FRACTURED ATLAS

Opportunities to Support Artists' Ability to Thrive

# OPPORTUNITY SCAN


Prepared for Fractured Atlas
By Alexis Frasz



Last Updated: January 20, 2023

# INTRODUCTION

Fractured Atlas's mission is to make the journey from inspiration to living practice more accessible and equitable for artists and creatives, which they do by providing tools and resources that help artists thrive. In November 2021, it commissioned Alexis Frasz to conduct this research scan to help it understand some of the most timely opportunities helping artists thrive today. The goal was to provide the Fractured Atlas board and staff with a high-level overview of selected areas where there are meaningful opportunities to impact conditions for artists. This report does not make recommendations about what Fractured Atlas should do in response to these opportunities. Rather, it was intended to inform conversations among the Fractured Atlas team about how it might evolve its services for artists in light of these emerging opportunities. The goal is to help Fractured Atlas – and others with whom they may share this material -- identify places where it might lead, places where it can support and amplify the leadership of others, and places where it should simply be well-informed.

An important understanding guiding this research is that many of the most important factors influencing artists' ability to make work and thrive are not art-world specific. Artists have specialized skills and capacities, to be sure, but their basic needs are not unique. They need stable and affordable housing; access to health care and unemployment insurance; time off when they are sick or have a family crisis; fair wages; legal protection from exploitation; and opportunities and resources to turn their ideas into reality. An ecosystem of arts philanthropists and intermediaries provide fellowships, project grants and technical assistance to artists, most of which are merit-based and focused on the development of the creative work itself. Many more artists find paid work in creative fields and across other sectors. Yet most working artists—including many who are considered "successful" by typical standards (getting gigs, selling work, receiving fellowships, attracting audiences)—work multiple jobs and struggle to make ends meet, falling through the cracks of our economy and social safety net. The **COVID-19 pandemic** made abundantly clear that artists' economic lives are precarious, and they have few safety nets available to them in moments of shock or disruption.[1]

The good and bad news is that artists are **not alone** in their vulnerability, and there are growing movements working to address the systemic and structural issues that keep many members of our society on the margins, often despite working full-time and/or providing services of great value to communities. The current configuration of our economy and social safety net is particularly hostile to people working outside of "traditional" employment (i.e. those in the "gig economy") or for outcomes that are not about the economic bottom line (e.g. care work, nonprofit work, creative work). Artists and artist advocates can benefit from joining broader movements fighting for fair pay and benefits, workers' rights, debt relief, guaranteed income, more democratic workplaces, affordable housing, subsidized child care, and more; as well as

[1] According to **Americans for the Arts**, two-thirds of artists were unemployed at the height of the pandemic, over half (58%) were not able to afford needed medical care, and one-third were unable to afford food at some point.

adapting their strategies, tactics, and tools to push for a more equitable, sustainable, and democratic creative sector.

This research sought to identify high leverage opportunities to influence the conditions that enable artists to make creative work and sustain themselves financially.  In particular, it focuses on opportunities that:

- Would have a meaningful impact on a significant number of artists (nationwide, in different types of communities, across artistic disciplines and career stage, etc.),
- Would propel cultural equity by benefiting artists who are currently left out of the existing artist support systems and are more likely to be disadvantaged in society more broadly, and
- Would build the collective power of artists to make decisions and influence the policies and practices that impact them.

To aid in understanding terminology throughout the report that may be new to readers, please refer to the **accompanying glossary**. Terminology that is included in the glossary is highlighted and color coded in the report.

## Definition of Artist

Although artistic and cultural expression is an essential part of many people's daily lives, this research was focused mainly on "working artists." That is, people who make, or attempt to make, all or part of their income or livelihood from their artistic or creative work and/or devote a large part of their time to their creative work. That said, making distinctions between kinds of artists is blurry and often not all that meaningful, as people may shift in and out of this category at different times in their lives. In fact, the ability to pursue art as a professional career can itself be a privilege that is not available to everyone, or at all times. Therefore, although this report focuses on working artists (and those who work with or serve them), many of the opportunities it describes would change society in ways that will not only make conditions better for those currently defined as such, but also make it possible for more people in general to engage in artistic and creative practice in various ways professionally and simply as part of a fulfilling life.

## Topics Covered

This report covers six topic areas, which were identified and refined in conversation with a working group of Fractured Atlas staff leadership and Board representatives:

- **Worker Cooperatives**
- **Benefits and Protections for 1099 Workers**
- **Access to Capital**
- **Guaranteed Income**
- **Mutual Aid**
- **NTFs (non-fungible tokens)**

There are overlaps and intersections between some of these areas, which are noted where relevant, but each section is written to stand alone as a broad overview of the topic. Each section provides an introduction to the theme, describes how it relates to artists, and then notes key opportunities for action that would benefit artists, including some of the leading players in the space. To the extent possible, the report points to which kinds of artists will be most served by action in each of these areas. For example, expanding access to capital will benefit artists who have an entrepreneurial endeavor, while mutual aid may be more beneficial for artists whose work is primarily community-based. These are generalizations and further due diligence would be needed to determine how artists could best be served by any proposed intervention.

There are other important areas of opportunity that were identified by Fractured Atlas' working group but are not addressed in this paper due to limitations on time and resources. Two in particular deserve mention:

- **Emergency relief initiatives** have provided an important safety net for artists during COVID-19 and challenged some persistent norms in the field around how resources are granted to artists. For example, funds were given out quickly, with few restrictions, and – in a few cases – based on need rather than competitive qualitative criteria. Artists hope that these shifts in funding practice will be sustained even as the pandemic subsides. For more on this topic see **Pandemic Relief and Recovery in the Bay Area** and Springboard for the Arts' **Emergency Fund Quick Guide.**

- **Land banking, land trusts and housing cooperatives** are promising approaches to de-commodifying housing and land in order to create housing affordability and stability. Bright spots with an artistic focus include the **East Bay Permanent Real Estate Cooperative** (EBPREC) in Oakland, **The Guild i**n Atlanta and **ArtBuilt / ArtHome** in New York. There is also growing interest from governments, and in 2019 the New York City Council dedicated $850,000 to education, organizing, and technical assistance through the **Community Land Trust** discretionary funding initiative. This work has great potential to benefit artists, along with the communities of which they are a part, and deserves further exploration. There is also a growing "land back" movement pushing for the return of land to Native stewardship and control, which overlaps with the efforts to rethink property ownership in some ways, and is in tension with them in others. Land rematriation work like that of the **Sogorea Te' Land Trust** and **Dishgamu Humboldt** is creating contexts for Indigenous cultural revival on traditional homelands.

## About the Author

Alexis Frasz is an educator, strategist, and advisor to partners in philanthropy and the social sectors working to spark and practice the cultural shifts necessary for a just and regenerative future. As Co-Director of Helicon Collaborative, she works to make connections and build solidarity between artists and the cultural sector and larger movements working for racial, ecological, and economic justice. She is also actively involved in Helicon's work to shift philanthropic resources to support cultural equity across all dimensions and build people power.

## Author's Note

I feel honored to have had the opportunity to do this research on behalf of Fractured Atlas. This was initially intended as a high-level opportunity scan to inform further research and action by Fractured Atlas, and was not written with an eye toward external publication. However, as Fractured Atlas considered the implications for its own work, it became clear that sharing the research itself more widely was an immediate step that it could take to benefit the field.

While I was well-versed in some areas prior to starting this research, I was a newcomer to others, like NFTs. Each of these topics is a world in and of itself, with its own experts, language, and histories. I have tried to reference and acknowledge the thinkers and sources that I have drawn on as much as possible, both to give credit where it is due and so that those who want to delve deeper can follow these leads. Due to the complexity of the topics and the speed at which things are shifting in some of these areas there are inevitably gaps in my analysis, but I hope this provides a useful and informative jumping off point for further exploration and discussion. I share this paper with humility and eagerness to engage with others who are thinking about how we can build not only a better system for artists to thrive, but a better world for all.

# WORKER COOPERATIVES

Cooperatives (co-ops) are businesses that are owned and governed by members for their collective benefit. It is a model of ownership that has been around for centuries, and there are many different types of co-ops:

- Consumer co-ops like REI or food co-ops allow members to purchase things at a better price and share in the profits through dividends.
- Producer co-ops are owned by people who produce similar types of things, like farmers or visual artists, who can benefit by sharing certain services or goods.
- Housing co-ops enable residents to own a share of housing and make decisions together on governance.
- Worker co-ops, of which there are about 465 in the U.S. and 450 more in formation according to the **US Federation of Worker Cooperatives**, are businesses that are owned by employees who democratically make decisions, including how to distribute profits.

Although all types of co-ops are used by and potentially useful to artists, this chapter focuses on worker cooperatives in particular as a structure that could help some artists gain greater control over their labor and work product.

Typically, worker cooperatives are commercial enterprises. **Nationwide**, 46% of worker cooperatives are incorporated under specifically designated cooperative legal structures (only existing in some states); 26% operate as LLCs; and the remainder are C-corporations, partnerships, or other legal entities.

