Exploration of California worker status law compliance on arts fiscal sponsors and fiscally sponsored arts projects: A case study

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Abstract

California Governor Gavin Newsom signed into law Assembly Bill No. 5 (AB-5) *Worker Status: Employees and Independent Contractors* in 2019. Targeting gig-economy ride-sharing platforms AB-5 requires employers to determine if a worker is in fact an employee and not misclassified as an independent contractor. What was not predicted was the result AB-5 would have on the arts sector. Historically, small non-profit arts organizations (SNPAOs) pay artists as contractors compensated less than hourly minimum wage. To bolster business operations and capacity to raise funds some SNPAOs become fiscally sponsored arts projects of arts fiscal sponsors. Prior to AB-5, arts projects under fiscal sponsorship were primarily run by project directors and artists working as independent contractors. However, to comply with AB-5 some arts fiscal sponsors have converted independent contractors to employees.

This four-phase sequential qualitative case study examines the result of AB-5 compliance on arts fiscal sponsors and fiscally sponsored arts projects in San Francisco, California. Symbiotic Relationship Theory is the framework for data collection and analysis amongst five Samples. Both Ecosystem Theory and Co-Evolution Theory provide context for Symbiotic Relationship Theory.

Two data visualizations illustrate the results of AB-5 compliance. 1) AB-5 Compliance Cause and Effects Chain diagrams the complexities of *why* AB-5 compliance creates a symbiotic relationship. 2) Key Themes Mind Map of In Vivo coded data illustrates *how* the complexities of AB-5 compliance result in a symbiotic relationship through identification of four Key Themes: comply, confuse, change, cost.

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Dedication

This dissertation is dedicated to the artists, administrators, educators, consultants, and volunteers who labor tirelessly because we believe art-making is the foundation of sense-making.
Through the arts we find our voice.

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1. Introduction

1.1 Background of the Problem

> The nonprofit arts are… a complex and changing system, and as this system has gradually evolved, the defining trends and influences, like planets in a solar system, have occasionally aligned in ways that have produced striking new directions. In any complex system, many plausible interpretations are possible of the most potent influences and the precise moments when major new directions have emerged.
>
> Leverage Lost: The Nonprofit Arts in the Post-Ford Era (Kreidler, 1996, p. 2)

In his formative article *Leverage Lost* (1996) Kreidler chronicles the evolution of the United States arts ecosystem and employment of artists as originating during the Industrial Revolution. It is in this era that the foundational expectation was set for artists to provide discounted labor. Instead of being adequately compensated for their work, artists were offered the intangible non-monetary reward of pursuing their craft to make "art for art's sake" (Bell-Villada, 1996). This continues to be the predominant compensation framing in the United States. Alper & Wassall (2000) describe artists as members of the labor force who are unusual because they work as independent contractors and not in traditional employment structures that provide employee protections (Yang et al., 2021). As a result, artists to this day make ends meet (McCarthy et al., 2001) by taking on multiple "gig" jobs as independent contractors.

During the period 2015 to 2019 U.S. Bureau of Census (2022) data indicates that of the 164,629,490 total workers in the U.S. labor force 2,537,325 self-identified as artists. Of these, California's labor force had 473,650 workers that self-identified as artists of which 75,760 (Bureau of Census, 2022) were in the California Metro Area of San Francisco, Oakland and Berkeley known commonly as the Bay Area. The Otis Report (Fowler & Ram, 2022) aggregated 2020 U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages data and identifies that 76,442 Californians were employed in the fine and performing arts. During the same period 21,083 members of the Bay Area creative workforce (Fowler & Ram, 2022, p.168) were in the fine and performing arts and the average annual compensation amongst these workers was $47,926 (Fowler & Ram, 2022, p.169).

According to the National Endowment for the Arts (2022) more than half of the artists in the U.S. labor force between 2015 and 2019 identified as self-employed independent contractors. Artists are far more likely to be independent contractors (NEA, 2022), also called gig workers (Fowler et al., 2021), than any other segment of the workforce. Gig workers are categorized as "freelancers, day laborers and on-demand or platform workers" (Abraham et al., 2018, p. 11) who are self-employed. However, there is limited explanation of what exactly categorizes a gig worker in the arts beyond engagement in multiple jobs and projects.

