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Behind the scenes of public funding for performing arts in Italy: hidden phenomena beyond the rhetoric of legislation

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This paper focuses on how Italian performing arts organizations were funded between 2003 and 2005. How does policy regulate the financing system for performing arts? What are the underlying logics that govern financing choices? In this paper the authors move beyond the simple examination of formal policies by analysing the funding data and organizational routines of the ministerial offices responsible for the allocation of grants. The authors implemented a multi-method research methodology consisting of document analysis, in-depth interviews, and quantitative analysis of funding data. The main findings can be summarized as follows. First, funds are continuously allocated to the same group of organizations. Second, although rigid, the system is imbued by a ‘rhetoric of the project’. Third, the system does not reward innovation. In conclusion, only by studying how the law is actually implemented can one capture the choices that underlie financing actions, and thus unravel unanticipated outcomes and inconsistencies between rhetoric and conduct.

Keywords: performing arts; funding policies; Italy

Introduction

Public funding for the performing arts in Italy has come to centre stage in recent discussions, both political and non-political. The discussion can be divided into four principle themes: the lack of public funds destined for performing arts activities, the use of the majority of resources to sustain lyric opera, the lack of involvement by government in the innovation of cultural activities, and the federalist reform of the funding system for performing arts (i.e. the transfer of the competencies regarding performing arts funding from the state to the regions). Among these criticisms, there are also – more or less explicit – various reform proposals which have been presented to date.

The scarcity of state resources intended for the performing arts holds a central position and priority in the current discussion. In Italy, like in many other European countries (such as France, England, Sweden, etc.), the performing arts are generally ranked in second place after cultural heritage in terms of public expenditure relative to overall public expenditure for culture, the only exception being Germany. Nonetheless, Italy shows a lower share of public financing to culture as a percentage of GDP than European and non-European countries (Mariani 2008). The main body under discussion is the *Fondo Unico per lo Spettacolo*, or ‘Single Funding Body for the Performing Arts’ (from now on to be referred to as FUS, or simply as the ‘Fund’),

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which is the main instrument for state support for performing arts. This Fund was reduced by 10.4% during the period under examination (2003–2005). This reduction was especially noticeable – also in the press – in 2004–2005, when the total Fund dipped below €500 million.

The fact that almost half of the FUS is dedicated to supporting only 13 organizations, the so-called *Fondazioni Lirico Sinfoniche*, or Lyric-Symphonic Foundations is the second argument that animates the Italian debate on the performing arts. The importance of these organizations – which include La Scala of Milan, the Arena of Verona, and the Teatro dell'Opera of Rome, just to name a few of these internationally well-known entities – together with the recognized need to provide for the conservation of the prestigious (and demanding) national opera heritage, contributes to the fact that an amount equal to 48% of the FUS is annually earmarked for the Lyric-Symphonic Foundations by law (from the remainder of the Fund, 14% is distributed to Musical Activity, 16% to Theatre, 19% to Cinema, and 1.1% to Circus Activities and Dance). These disparities are viewed with ill-concealed suffering by most performing arts operators, especially given the overall decrease in resources.

Third, a lack of innovation is perceived among the principal actors in the Italian performing arts scene, both in terms of 'turn-over' within organizations and in the choice of performances. This question has been discussed now for some time. By 1990 Trezzini had already noted, in discussing the Repertory Theatres, that quality had decreased due to the lack of innovation and turn-over and the inability to reconcile innovation in their repertory with a mass audience.

Finally, there is growing debate about the decentralization of public funding for the performing arts. With the 2002 reform of Chapter V of the Italian Constitution to enhance federalism, legislative powers in the performing arts were devolved to the regions, except for the determination of fundamental principles, which was reserved to state legislation. Today, in 2011, this transfer of responsibility is still to be settled. Therefore, the debate regarding the methods and timeline in which this should take place is – more than ever – a central part of the discussion.

We argue that a renewed interest in the funding of the performing arts – especially from the viewpoint of the reform of the system – is not matched by appropriate knowledge of the mechanisms governing its funding.

The reasons for the limitations of the current debate are found, above all, in the complexity of the state funding systems for the performing arts. Access to and quantification of funding is based on complex criteria and complex rules of calculations established by bureaucratic and administrative steps which are long and articulated, involving various offices and commissions in diverse ways. Reconstructing this process is a difficult task, also due to the laws which are not always transparent.

The need for a deep exploration of the funding system is brought forth by the fact that among the extant contributions in the debate, only a few are able to be analysed beyond a sectorial viewpoint to allow for an overall analysis of the public funding. In other words, there are contributions focusing on problems of the musical sector in one part, on the theatre in another, and on the situations of the lyric opera in another. The debate is narrowly focused, thus, on single sectors. There is a lack of an overall vision and unity that would allow for a single overall outlook and for common critical issues to emerge.

The debate is also characterized by a lack of supporting data. It is not by chance that the term 'perception' is used so often: it is *perceived* that there are problems, but there is a lack of data to sustain these arguments. Even when considering oft-discussed

cultural policies, it is still unclear on which data these arguments are based or could be based.