There are important legal differences between typical not-for-profits (501(c)3(s)) and cooperative businesses. Whereas 501c3s are legally prohibited from redistributing profits back to staff (except as salaries), this is often a primary purpose of a worker co-op. While 501(c)(3)s can raise tax-exempt revenue from donors, co-ops have traditionally had to earn revenue through selling goods and services or levying membership fees.[2] 501(c)(3)s may earn a profit, but are restricted in their business activities to those defined in their charitable purpose, and must recirculate all of the revenue earned back into the organization. Cooperatives have more leeway regarding the business activities they pursue and how they distribute the profits. It is important to note that while cooperatives may have a larger social purpose beyond benefiting member-owners, they don't have to. In fact, a worker cooperative could still pursue profit-making for the benefit of members in a way that has a negative social or environmental impact. For example, Mondragon, a large cooperative network in Spain that is frequently held up as a shining star of the worker cooperative movement, and is in many ways. **However** it is also involved in industrial manufacturing, which has a heavy environmental cost, and **one third of its workers are employees** who do not have the same benefits or rights as the worker-owners.

[2] Research by the Sustainable Economies Law Center suggests co-ops *can* actually accept tax exempt donations, as long as they can prove their charitable purpose (**p.144**), however this is not widely known or practiced.

Collective agency and democratic participation are important values of the **solidarity economy** movement and a primary reason why worker cooperatives have been championed by many advocates across movements. However, there are other business models that more intentionally foreground the impact of the enterprise in the world while still providing pathways for worker direction. One of these is the "**not-for-profit**" model, which, like a 501(c)(3), is required to have a primary purpose to benefit society in some way. Unlike a 501(c)(3), it uses a profit-making business model for the resources to fulfill its mission instead of depending on philanthropy. Yet it is distinct from a typical for-profit enterprise because profit is a means to an end, not an end in and of itself, and is always subsidiary to the mission-related goals. Similar to a 501(c)(3) where there are no legal owners, all surplus after wages and expenses are recirculated back into the organization, not distributed out to owners (whether they are workers or otherwise). Whereas the worker-ownership model strives to empower people by making them owners who can share in the profits of the business, the not-for-profit business goes in the other direction, removing the question of ownership from the equation entirely, while still valuing treating workers well. For-benefit corporations and social enterprises are often not-for-profit, although to be a true not-for-profit the mission must be the primary purpose, not simply a consideration on par with maximizing profit, as is the case with many companies that champion a "triple bottom line" or "doing well by doing good."

The second variation is a 501(c)(3) run according to cooperative **principles**, which some argue may be the best of both worlds. For example, the Sustainable Economy Law Center is incorporated as a 501c3 because they rely on donations and are mission-driven, but they have put in place policies and practices to ensure they are "worker-directed." They **argue** this makes the organization more effective, more accountable, more resilient, and more empowering to be a part of.  There is plentiful **evidence** that suggests that worker cooperatives are not only more equitable across all dimensions (gender, race, class, etc.), but also more efficient and nimble than conventional businesses.

# Artists and Cooperatives

Cooperatives are already widely in use by artists. Producer cooperatives are especially common, like the native co-op **Qualla Arts and Crafts**, which enable artists to share equipment, space, or skills, or take advantage of collective marketing and networks. These are often not legally incorporated cooperative entities, but rather values-based collectives that come together for a shared purpose or need, such as **The Freelance Artist Producing Collective** (for more on this, see section on mutual aid).

However, in recent years, artists' frustration with the limitations of the nonprofit model has grown, leaving many artists looking for alternative legal structures for organizing work together. Generalizing greatly, nonprofits often tend to be slow, hierarchical and governed by boards who are not very connected to the day-to-day work. Fiscal sponsorship is one alternative artists have pursued to be able to receive tax-exempt donations without becoming a 501(c)(3).

Cooperatives may be a useful business structure for artists who are a) doing commercially viable work and b) want a formal structure to distribute ownership, benefits, and liability. Cooperative structures aren't appropriate for all artistic enterprises—artists whose work is not income-generating or is mainly supported by grants and donations may not benefit from being a worker cooperative and could even be disadvantaged. For example, a cooperative may make it harder to accept donations or make an entity subject to minimum wage regulations even before it is profitable. The co-op structure itself does not inherently **generate more wealth**, but it can be a mechanism to ensure it is distributed more equitably. Artists who wish to maintain full control of their work and profits, or work with many different people over time, might prefer to pay collaborators as employees or contractors rather than form a cooperative.

In addition, cooperatives can sometimes adversely impact employees who transition to worker-owners. For example, union membership is often limited to employees (not owners), and managers and owners may not be eligible for some employee benefits like overtime pay. In addition, although worker-ownership is often presented by advocates as an unambiguous good thing for workers, it comes with additional risks and responsibilities that can be time-consuming. In some industries where there are economies of scale and profits are highly concentrated, like film, it may be more beneficial (at least in the short term) for workers to **organize** as employees, rather than create worker-owned alternatives. Ultimately, worker co-ops and unions are different but complementary approaches to increasing worker power and the quality of work, and there are increasing calls by **advocates** like Rebecca Lurie, founder of the Community and Worker Ownership Project at the City University of New York, for "worker co-ops and unions to be more intentional in developing overlapping strategies to advance worker empowerment in the economy."

Examples of artist-directed worker cooperatives[3] include:

- **Stocksy**—a "platform cooperative" for stock photography that provides fair royalties to artists for their photographs as well as a distribution of yearly profits based on their share of sales. It charges higher prices than many competitors, and is selective of the artists it includes (now numbering over 1,100). It is a "multi-stakeholder" model, with advisor / investors, staff, and artists making up three distinct types of stakeholders, all with voting rights, board representation, and shares in profit.
- **Meerkat Media**—a democratically run production company for film and video that also has a collective of artists in residence who collaborate and share resources. Not all artist collaborators are worker-owners.
- **The Sound Coop**—a worker co-op run for and by sound mixers.

[3] For more commentary and additional examples of cooperatives, see Nina Berman's **post** on the Fractured Atlas blog, April 27, 2021.

- **Just Seeds**—a worker co-op of printmakers who work collectively to support a graphic design and print shop and provide imagery to social movements.
- **Resonate**—a multi-stakeholder music streaming site that gives artists and fans a share of the profits and decision-making power.
- **City Art Cooperative Gallery**—a gallery in San Francisco with 200 artist-members who work shifts in the gallery in exchange for space to show their work.

Recently, artists and others are working to apply cooperative principles in the digital sphere, as it becomes an increasingly important realm of economic activity. These "**platform cooperatives**" are alternatives to the investor-owned digital platforms that facilitate the exchange of goods and services but often exploit creators and/or users. Some platform cooperatives, like **Stocksy**, a platform for stock photography, are marketplaces for exchange that replicate what might have existed in the physical world at one time. Others, like **Open Collective** and **DisCOs**, seek to use the unique capacities of digital technology (e.g. **blockchain** and distributed ledgers) to support the cooperative ecosystem in more novel ways (see section on Mutual Aid). The Institute for the Cooperative Digital Economy (ICDE) at The New School is offering curriculum and fellowships to spur the expansion of platform cooperatives.

# Opportunities

Embedding cooperative principles more consciously and systematically into the arts sector, across both 501(c)(3) and commercial enterprises, could help advance equity and ownership for artists and address some of the persistent problems with extractive labor practices in the field. Some promising opportunities include:

1. Integrate worker-direction into existing arts organizations.

   Large and mid-sized 501(c)(3) arts organizations are often very "top heavy," with older executive or artistic leaders and **few opportunities** for professional development or true authority for younger and mid-career workers. Artists are often the most poorly compensated and least empowered in these organizations, and are often hired as independent contractors rather than employees. This places organizational strategy in the hands of very few people and makes organizations **vulnerable** during times of leadership transition. It also makes the field as a whole more likely to preserve the status quo—whether in race/gender dynamics, artistic choices, or organizational structures—since those with power tend to be a relatively small and consistent group that gets cycled through organizations. Transitioning to more cooperative models and creating an "ownership culture" in arts nonprofits could result in more equitable pay and decision-making processes, potentially averting situations like the **14,400 employees that were laid off** by 288 arts and cultural organizations immediately after the institutions received their PPP loans (which were explicitly intended to prevent these kinds of layoffs).

## 2. Support conversions of successful creative businesses to worker cooperatives.

There is predicted to be a “silver tsunami” of baby-boomer business-owners retiring in the coming decade, representing 2.34 million businesses. Many of these are creative businesses that employ and serve artists—**guitar makers**, record shops, print shops, sound studios, film production companies, performance venues, galleries, **magazines**, and more.  Many retiring owners have no succession plan, and there is a major push by **advocates** like Transform Finance, Democracy at Work and the Democracy Collaborative to support the conversion of these businesses to employee ownership so that they do not disappear or get bought up by private equity firms.  Because many of these businesses are established, they offer a lower risk, higher reward opportunity for employee ownership than a new start up would. Supportive policies have been passed in recent years, like the federal **Main Street Employee Ownership Act** (2018) which made employee-owned companies eligible for Small Business Association loans. Some municipalities have developed mechanisms to actively encourage employee ownership, like **New York’s** successful $12M **Worker Cooperative Business Development Initiative**.

## 3. Educating artists who are interested in starting new cultural enterprises on how to integrate principles of democratic governance into their work.

