. .	. .	. .
10C(A)	. .	. .	. .	. .	. .
11C(A)	. .	. .	. .	. .	. .
12C(A)	. .	20,000	20,000	20,000	60,000
13C(A)	. .	. .	. .	. .	. .
14C(A)	. .	. .	. .	. .	. .
15D(A)	. .	. .	. .	. .	. .

*Data not supplied.

question also attempts to determine whether each of the programs is directed toward adults or children. The available services and patrons for whom they are provided are given in Table 4.

Question 7 asks whether the organizations reach diverse populations in the state. The numbers of museums and associations serving ethnic groups, the handicapped, the elderly, and others are shown in Table 5.

Question 8 asks for miscellaneous information that the organizations wished to share with other groups. Their recommendations are presented in Chapter V.

Government Funding

Question 1 consists of a list of government agencies which have funded organizations. This list is presented in Chapter V. Also, the question asks if grants were lost due a lack of funds to meet matched grants.

Question 2 asks if organizations seek funding from the Texas Commission on the Arts.

Questions 3 and 4 are designed to discover the degree of knowledge and understanding the organizations possess regarding the process and criteria for applying for grants from the Texas Commission on the Arts.

Question 5 is concerned with whether the Texas Commission on the Arts assisted in proposal writing when the organizations were seeking grants.

TABLE 4

SERVICES PROVIDED BY MUSEUMS AND ASSOCIATIONS

Service	Museums	Associations
Programs--Adult	12	10
Programs--Children	11	2
Publications--Adult	12	5
Publications--Children	8	1
Exhibitions--Adult	13	14
Exhibitions--Children	12	5
Education--Adult	12	11
Education--Children	13	2

TABLE 5

DIVERSE POPULATIONS SERVED BY MUSEUMS AND ASSOCIATIONS

Group	Museums	Associations
Ethnic	13	4
Handicapped	10	4
Elderly	12	8
Other	4	8

Question 6 was developed to assess whether organiza-
tions were usually successful, within the last six years,
in their attempts to secure funding from the Texas Commis-
sion on the Arts. If the organizations were not funded,
the question asks whether the commission explained the
reason and whether the organization will seek funding from
them in the future.

Question 7 asks whether organizations send representa-
tives to seminars and workshops pertaining to government
funding proposal writing, and if they do, whether or not
they are usually funded as a result of the new techniques
learned.

Results from questions 1 through 7 are shown in Table
6.

Private Funding

Question 1 asks if organizations seek funding through
private sources and whether any grants were lost due to the
lack of funds to meet matched grants. The list of the names
of private funding sources is discussed later, in Chapter V.

Questions 2 and 3 attempt to determine the degree of
knowledge and understanding an organization has regarding
the process and criteria for applying for grants from
private funding sources.

Data from Questions 4, 5, 6, and 7 are composed of
seven factors. These factors include (1) the number of

TABLE 6

RESPONSES TO QUESTIONS RELATING TO GOVERNMENT FUNDING

	Museums	Associations
1. Have received funding from:		
Federal	4	1
Local	6	1
Lost funds due to lack of matched funds	2	0
2. Seek support from Texas Commission on the Arts (TCA)	9	2
3. Understood process when applying for grants:		
Clear and concise	7	1
General knowledge	0	0
Little knowledge	0	0
No knowledge	0	0
4. Understand criteria when applying for grants:		
Clear and concise	7	1
General knowledge	3	1
Little knowledge	0	0
No knowledge	0	0
5. TCA assistance in writing proposal	1	0
6. Usually funded in past 6 years by TCA	6	1
Seek funding in future	6	2
7. Send representatives to seminars and workshops	4	1
Funds received after techniques were learned	2	1

private funding sources which have given the organizations
assistance in proposal writing (if assistance was given by
funding source it is discussed in Chapter V); (2) whether
the grant proposal was accepted if no assistance was given
in proposal writing when the grant was submitted; (3) if
funding was not obtained once the proposal was submitted
without help, whether the organization received a concise
explanation as to why; (4) the number of organizations who
will seek funding again from agencies that gave no assistance
in proposal writing (if they they will seek funding from
this source again the reasons are discussed in Chapter V);
(5) the number of organizations who send representatives to
seminars and workshops pertaining to private funding
proposal writing; (6) how many organizations received funding
once they sent representatives to seminars and workshops to
learn new techniques for applying for grants; and (7) the
number of organizations who hire individuals for their
staffs with private funding backgrounds. Results from the
questions regarding private funding are shown in Table 7.

Question 8 asks the respondents for miscellaneous
information that each of the organizations would like to
share with other groups. Their recommendations are presented
in Chapter V.

TABLE 7

RESPONSES TO QUESTIONS RELATING TO PRIVATE FUNDING

		Museums	Associations
1.	Seeks support from private sources	10	6
2.	Process (knowledge)		
	Clear and concise	6	3
	General	4	2
	Little	0	0
	None	0	0
3.	Criteria (knowledge)		
	Clear and concise	6	3
	General	4	2
	Little	0	1
	None	0	0
4.	Private agencies' assistance in writing proposals	3	2
5.	Received grants without assistance in proposal writing	6	5
	Will seek funds in future	8	6
6.	Send representatives to seminars and workshops	6	4
	Received funding with new techniques	4	3
7.	Seek managerial staff with private funding backgrounds	3	0

Legal and Accounting

Question 1 asks whether or not organizations are familiar with the art service organization, "Texas Accountants and Lawyers for the Arts" (TALA), and whether they are pleased with the services rendered. If an organization was not pleased with the services of TALA, an explanation is presented in Chapter V.

Question 2 asks whether or not there are staff lawyers and accountants working in the organization, and if lawyers and accountants serve on the board of trustees.

Questions 3 and 4 concern six major factors involving legal and accounting services. These factors are (1) the number of outside legal firms the organizations have used for services, (2) the number of accounting firms used from outside companies, (3) whether bookkeeping and financial statements are updated monthly, (4) the number of organizations that do annual audits, (5) the number of organizations that do reviews, and (6) the number that do compilations. If organizations do not update bookkeeping and financial statements monthly, their explanations are presented in Chapter V.

Question 5 investigates the ways in which legal and accounting fees are paid by the responding organizations. Choices of answers to this question include donated fees, reduced rates, hourly rates, a percentage paid, or done by a staff member.

Information obtained from Question 6 relates to the number of organizations with personnel policies, developed job descriptions, and the requirement for employees to sign contracts. Responding organizations were also asked whether or not they need legal assistance in the areas of contracts, copyrights, taxes, employment, health and safety, and other. The last part of Question 6 asks which types of insurance coverage the organization maintains. The possible types listed were vehicle insurance, directors and officers liability, general liability, property insurance, and other.

Question 7 asks what type of budget planning is used in the organization, how far into the future the organization can predict contributions, and whether the organization spends in excess of yearly revenue. How short-falls of organizations spending in excess of yearly revenue are covered is discussed in Chapter V. Results of questions regarding legal and accounting services appear in Table 8.

Question 8 asks for suggestions that the participating organizations would like to share with other groups. Their recommendations are presented in Chapter V.

Fund Raising

Questions 1, 2, 3, and 4 ask whether the organizations belong to any professional associations relating to fund raising, whether an independent fund raising consultant has

TABLE 8

RESPONSES TO QUESTIONS RELATING TO LEGAL AND ACCOUNTING
SERVICES

	Museums	Associations
1. Familiar with Texas Accountants and Lawyers for the Arts (TALA)	10	5
2. Have staff lawyers	1	0
Have staff accountants	4	0
Lawyers on Board of Trustees	8	3
Accountants on Board of Trustees	6	2
3. Independent legal firms	8	4
Independent accounting firms	9	3
4. Monthly update of bookkeeping and financial statements	10 4	9 0
Obtain annual:		
Audit	12	7
Review	6	7
Compilation	3	2
5. Legal services:		
Donated	7	5
Reduced rates	0	1
Hourly rate	3	0
Percentage paid	0	0
Staff	1	0
Accounting services:		
Donated	8	4
Reduced rates	3	2
Hourly rates	3	0
Percentage paid	2	0
Staff	2	1
6. Have personnel policies	13	2
Have job descriptions	13	3
Require contracts of new employees	3	0

TABLE 8--Continued

	Museums	Associations
Need legal and accounting assistance with:		
Contracts	5	4
Copyrights	2	2
Taxes	3	2
Employment	3	1
Health and safety	3	1
Other	0	0
Carry insurance:	14	4
Vehicle insurance	8	1
Directors' and officers liability	7	1
General liability	13	4
Workmen's compensation	12	3
Employee liability	9	1
Property insurance	9	3
Other	5	1
7. Budget planning used:		
Short-term	3	0
Long-term	14	10
Strategic	3	0
Predict contributions:		
Not at all	0	1
1 to 6 months	5	2
6 months to 2 years	9	1
2 years to 6 years	3	0
Other	2	1
Spend in excess of revenue	2	0

been employed by the organization within the last six years, the length of the consultant's employment, whether the campaign was successful, whether there was a projected dollar amount and whether or not it was reached or surpassed, whether fund raising campaigns are planned over a projected annual time frame, what the events are, and whether one yearly event provides most of the yearly budget needs. Question 3 also asks for the length of time the last fund-raising consultant was employed.

Question 5 concerns the organizations' receipt of funds from government, corporate, foundations, public, individual events, exhibitions, traveling exhibitions, facility rental, gift shops, restaurants, and other sources. The second half of Question 5 asks whether organizations have earned income from facility rental, exhibit rental, traveling exhibitions, gift shops, restaurants, and others.

Question 6 asks whether the responding organization has one or more staff members with knowledge of fund-raising procedures, and whether staff members attend continuing education courses to update their knowledge of fund raising.

Question 7 asks whether boards of trustees participate in fund raising, and whether trustees act as catalysts in the development of major philanthropic gifts.

Results from Questions 1 through 7 are shown in Table 9.

TABLE 9

RESPONSES TO QUESTIONS RELATING TO FUND RAISING

		Museums	Associations
1.	Belong to professional organization related to fund raising	3	0
2.	Employ fund raising consultants	2	0
3.	Consultant employed for:		
	1 to 3 months	1	0
	3 months to 1 year	1	0
	Successful campaign	1	0
	Projected dollar amount	1	0
	Reached goal	0	0
4.	Plan fund raising campaigns over projected annual time frame	4	12
	One yearly event supplies most of revenue	1	1
5.	Receive funds from:		
	Government	8	1
	Corporate	7	3
	Foundations	10	2
	Public *	2	3
	Individual	8	12
	Events	8	3
	Exhibitions	1	4
	Traveling exhibitions	4	0
	Facility rental	3	0
	Gift shop	8	1
	Restaurant	1	0
	Other	7	5
	Earn income from:		
	Facility rental	5	0
	Exhibit rental	2	6
	Traveling exhibitions	5	0
	Gift shops	11	1
	Restaurant	2	0
	Other	4	1

TABLE 9--Continued

	Museums	Associations
6. Have staff with knowledge of fund-raising procedures	9	2
Staff attend continuing education courses to update knowledge:	7	2
Monthly	0	0
3 months	1	0
6 months	1	1
Annually	3	1
Other	2	0
7. Board of Trustees participate in fund raising	9	4

Question 8 asks for suggestions that each organization would like to share with other groups relating to fund raising. Their recommendations are presented in Chapter V.