On September 18, 2019 California Governor Gavin Newsom signed into law Assembly Bill No. 5 (AB-5) *Worker Status: Employees and Independent Contractors.* Just a few months before the COVID-19 pandemic struck, this controversial bill (Thordarson, 2021) went into effect on January 1, 2020. Targeting gig-economy ride-sharing platforms (Thordarson, 2021) such as Uber and Lyft, where drivers obtain gigs, AB-5 requires employers to implement the ABC Test (2020) to determine if a worker is in fact an employee and not misclassified (Provenzano, 2022) as an independent contractor. The ABC Test has become the standard in determining worker classification as independent contractor or employee (Erlich, 2021) in California. Following the bill's passing, debates ensued

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amongst and between workers and employers as to the benefits and risks of following AB-5. What was not predicted with the passing of the law was the impact AB-5 would have on the arts.

Historically, small non-profit arts organizations (SNPAOs) pay artists as contractors compensated with project stipends that, when divided out by the number of hours worked, are less than minimum hourly wage (Janiak, 2018) rates. Meeting the employment mandates of AB-5 requires that SNPAOs transform independent contractors to employees. This necessitates that SNPAOs generate additional revenue to cover payroll, taxes and employee benefits. Plus, arts administrators managing SNPAOs, often artists themselves, need to have knowledge of employment law, human resource practices, and an activated payroll system in place in order to meet the requirements of AB-5. According to Kosman and Said (2019) although arts administrators of SNPAOs might support fair wage for arts workers, there is concern that meeting the requirements of AB-5 might cause operational destabilization. Medak (as cited in Kosman & Said, 2019) predicts that California will experience a drain of SNPAOs that leave to pursue their art in states where arts workers can be paid as contractors.

Despite these challenges, a possible benefit of implementing the employment requirements of AB-5 could be an opportunity for California's SNPAOs to protect and support artists (Wisely, 2019, as cited in Kosman & Said, 2019) by hiring them as employees.

To bolster business operations some SNPAOs engage in fiscal relationships with inter-organizational entities (Markusen et al., 2011) such as arts fiscal sponsors that act as financial intermediaries. Entities that provide arts fiscal sponsorship are tax-exempt under the 501(c)(3) Internal Revenue Code and can accept tax-deductible contributions on behalf of the SNPAO, referred to as a fiscally *sponsored project* (California Department of Justice, 2021, p. 49). The arts fiscal sponsor receives and holds the fiscally sponsored project's revenue, dispersing funds upon request and charging an administrative fee. Not every U.S. State permits fiscal sponsorship. California is one in which fiscal sponsorship is approved by the State Attorney General and requires that the fiscal sponsor have active status in good standing with the State, ensuring fiscal accountability to government agencies (California Department of Justice Charitable Trusts Section, 2021), funders and donors.

Prior to AB-5, arts projects under fiscal sponsorship were primarily run by project directors who are artists working as independent contractors. Project directors made formal requests for payment to their arts fiscal sponsor to disburse funds to pay independent contractors from their fiscally sponsored funds. Now AB-5 has affected the independent contractor status of project directors and artists. The law has also affected the interrelationship between arts fiscal sponsors and fiscally sponsored arts projects.

Executive leadership and Boards of Directors of arts fiscal sponsors have had to search for compliance guidance from advisors who also are unclear about interpreting AB-5's employment requirements for artists. Fiscal sponsors that implement AB-5 to the letter of the law have taken on additional responsibilities and liabilities by becoming the Employer of Record for project directors and artists of fiscally sponsored arts projects. This employment arrangement requires that arts projects now need to generate additional funds to both cover payroll costs and the cost of the fiscal sponsor's administration of employment. Additionally, fiscal sponsors have had to hire more staff and develop expertise in interpreting, advising and implementing employment services on behalf of the fiscally sponsored arts projects in order to comply with AB-5.

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1.2 Purpose of the Study

The purpose of this study is to explore the results of AB-5 compliance on arts fiscal sponsors and fiscally sponsored arts projects, in San Francisco, California, as well as on their fiscal sponsorship relationship. Key themes are established from primary data gathered directly from Executive leadership, staff and Board members of six arts fiscal sponsors, a California employment law expert, and project directors of fiscally sponsored arts projects.