Artists often work in collaborative, democratic, and mutually supportive ways. Cooperative principles and practices can help them formally embed these values into organizational structures and policies. Cooperative principles can be used whether artists are forming a 501c3, a for profit, or remaining unincorporated. The Cooperative Development Institute is interested in helping artists form cooperatives of all kinds. The US Federation of Worker Cooperatives supports worker co-ops and is designing a new platform, **Guilded**, as a cooperative for gig workers, including artists, that will provide them with some employee benefits and protections (see chapter on 1099 Workers).

The Sustainable Economies Law Center advises on how to apply cooperative principles as a nonprofit, and is advocating for a new legal structure to make worker-directed 501c3s easier to form. The Platform Cooperative Consortium is an international network and resource hub to encourage and support the formation of platform cooperatives. A 2021 **report** commissioned by the Center for Cultural Innovation and written by a collective of researchers, details the growing interest in cooperative models in the arts and highlights the need for more practice-based training for artists and cultural workers in how to effectively deploy this model.

4. Capitalization for new cooperatives and cooperative conversions.

The lack of capital is a major barrier to the formation of and conversion to cooperatives. Loans to cooperatives cannot be collateralized in the same way as traditional loans, and investors may be less interested when they do not get an equity stake (although some institutions like Coastal Enterprises, Inc. and Boston Impact Initiative are finding ways to package investment notes in ways that appeal to individual mission-driven investors). For employee ownership conversions from traditional businesses, employees can struggle to raise the capital to buy the business, even if the underlying business model is strong. As a result, most employee ownership conversions involve some sort of **financing by the seller** themselves. **Transform Finance** details what kinds of financing are needed for conversions, which includes short-term loans to buy out the owner and support the transition during the conversion period. Organizations like The Working World, Project Equity, and SEED Commons that are already active in this space could be supported and encouraged to direct attention toward creative businesses.

Foundations have traditionally thought that it was not possible to make grants to non-501(c)(3) entities, but, as the Sustainable Economies Law Center shows, it is legal if the entity can demonstrate charitable purposes. Foundations can also use PRI and MRI funds to provide other kinds of capital to cooperatives themselves or the CDFIs and loan funds that support them (see Capital section for more). Aiming to provide a model for funders to follow, the Center for Cultural Innovation's AmbitioUS[4] program has supported **early stage arts and creative cooperatives** with a combination of grants, loans, and technical assistance. Foundations are increasingly exploring how they can give grants to purpose driven, non-501c3 businesses, including the Mellon Foundation, Open Society Foundation and Surdna Foundation (which has been exploring worker co-ops since at least **2016**).

5. Support policies and programs that ease cooperative formation and financing.

There are ongoing efforts to make cooperatives **easier to form**, especially in the nonprofit sphere, and to ensure that cooperatives are eligible for **recovery** dollars. **New York City** has long been a leader in supporting worker co-ops, providing technical and

[4] Helicon Collaborative, where I am a co-director, was an advisor and design partner for AmbitioUS during its start up phase, and I remain an Ally. Some of this report draws on research conducted to inform that initiative, which is aligned with Fractured Atlas in its aims to find new and better ways to support artists and cultural workers economic conditions.

financial assistance to cooperatives since 2014. In one of the strongest state level policy moves to date, the state of California just passed the **California Employee Ownership Act,** which will establish a dedicated office to support transitions to employee ownership for California's small businesses, an estimated 359,000 of which have owners nearing retirement age.

# 1099 WORKER PROTECTIONS AND BENEFITS

The United States' social insurance and worker protection system was codified in the New Deal era, and was designed for a time when full-time employment with a company was the normative work arrangement. At that time, white men (also presumed to have families and stay at home wives) were the primary workers of concern–Black domestic and agricultural workers were intentionally excluded. Although the world of work has changed dramatically since the early 20th century, our laws have not, and most labor protections and safety net benefits are still only available to people working within traditional employee-employer relationships. The rising prevalence of contract or "gig" work as an important source of income for many more people (now at least 10% of the total workforce is **estimated** to rely on gig work for their primary income, with as many as 40% doing so for supplemental income) has put a spotlight on the ways in which these workers, including artists, are systematically failed by a system that was not designed for them.

People working as independent contractors (those receiving a 1099 tax form instead of a W2) lack standard employee benefits like unemployment insurance, workers compensation, disability, and paid leave. They also lack minimum wage and overtime guarantees, are not legally protected from workplace discrimination, and are not covered by workplace safety regulations. One rationale for this is that independent contractors have the agency to say yes or no to a job and can charge a higher margin for their work to cover these costs themselves. That may be true for certain highly-paid industries, like accountants or physicians. However, many other gig workers like artists, domestic workers, and digital platform workers for companies like Instacart, Uber, and Task Rabbit often have to take the work they can get, frequently for low or variable pay and poor working conditions.

## Artists and Gig Work

Arts workers are more than **three times** as likely to be self-employed as workers overall (31% vs 10%), but they **earn less on average** than self-employed workers in other industries *and W2 employed arts workers*. Although many arts workers prefer the creative independence of contract work, there remain great risks associated with it due to income volatility and the lack of protection on the job. Many artists experience issues with delayed or non-payment, uncompensated overtime, workplace harassment, or on-the-job injuries, for which they have little recourse. In addition, the high month-to-month income variability many artists experience can also have deleterious effects on their credit ratings and savings, and make it difficult to secure loans, housing, and otherwise plan their financial future.

# Opportunities

A **2021 report** by the Urban Institute, commissioned by the Center for Cultural Innovation, recommended three things that are needed to improve conditions for independent workers (including artists). This section builds upon those recommendations.

1. Strengthen laws to combat misclassification of workers as independent contractors who should be employees.

    Estimates suggest that 10-30% of employers, including many in the creative sectors, misclassify workers who should be employees as independent contractors to save on costs.[5] California has taken steps to address this in the last two years with AB5 and AB2257, regulating what kinds of workers can and cannot be classified as independent contractors. This has helped many arts workers who were previously misclassified, but it has also been controversial, as other artists have reportedly lost gig work or been "downgraded" to unpaid volunteers when organizations can't afford to bring them on as employees. The law has also been existentially challenging for many **smaller arts organizations** who rely on discounted labor to survive, as proper classification can add 20-30% to their staffing costs. In an attempt to alleviate this burden, the state passed **SB1116** in September 2022, which will reimburse small performing arts organizations for a large portion of their payroll costs.

2. Strengthen the ability of workers to organize and exert collective power.

    Worker organizing has long been the most effective way to achieve better benefits and protections, but it has been notoriously challenging to organize artists, and worker organizing of all kinds has been systematically eroded over the last several decades. **Union membership** is lower than it has been in a century, at only about 10% of the total workforce (14 million people), and yet 50 million people say they would like to join a union. Legally, 1099 workers are restricted in their ability to unionize and collectively bargain. Many artists hold tight to their independence, but the success of unions like the **Writer's Guild** suggests that artists can have employee status with the benefits and protections that brings and maintain their ability to work across different employers and retain control of their work. In the last year, joining the national unionization wave, **art**

[5] As the Urban Institute report states: "The California Economic Development Department (EDD) identified 4,338 misclassified workers in the music industry between July 1, 2018, and December 31, 2019, through 91 audits and investigations, and 1,908 misclassified workers in the theater industry through 123 audits and investigations in the same time period."

**worker**s have begun organizing (and striking) across industries, from video games to **museums** to symphonies.

For artists who cannot or do not wish to become employees, the **Protect the Right to Organize Act (PRO-Act**) that is currently being debated in the Senate would allow 1099 workers who meet **basic criteria** to join or form unions. This would protect entities like the Freelance Solidarity Project of the National Writers Union, which already organizes on behalf of freelance writers without legal protection, and create room for other entities like these to emerge. This legislation would also allow bargaining with "secondary employers." This will enable artists like musicians to bargain with larger, wealthier umbrella entities like Spotify and music labels, not just the band leader or performing venue that directly writes the check (as is the case now).

There are also efforts at state and federal levels to expand "**sectoral bargaining**," whereby unions or wage boards can set wage and labor standards at the industry rather than individual enterprise level. This could help set basic standards for all workers in an industry, even those that aren't employees or members of a union. This would also help ensure that employees aren't systematically replaced by lower paid independent contractors. California just passed the **FAST Recovery Act**, establishing sectoral bargaining for fast food workers, and similar legislation for app based workers is in the works.

## 3. Extend worker protections and social insurance programs to cover independent contractors.

There is still a need to expand the social contract to ensure basic benefits and protections for artists for whom independent contracting remains the best option. Over the last several years the **Aspen Institute**, **New America**, and Senator Mark Warner (D-VA), among others, have been promoting the idea of portable benefits, or Individual Security Accounts. Like Social Security, these benefits would be tied to workers themselves, not specific jobs.

Some **models** for this do exist, notably in construction, where most tradespeople work on a gig basis. Employers pay into benefits plans at a rate pegged to the number of hours the worker is on their job. Workers then carry these benefits with them from job to job and they are entitled to unemployment between gigs. This model can work where there are well-resourced employers who can contribute to the benefits plans and strong labor unions that can negotiate for good plans. However, most advocates believe that to do this at scale for independent workers, especially in industries like care work or the arts where many employers are not well-resourced enough to cover these benefit pay-ins, will require public policy interventions and public funding.[6]

The expansion of unemployment insurance to independent workers during the pandemic is an example of how a publicly funded benefits program could operate. Senator Mark R. Warner and House Representative Suzan DelBene (D-WA) have introduced bills to allocate federal money to states for experimenting with portable benefit funds. **Nine states and over 30 localities** have already mandated paid leave, covered by employer / worker contributions, which could be expanded to cover 1099 workers. Massachusetts's state fund requires employers who hire 50% or more of their workforce in contractors to provide these benefits. Other states are creating laws to enable independent workers to access retirement plans (eg. Cal Savers and Oregon Saves).