This is reflected in the inadequacy of the current official reports on the use of the Fund. The Ministry, through the national *Osservatorio per lo Spettacolo* (Observatory for the Performing Arts), annually publishes the so-called *Report on the Use of the FUS*.¹ The Report is a valuable point of reference in understanding the *amount* of state resources destined for the performing arts. However, the Report is an insufficient tool in understanding *how* the resources are assigned among the diverse organizations, i.e. the choices of funding. There are two reasons why this report is insufficient for this purpose: above all, the Observatory only offers data on projects which are granted funding. Obtaining relevant data for the applications which are *not accepted* – as has been possible for the authors for the area of Musical Activities – allows us to widen the scope of the analysis with a variety of additional considerations. Secondly, the minimum unit of analysis used by the Report does not go beyond the aggregate level of the category (e.g. Courses, Festivals, Competitions²). This prohibits an evaluation of how the resources are divided within the type category and therefore among individual organizations. Using *the organization as a unit of analysis*, as proposed by our analysis, allows us to reflect on, for example, the concentration of state funding and its relative implications.³

The final limitation is perhaps the most significant one for the current discussion, due to the tendency to restrict debate on the Fund's choices with an analysis of laws in the sector. Studying the laws allows an understanding of the 'rules of play' as they are formally established; however, only through a consecutive reading of the funding data (and even more so the decision-making process) it is possible to understand the choices that were actually made. More in general, our impression is that the organizational problems of 'implementation' of the law are underestimated in the current debate, as if the path between the law and its application were direct and unproblematic. As management scholars, on the other hand, we tend to see this application of the law as an *organizational problem*. Also in this case (as usual in the organizational problems of any organization), one should expect 'bounded rationality' decision-making processes, which lead to results that – at least in part – simply 'occur' and 'emerge' regardless of the intentions and the knowledge of the actors involved, with consequences which are not necessarily intended.

The focus of this paper is on *how* performing art organizations were funded between 2003 and 2005. We will observe whether specific characteristics of the project proposals – such as their economic size or whether or not the organizations proposing them had already received funding in the past – affected the choices made by the system. Thus, this research intends to provide data that will allow us to accept or reject some of the 'impressions' or 'perceptions' present in the current debate.

Below we summarize the main findings of an overall research on public funding for the performing arts (Zan 2009). The research was commissioned by the Ministry of Cultural Goods and Activities and carried out between September 2006 and November 2007.

Our main findings can be summarized as follows:

- *The FUS system is somewhat 'rigid'*: Most of the funds are repeatedly allocated to the same group of subjects over time. This rigidity is not only present in the 48% destined for the Lyric-Symphonic Foundations focused on in public debates, but also involves other subjects.

- *The system is characterized by 'lack of transparency'*: The system is rigid, but in an unexplicit way, hiding its rigidity behind a 'rhetoric of the project'. The notion of 'project' evokes the idea of flexibility and of ad-hoc funding (by project) which would entail variability in the funding of diverse subjects or initiatives over time.
- *The system does not reward innovation*: One of the most astonishing results is the low (almost null) presence of new projects receiving contributions.
- The discussion of project quality – besides the evocation of a qualitative evaluation in the rhetoric of the law – is extraneous to the functioning of the system.

This study provides some empirical evidence supporting the results mentioned above: rigidity, lack of transparency, limitations on new requests to the FUS, and absence of a discourse on quality.

A few limitations of this paper can also be highlighted:

- As previously stated, the present paper analyses the state funding for the performing arts through the FUS only. Actually, at the state level there are other forms of funding available (the so-called 'extra-FUS') which play a minor role: in 2005, 84.7% of the state funds were assigned by the state through the FUS. These residual forms of state funding are not accounted for in this paper (however, a thoroughgoing discussion on the 'extra-FUS' funding is provided in the extended research; see Zan 2009).
- The research focuses on the sectors of the Lyric-Symphonic Foundations, Musical Activities, and Theatre Activities, because of their economic relevance, since they account for nearly 96% of the FUS for performing arts (thus in this analysis Dance Activities and Circus Activities are excluded).
- The research is limited to the years from 2003 to 2005. It should be noted that our consideration of the FUS system refers to the legislation in the period under examination (2003–2005) and, in particular, to the Ministerial Decree 21/12/2005 (the regulation concerning the criteria for the allocation of the FUS) for each sector of the performing arts. In 2007 an update of the Ministerial Decree on the FUS occurred. However, these changes do not alter the overall framework of our results.

Rigidity and lack of transparency in the FUS system

Before discussing these themes, we will explain the functioning of the ministerial grant process as described in the law. The funding system for the performing arts sectors under analysis involves two separate mechanisms:

- (1) One for the 13 Lyric-Symphonic Foundations.
- (2) One for all of the other organizations requiring state funding for Musical and Theatrical Activities.⁴

In the case of the Lyric-Symphonic Foundations, there is an ad-hoc law which earmarks stable and guaranteed funding to these 13 organizations. Interestingly, FUS funding is destined to all of the 13 Lyric-Symphonic Foundations regardless of the structure of their income and their costs, their ability of generating revenue, and the activities they carry out. For example, the Arena di Verona receives public funding even

if a significant portion of its activity is carried out with the summer festival and even if it is the best performer in terms of income generation. Santa Cecilia in Rome receives funding even though most of its productions revolve around symphonic music and not opera. The Lyric-Symphonic Foundations are evaluated in order to determine the amount of such funding (for a discussion on the criteria and on the legitimacy of this system, see Brunetti 2000, Nova 2002, Leon 2004, Sicca and Zan 2005, Mariani 2008).