Research Questions

This study utilizes thirty research questions. Results from the questionnaire are used in answering these questions. Each question is followed by a discussion and analysis.

Research Question 1

1. Do the longevity, budget, and city population of an organization affect its success in receiving funding?

Although there were sizeable differences in longevity, budget, and city population of the two groups, organizations with extended longevity seem to have higher budgets and to serve larger populations. All organizations, with the exception of two, reported that 1988 was the highest budget year for their organization.

Research Question 2

2. Does the square footage of a facility reflect proportionally the number of persons visiting each organization yearly?

Museums reported having larger amounts of floor space and more visitors per year. Associations often use facilities that are donated on a part-time basis. In many instances they have a set number of members with small variance and feel no need for counting visitors. Therefore, not all associations responded to every part of this question.

For this question an extra step was added. Using all respondents from the original population of 366 organizations, the relationship of facility size and number of visitors was examined using the Pearson Product-Moment Correlation Coefficient. The correlation was found to be .6646 ($p < .01$). Thus, a significant relationship was found between the size of the facility and the number of visitors. The larger the facility, the larger the number of visitors to the facility.

Research Question 3

3. What type of services does each organization offer to the public?

The types of services that were offered to the public by each organization included programs, publications, exhibitions, and education. Each type was represented in terms of adult or children's services. Museums reported adult education first and adult exhibitions second and associations reported adult exhibitions first and adult education ranked second in frequency of services which were provided to the public.

Research Question 4

4. Do these organizations reach diverse populations in the state?

Elderly and other individuals were given high priority by associations. Museums served ethnic groups and the elderly most frequently of the diverse populations listed. Handicapped populations were also considered a strong priority with museums but not with associations. The fact that handicapped populations were not considered a strong priority by associations could be the result of a lack of mass public appeal. Associations seek members rather than mass public appeal to the community. Lack of administration in these organizations limits their diversity.

Research Question 5

5. What is the ratio of paid staff to volunteers, and how are staff and volunteers trained?

The organization is made up of staffed employees and volunteers. The smaller the amount paid to the staff, the larger the amount of operating funds available. Therefore, it is important to utilize volunteers as much as possible, provided they are capable individuals who have the potential to learn valuable training. It is important that instructional knowledge is offered to staff and volunteers in order to maximize the unlimited resources of these individuals and develop them into skilled workers who can recognize principles, techniques, systems, methods, and formulas reflecting the desired results to the public. Once a certain level of proficiency in their job is reached, higher goals may be set as essential elements of motivation. Achievable goals give results which can be measured for use in rewarding a job well done. It is to the benefit of these organizations to have as many qualified volunteers as possible. The questionnaire results indicate that associations utilize more part-time volunteers than other staff members. Museums vary in their utilization of volunteers. This is an indication that workers are utilized effectively.

Research Question 6

6. Do these organizations maintain professional bookkeeping and financial statements on a monthly basis,

and are they directed by professional legal and accounting services?

The central part of an organization involves its book-keeping and financial procedures. These procedures revolve around accounting which deals with monetary amounts. Money provides measurable results which can be monitored and calculated from feedback. Monthly calculations allow for a certain amount of control by an organization. Presumably management prefers an organization to operate in a manner consistent with strategic budget planning, unless the feedback indicates reason to depart from the current method of operation. Monthly reviews allow time enough for the process to be changed if there are problems. This form of management control assures that objectives are accomplished effectively and efficiently. The organizations in this study reported bookkeeping and financial statements to be done on a monthly basis in most cases, followed by annual audits. The organizations indicated that legal and account-ing services were directed by professionals (Anthony 1984).

Research Question 7

7. Do these organizations require newly hired employees to sign employment contracts?

Personnel salaries make up a significant part of the budget of nonprofit visual art organizations. Employees supply certain skills which are sometimes highly specialized.

The degree of skill each employee has determines the market value of that person. Market value is usually reflected in the salary range of the skilled person. If an organization hires an employee with highly specialized skills, and pays a premium salary for this person, it is in the organization's best interest to have the employee sign a contract. Employment contracts help assure organizations that valued employees will remain for a specified period of time. An employment contract is a mutual agreement concerning job expectations. An employment contract signed by newly hired employees should be considered the purchase of skills to match needs of the organization. For this reason, employment contracts are important. Responses to the questionnaire indicate that few of the responding organizations require new employees to sign contracts.

Research Question 8

8. Do these organizations have insurance, and if so, what types?

Insurance coverage is an important part of any operation. In extreme cases, insurance can save an organization if lawsuits result from poor management. Directors are increasingly sensitive to the potential liability which could result from actions in the management of organizations. According to all museum respondents, they carry insurance, but only a small portion of associations carried insurance

policies. This could be due to the fact that associations
have few employees and little property. General liability,
workman's compensation, property, and employee liability
were the primary types of insurance carried by museums.
This suggests that most of the associations may have
inadequate insurance coverage

Research Question 9

9. What type of budget planning is used in each
organization?

Three possible responses were given for this question:
(1) short-term (estimated at 1 to 6 months), (2) long-term
(estimated at 6 months to 2 years), and (3) strategic
(estimated at from 2 to 6 years). All museums indicated that
they conduct long-term budget planning. Associations also
reported a high rate of long-term budget planning. This
indicates that most of the organizations plan ahead for
six months to two years. Strategic planning is an ongoing
process and should be continuously kept up-to-date. From
the responses on the questionnaire, a great majority of the
organizations use this theory in planning.

Research Question 10

10. For strategic planning purposes, how far into
the future can an organization project contributions?

Strategic planning of projected contributions was
considered by the organizations to be a difficult problem.

Associations' responses indicate that contributions cannot be predicted. Museums indicate that prediction can be made from six months to two years.

Research Question 11

11. How does an organization determine the criteria needed to qualify for federal, state, and local funds?

Organizations must contact each government agency for a list of guidelines describing the criteria for filing for grants. Each guideline gives complete details and deadlines for filing. There are three major government agencies which affect nonprofit visual arts organizations in Texas. These agencies are (1) federal--grants and contracts which are received directly from the National Endowment for the Arts; (2) state--state granting programs come from (a) distributed funds generated from state revenues other than federal revenue-sharing monies, and (b) state block grant programs that distribute federal revenue sharing from block grant funds distributed by the Texas Commission on the Arts; and (3) city programs--grants provided by city revenue designated for the arts and distributed through a local organization, usually an Arts Council in the city.

Research Question 12

12. How does an organization determine the criteria needed to qualify for private funds?

Private funding can be open-ended, because foundations can give their funds to anyone they select, with few standards, financial requirements, or guidelines. However, research is necessary to determine who the foundations are. Once the research has been done the next step is to contact the foundations directly, get a copy of their guidelines, and to follow the criteria stated by the individual foundations to qualify for their grants. Once the paper work is submitted only a handful of professionals at the foundation usually review the proposals. Most foundations have few employees and proposals are usually read by the board members. Because of this fact a proposal is directed to those who can make a decision. Private funding sources are more prompt in making decisions than other funding sources.

Research Question 13

13. Do private and government funding sources give workshops to educate organizations on the criteria for applying for grants?

Private and government funding sources often work together to present workshops and seminars. Art service support organizations schedule workshops and seminars at various times during the year to teach techniques for applying for grants. During these workshops many professionals with expertise in the field speak. The state government agency usually sends an executive to speak on

an important aspect of the funding technique which is
relevant to the criteria for receiving government funds.

Research Question 14

14. Do private and government funding sources assist
organizations in meeting the criteria to apply for funds?

Private and government funding sources assist organiza-
tions in meeting the criteria to apply for funds through
workshops and seminars that are held. Usually these funding
sources have little time at workshops and seminars to assist
organizations individually in meeting the criteria needed
to apply for funds. However, if funding source staff
members are contacted directly, rather than in a seminar,
most will assist an organization.

Research Question 15

15. What criteria determine a grant proposal's
acceptability?

Grantmanship is the process used by nonprofit organiza-
tions when attempting to secure a grant. The grantsmanship
process involves (1) identifying programs or projects an
organization can present to a potential foundation to elicit
their interest, (2) identifying the potential interests that
a foundation supports and developing the proposal with that
in mind, and (3) developing a successful match between
grantor and recipient through communication skills.

Follow-up is important, even if the grant is turned down. An organization should be prepared to submit another grant request after acquiring more knowledge of the foundation's history, better personal communications, and a better understanding of the criteria interest of the grantor. It may take more than one grant proposal to learn about the grantor and personal contact acquired in the beginning can be used to learn more about the techniques the grantor uses when funding.

Research Question 16

16. Were any grants lost due to the lack of funds to meet matched grants?

Government funding, and some private funding, sources require that an organization share the cost of the grant, which is known as "matching funds." In many cases an organization may be asked to supply either cash or services and facilities with a market value to match the required percentage of the grant. If an organization cannot meet this requirement then the grant is lost. Responses from the questionnaire indicate that a small number of grants applied for were lost due to organizations' inability to match funds. Private grants apparently were received without the problem of meeting matched funds. This could indicate that few private grants require matched funds.

Research Question 17

17. What type of legal and accounting criteria do the organizations have to meet for funding?

Legal and accounting criteria needed by an organization usually begin with the development of the Board of Trustees. Boards usually try to have members who are lawyers and accountants. These individuals assist in the development of an organization. Professionals are important on any board because of what they can contribute to the creditability of an organization.

For an organization to meet funding criteria, legal assistance is needed to develop and review applications for nonprofit incorporation and federal tax exemption. Such professionals are also familiar with current court and Internal Revenue Service decisions which effect organizations of this nature. Another important need filled by legal assistance is in providing proper legal terminology when necessary.

Accounting assistance is important to assure a good bookkeeping system from the start. The development of a good accounting program can result in budgets, which provide a plan for how the funds should be spent and allow more funds to be obtained. Meeting government tax deadlines is very important. Funding sources usually ask for bookkeeping records which reveal whether taxes are paid in full, on time, and how often. In some cases an up-to-date audit is required

before funds are given. For these reasons, grant proposals are often developed through the use of several professionals working on various aspects of the proposal.