Beyond benefits, the public sector can help provide enforcement teeth for existing laws that are supposed to protect independent workers from exploitation. Organizing by the Freelancers Union and others succeeded in passing the **Freelance Isn't Free Act** in New York City in 2017, guaranteeing freelance workers protection against non-payment and late payments. Freelance workers in NYC have been able to recover $1.8 million to date. Minneapolis enacted a similar law in 2021 and New York State and Los Angeles have bills pending.

Other efforts to address benefits and protections for independent workers include:

- The Black Car Fund—operating since 2000, it charges passengers a surcharge which funds worker compensation and limited health benefits for New York City black car drivers.
- The National Domestic Workers Alliance piloted a platform called **Alia** (2018-2022) to enable employers of domestic workers (either individuals or gig platforms like Handy) to contribute to a fund that covered paid leave and accident insurance benefits for workers. It is working on applying the lessons of that platform to new services, including an app being developed by the **City of San Francisco**.
- **Guilded** is an emerging initiative of the US Federation of Worker Coops that is modeled on the **Smart Cooperative** in Europe, whereby artists, creatives, and freelancers are made employees of a platform cooperative. The employees maintain their autonomy but benefit from shared administrative services and benefits as well as bargaining power. Benefits include a payment guarantee fund, insurance, mediation services, and co-working spaces.
- **The Cooperative Economy Act** is a recently passed California bill that will incentivize and support the creation of worker coops that would function as staffing firms to employ independent contractors. This could enable artists who were part of such a coop to access employee benefits and protections while still

[6] It is important to note that even our existing employer-based safety net is bare bones by international standards.

directing their work, and enable hiring organizations to contract with the intermediary coop rather than having to hire artists employees. A precedent for this (though not a cooperative) is MBO Partners, which is the "employer of record" for highly-skilled contingent tech workers, providing them with centralized benefits and administration services.

- **W.A.G.E.** is an advocacy group that supports fair wages for artists through exposing bad practices, helping artists negotiate and develop contracts, and offering a certification for nonprofits that engage in fair wage practices.
- The Freelancers Union is a nonprofit association (not a true union) that offers access to insurance plans (health, dental, disability, vision, liability, etc.) to freelancers, provides a clearinghouse for resources, and advocates for beneficial policies like the Freelance Isn't Free Act and the extension of Pandemic Unemployment Insurance to freelancers. Weekly **signups** increased over 300% during the pandemic, mostly among people doing occasional gig work.

Expanding benefits and protections for independent workers recognizes the reality of the way many people, including artists, are working today. Recognizing and protecting this type of work will make it easier for people to fluidly move between gigs, between employment and independent work, and between work and other life commitments. It will also enable greater equity in fields like the arts, where the lack of a safety net often prevents those without family wealth or other sources of income from pursuing or sustaining a creative career. This has contributed to persistent inequities in the professional arts sector, which is disproportionately **white and male**.

# ACCESS TO CAPITAL

One of the biggest challenges for entrepreneurs is how to access the capital[7] they need to start up and grow their businesses. This capital typically comes from one of three places: investors, loans from banks or other institutions, or personal assets and networks. At least **81% of U.S. entrepreneurs** do not receive either venture capital or institutional loans, meaning that they must rely exclusively on their own net worth, personal networks, or personal credit cards. This, and the lack of an adequate social safety net, has led to dramatic **decline** in entrepreneurship in the U.S. over the last four decades.

Challenges with accessing capital of all kinds are greatly compounded along demographic lines, leading to a situation where U.S. entrepreneurs are now 80.2% white, 64.5% male, and disproportionately middle-aged. They also tend to be located in major cities and have pre-existing wealth. The saying “you need money to make money” by and large plays out in this arena. “Friends and family” financing is the most common way entrepreneurs get capital overall (65%), which disadvantages women and people of color who tend to have less personal wealth and may also have less access to wealthy individuals through their networks. This leads to disparities in business ownership—for example, only 2% of employer firms **are Black-owned**, even though Black people make up 14% of the population.

Women (**who start 30% of small businesses**) and people of color are significantly less likely to receive venture capital (2% of VC money goes to female-led firms while 1% goes to Black-led firms) or bank loans, due to structural discrimination in these systems. In 2019, the **Federal Reserve Bank of Atlanta** published a report showing that Hispanic- and Black-owned businesses are less likely to be approved for bank loans and receive less money when they do. It estimates that the unmet credit needs among entrepreneurs of color nationally is 15-25% higher than those of white entrepreneurs. COVID has further aggravated these pre-existing inequities. For example, Black-owned businesses were more likely to **shut down** and **less likely** to receive government support through the Paycheck Protection Program (PPP).

There are also certain *types* of endeavors that struggle more than others to access capital, especially from institutional lenders or investors. Businesses that prioritize other outcomes besides profit, want to intentionally limit growth (for environmental or ethical reasons), or want to redistribute profits to workers (like worker cooperatives) or the community (like social enterprises) have a harder time accessing capital. VCs typically look for “high risk, high reward” opportunities, which means investing in companies that can achieve rapid growth and profit. Meanwhile, banks require collateral, a good credit score and/or a history of revenue prior to

[7] The word “capital” can sometimes be used to refer to non-financial value, like “social capital” or “human capital” but capital in this paper refers to tangible assets that businesses can use to fund their operations or growth. It can include cash, machinery, equipment, or other assets. This brief focuses on access to capital for individual entrepreneurs or small enterprises, especially at the start-up phase.

making loans, which disadvantages startups and people with unconventional incomes (like many artists). Equity capital can pose additional challenges to purpose-driven businesses, as investors may want a more active role in the company, which may not align with the intentions of the founder(s).

In the mainstream capitalist economy, finance is mostly extractive, which means that it seeks to maximize the profit it can return to investors, often without regard to how that may impact the people or businesses being invested in, or the larger world. Capital is always looking for new markets from which it can extract "unrealized" value to earn a profit. **Therefore, it is important to look at not only whether capital is being made available to new people or for new purposes, but how capital behaves in those contexts.** For example, microfinance has been **heavily criticized** by some economic justice advocates for effectively pushing low-income people, and sometimes their larger communities, deeper into poverty and debt through offering high interest loans that people have no way to ever repay. The subprime mortgage crisis is another example of how "expanding access to capital," when driven by the mainstream financial industry according to its current logic, can end up further harming the very communities that it claims to serve. The alternative to this "predatory inclusion" is a growing movement of people and organizations working toward developing the structures and systems for "**non-extractive finance**," which aims to ensure that expanding access to capital builds wealth for people and communities and does not just benefit shareholders.

## Artists and Capital

Many artists operate as creative entrepreneurs or small businesses and struggle to access capital[8] for many of the same reasons listed above. Artists may also struggle to access capital simply because they don't have the business skills or know-how to access resources that exist but are not artist-specific. Intermediaries can play a role in helping artists take advantage of existing resources and mechanisms for accessing capital, and help ensure that emerging policies, resources, and systems for entrepreneurs are designed in ways that meet artists' needs and do not unintentionally exclude them.

## Opportunities

There are many efforts to expand access to capital—broadening *who* gets it and for what purposes. Some of these are already reaching artists, while others aren't but could include them

[8] Capital isn't appropriate for artistic endeavors that can't or don't want to make a profit. For example, an artist developing a product for sale or developing artist co-housing might be able to make a case for capital, while an artist seeking to put on a free dance performance or do a gallery show would not. In addition, nonprofits can engage in net-revenue activity but cannot legally take in equity capital.

within their existing frameworks. The opportunities described below focus on efforts to expand access to capital that are non-extractive:

## 1. Community Development Financial Institutions (CDFI)

CDFIs provide access to loans with friendly terms for entrepreneurs who might not otherwise qualify for bank loans, either because they lack credit history or because the loan amount is too small. Many CDFIs have a strong track record of serving women- and BIPOC-owned businesses, and providing technical assistance to ensure that borrowers succeed. The biggest problems that they face are **raising sufficient money, usually through grants and donations,** so that they can scale, expand, and publicize their services.

Some CDFIs support artists, and arts funders like the **Surdna** and **Kresge** Foundations are increasingly seeing this as a promising pathway for supporting artists. However, according to Judilee Reed, who worked on CDFI strategies for the arts when she was program director at the Surdna Foundation, it can be challenging for CDFIs to issue debt to artists "due to irregular or unpredictable revenue, a high proportion of foundation support in their income mix (income that cannot be used as collateral against a loan), and balance sheets describing a weak financial picture in spite of value and impact of an individual's or organization's work." Foundations can help make artists more appealing to lenders by providing equity funds through Program Related Investments (PRIs) and Mission Related Investments (MRIs) as well as grants, which Surdna and Kresge both have done. Artist intermediaries like the First People's Fund and Springboard for the Arts are working to help artists strengthen their business plans and build relationships with CDFIs in order to take advantage of these opportunities.