In the case of the other organizations, on the other hand, the funding is not guaranteed and is instead based on a formal selection process. Applicants must annually submit a project proposal and a funding request to the Ministry. The funding applications, which are to be submitted in October, include financial and non-financial information and a description of the activity for which the grant is requested. The selection process is divided into two parts: (1) an initial evaluation phase, conducted by the administrative offices of the Department, with the goal of establishing the so-called quantitative base (or a preliminary sum of the grant, calculated in an automatic way essentially starting with the costs of the project); (2) a following evaluation based on the artistic quality of the individual projects, carried out in April by the General Director of the Department for Performing Arts supported by a Consultative Committee of experts. This process selects the projects that will receive funds and establishes the final state contribution. To give an idea of the amount of work to be considered, there were 819 applications for funding in the Musical Activities sector in 2005.

Therefore, excluding the Lyric-Symphonic Foundations, the FUS system is formally based on a logic of evaluation and selection of single projects, in which access to state funding is formally discussed on an annual basis. A certain rigidity of the system is established by the laws themselves, but is solely linked to the body of resources specifically destined to the Lyric-Symphonic Foundations.

Beyond formal analysis of the funding procedure, an interesting phenomenon emerges from our in-depth and longitudinal study of past funding grant data: the percentage of the resources *not* allocated in a rigid way to these very same organizations is rather small. In other words, aside from the Lyric-Symphonic Foundations, another group of organizations tends in practice to be funded in a stable and unquestioned way over time.

The nature of the FUS is thus heterogeneous. Three types of funding emerge, differing by (1) the amount of the contribution; (2) its continuity over time; and (3) its relationship to the application and selection process.

The primary funding method that is most recognizable is the one of the Lyric-Symphonic Foundations: their funding is high, constant over time, and independent of the submission of an application, as established by law.⁵ This method of funding can be referred to as *given funding*.

Table 1 shows the amount of the FUS given to the Lyric-Symphonic Foundations in 2005: at more than €222 million, the Lyric-Symphonic Foundations benefit from 47.8% of the total FUS.⁶ This is equal to 58.4% of the FUS for the performing arts, and to 60.9% of the FUS given to the three sectors in our analysis (Musical Activity, Theatre Activity, and the Lyric-Symphonic Foundations). Even in the face of the overall reduction of the funds between 2003 and 2005, these 13 organizations were always financed in a superior and constant way.

From the analysis of the data, a second method of funding emerges: the *stable funding*. This funding is constant over time and somewhat larger, although formally dependent on the selection process previously described. The beneficiaries of this treatment are all organizations recognized by the following legal statuses: Italian

Traditional Theatres (TIT), i.e. the theatres at the provincial level and active in the production of lyric opera; Orchestral-Concert Institutions (ICO), i.e. institutions with their own permanent orchestra and their own musical productions; and Repertory Theatres (Public, Private, and Innovation Repertory Theatres). Aside from these, our analysis suggests that the largest organizations in every type of performing arts benefit from stable funding.⁷

Indeed, according to the operators of the sector whom we interviewed, funding is in fact guaranteed year after year in an informal way, despite the formal requirement to follow the application and selection process. The data confirm the steadiness and superior level of funding amounts (in 2005, for example, TIT, ICO, and Repertory Theatres received on average €550,000 per organization, in the face of an average FUS contribution of €150,000, Lyric-Symphonic Foundations excluded).

Table 1 illustrates the 171 organizations which are financed in this stable method, which makes up less than 20% of the total organizations belonging to the three sectors in the analysis. The €93.8 million benefitting these organizations in 2005 is equal to 25.8% of the FUS of the sectors under examination.

The final type of funding is *non-stable funding*. This funding is occasional over time (it is not always given, in fact, to the same organizations), relatively small, and dependent on the application process. Almost 80% of the projects funded in the three sectors (773 activities) benefitted from such non-stable funding in 2005. This large number of activities, however, is poorly funded: the average funding in 2005 was equal to €60,000 per activity, in comparison to an average FUS contribution of €150,000, excluding the Lyric-Symphonic Foundations. Overall, these activities received funding equal to €44.8 million, i.e. only 13.3% of the FUS designated for Musical Activities, Theatre Activities, or Lyric-Symphonic Foundations.

In summary, even though the legal rhetoric insists on the logic of the ‘project’ and on the ‘selection’ of the applications for funding, a consistent part of the Fund ends up being already assigned in a ‘stable’ way to a small number of organizations. As a result, the degree of freedom in the annual allocation of resources is greatly reduced.

Furthermore, given the diversity in the nature of the funding, or in other words the coexistence of the three types of contributions (*given*, *stable*, and *non-stable*), it is possible to quantify the ‘rigidity’ of the FUS system.

The current debate on the sector is usually concentrated on the fact that almost 48% of the FUS is in fact ‘blocked’: the funds are assigned to the Lyric-Symphonic Foundations in a rigid way. Our analysis reveals that, given the presence of *stable funding*, the portion of the FUS that is outside a logic of selection is actually greater, totalling almost 87% of the resources destined to the sectors on which our analysis focuses (Musical Activity, Theatre Activity, and Foundations). This is equal to 83.1% of the FUS for the performing arts, or in other words 68% of the total FUS (‘subtotal 1 + 2’ in Table 1). Under this reasoning the ‘free’ margin of the annual allocation, limiting the scope of the analysis to the Musical Activity, Theatre Activity, and Lyric-Symphonic Foundation sectors (i.e. the resources for which a true selection process applies), is actually only 13.3% of the FUS.

