

**An Evaluation of a “Top-Down, Bottom-Up” Methodology Used to Construct
a Database of California Arts Organizations**

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Methodology Evaluation of the California Arts Database Project (CADP)

There exists general agreement that formal sources for identifying nonprofit organizations miss a considerable part of the sector, excluding smaller and newer organizations in particular. The work of researchers such as Gronbjerg (1989, 2002), Dale (1993), Smith (1997), Lampkin and Boris (2002), or Chavez, et al. (1999) shows that at minimum, 40 percent of organizations may be missed if researchers rely only on, for example, Internal Revenue Service Form Masterfile listings.

For this reason, there are a number of attempts underway to expand our registries of nonprofits by use of methodologies other than reliance on Internal Revenue Service files. This paper reports on a methodological evaluation of one such strategy for compiling a registry of arts organizations.

In 1998, under the initial direction of Dr. Richard Orend and subsequent guidance of Dr. Kathleen Fletcher, the Institute for Nonprofit Organization Management, created a registry of organizations affiliated with arts and culture in 29 counties in California. As detailed in the Project Report (Fletcher, 2000), the CADP used a 'top-down, bottom-up' approach in identifying arts organizations and classifying them. Its purpose was to capture the universe of nonprofit, for profit and public arts and cultural organizations - a much larger universe than official government sources would reveal. Organizations, classified as either arts or cultural organization were first extracted from the Internal Revenue Service and the Registry of Charitable trust. These lists were supplemented by obtaining membership lists from the American Museum Association, the American Symphony League, the California Arts Council, the California Assembly of Local Artists, and the National Endowment for the Arts grant recipient list. These lists were combined and scanned for duplicates. The resulting data thus formed the 'top-down' portion of the database.

Research assistants, often artists themselves and familiar with the county they were assigned, combined the information from the formal data sources with less formalized sources such as newspaper advertisements, phone listings, university and colleges listings and expert interviews. This comprised the "bottom-up" portion. The final registry included 11,584 organizations.

Research assistants coded the organizations using the National Standard for the Arts Information Exchange coding system. Because of the laborious process of having to contact organizations or rely on other sources of information to assign codes, and resource limitations, a fair number of organizations were not classified. Also, the studies methodology did not permit any way to assess coding reliability among the research assistants.

Along with the concern with more accurately ascertaining the dimensions of the sector, any non-traditional methodology poses its own risks. The sheer scope of the undertaking, resource limitations and inadequacies in data listings in non-traditional sources calls the quality of the data into question. It has been several years since the information was compiled; as with any listing of organizations that is not consistently updated and maintained, it is to be expected that some unknown number of organizations have gone out of business or have moved and the forwarding order has expired. But, how reliable was the information in the first place? Were research assistants able to reliably classify organizations? Were there clerical errors in recording addresses?

In order to test the quality of the database, INOM decided to conduct a survey of a sample of 1000 organizations, drawn from the listing of arts organizations. The results of the survey are detailed in a companion article. Here, I discuss the methodological component, including the following questions:

- A. What percentage of the nonprofit portion of the sample does not come from the traditional federal and state listings of organization?
- B. What percentage of the addresses are currently valid?
- C. Are organizations found by nontraditional means more likely to have invalid addresses?
- D. How many of the organizations feel themselves misclassified as having anything to do with the arts or humanities?
- E. How closely do researchers' classification of organizational purpose and primary discipline correspond to those of a representative of the organization?
- F. Are there county effects? Are addresses more likely to be out-of-date in certain counties?