Research Question 18

18. Do these organizations obtain annual audits, reviews or compilations to meet funding criteria?

An audit is an inspection of an organization's accounting and records by an independent certified public accountant. An auditor tests the accuracy of records kept. A written opinion is then provided by the auditor in financial-report terminology. This written opinion is often advantageous because problems sometimes appear in the audit which suggest needed changes in the accounting system to keep up with a growing organization. The audit also gives fiscal integrity to an organization when seeking funding, and most foundations, corporations, and government agencies require this validation in the proposal. Of the organizations responding, more museums have annual audits than associations. Associations report an equal number of audits and reviews.

Research Question 19

19. Do these organizations have strategic budget planning criteria for receiving funding?

Budget planning is a delicate matter. Timing is especially important, because if the budget is prepared too far in advance it will not be based on current information,

and if not enough time is allowed the budget may be superficial. Three principle steps are involved in strategic budget planning: (1) dissemination of guidelines, (2) preparation of budget estimates, and (3) review and approval of the estimates (Anthony 1984, 366). Strategic budget planning allows for good accounting practices and efficient and effective administrative organization. Good accounting records indicate the strengths of an organization and are important to any funding source.

Research Question 20

20. Are these organizations required to predict future contributions in order to meet funding criteria?

Funding criteria for organizations are not based on the predicted future contributions of an organization because this factor is difficult to predict. The responses to the questionnaire indicate that prediction of contributions is not an important factor in meeting funding criteria.

Research Question 21

21. How does an organization determine the process necessary to qualify for federal, state, and local funds?

Organizations may determine the process for qualifying for federal, state, and local funds by writing or calling each agency and having a set of guidelines forwarded to them. The names of government agencies are listed in the information relating to Research Question 11.

Research Question 22

22. How does an organization determine the process necessary to qualify for private funding?

Private funding requires more research to determine what grants are available than government funding, because the foundations fund many areas other than art. The Foundation Center was formed by foundations who fund grants and is national in scope. Cooperative libraries throughout the nation have been developed in strategic locations in each state. These libraries have a special section for foundation information. This nationwide network of references gives pertinent information about foundations, corporations, and government sources for grant funding. Research can also be done through local colleges and universities, starting with the library and progressing to the various departments that might offer courses on the grant marketplace. Students are often hired to assist with this research and professors may share handouts with an organization on sources from grant proposal classes. Once this information is received the next step is to contact each source for their guidelines for applying for grants.

Research Question 23

23. Do these organizations send representatives to seminars to learn techniques for acquiring funds through grants from private and government sources?

The participants in this study indicated that few associations send representatives to seminars to learn techniques for acquiring funds from private and government sources. Museums, however, do utilize fund-raising seminars.

Research Question 24

24. When grant proposal techniques have been learned in seminars, do these organizations usually receive funding from private and government sources?

When grant proposal techniques were learned from seminars, the respondents indicated that more grants were received from both private and government funding sources.

Research Question 25

25. Do these organizations belong to professional associations relating to fund raising?

Of the responding organizations, only museums reported membership in professional fund-raising associations.

Research Question 26

26. Do these organizations employ independent fund-raising consultants, and if so, for how long?

Of the participating organizations in this study, only two museums indicated the use of independent fund-raising consultants. These two museums did not indicate the length of consultants' employment.

Research Question 27

27. Do these organizations plan their fund-raising
campaigns over a projected time frame?

Fund raising is a joint effort that should engage the
united efforts of an entire organization and requires
careful attention to every detail. Soliciting contributions
is a selling process, and the approach must be established
to satisfy the needs of the potential customer. The aim of
solicitation is to convince each customer that the product
presented to them is worthy of their support, and will
produce benefits which outweigh the cost. The basic steps
in developing any fund-raising campaign are to identify
the market and its needs, determine what an organization has
to offer the market, and to develop an approach that is
effective and efficient in reaching the market. Because
there are so many facets to the campaign it requires a
projected amount of time to develop. Planned fund raising
over an annual time frame was indicated by a high rate of
associations and few museums (Brownrigg 1982, 1).

Research Question 28

28. How are funds received for use in running an
organization disbursed?

The disbursement of funds for the operation of an
organization were determined by the years 1988 and 1987.
The following rank order was established for each type of

organization. The rank order for museums was foundations, government, individuals, events, gift shops, corporations, other, traveling exhibitions, facility rental, public, exhibitions, and restaurants. The rank order for associations was individuals, other, exhibitions, corporations, public, events, foundations, government, traveling exhibitions, facility rental, and restaurants. Museums indicated funding from all areas, but associations showed strong funding from individuals and no funds from traveling exhibitions, facility rental, or restaurants, with other areas indicating a small amount of funds.

Research Question 29

29. What forms of earned income do these organizations have?

Earned income is the taxable income each nonprofit organization receives. Museums indicated that gift shops, facility rental, and traveling exhibitions were important areas of earned income. Exhibition rental was the most frequently reported source of earned income for associations.

Research Question 30

30. Do the boards of trustees in the organizations participate in fund raising, and are they catalysts for major philanthropic gifts?

Board members join the organization for a variety of reasons: past experiences, strong beliefs, business

expediencies, social, and many more. Board members usually are professionals who contribute creditability to an organization. The professional individual is sought for an ability to direct the executive director in carrying out the mission, goals, and objectives established for each organization. As a result, board members usually participate in fund raising and act as major catalysts for philanthropic gifts. Of the responding organizations, museums indicated their boards of trustees were major catalysts for philanthropic gifts. Associations indicated a small response regarding boards of trustees' participation in fund raising.

CHAPTER V

SUMMARY, FINDINGS, DISCUSSION, IMPLICATIONS,

AND RECOMMENDATIONS FOR FURTHER

STUDY

Summary

The problem addressed by this study concerns the administrative process and criteria used by nonprofit visual arts organizations in the State of Texas in acquiring government and private funding. The purposes of this study were (1) to examine the organization and adminstrative process of the nonprofit visual arts organization, (2) to determine the criteria utilized by government and private funding sources for distribution of funds to nonprofit visual arts organizations, and (3) to establish the process used by nonprofit visual arts organizations when acquiring funds from government and private sources.

Chapter I presents an introduction to how the tax laws of the United States have allowed nonprofit visual arts organizations to receive major portions of their income from government and private funding sources.

Based on the statement of the problem and the purposes of the study, thirty research questions were developed. From these thirty research questions a questionnaire was

devised to gather data. The background and significance of
the study reveal why nonprofit organizations are required to
file many of the same forms profit-making corporations do,
and the problems which may occur if they are not completed
in a satisfactory manner. Important terms used in the fund-
ing process for nonprofit visual arts organizations are
defined.

Chapter II contains the review of literature concerning
the history of private and government funding. Private
funding consists of foundations, corporations, and the public
sector of society. Government funding consists of federal,
state, and local funding.

The procedures for data collection are presented in
Chapter III. The questionnaire was mailed to a sample of
336 nonprofit visual arts organizations in the State of Texas.
This resulted in a subpopulation of forty-six museums and
associations. The fourteen museums and fifteen associations
which returned completed questionnaires comprised the sample.
This sample was chosen because it represented the greatest
diversity among nonprofit visual art organizations. The
analyses of the questionnaire are reported in tabular form.

Visual arts organizations returning incomplete ques-
tionnaires were analyzed on the information included. The
responding organizations varied greatly in their visual arts
presentation to the public. There are six categories of
nonprofit visual art organizations in the State of Texas:

(1) schools, (2) museums, (3) galleries, (4) foundations, (5) photography, and (6) associations. Even though all six classifications apply and receive funding in the same manner, there is occasionally some discrepancy in administrative techniques. When this occurred the question was identified by the respondent as not applicable to their organization. This did not invalidate the other answers, rather it established the differences in the six categories.

The tables developed from the questionnaire are presented in Chapter IV. Chapter IV also contains the presentation and analysis of data.

Findings

Based on the results of this study, several findings were revealed. The opinions of responding associations and museums were indicated on the questionnaire which was divided into the following five topics: general profile, government funding, private funding, legal and accounting, and fund raising.

The general profile questions asked for specific information from each organization. Comparisons were made of the number of employees--both paid staff and volunteers, the organizations' longevity, 1988 budget, and the population of the city served. The majority of organizations reported that their 1988 budget was the largest budget in the last six years. Organizations with greater longevity had higher

budgets than those reporting shorter longevity. Organizations serving larger cities had more funds available than those in smaller cities. Organizations with larger facilities indicated a greater number of visitors per year. Analysis of these figures by the Pearson Product-Moment Correlation Coefficient indicated a significant relationship at the .01 level.

The types of services offered by the nonprofit visual arts organizations varied, but most offered programs, publications, exhibitions, and educational services to both adults and children. Associations and museums were the primary participants in this topic on the questionnaire. This could be due to the fact that these organizations offer more services than other organizations.

Both types of organizations were concerned with reaching diverse groups. In order of priority, the groups reached were ethnic, elderly, handicapped, and other.

Few associations applied for federal or state government funding. Many of those completing the questionnaire indicated that their association would not seek funding from government agencies because of the red tape involved and the fact that they preferred not to have a government agency involved in their administrative operations. Government agencies which fund the arts are the National Endowment for the Arts, the Texas Commission on the Arts, and local city programs.

The majority of organizations responding indicated a preference for private funding rather than government funding because private funding was easier to obtain and the personnel within the foundations were more sensitive to their needs than were the personnel within government agencies. Private sources are usually willing to assist with grant proposals. An organization should be aware that if a grant is turned down on the first proposal some facet may have been overlooked. More research into the funding source may yield insight into the problem and assure acceptance the second time a proposal is submitted. A new publication by Logos Associates, The Directory of the Major Texas Foundations, offers an excellent list of funding sources in the State of Texas (1986).

Responding museums expressed a desire to hire individuals with knowledge of private funding whenever possible. Associations were not concerned with this area. Organizations also reported sending representatives to workshops and seminars to learn more about funding techniques. There was some indication that when administrative staffs were trained in funding techniques, the number of grants received increased.

Museums were more familiar with the Texas Accountants and Lawyers for the Arts than were associations, but few indicated using their services. Most organizations had

legal and accounting services donated from individuals on
their Board of Trustees or had staff lawyers and accountants.
A point was made that Texas Accountants and Lawyers for the
Arts were not conveniently located to some organizations.

Not all organizations provided monthly bookkeeping and
record accounting. Those not utilizing monthly bookkeeping
and financial statements were primarily smaller associations.
All organizations reported the use of annual audits and
reviews of their bookkeeping.