Our considerations on the rigidity of the system should not be distorted. We are not criticizing the fact that some organizations receive a stable funding (there are numerous historical and cultural reasons for that; see Trezzini 1990, Gallina 1990, 2001). We simply argue that it is necessary to make this phenomenon explicit (i.e. the actual existence of stable and non-stable funding), rather than concealing it under the rhetoric of the project and the rhetoric of the selection process.

Table 1. Reclassification of the FUS, year 2005.

	2005					
	<i>n</i>	<i>n</i> %	FUS Musical, Theatrical, and LSF Activity	€ % of the FUS Musical, Theatrical, and LSF Activity	€ % of the FUS for the performing arts	€ % of the total FUS
1. 'Given' funding (Lyric-Symphonic Found)	13	1.4	222,060,095	60.9	58.4	47.8
2. Stable funding	171	17.9	93,884,765	25.8	24.7	20.2
(a) Italian traditional theatres (TIT)	26	2.7	16,345,000	4.5	4.3	3.5
(b) Orchestral-concert institutions (ICO)	13	1.4	14,790,765	4.1	3.9	3.2
(c) Repertory theatres	72	7.5	44,005,000	12.1	11.6	9.5
(d) Other 'stable' organizations	60	6.3	18,744,000	5.1	4.9	4.0
Subtotal (1 + 2)	184	19.2	315,944,860	86.7	83.1	68.0
3. Non-stable funding	773	80.8	48,576,309	13.3	12.8	10.5
Total FUS for musical and theatrical activity, LSF	957	100.0	364,521,169	100.0	95.8	78.4
Total FUS for the performing arts			380,325,797		100.0	81.8
Total FUS			464,697,152			100.0

Source: Elaboration from *Relazione sull'utilizzazione del FUS 2005*. Used with permission.
Note: 'Other 'stable organizations': Includes funding obtained by the top five organizations belonging to 'Lirica Ordinaria', Concert and Choral Activities, Festivals, Courses, Competitions, Promotional activities for Musical Activities (in total €11,800,000); Production, Puppet Theatre, Promotion and Training, 'Esercizio', 'Produzione e Perfezionamento', Festival for that which concerns the Theatre Activities (in total €6,944,000).
Non-stable financing: Includes funding obtained by projects that were not recognized as recipients of either 'given' funding nor 'stable' funding.
Total FUS for Musical, Theatrical, and LSF Activities: Does not include 'Complessi Bandistici'.

The issue of the rigidity of the system mirrors a general problem of transparency. As we showed, only an in-depth analysis of the data uncovers how the resources which are annually available are actually 'blocked' – informally guaranteed 'a priori' to some organizations – in a more significant way than established by law.

Penalization of 'minor' activities

In the span between 2003 and 2005, the resources destined to the FUS were severely reduced (the Fund diminished by 9.1% for the Lyric-Symphonic Foundations, 9.4% for Musical Activity, and by 15.4% for Theatre Activity). Even though the decrease was perceived across all levels in the world of the performing arts, it is possible to affirm that, following the cuts in resources, the system disproportionately penalized entities that receive smaller amounts of funding. Among these entities there were significant cuts both in the number of activities funded and the amount of funding itself.

This phenomenon became particularly evident in the sector of Musical Activities. Classifying the organizations of each category based on funding, we see that in the most cases between 2003 and 2005 the number of activities in the minor classes diminished drastically. For example, between 2003 and 2005, the number of Music Festivals that received smaller amounts of funding (under €100,000) decreased by 34%, while those receiving larger amounts (with funding beyond €800,000) remained stable in number and were subject to a reduction in the resources which was proportionately lower than that registered by the minor activities. Similarly, among the Concert and Choral Activities, the projects with funding greater than €400,000 increased from six to seven, whereas those with funding up to €50,000 were reduced from 173 in 2003 to 128 in 2005 (–26%) (see Table 2).

In the Theatre Activity sector, the penalization of minor activities was evident especially in the 'Esercizio Teatrale' (theatres hosting but not producing performances), 'Perfezionamento Teatrale' (institutions organizing seminars, conferences, and expositions), and Festivals. As an example, festivals with funding under €25,000 decreased from 23 to 13 during the three-year period). In the Production, Promotion, and Training category, instead, the reduction in resources had a negative impact both on the organizations within the higher-funded classes and those located within the lower-funded classes, consequently favouring the central classes. On the other hand, the resources destined to the category of the Private Repertory Theatres, the Innovation Repertory Theatres, and Puppet Theatres increased with a corresponding increase in the number of organizations receiving funding (especially the organizations found in the lowest categories of the funding). In sum, the phenomenon of penalization emerges with less impact in the Theatre Activity sector than in the Musical Activity sector (see Table 3).