Methodology

A sample of 1000 organizations was randomly selected from the entire population of organizations. One-third of the organizations in the sample came from the counties that were not located in a consolidated metropolitan statistical area (CMSA) and two-thirds from the CMSA counties. (CMSA counties are the

larger metropolitan areas in the state). This was to permit a sufficient sample size to compare smaller places to larger. The sample was screened to ensure that every organization had a complete address. When the address was not available, we searched using the Internet and telephone directories to see if it could be found. For the 59 organizations that had no address (5.9% of the sample) 5 addresses were added to the database and 54 organizations had to be replaced with a new random sample. It should be noted that the majority of these organizations were in Humboldt County. We have no way to tell whether the high number of missing addresses reflected inadequate work by a particular research assistant or difficulties in securing addresses in this particular county.

In addition, five organizations were removed from the sample and replaced. Two of these, large for-profit concerns that funded the arts through their corporate philanthropy program, were felt to be too distant from the described audience for the survey to be able to fill it out. The remaining three were duplicates of other organizations in the sample.

All organizations in the sample were sent an initial contact letter, outlining the purpose of the survey. Approximately one week later, they were sent a copy of the survey. A week following that, all organizations were sent a postcard, thanking them if they had returned the survey and reminding them of its importance if they had not. About two weeks after that, a new survey was sent to all who had not replied. A month later a final survey was sent by priority mail to those who had not as yet responded. Although the last mailing went out on May 10th, returns were still trickling as much as seven months later.

As surveys were returned, they were coded with the date of the return so that analysis could be made of any trends in late returns. Similarly, all mailings that came back as undeliverable were coded for the reason that they could not be delivered. For the first three mailings, if the post office notified us that the survey was undeliverable as addressed, we resent the survey to the forwarding address if available. If no forwarding address was listed, we researched the organization, using both the formal databases such as the Secretary of State's listing of incorporated nonprofits and telephone directories and resent it if a new address could be found. It should be noted that it often took three or four mailings for the post office to tell us that the address was invalid. In twelve instances we were not notified until the final mailing, sent by priority mail.

Although we drew a sample of 1000 organizations, we discovered, when surveys were returned, that two organizations were duplicates so that the final potential sample size was 999. Table One shows the results of the mailings.

TABLE ONE

STATUS OF RETURNS TO SURVEY

Status	N of returns	Percent of total 999
No valid address	209	20.9
Valid return	449	44.9
Not arts organization	24	2.4
Refused	18	1.8
Defunct organization	8	.1

The number of initially invalid addresses was 247. Of these, we were able to find new addresses for 94 organizations. The redirected mailings yielded 32 valid returns, 3 refusals and 3 notifications that the organization was no longer in existence. The remainder of the redirected mailings were returned as invalid.

Using the number of valid addresses as the denominator and counting those who responded that theirs was not an arts organization, as well as those who notified us that their organization no longer was active, as valid returns, our final response rate was 61%.

Results

Completeness of traditional sources

There is an often-asked question of what percentage of nonprofit organizations are represented in the formal data sources of the IRS and Registry of Charitable Trust. This survey provides a very rough estimate of the extent to which researchers who rely on these sources alone miss significant numbers of arts organizations. To make this estimate we must assume that the percentage of nonprofit organizations found in the survey (69.6%) is the same in the sample as a whole. Thus we would expect approximately 700 organizations out of the sample to be found in the IRS or the RCT, if every nonprofit organization was listed in these data sources. Instead, 297 organizations were found by using the purpose or activity codes from these lists. Therefore, reliance on these most typical sources yields at best 43 percent of the universe found by the researchers.

Reasons for undeliverable addresses

We often did not receive an undeliverable survey from the post office until after the next mailing occurred. As a result, we were able to code multiple reasons for why any organization's envelope was returned. Table Two shows the reasons given for bad addresses across the five mailings. There does not appear to be consistency in how a particular mail code is applied – that is the same address could generate more than one reason for the return. In particular, "Addressee unknown" appeared to be a catch-all category, covering a variety of reasons.