### OTHER INSTITUTIONAL LENDING

Other organizations are helping to fill some of the gaps left by CDFIs:

- **The Runway Project** is trying to close the racial wealth gap by providing the "friends and family" lending (plus coaching) that many entrepreneurs need at the start-up phase, focusing on Black businesses. They have several artistic and creative businesses in their network, and are being supported by CCI's AmbitioUS program to expand this work.
- **SEED Commons** is a national financial cooperative of locally based non-extractive community loan funds that provide capital and technical assistance to support community and worker-owned cooperatives, many of which are creative businesses (see the Worker Coop chapter for more). By aggregating small funds into a national pool, it is able to mitigate the risk of individual loans. They do not require individuals to personally collateralize loans, do not ask for repayment until the business turns a profit, and practice "character based" lending.

- **Common Future** raised funds during the pandemic to offer zero to low interest on three-to-six year loans in Black and Indigenous communities, underwritten by **Community Credit Lab** and disbursed by local partners. (Common Future and CCL **merged** in September 2022 to continue to expand this work).
- In 2019, investment advisor the Candide Group launched the **Olamina Fund**, currently at $40M, to address the historic lack of access to capital in Black and Native communities. It provides loans to CDFIs and other lenders with favorable terms, as well as directly to enterprises.
- **Native Women Lead** is working to get capital and support to indigenous women creators across artforms.

## 2. Community Lending

Many of lending platform Kiva's international borrowers are artists and creative entrepreneurs, but the platform has not often been used by U.S. based artists in that way. From 2016-2022 **Springboard for the Arts** partnered with Kiva and LISC (a CDFI) to help artists access zero interest microloans through Kiva's platform, which LISC matched.[9] This expands the "friends and family" model of financing because it enables artists to access the full Kiva community, many of whom continuously recirculate their money as it is returned, to raise their loan. **New York City** partnered with Kiva to do something similar for women-owned businesses, even providing the first 10% of the loan. At least 10% of these businesses were in the arts or entertainment sectors.

## 3. Crowdfunding equity

**The JOBS Act Title III** passed in 2016 allows "unaccredited investors" (that is, people who are not already very wealthy) to invest in startups with an equity stake, through a certified platform like **WeFunder**. This vastly expanded the ability of entrepreneurs to raise equity capital outside of the VC market, and enables the general public to reap some of the benefits (and bear the risks) of investing in start-ups. There are a few co-ops raising money this way, including the **East Bay Permanent Real Estate Cooperative,** which is investing in cultural spaces and low-income housing / retail in Oakland, in part to support the culture and consistency of the resident community. Despite the prospects of very low returns and higher financial risk because the project is committed to affordability for low-income tenants, EBPREC has been very successful in attracting investments from foundations and individuals, indicating that many investors value other outcomes beyond financial.

[9] Springboard ended the program this year because of struggles with Kiva's underwriting approach, but is pursuing other avenues to continue getting loans to artists.

## 4. Impact Investing and Regenerative Finance

Impact investing is a field that has emerged in the past decade to try to balance financial returns with other kinds of "impact," "doing well by doing good." However, impact investing can still be and often is extractive, seeking to match or even exceed market returns through investing in things that are socially or ecologically beneficial. The focus on market returns often means that impact is compromised, or worse that target communities or ecosystems are exploited for financial gain. And many mainstream impact funds **redistribute the majority of financial gains upwards** to wealthy investors.

There is a movement, sometimes called "regenerative finance" or "restorative economics," to make impact investing more democratic and focused on social outcomes and building community wealth. Notable leaders in this space include:

- **Boston Impact Initiative**—a place-based impact investing fund that uses an **integrated capital** model combining grants, equity, loans, guarantees, and other strategies that best serve the needs and social purpose of the enterprise. They also flip the traditional risk distribution to favor those least able to bear it—investors with the lowest wealth get the most favorable terms, and no one gets a return until the business is profitable.
- **The Boston Ujima Fund** is a community-driven investment fund, raising capital to finance businesses, real estate, and other projects in and for Boston's low-income communities of color. Community members determine what is invested in and can also be investors themselves for as little as $50. They use a similar inverted risk / return calculus as Boston Impact Initiative, offering greater percentage returns to the smallest investors.
- **AmbitioUS**—an initiative of the Center for Cultural Innovation, is working at the intersection of the arts and regenerative economy ecosystems. This involves helping those working on regenerative economic models to expand and amplify their cultural work (like East Bay Permanent Real Estate Cooperative and Boston Ujima) as well as supporting artist-owned co-ops and social enterprises through loans, grants and other types of investments. One of AmbitioUS' goals is to shift how philanthropy deploys its capital.
- **Zebras Unite**—an international cooperative that connects founders of social impact-oriented start-ups ("zebras") with values-aligned capital, as well as offering advisory services and peer networks. Their partners include **Inclusive Capital Collective**, a network of independent loan, equity and real estate funds and entrepreneur support organizations working to overcome systemic racism through equitable access to capital. **Creative Action Network** is among their arts-focused members and AmbitioUS is a funder.

- **Exit to Community** is an emerging strategy being developed by Zebras Unite, Open Collective and others, which would enable successful start-ups to sell to their users / stakeholders, rather than investors.  A prime candidate would be an entity like **Bandcamp**, a music streaming site that is beloved by musicians and fans alike for providing both community and revenue to artists. Bandcamp recently sold to Epic Games, a major video game company, and **artists worry** that investor pressure will push Bandcamp to become more like other streaming services who exploit artists and users for profit. (**Resonate** and **Ampled** are two alternative music platforms that are advocating collective ownership by artists and fans, but they are currently very small scale.)
- Project Equity, the Democracy Collaborative, **Transform Finance** and others are working to direct impact capital to help finance employee buy-outs of businesses (such as those with retiring baby boomer owners) so that those businesses become employee-owned (see Worker Co-op section) rather than investor-owned. They highlight the need for "**catalytic capital**" provided by philanthropy and other values-aligned investors.
- **Culture Bank** is an initiative of YBCA in partnership with Southern Methodist University's Meadows School of the Arts in Dallas and others to get impact investors to value community and cultural outcomes as different kinds of "returns on investment." SMU and Impact PHL will be coming out with a report on "Alternative Forms of Artist Investments" this fall that shares some lessons from its work to date and outlines pathways for impact investors to support artist-enterprises that provide a social benefit.
- **BCAN** in Baltimore is an accelerator founded by the Maryland Institute of Contemporary Art that works to cultivate creative entrepreneurs and match them with funding.

## 5. Foundations

As mission-driven institutions with a lot of flexibility in how they can deploy capital--from grants to loans to equity--**foundations** can play a critical role in this space, in part by helping to "de-risk" projects for other lenders / investors.  Through combining grantmaking, PRIs and MRIs, foundations can deploy capital in creative ways to best serve the needs of the recipient and project, with varying expectations about returns. The **Heron**, Ford, Rasmuson, and Kresge foundations are among those using PRIs and MRIs as part of their practice. The Kataly Foundation's Restorative Economies Fund is intentionally using a full spectrum of capital tools (in partnership with RSF Social Finance) to provide catalytic funding to projects that build **community wealth.** Many of the projects Kataly supports have cultural dimensions including the Black Cultural Zone (Oakland, CA), **Ekvn-Yefolecv** (Alabama), PUSH Buffalo (Buffalo, NY), and The Guild (Atlanta, GA). They have created a **checklist** for funders who want to engage more deeply in an integrated capital approach to advance community wealth building.

There is a vital and energetic movement around democratizing access to capital and putting it more in service to communities and the planet. Artists and cultural workers already are integrated into many parts of this movement, both as innovators and beneficiaries, and there is opportunity to continue to build out this field, especially by encouraging those who have flexible capital (including foundations) to direct it in these non-extractive ways. Democratizing access to non-extractive capital will not solve the financial issues for artists who do not have a business model that is profit-generating. But for those that do, this could greatly expand the possibilities for artist-run and artist-serving businesses to thrive.

# GUARANTEED INCOME[10]

Guaranteed income (GI) is defined as a "recurring, unrestricted, and unconditional cash transfer" provided to people earning below a certain level of income.[11] A critical feature of GI—and one that distinguishes it from many other kinds of government anti-poverty benefits and artist support programs, like the recently proposed **Creative Economy Revitalization Act**—is that it is not contingent on work status.

The idea of GI has been around for decades in the U.S., but momentum has accelerated in the last three years in particular. The first city-scale GI program ran in Stockton, CA from 2018-2021. Now there are over 47 active pilots around the country (most have launched since COVID) with at least another 46 in the planning or proposal stage.[12] Many of these are funded by private philanthropy or use federal pandemic relief funds. There are also strong research, policy, and advocacy organizations in the field including the Economic Security Project, the Jain Family Institute, The Stanford Basic Income Lab, the Kirwan Institute, the Center for Guaranteed Income Research, the Aspen Institute, and the Insight Center, as well as numerous organizations at state and local levels. California recently became the first state to allocate funds to GI—$35 million to be distributed for local pilots—and the hope is that state-level programs will elevate the issue and eventually spur federal policy. Although advocates believe comprehensive federal guaranteed income policy may take ten years or more to win, the ability to take advantage of the moment to push it through when it arises will depend on what happens now to lay the groundwork.