The availability of data for Musical Activities relative to project proposals that had been submitted, but did *not* receive funding, allows for further analysis of the funding reductions to smaller activities. In this case, the variable 'economic size of the activity' was measured considering the cumulative costs established in the cases of the presented funding.⁸

In the period under analysis, an increasing tendency to allocate funding to higher-cost projects can be noted. For example, in the category of Promotional Activities, both organizations that presented projects in 2005 with overall costs between €500,000 and €1,000,000 were granted funding. On the other hand, only 14 of 35 organizations carrying out projects with costs up to €50,000 passed the selection process. During the three-year period, the phenomenon was evident in almost all of

Table 2. Musical Activity classified according to the entity of the grant, 2003–2005.

Category	Entity of the grant (€)	Var. project numbers 2003–2005 (%)	Var. grants. 2003–2005 (%)
TIT	Above 1,200,000	0.0	0.3
	From 800,000 to 1,200,000	0.0	0.0
	From 400,000 to 800,000	–5.9	–6.0
	From 0 to 400,000	0.0	4.3
	Tot	–3.7	–3.1
ICO	Above 1,500,000	–40.0	–33.8
	From 900,000 to 1,500,000	50.0	51.2
	From 600,000 to 900,000	33.3	26.3
	From 0 to 600,000	50.0	29.2
	Tot	8.3	–5.0
LO	Above 200,000	–42.9	–40.9
	From 100,000 to 200,000	–14.3	–0.1
	From 0 to 100,000	0.0	–1.1
	Tot	–12.1	–23.2
Choral and concert Activity	Above 400,000	16.7	13.3
	From 200,000 to 400,000	–7.1	–5.2
	From 100,000 to 200,000	–6.3	–7.4
	From 50,000 to 100,000	–5.0	–5.8
	From 0 to 50,000	–26.0	–17.6
	Tot	–19.2	–4.0
Courses	Above 200,000	0.0	–17.5
	From 50,000 to 200,000	–11.1	–15.7
	From 0 to 50,000	–39.0	–39.0
	Tot	–32.7	–23.3
Competitions	Above 100,000	0.0	–6.5
	From 15,000 to 100,000	–18.2	–30.5
	From 0 to 15,000	–37.8	–39.2
	Tot	–30.8	–21.6
Promotional activities	Above 100,000	0.0	–23.0
	From 15,000 to 100,000	–68.8	–64.7
	From 0 to 15,000	–35.3	–37.0
	Tot	–43.4	–38.8
Festivals	Above 800,000	0.0	–2.9
	From 300,000 to 800,000	–16.7	–9.0
	From 100,000 to 300,000	–18.2	0.6
	From 0 to 100,000	–34.2	–11.8
	Tot	–30.6	–6.0
Activity abroad	Above 100,000	–57.1	–50.0
	From 20,000 to 100,000	142.9	60.4
	From 0 to 20,000	–50.0	–50.1
	Tot	–25.0	–24.2

Source: Elaboration from *Relazione sull'utilizzazione del FUS 2005*. Used with permission.

Table 3. Theatre Activity classified according to the entity of the grant, 2003–2005.

Category	Entity of the grant (€)	Var. number of projects 2003–2005 (%)	Var. grants. 2003–2005 (%)
Public repertory theatres	Above 3,000,000	0.0	–2.1
	From 1,500,000 to 3,000,000	0.0	–2.6
	From 800,000 to 1,500,000	0.0	–2.4
	From 0 to 800,000	20.0	11.1
	Tot	6.3	–0.7
Private repertory theatres	Above 1,500,000	0.0	–2.6
	From 1,000,000 to 1,500,000	–25.0	–23.5
	From 500,000 to 1,000,000	14.3	16.8
	From 0 to 500,000	150.0	177.7
	Tot	21.4	7.3
Innovative repertory theatres	Above 500,000	0.0	–4.3
	From 350,000 to 500,000	–12.5	–12.6
	From 175,000 to 350,000	11.1	14.4
	From 0 to 175,000	11.1	31.4
	Tot	5.6	5.6
Production	Above 400,000	–12.5	–14.0
	From 300,000 to 400,000	–10.0	–7.9
	From 200,000 to 300,000	0.0	–7.6
	From 100,000 to 200,000	–6.7	–3.7
	From 0 to 100,000	–27.4	–15.5
	Tot	–22.7	–10.6
Promotion and training	Above 600,000	–50.0	–44.5
	From 200,000 to 600,000	11.1	–25.3
	From 0 to 200,000	–33.3	–45.8
	Tot	–11.8	–30.5
Puppet theatres	Above 70,000		
	From 25,000 to 70,000	–20.0	–9.5
	From 0 to 25,000	20.0	28.3
	Tot	15.0	22.7
‘Esercizio’	Above 100,000	0.0	3.8
	From 50,000 to 100,000	0.0	5.5
	From 0 to 50,000	–31.6	–20.1
	Tot	–23.5	–4.5
‘Perfezionamento’	Above 45,000	0.0	15.3
	From 22,500 to 45,000	–10.0	–14.3
	From 0 to 22,500	–35.5	–11.2
	Tot	–26.7	–4.9
Festivals	Above 75,000	0.0	1.4
	From 50,000 to 75,000	25.0	24.0
	From 25,000 to 50,000	0.0	–13.8
	From 0 to 25,000	–43.5	–21.4
	Tot	–25.0	–3.0