1.3 Significance of the Study

California is the first state in the U.S. to implement a worker-employee reclassification bill such as AB-5. Insights from this study could apply to other states to evaluate the passing of legislation similar to AB-5. Discoveries from this research could inform California arts fiscal sponsors, fiscally sponsored arts projects, including ones that previously hired contractors that are now employees, arts management service organizations, professional development training providers, Human Resource and payroll service providers, as well as legislation advocacy organizations, and legislators about the results of AB-5 compliance.

Additionally, best practices for implementing AB-5 in the arts have yet to be established. This study could result in recommendations that guide in the development of best practices in arts management, Human Resources management and payroll administration for complying with AB-5. This study could also inform professional development training programs for arts management professionals, arts organizations Boards of Directors, project directors of fiscally sponsored arts projects, and arts funders in complying with AB-5.

This research involves six arts fiscal sponsors in San Francisco, California. The primary focus of the study is on an anonymous arts fiscal sponsor (hereafter referred to as AFS-Z) located in San Francisco, California, as a hyperlocal case study into the results of AB-5 compliance on an arts fiscal sponsor and its fiscally sponsored arts projects. The Executive leadership of AFS-Z has requested anonymity. Furthermore, anonymity of AFS-Z places focus on the research questions, propositions and conceptual framework instead of the specific history and management of a particular arts fiscal sponsor. Additional reasons for anonymity will be discussed in the Sampling Strategy.

In 2020 AFS-Z had over 50 fiscally sponsored arts projects and the numbers continue to grow in 2023. In January 2020 the organization's Executive leadership and Board of Directors began to comply with AB-5 by implementing the ABC Test to determine if independent contractors of fiscally sponsored arts projects were in fact employees. Those that identified as employees have been hired by AFS-Z, which became the Employer of Record. Activation of the employment requirements of AB-5 has resulted in the number of employees of AFS-Z increasing from 5-7 staff administrative staff in 2020 to include approximately 100 employees as of 2023 (AFS-Z Executive leadership, personal communication, July 17, 2023); specifically, fiscally sponsored arts project directors and artists. As the number of employees grows, so too do San Francisco Citywide Labor Law (2023) ordinances that apply to all of AFS-Z's employees, regardless of the number that are working for any specific fiscally sponsored arts project.

1.4 Research Question and Sub-Questions

Given the employment relationship between an arts fiscal sponsor and the fiscally sponsored arts projects relative to AB-5, this study explores the answers to the research question:

> *What is the result of the California worker status law (AB-5) compliance on the symbiotic relationship between an arts fiscal sponsor and fiscally sponsored arts projects?*

Answers to this question will be informed through research into the three sub-questions:

sub-question 1:

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What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?

sub-question 2:

What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?

sub-question 3:

What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts project?

1.5 Propositions

Given this research question and sub-questions, this study adopts the following three propositions:

Proposition 1:

California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.

Proposition 2:

California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.

Proposition 3:

California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.

1.6 Definition of Terms

Non-profit is an incorporated organization that has been established for the purpose of providing charitable services (Cornell Law School, "Non-profit organizations," 2018) and not for the purpose of generating income to its members, directors or officers. According to the United States Internal Revenue Service Code 501(c)(3) non-profit organizations are tax-exempt and commonly referred to as charitable (IRS, 2018) organizations. The Internal Revenue Service (1982) characterizes tax exemption of non-profit arts organizations as requiring that:

> They fulfill their artistic and community obligations by focusing on the highest possible standards of performance by serving the community broadly; by developing new and original works; and by providing educational programs and opportunities for new talent (p. 9).

Fiscal sponsors are non-profit incorporated, tax-exempt entities recognized under the Internal Revenue Code 501(c)(3). **Fiscal sponsorship** is the contractual agreement between a 501(c)(3) incorporated organization and a person, group or project (MacLeod Hemingway, 2022) called a **fiscally sponsored project**. This contractual relationship allows for the fiscally sponsored project to implement activities under the fiscal sponsor's non-profit status. This then permits the receipt of tax-exempt donations (Colvin, 1993) from individuals, government agencies, corporations, or charitable foundations making financial contributions to the fiscally sponsored project.