Museums required personnel policies and job descriptions.
Associations were lacking in policies and job descriptions
as well as legal and accounting services. Both types of
organizations were interested in obtaining information about
legal services concerning contracts, copyrights, taxes,
employment, and health and safety.

All museums carried insurance, but the two most common
types were general liability and workmen's compensation. Few
associations carried insurance, but the most common type was
general liability. With the great concern with director and
employee liability discussed in the research questions it is
interesting to note the lack of director and employee
liability insurance carried by these organizations.

Long-term budget planning (from 6 months to 2 years)
was the most frequently reported type of planning. Few
organizations stated that they could predict future contribu-
tions.

Responses to the fund raising section of the questionnaire revealed some interesting results. Museums indicated that their operating expenses were obtained primarily from foundations. Associations, on the other hand, reported that they receive most of their funds from individuals. Gift shops were reported to provide the largest portion of earned income for museums while exhibition rental was reported as the largest source of earned income for associations. Few of the organizations belonged to professional associations related to fund raising. Most organizations reported that independent fund-raising consultants were not employed to assist with fund-raising campaigns.

Of the non-profit visual arts organizations surveyed in this study, museums generally appeared to be more knowledgeable than associations in most areas of administrative operations. This could be due in part to the fact that museums have many facets to their organization which require rapid change and many employees or volunteers are needed to implement these changes. Associations, on the other hand, are usually more basic and have less complicated needs.

Discussion

In order for funding to be successful, a well-managed organization must start with a strong governing body to coordinate, direct and control all phases of the organization.

Governing bodies and funding sources vary; however, for the purposes of this study, a general overview was designed to emphasize the nature of all nonprofit visual arts organizations in the State of Texas.

To even the most casual observer, it is evident that arts organizations need money. In his book Cash In, Alvin H. Reiss states,

> The reason is simple. Because it is a hand-crafted product in an automated society, the cost of producing a cultural program increases at a much faster rate than does the cost of producing a mass-produced item.
>   In an apparent paradox, many nonprofit arts groups end their seasons in the red even when they have hung out the SRO sign nightly. The reason, however, is understandable. Cultural organizations, in effect, subsidize their products so that they will be available at the lowest possible prices for the audiences they wish to reach. Special efforts, often at considerable sacrifice, are made to reach audiences, students and senior citizens among them, who because of cost, cannot afford the arts experience (1986, 2).

In all types of visual arts exhibitions, a group of tickets are always set aside as complimentary. Often as many as 25 percent of all tickets are discounted. Given these facts, it is amazing that most organizations have learned to be tenacious in their pursuit of available funds. Most nonprofit visual arts organizations have learned to exercise sound judgement and optimism by becoming creative and imaginative in their pursuit of funding.

Nonprofit visual arts organizations differ from their commercial counterparts in their attitude toward money—art is developed for its own value and not for its commercial

potential. The product is considered more important than its marketability even though it would be beneficial to break even. An artistic viewpoint grows out of a strong identifiable concern for aesthetics. These organizations must also retain the right to fail in their production of artistic material, while remaining true to their audiences and maintaining artistic integrity. From time to time an exhibition may not live up to the expectations, standards, and integrity of an organization. In these cases, Reiss says,

> Audience trust in an organization's artistic viewpoint is a vital factor in the organization's fund-raising program. Putting it another way, organizations with poor artistic products and no discernible artistic policies will have tough times attracting audiences and raising funds.
>   If the artistic product is the linchpin in the funding process, there are other vital ingredients as well. The successful campaign pinpoints the excellence of the organization and its products and promotes them, recognizes both the traditional audiences and devises strategies including its internal audiences or "publics"--staff, board members and volunteers--and utilizes techniques that get the best results at the lowest cost. And before it ever attempts to reach out to others, the organization knows itself, its products, its strengths and its weaknesses. It has defined its artistic and organizational goals and it has developed long-range plans to reach them (1986, 11).

Once an organization has defined and developed organizational goals and its long-range plans to reach them, grantsmanship becomes the next step. Virginia and Larry Decker, in their book The Funding Process: Grantsmanship and Proposal Development, define grantsmanship as a term

commonly used by both individuals and institutions to refer
to the process of seeking external funding.

> In definitive terms, grantsmanship is an organized way
> of seeking funds from an external funding source to
> support a desired activity. Securing funds from a
> funding source to undertake or maintain programs,
> projects, or research has become a fact of life for
> many institutions and individuals (Decker and Decker
> 1978, 9).

Several distinct phases of activity in the process of
grantsmanship are cited by Decker and Decker.

> Although referred to by various terms, the phases
> involve the sequential activities of (a) developing
> an idea, (b) organizing for action, (c) establishing
> contact with a funding source, (d) writing a proposal
> and following up, and (e) administering the grant.
>   Because of the stiff competition for funds, however,
> today's successful grantsmen must do more than just
> complete the process. They must be competent in their
> fields of specialization and skilled in identifying the
> most likely sources of funding. Careful attention to
> details concerning the phases of grantsmanship as well
> as details in planning, organizing, and carrying out
> activities, both within the institution and without,
> is an important aspect. In addition, they must master
> the "art" of making their presentations and proposals
> stand out from those of all other applicants to the
> funding source (1978, 10).

Hillman and Abarbanel state that, in addition to
experience, the six most mentioned qualities are
"(1) salesmanship, (2) communication skills, (3) administra-
tive skills, (4) good human relations, (5) persistence, and
(6) dedication" (1975, 16). These qualities seem to be
important to all phases of funding being sought by nonprofit
visual arts organizations in the State of Texas.

While many grant seekers begin with proposals, the most
successful grant seekers feel funded proposals begin by doing

most of the work before the proposal is written. David

Bauer, president of Bauer Associates, Utica, New York,

a training organization for fund raisers, says in his book,

The "How To" Grant Manual, that the key concept in acquiring

grant funding is,

> your ability to communicate with a potential funder,
> show them your ideas and approaches to the solution
> of their problem, and co-opt or draw them into the
> decision on which approach to utilize will drastically
> increase your grants success rate.
>   There are several theories that can be used to
> substantiate why a pre-proposal contact with the fund-
> ing source results in success. One theory that is
> particularly useful in explaining how to be more
> successful is Festinger's Theory of Cognitive Dissonance.
>   This means that a potential funder has an existing
> value system of which you must be aware. Failure to be
> sensitive to this value system and neglecting your
> project from the funder's perspective can cause dis-
> sonance. This means that your preferred solution to
> the problem may meet with negative response to your
> request--not because it would not produce the
> anticipated results, but because the funding source has
> a problem accepting that approach because of the static
> it produces in themselves.
>   This theory explains why it is important to learn
> about your funders before you approach them for funds
> (1987, xii).

Even though it is often not possible to contact a

funding source, it is possible to discover their values by

researching who and what they have funded in the past. It

may also be possible to find out who the funder staff members

are. By analyzing the staff, more insight may be obtained

as to how they determine whether to approve or reject a

proposal. Making a cold call to a funding organization, then

asking to speak with someone involved in the proposal review

and allocation of funds is a simple step. Usually contact is made with an individual willing to share some of their knowledge of the process. Often service organizations to the arts have workshop series, and funding staff individuals are aware of the time and places they are held. In many cases these staff members may help develop the workshop series or even be speakers. This is an excellent opportunity to meet with a one-on-one introduction. Once this is accomplished, it is easy to call the grant-maker and speak with a staff member by name.

An example of workshop series conducted by art service organizations in Texas is the Fifth Artist Survival Workshop Series, co-sponsored by the Art League of Houston, Diverse Works, Southwest Alternative Media Project, and Texas Accountants and Lawyers for the Arts. This workshop was a five-week series. The topics covered in the seminars were: Real Copyright Protection for Artists: If Not Now, When; Pennies from Heaven and How to Get Them: Grants to Artists; The Artist as Curator; Recordkeeping and Contracts for Artists; and How to Take Slides (1988, 1).

The spokespersons for the seminars represented a wide variety of professionals in the State of Texas. Each in some way had responsibility for private and government funding, and most were on committees who help make decisions as to who receives funding when grants are submitted to their organizations.

A second series of workshops were conducted by Management Assistance Program (MAP) and sponsored by the Funding Information Center of San Antonio. This series was designed to allow the nonprofit visual arts organizations to send their managers, staff, and board members for the development and enhancement of management skills, provide information, and examine current issues in the field.

The more individuals a nonprofit visual arts organization's administrative staff or grantsman can become acquainted with during the process of seeking funding, the better the chances of success. The process of grant seeking is one which requires highly skilled techniques and communications.

One person carrying out the task, or coordinating a committee to file for a grant is termed a "grantsman." In many cases the task of applying for grants is undertaken by more than one person, because various skills, knowledge, and expertise are needed if filing for a grant. Therefore, once a grant is received the credit usually goes to several persons in an organization.

A grantsman usually functions with an institution or organization. Grant-makers rarely award funds to an individual who is not connected with a formal organization. The Tax Reform Act of 1969 established the government policy of not giving grants to individuals who are not associated

with an institution or organization. This policy was then
carried over into foundations as well. Decker and Decker
note that,

> foundations may fund only certain types of activities
> and the act holds grant-makers responsible for seeing
> that no monies given by them are misused. Thus,
> although in theory they can fund individuals, in
> practice, foundations give virtually all their money
> to organizations with IRS tax-exempt status (1978, 13).

All successful projects developed into grants start
with a good idea. Often the idea is generated in response
to a problem which has been identified by an organization.
A group of questions need to be developed examining the
problem, then a series of possible solutions to the problem
should be formulated. The Handbook of Grants and Contracts
for Nonprofit Organizations contains a list of questions
as a guide for developing a grant proposal (Willner 1976,
112-113).

Once these questions have been answered, and changes
made to develop adjustments and realignment, a preliminary
checklist must be established. The preliminary checklist
is part of the communication and coordination essential to
the successful development of the idea ("How to Develop an
Effective Fund-Raising Strategy" 1976, 11).

If the idea continues to be promising, sharing of the
idea phase in the grantsmanship process should not be treated
lightly ("How to Develop an Effective Fund-Raising Strategy"
1976). This phase is essential to insure institutional

cooperation and coordination. A brief concept paper or outline should be developed on the proposed project. At this stage of writing the concept paper ideas will differ, depending on how the ideas were generated. If the idea occurred from an individual's assessment of a problem guidelines might need to be more closely related to the problem than if the idea is artistic in concept, with open-ended values.

Implications

Basic to the existence of any nonprofit visual arts organization is its mission. Because of the highly individualistic nature of these organizations in Texas, their responsibilities and functions are difficult to define in homogeneous terms. The general characteristics specified in this study are (1) board of trustees, (2) management, (3) staff and volunteers, and (4) fund raising. The following implications are made from this study.