Many GI advocates feel that the American Rescue Plan Act (ARPA) piloted what a federal GI plan could look like, gaining public support and gathering valuable data in the process. The ARPA stimulus checks, expanded unemployment insurance (including first-time eligibility for gig workers and the self-employed), and the Child Tax Credit (CTC) *were effectively guaranteed income*, and were provided without work requirements. However, these programs are temporary, whereas the conditions of poverty pre-date the pandemic and are structural and ongoing. **Poverty levels** will rebound as the ARPA programs expire, as happened when the expiration of the expanded CTC in January 2022 immediately thrust 3.6 million children back into poverty.

Federal GI policy may be a long game, but there are numerous other ways that the safety net can be made better now. A few of the highest priorities are:

---

[10] This section draws extensively from unpublished GI research Helicon conducted for the Kenneth Rainin Foundation in 2021.
[11] Jain Family Institute.
[12] Programs updated in google doc https://docs.google.com/spreadsheets/d/1IiVbsx93dMwru9vJ6_W_I-YTLn4ia4C4N-6kGZAvRlA/edit#gid=0. Accessed September 2021.

- **Making the Child Tax Credit (CTC) and the CDCTC, which includes adult dependents, permanent**. This helps socialize the idea of unrestricted cash assistance in a more acceptable way (children are an easier sell) and is a form of GI for people with children.
- **Making existing benefits and services more inclusive and easily accessible**. Existing government benefits like the EITC, SNAP and Medicaid leave many people falling through the cracks because of eligibility and reporting requirements. Many people who are eligible for benefits don't claim them due to the hassle, lack of knowledge, or fear. Over **600,000 people in California** alone left benefits unclaimed in 2021.
- **Portable and universal benefits**—the Aspen Institute, Brookings Institution, UC Berkeley Labor Center, and the National Domestic Workers Alliance are working on policies to enable people without a traditional employer (including gig workers and the self-employed) to access and keep benefits like parental and medical leave, retirement accounts and unemployment insurance. Californians for the Arts and **Center for Cultural Innovation** are advocating for these policies, and the Writer's Guild has been a national leader on this front for decades. (See 1099 Workers section)

# Artists and GI

The vast majority of artists work as independent contractors and gig workers, often cobbling together a living from many different sources and non-traditional employment arrangements. The COVID-19 pandemic has underscored what has always been true—artists' economic lives are precarious and they have few safety nets available to them. Americans for the Arts' report **COVID-19 Impact Survey for Artists and Creative Workers** shows that 62% of artists became fully unemployed because of COVID-19, and 95% experienced income loss.

Most **GI proposals** target people making under $50,000 a year or households making under $70,000. This would be a game changer for artists in the United States, most of whom have incomes that fall under this threshold. No arts-specific funding program could come close to the impacts that a GI program would have on artists and cultural workers. It would also make an impact on equity because, as in other industries, women artists and artists of color tend to earn less than their male or white counterparts. Substantial numbers of artists do not qualify for unemployment or receive other benefits, like paid medical or child-care leave, that are linked to work for a traditional employer. And, like almost half of all Americans, many artists do not have even $400 in the bank to cover an emergency.

GI and other expanded benefits programs could help advance equity and cultural diversity in the arts sector in a way that few arts-specific programs can because they intervene *upstream* of the decision to pursue an artistic career. Despite the challenges of being an artist, there is a certain amount of privilege in being able to choose to pursue an artistic path in the first place. Having dependents, debt, health care costs, or being undocumented can make the prospect nearly impossible. Studies have shown that women artists, artists from low-income backgrounds and artists of color are more likely to leave the field due to financial pressures. This has contributed to an arts sector that is **whiter, wealthier and more male-dominated** than the U.S. population at large. A safety net that enables more people to engage in creative pursuits would contribute to a more diverse and vibrant cultural sector.

There is growing interest in GI in the arts sector, and three artist-focused pilots have been launched in St. Paul, Minnesota (Springboard for the Arts), San Francisco, CA (Yerba Buena Center for the Arts), and New York State (Creatives Rebuild New York). Early results from San Francisco's and St. Paul's programs, as well as research on various artist fellowship programs (the closest ongoing approximation to GI for artists in the field) and Artist Relief (a need-based emergency fund for artists created by a collaborative of funders during COVID) makes it clear that relatively small amounts of unconditional money makes a huge difference in artists' quality of life, economic security, and creative expression. Artists tend to use unrestricted money in the same ways other people do—to pay off debt, cover basic needs, care for loved ones, invest in professional development, or build assets (such as buying a home or a studio). However, because the economic challenges facing artists are structural and pervasive, artists often end up back where they started when these funding sources end, struggling to make ends meet. A federally funded GI program would be a powerful way to help address artists' economic insecurity in a long-term, systemic way.

# Opportunities

There are many strategic ways that artists and arts advocates can contribute to advancing the long-term GI effort while bringing benefits to artists in the nearer term. These include:

## 1. Mobilizing artists and the larger arts sector as advocates for economic justice and community wealth building.

The arts sector rarely engages around general economic issues that do not explicitly name artists as beneficiaries (although, of course, some individual artists and cultural workers do). Although artists tend to share conditions with other low-income people, and policies that address poverty and inequality writ large would benefit artists (and creativity more broadly), the arts sector has a complicated relationship with class. Large arts institutions are largely patronized by the socially and economically privileged classes, and rely heavily on donated wealth and "sweat equity" of low-paid artists and arts workers. This can make it difficult or undesirable for them to support positions that challenge the economic status quo.

Until relatively recently, most advocacy for artists has tended to stay bounded within the art world itself—advocating for more government allocations for artists or changes in foundation or nonprofit practices—disconnected from larger discussions of class, economic transformation, or political organizing. More recently, artists have begun to see and express their solidarity with other poor and **working class people**, and see the necessity of addressing the "**broken capitalist infrastructure**" as a whole in order for better conditions for artists to be possible.

Mobilizing artists and the larger arts field to vocally support and help popularize economic justice and anti-poverty programs would add people power (and cultural power) to these movements. However the growing politicization of artists and other arts workers will likely amplify tensions within the art sector that have long bubbled under the surface. For example, many large museums are currently facing criticism for their **labor policies**, **investment policies**, **acquisition methods**, and **board leadership** from artists, other staff, and the public.

## 2. Advocating for GI principles to be adopted as "best and common practice" in the arts sector.

That is, advocate for funders of artists to provide funds in the form of unrestricted cash support, without extensive reporting requirements or expectations to produce new work. Encourage arts nonprofits who work regularly with artists to do the same wherever possible and publicly name these as guaranteed income.

## 3. Participating in policy and advocacy discussions around broader economic issues.

Although artists can benefit greatly from policies that benefit gig workers and low-wage workers, arts advocates are rarely in the room to learn from or contribute to these discussions. As a result, economic policies and campaigns are often designed without artists in mind, and without the benefit of artists as allies. This can result in policies that inadvertently exclude artists.

On the flip side, arts sector conversations about how to create better economic conditions for artists often take place in an arts world bubble, assuming the larger economy is something that can be responded to but not changed. As a result, arts advocates are not always well-informed about efforts to address systemic economic challenges. Thus, they may miss the opportunity to align with the narratives and goals of larger movements, or even risk undermining them unintentionally. For example, the GI movement is fighting against public attitudes that some people are more "deserving" than others of public assistance. Yet, advocacy for artists can often focus on touting their special contributions to society, thereby reinforcing a meritocratic orientation.

4. Support the expansion of unemployment insurance and worker protections for gig workers and the self-employed.

    (See **1099 Workers section**)

# MUTUAL AID

Mutual aid refers to people democratically self-organizing to meet their own and/or others' needs outside of market structures, the state, and philanthropy. It is neither new nor rare—many groups who are neglected or discriminated against by the dominant society have long depended on mutual aid for survival. And in the 19th and early 20th centuries, in the absence of a strong social safety net, mutual aid was an integral part of U.S. society. In 1920, for example, an estimated **one in three** men in the U.S. were part of a fraternal society, and mutual aid societies for women, Black people, Latino communities and other groups also proliferated.

COVID-19 (and the tattered social safety net it exposed) brought mutual aid into the consciousness of the mainstream once again, as people of all social classes organized to help friends, neighbors, or others who were disproportionately impacted by the pandemic, including the disabled, the unhoused, the undocumented, the elderly, working parents who were suddenly without childcare, and more. Alexandria Ocasio-Cortez and abolitionist organizer Mariame Kaba released a **toolkit** for people wanting to start mutual aid "pods," and Ground Game Los Angeles built a **map** of efforts all around the country. The Mutual Aid Disaster Relief network defines mutual aid as "voluntary, reciprocal, participatory assistance," and hosts a **repository** of explainers and other resources on mutual aid.

Mutual aid advocates adamantly distinguish it from charity. Scholar **Matthew Whitley** says, "Fundamentally, mutual aid is about building 'bottom-up' structures of cooperation, rather than relying on the state or wealthy philanthropists to address our needs. It emphasizes horizontal networks of solidarity rather than 'top down' solutions, networks that flow in both directions and sustain the life of a community." Mutual aid is support provided by those who can give help to those who need help, without stipulations or requirements, acknowledging that those positions can change at any time. When people providing aid share characteristics with the recipients—whether trans people supporting other trans people or neighbors helping others on their block—they are culturally competent and responsive to evolving needs. Mutual aid done well creates and strengthens reciprocal relationships and collective agency, whereas (**critics argue**) similar services provided by the "nonprofit industrial complex" often reinforce disempowerment, hierarchy, and even dependency.