Source: Elaboration from *Relazione sull'utilizzazione del FUS 2005*. Used with permission.

the categories: in 2003, 50% of the Festival projects up to €100,000 passed the selection process, and in 2005 this percentage was reduced to 38.5%. Similarly, in 2003, 65% of the Choral Activities with costs below €100,000 were allocated funding, and in 2005 only 46% received similar treatment. However, there is evidence of contrary data: in 2005, one of the two projects in the Courses category with the most significant costs (between €800,000 and €1,400,000) was not accepted for funding. It seems difficult to free the framework presented – until now – from a broader and more detailed reflection regarding the quality of the projects presented. If on the one hand it is possible to presume the existence of a positive relation between the quality of the projects and their costs, on the other hand it is legitimate to argue that the smaller organizations are the drivers of innovation. It is not within the objectives of this analysis to support or rebuff positions of this kind. However, it is undeniable that there has been a progressive reduction in the variety of the organizations which are funded, at least in economic size (see Table 4).

Table 4. Dimension of the project and acceptance for funding, 2003–2005.

Category	Cost classifications (€)	Accepted project 2003 (%)	Accepted project 2004 (%)	Accepted project 2005 (%)
Concert activities	3,000,000–10,000,000	100.0	100.0	100.0
	1,000,000–3,000,000	93.8	100.0	86.7
	400,000–1,000,000	95.0	83.3	84.4
	100,000–400,000	90.8	83.7	71.5
	1–100,000	65.7	48.9	46.2
Choral activities	200,000–700,000	100.0	100.0	100.0
	50,000–200,000	100.0	50.0	71.4
	1–50,000	85.7	58.3	63.6
Courses	800,000–1,1400,000	100.0	66.7	50.0
	200,000–800,000	80.0	90.0	81.8
	100,000–200,000	78.9	70.0	41.7
	1–100,000	65.0	38.3	41.7
Competitions	400,000–600,000	100.0	100.0	
	200,000–400,000	100.0	80.0	88.9
	100,000–200,000	71.4	83.3	83.3
	50,000–100,000	59.1	51.7	28.6
	1–50,000	51.2	22.2	23.3
Promotional activities	500,000–1,000,000	100.0	100.0	100.0
	150,000–500,000	68.4	76.9	30.8
	60,000–150,000	83.3	47.6	35.7
	1–60,000	56.3	42.9	40.0
Festivals	3,000,000–7,000,000	100.0	100.0	100.0
	1,000,000–3,000,000	88.9	87.5	100.0
	400,000–1,000,000	80.0	84.2	81.3
	100,000–400,000	75.8	64.8	47.8
	1–100,000	50.0	26.2	38.5

Source: Elaboration from Department for Performing Arts (internal data). Used with permission.

‘Exclusion’ of first-time submissions

The lack of support for innovation is seen as one of the weak points of the funding system in Italy, as our data confirm.

Restricting the field of analysis to only Musical Activity – due to a lack of reliable data for Theatre Activity – it is noted that funding for new organizations is practically nonexistent: in 2005, only two organizations that never had received FUS state funding were granted funds. It should also be noted that, in the same year, 19% of the applications for the Musical sector (156 of 819) were composed of the first-time applicants. The two organizations receiving first-time funding in 2005 were a Festival, which received a grant of €50,000, and a Concert and Choral Activity, which benefitted from a contribution of €5000. This means that, in 2005, only 0.1% of the FUS for Musical Activities went to new organizations (see Table 5).

Between 2003 and 2005, a progressively decreasing number of organizations presented applications for the first time: they declined from 211 in 2003 to 189 in 2004, and then to 156 in 2005 (–26% over three years). The reduction in the number of first-time applications accepted was thus more than proportional to the decrease registered in the presentation of these: while in 2003, 44 first-time applicants were funded, in 2005 this number was reduced to only two.

What can be observed, then, is the progressive closure of a system that tends to replicate itself: it is difficult for new organizations to be accepted for funding and rare for organizations which have been previously funded to be excluded – especially when these have received larger contributions.

The lack of new entrants is the subject of much criticism, especially since one of the goals pursued through the FUS is specifically continuous innovation in cultural activities. If we consider innovation as access to funding for new organizations, doubts could be raised on the capacity of the system to effectively pursue these aims.

Decision-making processes behind the phenomena observed

Any consideration of the *outcomes* of the process of assigning funding should be strictly linked to the analysis of the *ways* in which the funding process is carried out.

Table 5. First-time submission in the Music sector – year 2005.

	First-time submission on total submission (%)	First-time accepted submission on total accepted submission (%)	First-time submission's grant on total grant (%)
ICO	0.0	0.0	0.0
TIT	0.0	0.0	0.0
Concert activities	4.2	0.0	0.0
Choral activities	25.0	7.7	2.5
Courses	23.1	0.0	0.0
Competitions	27.1	0.0	0.0
Promotional activities	35.9	0.0	0.0
Festivals	33.5	1.5	0.6
Promotional entities	12.5	0.0	0.0
Total	19.0	0.5	0.1

Source: Elaboration from Department for Performing Arts (internal data). Used with permission.