1. In determining the strength of an organization, the Board of Trustees offers creditability, professionalism, funding sources, and support for the establishment of an organization through the development of a mission.

2. The Board of Trustees is valuable in the structural framework of an organization because its members bring power, prestige, and self-esteem to the organization.

3. Management is the backbone of any organizaiton. Once the strategic planning process is developed and goals and objectives are formed, it is management's duty to carry them out.

4. Timely performance and concise feedback are crucial to management for decision making.

5. Staff and volunteer workers are the key force behind any organization. In their basic everyday duties, it is they who interact with the public.

6. Recruitment is an important task because it is ongoing and involves everyone in the organization.

7. Fund raising is financially necessary in order for an organization to operate. The product presented for fund raising must be good, well publicized, and something the community considers necessary.

8. Fund raising resources are unlimited and should be utilized to their fullest in order to keep an organization operating in a strong manner.

Recommendations for Further Study

Based on the findings of the study, the following recommendations for further study are suggested.

1. Because of the diversity which was found to exist between museums and associations it is recommended that similar studies be conducted using questionnaires targeted to each particular type of nonprofit visual arts organization.

2. It is recommended that each section of the questionnaire--general profile, government funding, private funding, legal and accounting, and fund raising--be used for an individual survey.

3. Because of the diversity in longevity, budget, and city population, it is recommended that these three areas be defined into more homogeneous groupings in future studies.

4. It is recommended that a study of private funding be developed, concentrating on foundation and corporate areas of gift giving.

5. Because organizations with greater longevity generally have larger facilities, it is recommended that they be divided into groups according to square footage and that a study be done on the relationship of organizations in these homogeneous groupings.

6. It is recommended that staff and volunteers be developed into two studies, exploring how each is utilized within the organization.

APPENDIX A

THE NATIONAL ENDOWMENT FOR THE ARTS

National Council on the Arts

Chairman
Frank Hodsoll

The Endowment

An Overview

The National Endowment for the Arts, an independent agency of the Federal government, was created in 1965 to encourage and support American arts and artists. It fulfills its mission by awarding grants and through its leadership and advocacy activities.

The Endowment serves as a catalyst to promote the continuing vitality and excellence of the arts in America and to provide access to, and appreciation of, such excellence and vitality. To support arts activities of merit, to promote the overall financial stability of American arts organizations, and to make the arts available to wider, more informed audiences, the Arts Endowment seeks to increase non-Federal contributions through both its funding and advocacy. The agency does not direct or interfere with the creative activities of individual artists or arts organizations. Rather, it acts as a partner with others who support the arts.

Advisory Groups

The National Council on the Arts advises the Endowment on policies, programs, and procedures and reviews and makes recommendations on applications for grants. The Council membership includes the Chairman of the Arts Endowment and 26 presidentially appointed citizens who (a) are widely recognized for their knowledge of, or expertise in, or for their profound interest in, the arts and (b) have established records of distinguished service, or achieved eminence, in the arts.

The Arts Endowment's grant-making Programs are advised by panels—rotating groups of experts who meet throughout the year to review applications, develop or revise guidelines, and provide advice on future directions for the Program. Roughly 600 private citizens serve on these panels, which evaluate approximately 18,000 applications yearly.

Challenge and Advancement
Grant Program/Office of the Chairman

For the past decade the Challenge Grant Program has provided opportunities for arts institutions to strengthen their long-range institutional capacity and stability (See Challenge II below). Fiscal year 1988 begins a transition period for the Challenge Program in which it will turn its support toward projects that advance the Arts Endowment's mission to encourage excellence and access to, and appreciation of, the arts.

Challenge III:

Challenge III will support new or substantially augmented projects that address one or more of the following objectives: artistry, access, appreciation and/or non-Federal support (explained in the Guidelines).

Grant amounts generally will range from $50,000 to $1,000,000 and must be matched three-to-one or four-to-one for capital improvements, generally in new and increased monies. Arts institutions, state and local arts agencies, regional organizations and others (e.g., those involved with media, education, publishing), and consortia of such institutions are eligible for Challenge III. Grant periods generally will be from one to four years.

Challenge II:

Challenge II Grants provide an opportunity for arts institutions of the highest artistic level to launch major fundraising campaigns that strengthen long-term institutional capacity and enhance artistic quality.

Every Challenge II dollar must be matched by at least three dollars (four dollars for renovation/construction or equipment requests) in new and increased monies. Challenge II Grants run for three years and generally range from $100,000 to $1,000,000. Grant and matching funds may be used to build endowments or cash reserves, eliminate accumulated deficits, support capital improvements, and, in special cases, implement major, long-term artistic initiatives.

To be eligible, applicants must have at least a five-year history of artistic programming. Institutions that have already received a second National Endowment for the Arts Challenge Grant are not eligible to apply. They are, however, eligible to apply for a Challenge III grant under conditions outlined in the Guidelines.

Visual Arts

Visual Arts

The Visual Arts Program awards fellowships to individuals of exceptional talent working in a wide range of styles and media. It also awards matching grants to organizations that assist visual artists and supports public art projects and other activities that encourage dialogue about contemporary art. Visual arts are inclusive of, but not limited to, the media listed below.

Visual Artists Fellowships

To encourage the creative development of professional artists by enabling them to set aside time to pursue their work. Fellowships are available to practicing professional artists of exceptional talent with demonstrated ability working in a wide variety of visual media: painting, sculpture, photography, crafts, printmaking, drawing, artists books, video, performance, conceptual, and new genres. Fellowship amounts are $5,000 and $15,000 (a very limited number of fellowships may be awarded at $25,000).

Visual Artists Organizations

To assist groups that are originated by or for artists, or to further their interests, and that encourage the production and presentation of contemporary art that reflects continued, serious, and exceptional aesthetic investigation. Grants often support exhibitions, lectures, and performance events. Groups may also receive funds to provide working facilities for artists or information, resource, and advisory services. Grant amounts do not exceed $50,000; most range from $5,000 to $30,000.

Visual Artists Forums

Funding is available for a variety of projects that enable visual artists, critics, curators, and other visual arts professionals to communicate with peers and the public about visual arts ideas and issues or allow them to create and present new works. Support is available for non-commercial publications, visiting artists programs, seminars, residencies, and conferences. Grant amounts do not exceed $25,000; most range from $5,000 to $15,000.

Expansion Arts

The Expansion Arts Program supports professionally directed arts organizations of high artistic quality that are deeply rooted in and reflective of the culture of a minority, inner-city, rural, or tribal community. Funds are available to help create, exhibit, or present work reflective artistically of the culture of a community, to provide a community with access to all types of quality art, and to help train talented persons aspiring to be professional artists. Support is also available for program management, promotion, and documentation. Grants are awarded under the following categories:

Expansion Arts Organizations

To support arts organizations as outlined above. To be eligible, an arts organization must also employ professional artists, have existed for at least three years, and have demonstrated the ability to carry out the project. Classes and workshops for general arts exposure or arts appreciation will not be supported. Grants generally range from $5,000 to $40,000.

APPENDIX B

THE TEXAS COMMISSION ON THE ARTS

Organizational Chart

Commissioners

Executive Director

Assistant Director
for Administration

Assistant Director
for Programs

Accountant

Administrative
Technician II

• ADP Records
Control Clerk III

Receptionist

• Accounting
Clerk III

Administrative
Technician I

• Special Projects/Local Arts Agencies
Field Representative

• Special Projects/Local Arts Agencies
Program Administrator

• Visual Arts
Field Representative

• Visual Arts
Program Administrator

• Performing Arts
Field Representative

• Performing Arts
Program Administrator

Types of Assistance

Introduction

The Commission offers four general types of assistance: financial, informational services, technical assistance, and services to selected state agencies. Eligibility requirements differ from program to program.

There are three types of financial assistance with no maximum or minimum funding levels. Funding for an application is determined by the review process and the amount of funds available to the Commission at a given time.

A Organizational Assistance provides financial assistance for operational support for a 12-month period. The application and review process requires a broad overview of the organization as well as its services and activities.

B Project Assistance focuses on a specific event, project, or activity, either programmatic or administrative. This category also includes the Artist-In-Education Program which funds an artist, sponsored by a school or educational organization, who conducts workshops or classes.

C Touring Assistance funds both visual and performing arts events. Funding is provided to the presenters of the event, and the funding cycle is a two-year process.

Ineligible Activities

As a matter of principle, the Commission normally will not fund the following:
• Social functions, parties, and receptions
• Projects involving academic credit
• Projects at colleges and universities which primarily relate to curriculum and which have minimal or no community involvement
• Operating expenses for privately-owned facilities
• Out-of-state travel
• Capital-bricks and mortar and permanent equipment
• Commercial projects which are or can be self-supporting.

As a matter of law, the Commission cannot fund the following:
• retroactive funding
• direct funding to individuals.

Informational Service

The Commission provides an ongoing information service to the general public, the arts constituency and all levels of government. This is accomplished through:
• Staff consultation
• Publications such as *The Plan for the Operation, Funding and Services for the Arts in Texas, Texas Arts* (a semi-annual magazine), Texas Commission on the Arts Bulletin (a monthly publication), and touring information.

There are also statewide non-profit organizations which provide field information services to their identified constituencies on behalf of the Commission. These are called Statewide Partner Organizations.

Technical Services

The Commission provides ongoing technical services through:
• Staff consultations
• Publications
• Statewide Partner Organizations
• Site visits, and
• A consultant bank of selected experts which may be available in the case of specialized problems. TCA will appoint an expert to consult with an organization and pay a limited consultant fee per day. The organization must pay travel, meals, hotel, and other related expenses. TCA will designate the number of consultant use days.

To apply, contact Commission offices in writing, explaining the nature of the technical service desired.

Mandated Services

The Commission is mandated by legislation to provide prescribed services to other state agencies. It provides advisory services to the State Building Commission, the State Purchasing and General Services Commission, the Texas Historical Commission, the Texas State Library, the Texas Tourist Development Agency, the State Highway Department and other state agencies.
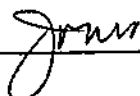
The Commission provides advisory services concerning the creation, acquisition, construction, erection, or remodeling by the State of any work of art.

When requested by the Governor, the Commission provides advisory services concerning the artistic character of buildings constructed, erected, or remodeled by the State.

The Commission is mandated to oversee the public areas of the Governor's Mansion which includes planning and designing repairs to the Governor's Mansion which conform to the style and architecture of the original building, and for rehabilitation, renovation, repair, beautification, decoration of the mansion and adjacent grounds.

APPENDIX C

HOTEL-MOTEL TAX

By ~~Jrww~~   S .B. 1532

A BILL TO BE ENTITLED

1   AN ACT

2   relating to the uses of local hotel occupancy tax revenue.