TABLE TWO
REASONS FOR RETURNED SURVEYS

Reason for Return	Percent of Responses	Percent of Cases
Insufficient Address	8.1	12.6
Moved, no forwarding	9.1	14.2
Forwarding expired	19.0	29.7
No such address	11.2	17.5
Address Unknown	48.3	75.5
Moved with forwarding	4.4	6.9
Total	100	156.5 n=232

Reasons for returned surveys can be broken down into 1) those that state that the address is inaccurate – that there is no such address, 2) that the organization once resided at that address and 3) that the organization is unknown. Of possible concern are the first and last possibilities. The first is the most obvious; it implies that the interviewer either made a transcription error or there was an error in the source from which the address was gathered. The last is of possible concern because the organization *may* never have resided at that address, although from this data we cannot know this with any certainty. Only in those instances where the post office tells us that the organization has moved with or without a forwarding address or that the forwarding address has expired can we be sure the organization once used that address.

To test this, I constructed a new measure as follows: If any of the five returns came back with an indicator that the organization had once existed at that address, then the address was considered to be once valid. For the remainder of organizations, if there was any indication that the address was insufficient or nonexistent, it was coded as a "bad" address. The remainder of

returns were coded with the ambiguous “unknown addressee.” Table Three shows the distribution of returns.

TABLE THREE
RECLASSIFIED REASON FOR RETURNED SURVEY

Reason for Return	Percent
Moved	38.8
Bad address	10.8
Unknown addressee	50.4
Total	100%
	(n=232)

Thus, only a small minority (25 organizations) were coded as having a bad address. It should be noted that we were able to obtain a valid address for 8 of these organizations through other means. The results thus show that the research assistants were accurately recording addresses.

Approximately 40 percent of the organizational addresses were valid at one time. The status of the remaining 50 percent is unclear. However, from what we can ascertain from these returns, there is no reason to doubt the reliability of the methodology used to obtain addresses.

County correlates of bad addresses

Interestingly, a relatively greater percentage of surveys were returned as undeliverable from the larger counties. In the CMSA counties, 33.7% of the surveys came back with bad addresses, compared to 23.8 percent of those in the smaller places. This difference is largely attributable to Los Angeles County where 44.3 percent of the addresses were not deliverable. In San Francisco, where we might expect that dramatically rising real estate values should cause a high level of mobility, only 29.6 percent of the addresses were bad. In Santa Clara County, ground zero of the dot-com explosion, only 29.4 percent were so.

We checked for whether invalid addresses were more or less likely to be obtained for organizations that were not listed in the formal data sources of the RCT, IRS and Secretary of State’s listing of incorporated organizations. Using a matching program, we identified all organizations in the database that were in these three sources. We also had codes available that stated whether the name and address were actually drawn from the IRS or RCT by the initial researchers in compiling the list. It should be remembered that for-profit organizations would not appear in these listings. It should further be remembered that the

Secretary of State's listing of incorporated organizations was not usable for compiling the database since it contains no activity codes; in consequence organizations cannot be identified by purpose.

1. It turned out that whether or not an organization was listed in the three official data sources made no difference in terms of the chances of the address listing being invalid. Of those returned, 28.8 percent of organizations not in the official sources had invalid addresses while 32.3 percent of those in these sources did - a statistically insignificant difference.

2. There was a significant, albeit small, difference in whether the organization was found by using activity codes in the IRS and RCT files. Twenty-seven and a half percent of the organizations not found in these sources had invalid addresses compared to 36.4 percent of those in the other sources.

There are really two questions at issue here. If, in fact, larger organizations are more residentially stable, then we would expect that mailings to organizations found in the IRS and RCT would be less likely to be returned. Organizations with revenues below \$5,000 need not file at all and those with revenues below \$25,000 need file only infrequently. Yet, this did not prove to be the case by either of the above comparisons. In both cases, organizations in these sources were *more* likely to be undeliverable, although the difference was small and in the first case not statistically significant.

We cannot tell then if in fact larger organizations are less residentially stable or if the official listings contain more often out-of date information because of difficulties in tracking organizations.