Acute crises naturally **provoke** mutual aid responses, especially when the **government's response** is insufficient, but their potential is not limited to emergency relief. In fact, mutual aid has long been a pillar of radical social movements—from abolition to the Black Panther Party—because of its revolutionary potential to disrupt the logic and structures of colonialism and **racial capitalism**. In the words of **Rebecca Solnit**, mutual aid is both a "series of networks of resource and labor distribution" and "an orientation." It is a way that communities can create "infrastructures of survival apart from the state" which enable them to "anticipate and mitigate" future crises and build collective power to challenge the **status quo**. Organizer Michelle

Mascarenhas Swan argues we need to build **Permanently Organized Communities**, which are not only more caring, stable, and resilient, but also better able to exert collective pressure on those in power.  Commons scholar **David Bollier** views mutual aid as an “insurgent worldview” and a “form of power” that challenges and undermines the individualistic mindset and processes of competitive, extractive capitalism.

Although some newer mutual aid groups may strive to be **apolitical**, the history of mutual aid is anything but. The U.S. government’s aggressive quashing of the Black Panthers’ free breakfast programs and Indigenous people’s potlatches makes clear the existential challenge mutual aid and community self-reliance poses to the entrenched interests. However, many people (especially Black, Indigenous, non-Western immigrants, rural people) practice mutual aid not only out of necessity or as a form of resistance, but also because it is integral to a culture and way of life that pre-dates colonialism and capitalism. As Indigenous writer Regan de Loggans **writes**, “The reality is that mutual aid has its roots in community resistance by Black and Indigenous people, who have been criminalized for these exact practices that are now celebrated by the white mainstream.” These practices are dangerous because “they prove that alternative lifeways [to capitalism] are possible.”

Some **activists** view the recent embrace of mutual aid by those in power (from the Federal Emergency Management Agency to the Heritage Foundation) with skepticism, as an attempt to neutralize its more radical, systems-challenging components while relying on it to fill gaps in public sector or private services. They argue that mutual aid must be combined with pressure on the government to expand the social safety net.

## Artists and Mutual Aid[13]

Like many groups who chronically lack financial resources, artists have long formed collectives and alliances to share and exchange resources, space, and labor. The pandemic had a disproportionate impact on artists, a large majority of whom suddenly lost almost all income and work. This led to an explosion of mutual aid efforts in artists’ communities. Many of these were small and informal—artists raising money for their friends or collectively helping each other with childcare or other needs. **The Freelance Artist Producing Collective** was a short-term project initiated during COVID to aggregate resources, opportunities, and financial relief options available to artists of all disciplines. **Museum workers** raised money to put $500 in the pockets of other out-of-work museum personnel. **Disabled** and chronically ill artists and activists organized to share resources and support. Cultural worker Olaronke Akinmowo used her own

[13] Relief funds for artists that were seeded or funded entirely by major foundations or wealthy individuals, even if those individuals are artists, are not considered mutual aid. Neither are worker cooperatives, which, although they have some common traits with mutual aid (like self-governance and group provisioning) mostly operate within a for-profit market context. Mutual aid may sometimes interact with philanthropy or markets, but largely exists outside of and even in contrast to those spheres.

money to seed the **Sister Outsider Relief Grant**, raising $40,000 for Black artists and cultural workers who are single mothers.

There are also many artists participating in mutual aid efforts in service to the larger communities of which they are a part, something that has long been a way of life for artists from marginalized communities. Artist-activist collective Another Gulf is Possible maintains a **Just Ida Recovery** page of resources to help those recovering from the hurricane. Alas de Agua and Three Sisters Collective, two Indigenous-led artist collectives in Santa Fe, New Mexico, started a community farm when their communities faced food insecurity as a result of COVID. And many arts organizations repurposed their spaces as community mutual aid hubs, which in **some** cases resulted in a long-term mission shift.

# Opportunities

Although mutual aid is not new, there is new momentum and urgency around creating the durable infrastructure that can enable it to persist beyond temporary disaster recovery efforts and work at scale. This is partly because it has become abundantly clear that not only is our economic and political system incapable of meeting people's basic needs in normal times, it is actually *producing* ecological and social crises which communities must continually respond to. Many mutual aid proponents see the need for new systems for provisioning and care that can offer an alternative within the old systems that are crumbling. As writer Andreas Petrossiants **put it,** "what if the spaces managed and organized by artists and the skills and networks cultivated by new, numerous mutual aid networks were put to the ends of creating permanent structures of collective social reproduction, consumption, and aid?" This work can be enabled by new digital tools and governance models, often honed in peer-to-peer communities, that are enabling collaboration and organization in decentralized and distributed ways based on shared values around collective well-being, collaboration and social good.

There are people working on refining the tools and processes—both offline and online—that can support and enable democratically governed, distributed collaboration, whether temporary or ongoing, beyond private institutions or state agencies. Bright spots (some of which include or were founded by artists or creative workers) include:

- **Open Collective.** One of the biggest challenges that many mutual aid groups face is how to handle money, especially as their operations grow in size and complexity. Because leadership is often distributed, fluid, and intentionally non-hierarchical, there is not always a single person or small group in charge of making spending decisions. Moreover, it can trigger undesirable tax consequences for individuals to route pooled funds through their personal accounts. Some mutual aid groups (and artist collectives) have incorporated as nonprofits in order to get around this issue (and receive tax exempt donations), but many see the nonprofit system as anathema to their work.

Open Collective seeks to solve this problem by providing rapid fiscal sponsorship to informal groups and networks working for charitable purposes. It enables groups of people, whether artists, mutual aid organizers, or activists to collectively raise and spend money in a transparent, tax exempt, and legally accountable way without formally incorporating as a nonprofit organization. It provides accounting, fundraising and oversight functions. It also allows other fiscal hosts to use the platform for a small fee to reduce costs for servicing their constituencies. It envisions itself as "infrastructure for the commons" and is a cooperative itself, and it has more than **doubled** in size over the last year.

- **Mutual Aid Disaster Relief** is a loosely organized network of activists and organizers who are committed to solidarity-based mutual aid for both disaster relief and long-term community power-building. They offer training, build networks of local mutual aid groups, and bring seasoned help (much of which was honed during Hurricane Katrina and Occupy Wall Street) to support local actions, from Hurricane Sandy to Standing Rock to COVID. They see themselves as supporting the growing "movement" of disaster relief efforts that are in service to longer-term liberatory goals.

- **Enspiral** is a New Zealand-based global network of over 300 freelancers and activists experimenting with how people can collaborate better. It has developed open-source tools and processes for group governance that are used by organizers and entrepreneurs worldwide. For example, Loomio enables group members to propose, debate and vote on ideas, while CoBudget is a collaborative software system for helping people create and keep track of a shared budget.

- **DisCO (Distributed Cooperative Organization)** is a new organizational structure, supported by digital technology and informed by peer-to-peer governance, cooperatives, the commons, and feminist economics. The design and theory emerged from the on-the-ground work of **Guerilla Translation** (now Guerilla Media Collective). It has been proposed as an alternative to the DAO (Decentralized Autonomous Organization), which seeks to automate functions and relationships using the blockchain to avoid the need for human intervention or trust. Many supporters of the potential of distributed organizations worry that unless explicitly designed otherwise, DAOs (and "Web3" in general) will reproduce and accelerate existing power and wealth dynamics (indeed, white men do currently dominate the crypto and blockchain spaces).

  DisCOs are an attempt to deploy the positive potential of this new technology to enable distributed cooperation, baking in an explicit set of values around democratic governance, mutual care, and social and environmental good. The **designers** call it a "set of organizational tools and practices for groups of people who want to work together in ways that prioritize mutual support, cooperativism and care work." While some of the work may take place in the market (what they call “livelihood work”), DisCOs intentionally value and support love work (*pro bono* work for the commons / social good) and care work as well.

A more conscious embrace of mutual aid practices and tools for cooperation could support a cultural system that is less dependent on either philanthropy *or* the market, both of which reinforce and encourage an individualistic, competitive dynamic rather than a thriving cultural ecology. A few examples exist, although they are still largely exceptions to the norm. **OurGoods** (now defunct) was an online barter network created by a team of artists during the 2008 economic crisis that attempted to connect cultural producers to share skills, ideas, and resources without exchanging money. FabLabs and Maker Spaces enable artisans, artists, and amateurs to learn and make things together using shared tools and equipment. **Anticapitalism for Artists** is a collective peer education initiative that is trying to raise the “class consciousness” of artists as workers to fight for larger systems change.

Cultural philanthropists and intermediaries could support the further development of this ecosystem by directing more funds and energy toward efforts that serve the commons—and build essential “commons infrastructure”--rather than (solely) individual artists and institutions, something that the 2021 report **Solidarity not Charity** encourages.