3   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4   SECTION 1. Subsection (a), Section 3a, Chapter 63, Acts of

5   the 59th Legislature, Regular Session, 1965 (Article 1269j-4.1,

6   Vernon's Texas Civil Statutes), is amended to read as follows:

7   (a) Any such city is hereby authorized to levy by ordinance

8   a tax upon the cost of occupancy of any sleeping room furnished by

9   any hotel, where the cost of occupancy is at the rate of $2 or more

10   per day. Such tax may not exceed seven percent of the

11   consideration paid by the occupant of the sleeping room to the

12   hotel.   [Any] Revenues from [a] the tax [in-excess-of-four-percent

13   of-the-consideration] paid by an occupant of the sleeping room to

14   the hotel may only be used for the purposes specified in

15   subdivisions (1), (2), [and] (3), (4), and (5) of Subsection (a) of

16   Section 3c. No more than one percent of the consideration paid by

17   an occupant of the sleeping room to the hotel may be used for the

18   purposes specified in Subdivision (4) of Subsection (a) of

19   Section 3c.

20   SECTION 2. Subsection (a), Section 3c, Chapter 63, Acts of

21   the 59th Legislature, Regular Session, 1965 (Article 1269j-4.1,

22   Vernon's Texas Civil Statutes), is amended to read as follows:

23   (a) The revenue derived from any occupancy tax authorized or

24   validated by this Act may only be used [for] to promote tourism and the

25   convention and hotel industry, and such use is limited to the

26   following:

1   (1) The acquisition of sites for and the construction,

2 improvement, enlarging, equipping, repairing, operation, and

3 maintenance of convention center facilities including, but not

4 limited to, civic center convention buildings, auditoriums,

5 coliseums, civic theaters, museums, and parking areas or facilities

6 for the parking or storage of motor vehicles or other conveyances

7 located at or in the immediate vicinity of the convention center

8 facilities;

9   (2) The furnishing of facilities, personnel and materials

10 for the registration of convention delegates or registrants;

11   (3) for [advertising-for] general promotional and tourist

12 advertising of the city and its vicinity and conducting a

13 solicitation and operating a program to attract conventions and

14 visitors either by the city or through contracts with persons or

15 organizations selected by the city;

16   (4) the encouragement, promotion, improvement, and application

17 of the arts, including music (instrumental and vocal), dance, drama,

18 folk art, creative writing, architecture, design and allied fields,

19 painting, sculpture, photography, graphic and craft arts, motion

20 pictures, television, radio, tape and sound recording, and the arts

21 related to the presentation, performance, execution, and exhibition

22 of these major art forms;

23   (5) historical preservation and restoration projects or activities

24 at or in the immediate vicinity of convention center facilities or

25 historical preservation and restoration projects or activities located

26 elsewhere in the city that would be frequented by tourists and visitors

27 to the city.

28   SECTION 3. Subsection (c), Section 3c, Chapter 63, Acts of

29 the 59th Legislature, Regular Session, 1965 (Article 1269j-4.1,

30 Vernon's Texas Civil Statutes), is amended to read as follows:

1   (c) [It-is-the-intent-of-the-legislature-that-revenues] Revenue

2 derived from the tax authorized by this Act [are] is to be expended

3 solely in a manner directly enhancing and promoting tourism and the

4 convention and hotel industry as permitted in Subsection (a), Section

5 3c. Such revenue shall not be used for the general revenue purposes

6 or general governmental operations of a city.

7   SECTION 4. This Act takes effect September 1, 1987.

8   SECTION 5. The importance of this legislation and the

9 crowded condition of the calendars in both houses create an

10 emergency and an imperative public necessity that the constitutional

11 rule requiring bills to be read on three several days in each house

12 be suspended, and this rule is hereby suspended.

APPENDIX D

QUESTIONNAIRE LETTER

P.O. Box 441415
Houston, Texas   77244-1415
May 11, 1988

Dear Director:

Enclosed is a questionnaire being sent to all nonprofit
visual arts organizations in the State of Texas. The under-
signed Ph. D. student at the University of North Texas
specializing in funding for nonprofit arts organizations is
taking this survey. This questionnaire has been designed to
help art service organizations better understand their
constituents so that they may upgrade programs, publicat-
ions, direct referrals, exhibitions, funding techniques and
other areas of concern.

Some of the art service organizations assisting in the
development of this survey are: Texas Commission on the
Arts, who furnished the mailing list; Texas Accountants
and Lawyers for the Arts, questionnaire development and
mailing; and Business Volunteers for the Arts, assistance
in the printing of the Survey Report.

Your cooperation is greatly needed in completing this
questionnaire, so that support groups throughout the state
can better serve the nonprofit visual arts organization
community. A comprehensive report will be given free of
charge to all participants. Confidentially will be
provided with extreme care when publishing the survey
results.

I hope you will take a small amount of time from your busy
schedule to fill out and return this questionnaire.
Questionnaires must be returned by July 1, 1988 in order
for your organization to participate in this survey. If
possible, please enclose a brochure or other information
about your organization. You can expect your copy of the
Survey Report to be mailed in September. Thank you for
your assistance in this matter.

                              Sincerely,

                              Maurine Howard

APPENDIX E

QUESTIONNAIRE

TEXAS NON PROFIT VISUAL ARTS ORGANIZATIONS

◦ Maurine Howard
May 11, 1988

QUESTIONNAIRE

The questionnaire is divided into six sections:
General Profile
Government Funding
Private Funding
Legal and Accounting
Fund Raising
Release Form

Directions for completing questionnaire:

All questions must be answered in full to participate in the survey. If a question is not applicable write NA (Not Applicable) in the space provided. If your organization wishes to not have a question listed in the publication, once it has been answered please initial NFP (Not For Publication) by _____ (the initials of the authorized person filling out the questionnaire).

(Example: *NFP* 5. How many people . . . . .)

For extra listings and information, please attach extra sheets.

General Profile

1. Organization's Name:_____

   Address:_____

   Phone Number: (Area Code) _____ (#) _____

2. Name & Title of Executive Staff:

   Name:_____ Title:_____

   Name:_____ Title:_____

   Name:_____ Title:_____

3. Number of Employees: _____

	Paid Staff	Volunteers
Full-Time:	_____	_____
Part-Time:	_____	_____

4. (a) Longevity of Organization: _____ _____

                                              Date Opened   Years Old

   (b) 1988 Budget: $_____

   (c) City Population: _____

   In the last six years, what year/years did your organization have the highest operational budget and the lowest?

	(Check)	Amount
1988	_____	_____
1987	_____	_____
1986	_____	_____
1985	_____	_____
1984	_____	_____
1983	_____	_____

5. What is the square footage of your facility? _____

   How many people visit your organization yearly?

In State	_____
Out of State	_____
In County	_____
Total	_____

6. What type of services does your organization offer the public?

Programs		Publications		Exhibitions		Education	
Adult	_____	Adult	_____	Adult	_____	Adult	_____
Children	_____	Children	_____	Children	_____	Children	_____

   Other: _____

7. Does your organization reach diverse populations in the State?

Ethnic	_____	Elderly	_____
Handicapped	_____	Other	_____

8. Any miscellaneous information your organization would like to add, once you have finished the questionnaire, please add here.

Government Funding

1. Please list or attach a list of Government Agencies, Federal, State and local, who have funded your organization:

Name _____ Date _____ Matching Ratio _____

Name _____ Date _____ Matching Ratio _____

Name _____ Date _____ Matching Ratio _____

Were any grants lost due to lack of funds to meet matched grants?   YES   NO

Please explain:

2. Does your organization seek support from the Texas Commission   YES   NO
   on the Arts?

If Yes, Please list:

Type of Grant	Year Applied	Grant Outcome Accepted	Not Accepted	Matching Ratio	% of Proportion Received

3. What type of understanding did your organization have regarding the process for applying for a grant from the Texas Commission on the Arts?

		Check	Explain
a.	Clear and concise knowledge	_____	_____
b.	General knowledge	_____	_____
c.	Little knowledge	_____	_____
d.	No knowledge	_____	_____

4. What type of understanding did your organization have regarding the criteria needed to be able to apply for a grant from the Texas Commission on the Arts?

		Check	Explain
a.	Clear and concise knowledge	_____	_____
b.	General knowledge	_____	_____
c.	Little knowledge	_____	_____
d.	No knowledge	_____	_____

5. Did the Texas Commission on the Arts assist you in your
   proposal writing?   YES   NO

If Yes, how was assistance given by the commission?

6. Over the last six years when submitting grant proposals to the
   Texas Commission on the Arts was your organization usually
   funded?   YES   NO

(a) If No, did the commission give a concise explanation
    of why funds were not granted?   YES   NO

(b) Will you seek funds from this source in the future?   YES   NO

7. Does your organization send representatives to seminars and
   workshops pertaining to government proposal writing?   YES   NO

If Yes, did your organization receive funding when these new
techniques were used?   YES   NO

8. What suggestions can your organization make regarding government funding do's and
   don't's?

Private Funding

1. Does your organization seek support from
    private funding sources?   YES   NO

    If Yes, Please list or attach a list of names of private funding sources:

    Names:_____
    _____
    _____

    Were any grants lost due to lack of funds to meet matched grants?   YES   NO

2. What type of understanding did your organization have regarding the general <u>process</u>
    for applying for private funding grants?

	Check	Explain
a. Clear and concise knowledge	_____	_____
b. General knowledge	_____	_____
c. Little knowledge	_____	_____
d. No knowledge	_____	_____

3. What type of understanding did your organization have regarding the general <u>criteria</u>
    needed to be able to apply for private funding grants?

	Check	Explain
a. Clear and concise knowledge	_____	_____
b. General knowledge	_____	_____
c. Little knowledge	_____	_____
d. No knowledge	_____	_____

4. Did any of the private funding agencies assist you in your
    proposal writing?   YES   NO

    If Yes, how was assistance given and by whom?

5. When no assistance was given, were funds usually granted
    after you submitted your grant proposals?   YES   NO

    (a)   If No, did the private funding agencies usually give a
          concise explanation of why funds were not granted?   YES   NO

    (b)   Will you seek funds in the future from agencies who
          gave no assistance in proposal writing?   YES   NO

    (c)   If no, please explain.

6. Does your organization send representatives to seminars and
    workshops pertaining to private funding proposal writing?   YES   NO

    If Yes, did your organization receive funding when these new
    techniques were used?   YES   NO

7. When hiring managerial staff, does your organization seek
    individuals with private funding backgrounds?   YES   NO

8. What suggestion can your organization make regarding private funding do's and
    don't's?

Legal and Accounting

1. Are you familiar with the organization Texas
   Accountants and Lawyers for the Arts (TALA)?   YES   NO

   If yes, has your organization been pleased with TALA
   services?   YES   NO

   If no, please explain why.