The second question involves the difference between the results of the two different ways of comparing whether an organization is in the official sources - that is using activity codes and matching the name of the organization to the database - and the percentage of undeliverable returns. Closer analysis showed that the difference was not because the researchers did not use the Secretary of State's listing of incorporated organizations as a potential source for finding organizations. Any conclusion about the reasons for the difference must remain tentative, particularly given the small percentage difference under discussion. However, the main difference between the two comparisons is whether the organization is classified in the IRS or RCT using one of the codes selected to represent arts and humanities organizations. It may be that the organizations that are more likely to move or dissolve are also the ones that use activity or

purpose codes that were not selected by the researchers as denoting arts or cultural organizations.

Adequacy of coding of purpose/primary discipline

Researchers were able to code the primary purpose and discipline of the majority of organizations, although purpose appeared more difficult to ascertain than discipline. Only 11.6% of the organizations in the sample were missing codes for primary discipline while 24.3% were missing codes for primary purpose.

There is also the question of agreement in how the researcher described the organization and how the executive director did. Although the question asked for primary discipline, some executive directors insisted on coding more than one discipline. Thus, agreement was counted if any of the disciplines selected by the respondent agreed with that selected by the researcher. As shown in the following table, agreement was high for the major arts disciplines of music, dance, opera/musical theater and theater. While there was no agreement on the 'multidisciplinary' code, only three organizations selected this to describe themselves.

TABLE FOUR
AGREEMENT ON PRIMARY DISCIPLINE

Primary Discipline	Percent Agreement
Dance	93.0
Music	84.9
Opera/Musical Theater	70.0
Theater	77.1
Visual Arts	69.6
Crafts	73.3
Media Arts	37.5
Multidisciplinary	0
Other	37.1

Similarly, agreement was coded for organizational purpose. As shown in Table Five, there was a high degree of agreement for the major classifications. Agreement between researchers and executive directors ranged from 90.9 percent in the case of a school for the arts to 56.3 percent for performance facilities. The lowest level of agreement was for professional associations (22.2%)

and artist co-ops (33.3%). In the latter instance, there were only a small number of organizations – three organizations and 16 researchers selected this classification. Researchers instead called the organization a performance group (3 cases), a gallery or exhibit space (4 cases), an arts center (2 cases), or a professional association (2 cases).

Both 27 researchers and executive directors selected professional association as the best description of their organization. However, there was only a small amount of overlap. Researchers who did not agree with the executive directors’ classification used a variety of categories – four selected performance group, two a performance facility, four gallery or exhibit space, while in 7 cases they could not classify the organization.

TABLE FIVE
AGREEMENT ON PRIMARY PURPOSE

Primary Purpose	Percent Agreement
Performing group	85.7
Performance facility	56.3
Museum	87.5
Gallery/Exhibit	73.8
Fair/Festival	76.9
Arts center	42.9
Arts service organization	66.7
Professional association	22.2
A school for the arts	90.9
A foundation	57.1
An artist co-op	33.3
Other	41.9

Conclusion

The results of this study should be taken as an endorsement of the methodology. Only a small minority of organizations wrote to tell us that they were not involved in the arts or humanities in some way (and some probably would be so considered under the broad definition used by Dr. Orend in compiling the database). Only a small percentage of the addresses had been incorrectly or incompletely listed. While we have no way of knowing if mail sent

to the listed address would have reached the organization at the time the data were first gathered, an approximately 20 percent “decay” in addresses appears reasonable over a two year period.

Researchers also were reasonably accurate in coding the primary purpose and discipline of the organization. They were able to establish such codes for the majority of organizations. While there were some categories with low agreement, these tended to be the more ambiguous ones.

Finally the results underscore the initiating impulse behind construction of the database – the very partial coverage of the arts world by the formal data sources. We, of course, have no way of knowing what this methodology missed – how much larger the real universe is compared to the listing of organizations found here. However, this methodology considerably expands upon what we would otherwise know using the official government sources.

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