According to the law, the General Director of the Department for Performing Arts has the power to decide on the allocation of resources, once the opinion of a Consultative Committee has been acquired (there is one such committee for each sector). In principle, each Committee is made up of nine 'highly qualified experts' (Law 650/1996) including the General Director of the Department for the Performing Arts, six members appointed by the Ministry and two by a body made up of state and local representatives (the 'Conferenza Stato-Regioni'). The committee has the fundamental role of evaluating the artistic quality of the projects and therefore supporting the funding decision. However, our study reveals that in practice the influence of the Committees is very limited, for two main reasons.

First of all, there are organizational and procedural weaknesses constraining the Committees' work. In theory, each commissioner should study and evaluate the projects before committee meetings. In the case of the Music sector, in 2005 a commissioner was supposed to read 800 proposals between March and April. It has to be underlined that this preliminary work is not paid, since commissioners are paid only for the meetings attended. As a consequence commissioners have no incentive to increase their knowledge by attending the performances or the concerts of the applicants. Considering also the elevated number of projects, the commissioners are neither able nor willing to spend a sufficient amount of time and effort in the preliminary phase.

Secondly, during the annual meetings⁹ commissioners are asked to analyse a summary list previously prepared by the General Director, rather than discussing the features of each project in depth. The list (one for each category) includes information regarding the name of the entities applying for grants, the previous year's funding for each entity, the General Director's proposal for funding, and, finally, the total amount of resources allocated to the category. Since no modification of the amount of resources allocated to a category can be introduced during the meeting, changes to the General Director's proposals imply a redistribution of funds within the entities. Consequently, as some commissioners pointed out, 'while piles of applications remain untouched on the desk [...] words are spent in order to reach algebraic equilibrium rather than artistic quality'.

The constraints presented above (lack of time, absence of an appropriate salary, discussion based on limited information) prevent an in-depth discussion of the artistic quality of proposals from emerging. The grant amount is decided mainly based on the entity's funding history and the resources available, rather than the artistic quality, as prescribed by the law. On the top of this, the explicit and implicit pressures applied by political parties and labour unions have to be taken into account.

Given this situation, changing the status quo is not an easy task. Some commissioners recognize, for instance, that funding new entities is almost impossible. A commissioner told us that new entries' applications are considered only if additional 'not already assigned' funds are available. Another admitted that one year they were explicitly asked not to consider new entries for those categories whose funds were decreasing.

In this situation, most of the General Director's proposals are accepted. There are, however, two interesting exceptions. Discussion arises when modifications of funding affect important and well-known entities in a considerable way, or when a commissioner intervenes in order to support a specific entity, usually those operating in his or her region. This represents perhaps an interesting example of the distance between the law and its actual implementation since geographical origin is not included among the criteria for the appointment of commissioners.

All in all, we believe that the organizational features and criteria of the decision-making process presented here constitute a fundamental element of the FUS system, since they play a significant role in determining its rigidity, closure to new entrants, and the penalization of minor activities.

Some concluding observations

A comprehensive and systematic reflection on the empirical findings of our research is presented in the publication of the overall work (Zan 2009). Here we will conclude with three main observations.

In the first place, there is a problem of access and availability of data at the Ministerial level, since data are only partially collected by the ministerial offices, if at all (one may be reminded of the greater breadth and richness of the analysis that was possible for Musical Activities in the preceding pages, thanks to a wider availability of data). Given the relevance of the phenomena that emerged in the case of the Musical Activities, we argue that, from a methodological point of view, in all sectors greater attention should be paid to the public disclosure, conservation, and analysis of data not only regarding the *assigned* grants, but also the applications submitted and not accepted. This is absolutely necessary to enable an in-depth reflection on the choices of funding and their actual effectiveness.

The problem of data availability is, however, much wider than this. As in many other countries, in Italy the performing arts are supported not only by the State but also by Regions, Provinces, and Municipalities, which insure important and increasing contributions to the sector (Bodo and Spada 2004). However, it remains difficult, if not impossible, to understand how the state, regional, and municipal funding is 'stratified' in single organizations. This serious lack of transparency and accountability shows a situation of divided polycentrism and a total lack of a diffused logic of co-funding (at least until 2005¹⁰) among the various channels of public funding. Paradoxically, the effects are completely contrary in structurally polycentric countries such as Germany, where the transparency of public funding for the performing arts is significant (public funds are accountable down to the last cent) and there is no informational asymmetry among the different levels of government.

In the second place, in order to cope with the rigidity of the system, its lack of transparency and limited first-time grants, it could be opportune to make explicit the internal differentiation of the current FUS system, formally recognizing the heterogeneous nature of funding. As with the Lyric-Symphonic Foundations, one could explicate the criteria and separated mechanisms of funding for the organizations that benefit from *stable funding* on one hand, and for those which can access *non-stable funding* on the other, paying special attention to the first-time applicants. More explicitly, we are not suggesting that funding some institutions on a regular basis is good or bad. We are just stating that, since this separate treatment in fact exists, it should be made explicit and regulated accordingly.

The heterogeneous nature of the funding beyond the rhetoric of the project, and the discrepancy between the formally established evaluation process and the real decision-making procedures bring us to a third and final consideration: the relevance of the concept of *administration of the law*. Between the law and the final funding decision there are, in fact, standard procedures that consistently operationalize the contents of the law, and have a fundamental role in defining results. In the funding system described here, the ability of the law to reach its stated objectives is heavily affected

by the way in which procedures are carried out in practice. Consider, for instance, the role of the commissions in assessing the artistic value of projects: our analysis underlines that despite what stated in the law, several procedural elements (lack of time to study applications, low salary of the commissioners, absence of an in-depth analysis of projects during the meetings) do not permit to the Commission to exert in a substantive way their advisory role in the decisional process. The final decision is taken by the General Director, without any evaluation of the quality of the project, yet following historical trends, traditional influence, or other external priorities.