# NFTs (NON-FUNGIBLE TOKENS)

NFTs (non-fungible tokens) are one part of a larger emerging "**Web3**" universe, which uses blockchain technology to verify transactions, create contracts, and make payments in a decentralized way. While the blockchain and Web 3 space is heavily dominated by a techno-libertarian, hyper-capitalist ethos, there are also people like media and governance scholar Nathan Schneider, journalist Rebecca Mackinnon, and numerous **artists** who see potential for these technologies to be intentionally designed in ways that support collective liberation, creativity, and solidarity. There are currently vigorous debates about the potential **benefits** and **pitfalls** of decentralized web and blockchain technology, both for artists and society at large. This brief is focused on NFTs as a subset of this world because they have been intertwined with the art world since their beginning and have attracted the interest of many artists and arts advocates as both a new medium and potential source of income.

An NFT is metadata, stored on a **blockchain**, that certifies the uniqueness of a digital object (image, video, audio, or text). When you buy an NFT, what you own is the unique *link* to the original object, not the actual object that the link references. Unless additionally specified through a contract, the original creator retains the copyright of the work. Some liken it to owning a receipt for a thing rather than the thing itself. This means anyone can still find an image of an NFT online and click and save it as their computer wallpaper or Twitter avatar, usually legally under the doctrine of Fair Use. And owning an NFT doesn't necessarily give the owner rights to use the content, by printing an image on a t-shirt or streaming music, for example, unless additional permission is granted by the copyright holder. This may benefit artists or others who want to retain ownership of the original work even after it is "sold," but it begs the **question** of why owning an NFT would be valuable to the buyer.

The most significant **critique** of NFTs has been about their enormously high carbon emissions due to the computer verification process that most have relied on until very recently – called "proof-of-work." This has caused pushback from both artists and **fans**. Ethereum, the main cryptocurrency used to make (or "mint") NFTs, has been estimated to use as much carbon as the country of Netherlands uses in a year, and minting the average NFT costs as much carbon as a European household uses in a month. Some countries have banned mining outright (including China) and others are considering heavy regulations (Sweden and the U.S. among them).

In September 2022, in part because of the public outcry and looming threat of regulation, Ethereum migrated to another verification method called **"proof-of-stake,"** slashing its energy usage by **99.95%**. (Much of the crypto sector still uses proof of work and some are deemed **unlikely to change.**) While this has been hailed by NFT enthusiasts for removing an ethical barrier to encouraging more participation, significant **harm** has already been done. Artist **Kyle MacDonald** has created an art project that attempts to account for and mitigate the carbon that has already been emitted by the NFT marketplace over the last couple of years. Beyond the environmental impacts, there remain numerous other ethical problems with the crypto world, which many have likened to a **Ponzi scheme**. The proof-of-stake process even amplifies some of the sector's **tendency** to benefit the "already haves" and early adopters by giving more decision-making power (and therefore more earning potential) to those who already own the most tokens.

## Artists and NFTs

A feature in the video game world since 2017, NFTs exploded as an art world phenomenon in the beginning of 2021 when a visual artist named Beeple sold an NFT for $70 Million. Subsequently, several other artists have sold NFTs for millions of dollars. The **NFT market** reached a peak of $17 billion in January 2022, and has fallen dramatically to $466 million as of September 2022. Transactions on Open Sea, the largest NFT marketplace, were down 99 percent, from 2.7 billion in May 2021 to 9.34 million in September 2022. **Some** hope that Ethereum's shift to proof of stake will draw people back to the market, but **others** see the bust as the natural arc of an overly speculative marketplace for something with little or no intrinsic value.

Initially NFTs were hailed as a potential "revolutionary" and "democratizing" force for artists, enabling them to retain control of and profit from digital work without the intermediation of gatekeepers like galleries or curators. The original **intention** was for NFTs to help artists prove a digital work's provenance and automatically capture (and split up among collaborators, where relevant) royalties for subsequent sales, both of which were previously nearly impossible for digital art. However, the NFT market has become rampant with scams, including people using bots to scrape the web for original artworks to mint as NFTs. Although this practice is illegal, it is extremely difficult and time-consuming for artists to discover and protect themselves against it, as there is no process requiring copyright verification prior to NFT creation and the nature of the marketplace preserves anonymity. **One artist** reported 29 cases of infringement in 24 hours. This phenomenon is causing some artists to remove their artistic portfolios from their websites and online marketplaces entirely.

Musicians have also **struggled** to make a living in the digital age, a challenge compounded by COVID's chill on live performances, and some have **grabbed onto NFTs** as a way to control and monetize their music in new ways. Some musicians are using NFTs as a way to give VIP "perks" to fans. However, since many of the highest-level perks are real life experiences, such as prime seats at shows, the NFT is more of a way to generate PR than a necessity to mediate the exchange.

In fact, critics argue that the boom in NFT art has been fueled not by creatives or people interested in art, but by crypto-millionaires who have nowhere else to spend their crypto-wealth. One of the original **creators** of NFTs writes: "[the crypto-wealthy] can't buy real estate with cryptocurrency. They can't buy yachts with it. So the only rich-person hobby they can partake in with their crypto-wealth is buying art." Crypto-art is the next frontier of conspicuous consumption and financial speculation among an elite few, and, not infrequently, a way to **launder dirty money.** Tech expert and journalist **Cory Doctorow** calls NFTs a "massive, fraud-ridden speculative bubble that is blazing through whole rain-forests' worth of carbon while [transferring] billions from suckers to con-artists." NFT art is one of the only tangible things that can be bought with crypto, so expanding the market for NFTs pushes the expansion of the crypto economy, which is what existing crypto holders need in order to increase the value of their tokens, which are intrinsically worthless. As artist **Kimberly Parker** notes, this unwittingly turns artists into "crypto recruiters, desperate to bring even more people into the fold so the value of their Ethereum token stays high and they can sell for a profit." Artist **Alice Bucknell** says, NFTs represent the "leveraging of an artist or artwork into a speculative investment scheme [that] is underpinned by neoliberal techno politics."

Far from democratizing the art world, a **new study** shows that the NFT market is mostly reproducing existing wealth and power dynamics in the **art market**. **Parker** provides graphs showing, "Despite the promises of revolution, equality, and 'lifting artists up,' this technology has changed nothing: the few people at the top continue to have the greatest amount of wealth." Even at the peak of the boom, the top 1% of NFTs were sold for more than $1,500, and 75% were sold for less than $15 (which is a loss, since the average cost to mint an **NFT has fluctuated between $217-$311)**. NFTs with higher prices are likely to be those sold by people who have already sold an NFT for a high price, benefitting existing crypto owners, large production shops, famous brands, and stars like Paris Hilton or Grimes, rather than new entrants or lesser-known artists. Most NFT creators and buyers are white and male, although sites like Black NFT Art and digital galleries like ONE/OFF are trying to diversify the market. The top 10% of buyers and sellers are responsible for the vast majority of transactions, and some hedge funds are getting into the speculative game. And far from enabling artists to operate without intermediaries, NFT marketplaces like **SuperRare** and Nifty Gateway operate as "tastemakers" and gatekeepers for determining what gets promoted.

In fact, some argue that NFTs are less about the art itself than part of a dystopian trend of commodification and **financialization of everything**, which magnifies competition and economic inequality. The investors who bought Beeple's NFTs did so not as collectors of art, but in order to turn the work into a new crypto currency. **Nathan Schneider** critiques NFTs as a new form of "enclosure"— capital finding a new way to create artificial scarcity in order to create profit. He contrasts the NFT art world of commodity speculation and elite profit with the vision in the report **Solidarity not Charity** of an art world based on solidarity economy values of abundance and access: "The goal there is not to create overvalued superstars but to support cultural workers of many kinds, particularly those who have been most left behind by speculation. The idea behind the solidarity economy is … about expanding the commons, ensuring that more and more of the goods of the world are available for everyone, no matter what tokens they do or don't hold. … Rather than a few people getting rich from their art, the solidarity economy means more and more people having time to develop their cultural skills."

# Opportunities

NFTs as an artform may be a profitable new marketplace for a few breakout artists, but they are unlikely to be a new way of making a sustainable living for large numbers or propel cultural equity or collective power. Now that Ethereum has moved to proof-of-stake it is possible for artists and fans to mint and buy NFTs with a clear(er) conscience, and there may even be some interesting new aesthetic and economic innovations that emerge as a result. However, given the fundamentals of how the crypto space currently operates, artists and arts advocates who want to participate should educate themselves fully about the risks and downsides.

While this brief's perspective on the potential of NFTs as an artistic commodity is largely critical, there *are* **artists**, **platforms**, and **arts institutions** who are engaging with these new technologies (NFTs and other blockchain and distributed ledger uses) with curiosity and criticality, and working to maximize the potential upsides by taking an active role in shaping it. For example, art and economics professor **Amy Whitaker** argues that blockchain technology has the potential to enable artists and creatives to claim revenue from the future appreciation of their work. Writers and/ thinkers such as **the Blockchain Socialist**, Nathan Schneider, and **Jason Prado** are among those looking at how blockchain technology could be used to support more cooperative, transparent and democratic structures for organizing around many diverse purposes, from art-making to politics to the workplace (see Mutual Aid section for more blockchain uses). Others are exploring questions such as: Who should own and control **data** and digital assets; how might we use blockchain and **distributed web** technologies to enable new, more cooperative forms of **governance;** the value of trust-based vs. **trustless** systems; and how prosocial **values** can and/or/ should be embedded into technological systems? While it was beyond the scope of this inquiry to delve into these issues and questions, they all have implications for artists as creators and for regular citizens, and are worth tracking and researching more deeply.