2. Does your organization have staff lawyers and accountants?

	No.	
Lawyers	_____	YES NO
Accountants	_____	YES NO

   Do you have lawyers and accountants on your Board of Trustees?

	No.	
Lawyers	_____	YES NO
Accountants	_____	YES NO

3. Does your organization seek accounting and legal services from
   independent accounting and legal firms?   YES   NO

   Legal Services   YES   NO
   Accounting Services   YES   NO

4. Does your organization update bookkeeping and financial
   statements monthly?   YES   NO

   If No, please explain:

   Does your organization obtain annual:

   Audits   YES   NO
   Reviews   YES   NO
   Compilations   YES   NO

5. How are fees paid for accounting and legal services?

	Donated	Reduced Rates	Hourly Rate	Percentage Paid	Staff
Accounting	_____	_____	_____	_____	___
Legal	_____	_____	_____	_____	___

6. Does your organization have:

   Personnel policies   YES   NO
   Job descriptions   YES   NO

   When hiring new employees, does your organization require
   employees to sign an employment contract?   YES   NO

1

If accounting and legal assistance could be provided in the following areas, which ones would your organization need?

Contracts   _____
Copyrights   _____
Taxes   _____
Employment   _____
Health and Safety _____
Other (List): _____

Does your organization carry insurance?   YES   NO

Which of the following:

Vehicle Insurance   _____
Directors and Officers Liability   _____
General Liability   _____
Workmens Compensation   _____
Employee Liability   _____
Property Insurance   _____
Other: _____

7. What type of budget planning is used in your organization?

    Example   Estimate Your Time

    Short Term (1 mo. to 6 mo.)   Short Term _____ to _____
    Long Term (6 mo. to 2 ys.)   Long Term   _____ to _____
    Strategic (2 yrs. to 6 yrs.) Strategic   _____ to _____

How far into the future can your organization predict contributions?

    Example   Estimate Your Time

    Not at all   Not at all _____
    1 month to 6 months   _____ to _____
    6 months to 2 years   _____ to _____
    2 years to 6 years   _____ to _____
    Other   Other: _____

Does your organization spend in excess of your given
yearly revenue?   YES   NO

If yes, how do you compensate for the shortfall of funds?

8. What suggestions can your organization make regarding administrative do's and don't's?

2

Fund Raising

1. Does your organization belong to any professional associations relating to fund raising?   YES   NO

   If Yes, which one(s):

   _____
   _____
   _____
   _____

2. Has your organization employed an independent fund raising consultant in the last six years?   YES   NO

   If Yes, which one(s):

Year	Name	Date Hired From	To	National Certification Yes	No	Hourly	Percentage	By the Project
1988								
1987								
1986								
1985								
1984								
1983								

   Type of Fee Charged

3. What was the length of time the last fund raising consultant was hired for?

   _____

   Did that consultant run a successful fund raising campaign?   YES   NO

   Was there a projected dollar amount?   YES   NO

   Did you reach or surpass the projected dollar amount?   YES   NO

4. Does your organization plan your fund raising campaigns over a projected annual time frame?   YES   NO

   List your annual events, estimated planning time, and the time of the year they are held (e.g., Spring, Summer, Fall, Winter).

Annual Event	Planning Time	Time of Year

   Does one yearly event bring in most of your yearly budget money?   YES   NO

   If Yes, which one?

5. What is the division percentages of funds received in your organization over the following years?

	1988	1987	Highest Budget Year Since 1983
Government			
Corporate			
Foundations			
Public			
Individuals			
Events			
Exhibitions			
Traveling Exhibitions			
Facility Rental			
Gift Shop			
Restaurant			
Other			
Total	100%	100%	100%

What forms of earned income does your organization have?

	Check
Facility Rental	
Exhibit Rental	
Traveling Exhibitions	
Gift Shops	
Restaurant	
Other	

6. Do you have one or more individuals on staff with knowledge of
fund raising procedures?   YES   NO

If Yes, How Many? _____

Does your staff attend continuing education courses to
update their knowledge of fund raising?   YES   NO

If Yes, How Often:

Monthly	
3 Months	
6 Months	
Annually	
Other	

7. Does your Board of Trustees participate in fund raising?   YES   NO

Does your Board of Trustees act as a catalyst in
the development of major philanthropic gifts?   YES   NO

If Yes, in what ways?

(a) How are Trustees elected? _____

(b) How long does each Trustee serve on the Board? _____

(c) How many Trustees do you have? _____

8. What suggestions can your organization make regarding fund raising do's and don't's?

2

Publishing Release Form

This agreement is made and entered into by _____,
a visual arts non profit organization operating in the State of Texas and Maurine C. Howard, a doctoral student at the University of North Texas, Denton, Texas.

The undersigned consents to the publishing of:

(1)   Funding Questionnaire

(2)   Information within our brochures

Executed this _____ day of _____, 19____.

PARTICIPANT

By: _____

Title: _____

Interview Release

This agreement is made and entered into by _____,
a visual arts non profit organization operating in the State of Texas and Maurine C.
Howard, a doctoral student at the University of North Texas, Denton, Texas.

The participant hereby consents and agrees that Maurine C. Howard may quote the
participant and/or use any information or photographs obtained from the participant.

Executed this _____ day of _____, 19____.

PARTICIPANT   PUBLISHER

By: _____   _____
                                       Maurine C. Howard

Title: _____

APPENDIX F

FOUR STATE GEOGRAPHICAL LEVELS

TABLE 10

FOUR STATE GEOGRAPHICAL LEVELS BY
COUNTIES AND POPULATION

| Area	Counties	Population
1. Level A--Population 1,000,000 or more		
Houston PMSA	Fort Bend, Harris, Liberty, Montgomery, Waller, Colorado	3,230,700
Dallas PMSA	Collin, Dallas, Denton, Ellis, Kaufman, Rockwall	2,401,400
San Antonio MSA	Bexar, Comal, Guadalupe	1,276,400
Fort Worth-Arlington PMSA	Johnson, Parker, Tarrant	1,253,900
2. Level B--Population 250,000 to 1,000,000		
Austin MSA	Hays, Travis, Williamson	726,400
El Paso MSA	El Paso	561,500
Beaumont-Port Arthur MSA	Hardin, Jefferson, Orange	375,800
McAllen-Edinburg-Mission MSA	Hidalgo	365,900
Corpus Christi MSA	Nueces, San Patricio	363,300
3. Level C--Population 100,000 to 250,000		
Brownsville-Harlingen MSA	Cameron	257,300
Killeen-Temple MSA	Bell, Coryell	233,700
Lubbock MSA	Lubbock	224,800
Galveston-Texas City PMSA	Galveston	214,800
Amarillo MSA	Potter, Randall	195,200

Table 10--Continued

Area	Counties	Population
Brazoria PMSA	Brazoria	188,700
Waco MSA	McLennan	187,600
Longview-Marshall MSA	Gregg, Harrison	170,300
Tyler MSA	Smith, Nacogdoches	152,100
Odessa MSA	Ector	133,100
Wichita Falls MSA	Wichita	127,100
Abilene MSA	Taylor	125,900
Bryan-College Station MSA	Brazos, Grimes, Washington	120,800
Laredo MSA	Webb	120,800
Texarkana MSA	Bowie County TX, Miller County, AR	119,900
Midland MSA	Midland	111,300

4. Level D--Population under 100,000

Area	Counties	Population
Sherman-Denison MSA	Grayson	98,300
San Angelo MSA	Tom Green	98,100
Victoria MSA	Victoria	76,000

The categorized four levels of the population are described in further detail in Appendices D through G.

PMSA = Primary Metropolitan Statistical Areas, MSA = Metropolitan Statistical Areas.
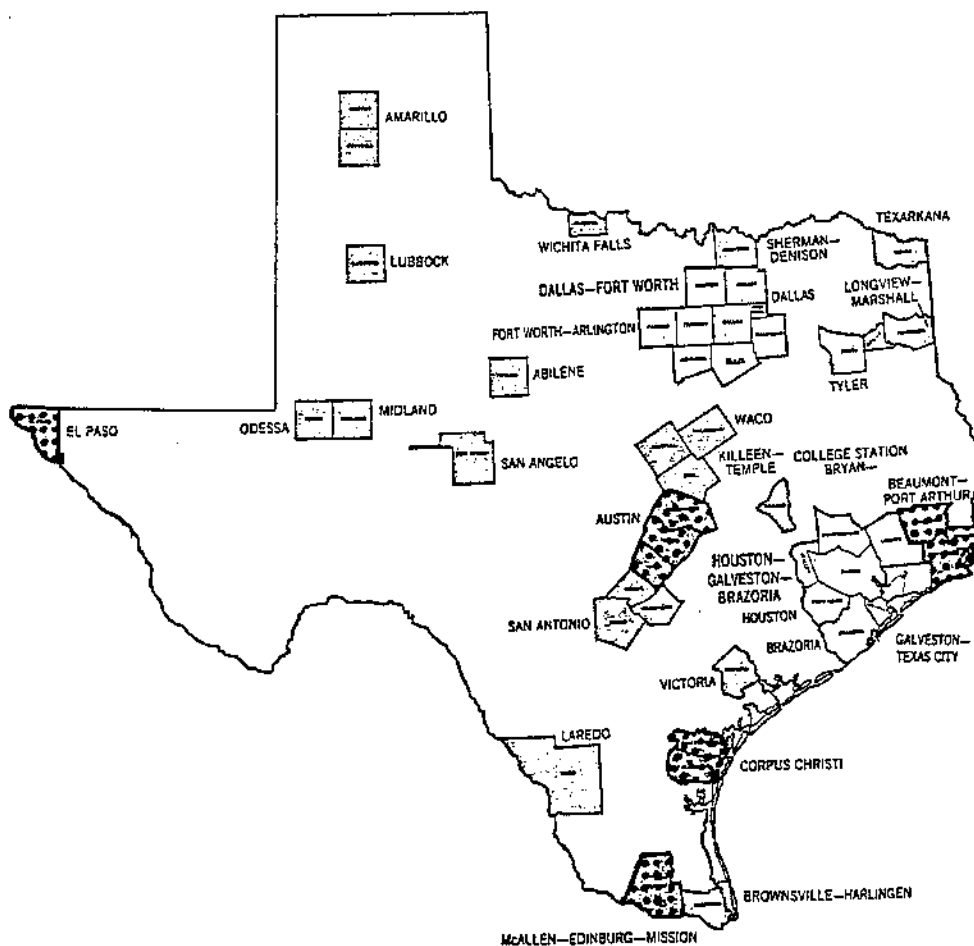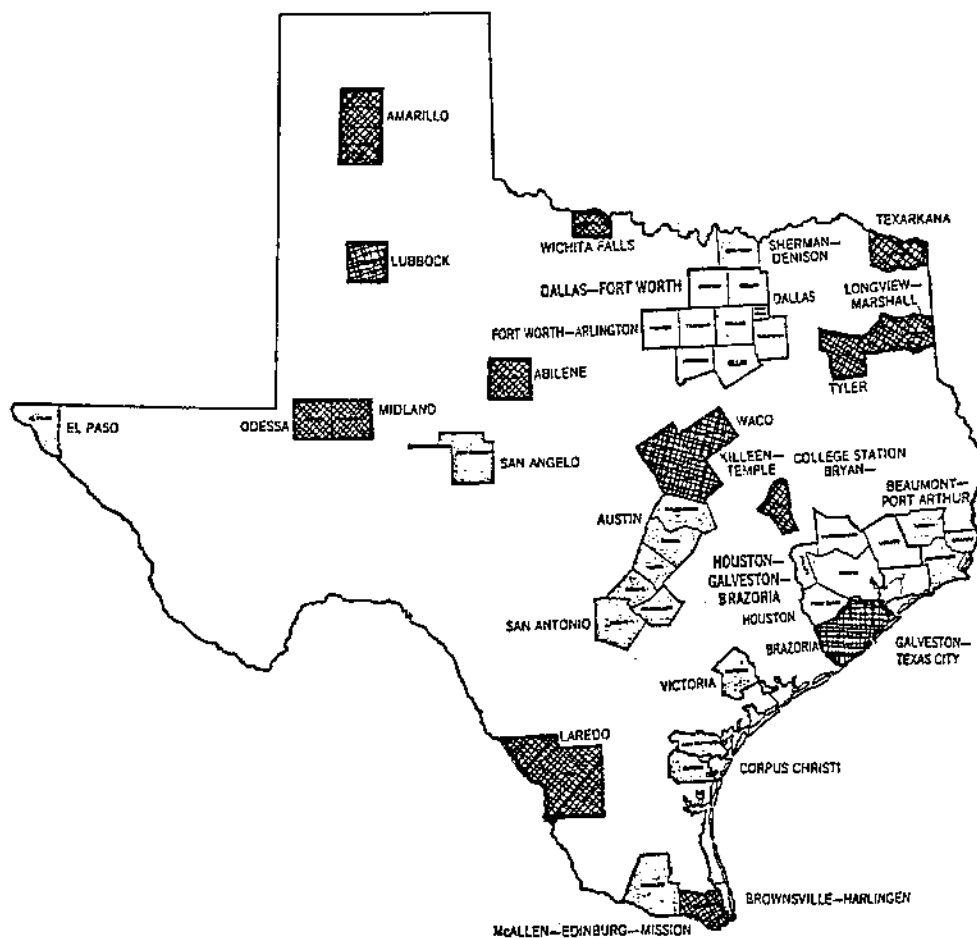
LEVEL A