In order to modify the emerging phenomena (for instance, to really guarantee a certain degree of innovation in the artistic scene) and to ensure coherence between them and the specific aims of cultural policy, specific attention should be given not only to a better design of the decision-making system in the law (for instance recognizing the specific nature of stable and unstable funding), but also to the way in which the law is put into practice. Ignoring these aspects will in fact lead to weaker control of results and the emergence of unintended phenomena, no matter how well the law is designed.

Such a step is, however, very commonly skipped in our country, especially in reform processes. The problem is connected to the concept of *juridification*. From the German *Verrechtlichung*, the term *juridification* means ‘the ever-growing development of formal norms and standards in regulatory law. It is linked to ideas of social limits of regulation and the (over)extension of law as a medium of control [...]’ (Hood 1995, p. 178). A high degree of *juridification* is quite common in those countries, such as Italy, characterized by a civil law system (as opposed to the common law practice of the Anglo-Saxon world), and has been recognized as one fundamental reason for the failure of several public sector reforms (see, for instance, Panozzo 2000, Bonini Baraldi 2007).

As recognized by Ongaro (2006, p. 753) ‘the trajectory of administrative reforms in Italy that occurred during the 1990s has been interpreted as one decisively affected by the persistent hegemony of the administrative law paradigm, a cultural paradigm that has proved a considerable capacity for survival’. This is due both to the cohesion and manipulative ability of the administrative policy community as well as the absence of any alternative paradigm really capable of challenging it such as, for instance, the managerial one (Capano 2002). In the context of a high level of juridification, ‘rather than operating as a mechanism for the critique (of the existent) and the invention (of the possible), the role of managerial knowledge is largely confined to the critical dimension, since the “enacting” capacity is sanctioned as the province of other wisdoms and professional credentials, namely of the legal and the juridical’ (Panozzo 2000, p. 362). In a nutshell, the general approach to policy implementation in Italy is characterized by ‘the considerable importance given to the formal organizational structure as opposed to the little attention paid to policy delivery and the management of the change process implied by adapting policy delivery to new circumstances’ (Ongaro 2006, p. 753).

If this is true, in reforming the funding system for performing arts in Italy it will be necessary to intervene not only on the law in itself, but also in how it is administered, or, in other words, in the procedures that render it operative. This is true both in terms of reform and a research agenda for the future.

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Notes

1. The Report offers a general panorama on the allocation of funding within the year under examination, divided by sector of the performing arts and, within each sector, by type of activity. This presents, furthermore, other considerations on the entity and the historical role of the FUS within recent years, also in relation to the national GDP, as well as considerations on the allocation of state resources to the national territories (to the Regions and the Provinces).
2. By category, we mean the overall classification of organizations and/or projects that receive funding based on the same rules and calculations of the quantitative base. Based on this definition, there is a single category within the sector of Lyric-Symphonic Foundations, whereas there are 13 others within the sector of Musical Activity and 12 within the sector of Theatre Activity.
3. It should also be noted that the considerations made until now refer to the elaboration of the Report on the use of the FUS until 2005. The authors of the Report of Funding 2006, in fact, with the same considerations as our indications, have introduced new elaborations aimed at bringing attention to the distribution of funding among organizations within the same category.
4. Within each sector, the FUS allocates resources among the diverse categories of activities (for example, categories of the Theatre of Italian Tradition, Festivals, Orchestral-Concert Institutions, and Courses for the sector of Musical Activity; categories of Repertory Theatres, Production Companies, etc., for the sector of Theatre Activities, and so on).
5. State funding is guaranteed by law to these entities, as stipulated by the Corona Law 800/1967 (the first law for lyrical and musical activities), then confirmed in L.163/1985 on the institution of the FUS and reinforced by the D.Lgs. 367/1996 which transformed the Lyrical Entities into private law foundations.
6. The calculation of the entire FUS includes not only the resources assigned to the Performing Arts, but also Cinema and the contributions for the operations of the National Observatory and the Consultative Committee.
7. Indeed, the top five organizations that attain the largest funding in each category of the Musical and Theatrical Activities are considered beneficiaries of a *stable financing*, together with the recognized organizations such as TIT, ICO, and the Repertory Theatres: the data show that these organizations benefit from funding which is clearly above the average of the type and provenance and, in the face of a substantial decrease in the funding to the category in the three-year period from 2003 to 2005, the first five organizations were not only funded on a continuous basis, but the grants they received even increased.
8. Regarding this, it is necessary to remember that the funding received is directly proportional to the costs presented, as from the start of the funding (the so-called quantitative base) it is calculated on the base of the project costs.
9. Between April and June 2005 there were five meetings for Theatrical Activities, four for Musical Activities, two for Dance, and four for Circus.
10. It should be remembered, in fact, that the Financial Law of 2007 has established the creation of a fund destined for the co-financed activity of the State and Region.

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