POPULATION: 1,000,000 OR MORE
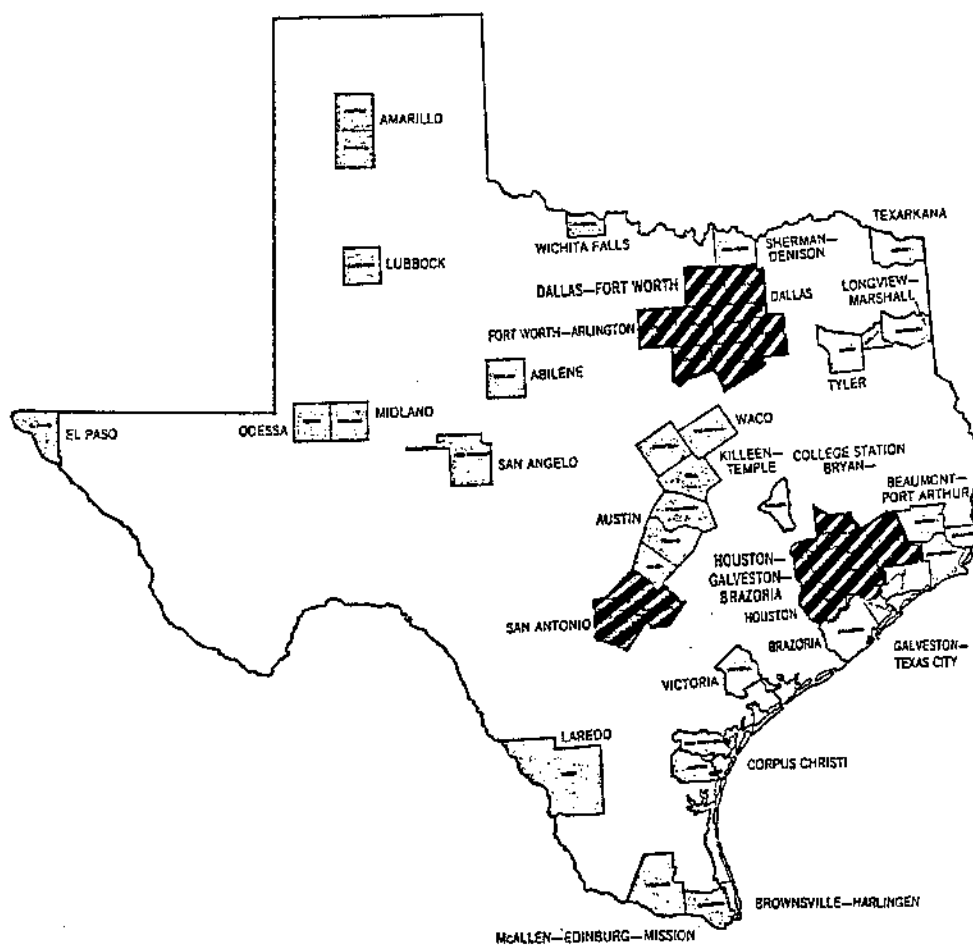
LEVEL B
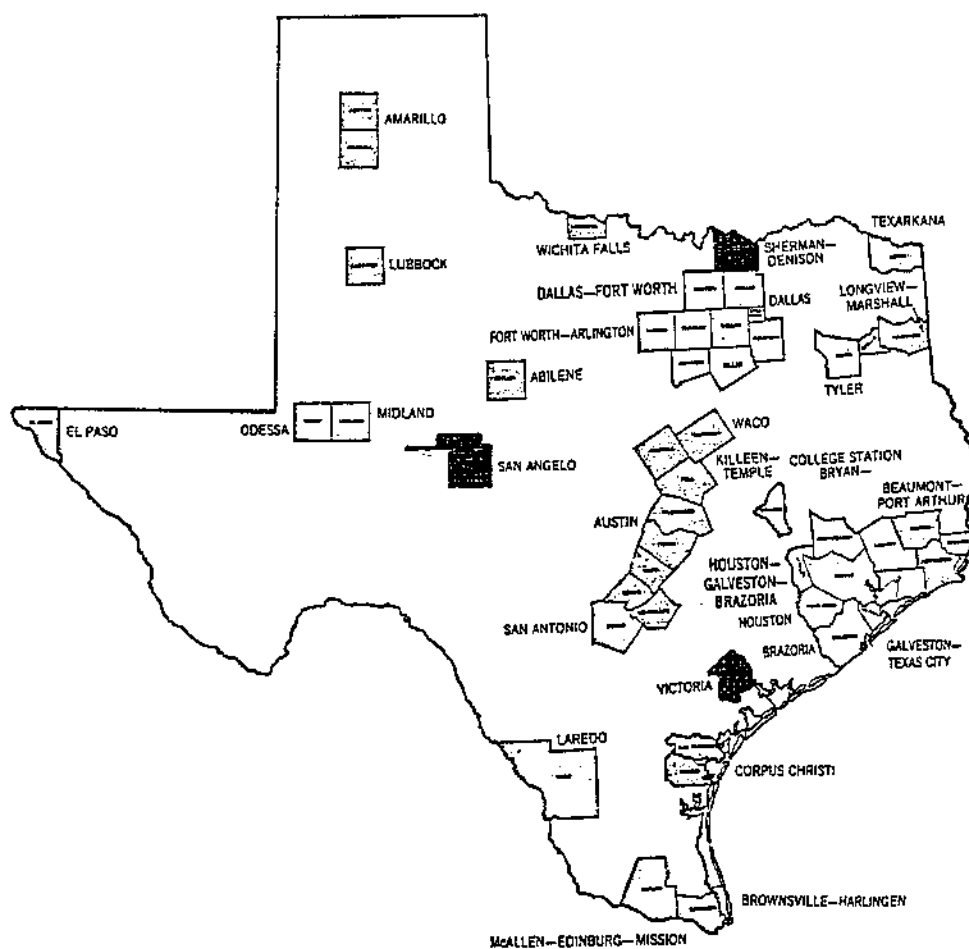
POPULATION: 250,000 TO 1,000,000

LEVEL C

POPULATION: 100,000 TO 250,000

LEVEL D

POPULATION: UNDER 100,000

Map of Texas showing metropolitan areas labeled: AMARILLO, LUBBOCK, WICHITA FALLS, SHERMAN-DENISON, TEXARKANA, DALLAS-FORT WORTH, DALLAS, LONGVIEW-MARSHALL, FORT WORTH-ARLINGTON, ABILENE, TYLER, EL PASO, ODESSA, MIDLAND, SAN ANGELO, WACO, KILLEEN-TEMPLE, COLLEGE STATION BRYAN, BEAUMONT-PORT ARTHUR, AUSTIN, HOUSTON-GALVESTON-BRAZORIA, HOUSTON, SAN ANTONIO, BRAZORIA, GALVESTON-TEXAS CITY, VICTORIA, LAREDO, CORPUS CHRISTI, BROWNSVILLE-HARLINGEN, McALLEN-EDINBURG-MISSION

APPENDIX G

INSTRUMENT VALIDATION PANEL

INSTRUMENT VALIDATION PANEL

Sarah Roady, Executive Director
Texas Accountants And Lawyers For The Arts
1540 Sul Ross
Houston, Texas   77006

Martin B. Cominsky, Executive Director
Business Volunteers For The Arts
1100 Milam Bldg., Suite 2725
Houston, Texas   77002

Lois Boiarsky, Business Manager
The Children's Museum
3201 Allen Parkway
Houston, Texas   77019

Roy L. Cordes, Jr., Attorney
1 Sugar Cree Center Blvd., Suite 370
Sugar Land, Texas   77478

Deborah Dusard, Director Of Student Services
Art Institute Of Houston
3600 Yoakum
Houston, Texas   77006

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