Professional artist, as stated by the National Endowment for the Arts (2016), is an individual who has:

- Expert artistic skills;
- received training or education in an artistic discipline or tradition (whether through institutional or community-based pathways),
- Actively engaged in creating artwork they share with others; and
- utilized their skills to derive income; further their creative work, or contribute to the community (p. 5).

Arts gig worker is a self-employed (National Endowment for the Arts, 2022) independent contractor or freelancer (Abraham et al., 2018). However, the legal definition of independent contractors is one that is contested (Erlich, 2021) with different criteria defined by the federal government and some states.

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Small Non-profit Arts Organizations (SNPAOs), for the purpose of this study are defined as having annual operating budgets between $25,000 and $250,000, and employing five or fewer workers. However, definitions of SNPAOs are conflicting. According to California Senate Bill 1116 (SB-1116, 2022): *The Performing Arts Equitable Payroll Fund*, SNPAOs are generally those operating with an adjusted gross revenue budget of $2,000,000 or less. However, Markusen et al, (2011) identify small arts organizations as having annual operating budgets of $25,000 to $250,000.

2. Literature Review

2.1 Introduction

This study completes the investigation to answer the research question: *What is the result of the California worker status law (AB-5) compliance on the symbiotic relationship between an arts fiscal sponsor and fiscally sponsored arts projects?*

Research will inform the sub-questions: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor? What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects? What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor fiscally sponsored arts project?*

The major issues in relation to this topic are independent contractors, gig economy workers, California gig worker legislation, fiscal sponsorship, arts fiscal sponsorship in relation to California gig worker legislation, and the anonymous San Francisco arts fiscal sponsor AFS-Z. Symbiotic Relationship Theory is central to this research study and is supported by two significant though non-central theories, Ecosystem Theory and Co-Evolution Theory, which underpin the theoretical framework. These major issues are the sub-topics explored in this review of literature. The availability of research sources on these sub-topics is inconsistent. Extensive research has been conducted into independent contractors, fiscal sponsorship, gig economy, Symbiotic Relationship Theory, Ecosystem Theory, and Co-Evolution Theory. However, because the AB-5 legislation and impact are new and not yet extensively studied the literature narrows in the area of the California gig worker legislation and in particular, the impact on independent contractor artists who have developed careers through the gig economy model. This review of literature excludes studies into the forming of non-profit organizations and the history of arts organizations as non-profits. These topics will not be addressed in the research because this study is focused on the ongoing relationship between arts fiscal sponsors and fiscally sponsored arts projects and not the structure or origin of non-profits.

Independent Contractors

Independent contractors are categorized as the 1099 workforce named after the annual U.S. tax Form 1099 completed by non-employee workers (Collins et al., 2019). However, the legal definition of independent contractors is one that is contested (Erlich, 2021) with different criteria defined by the federal government and some states. To determine if a worker is an independent contractor the IRS (2022) states that an independent contractor has the right to control and direct their work results but not what is to be performed or how it is done. Every state in the U.S. has its own statutory definition (Erlich, 2021) of independent contractor. Massachusetts (Mass.gov, 2022) developed a 3-prong test to identify independent contractors:

> (1) the individual is free from control and direction in connection with the performance of the service, both under his contract for the performance of service and in fact; and
> (2) the service is performed outside the usual course of the business of the employer; and,

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> (3) the individual is customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the service performed" (para 1-4).

The Massachusetts test is the foundation for California's ABC Test that presumes a worker to be an employee unless they are "free from another's direction and control, perform services outside the employer's usual course of business and are customarily engaged in that trade, occupation or profession" (Erlich, 2021, p. 1211). If the worker fails to meet the above criteria, they are considered by the State of California to be an employee. The employee designation then requires the employer to meet California Labor Code requirements (Brown, 2020) of providing minimum wage pay, administering social security, providing overtime pay, meal and rest breaks, reimbursement of certain business expenses, and having the right to unionize (Collier et al., 2018) within the employee status. Independent contractors do not have the same rights, protections or benefits (Borkholder et al., 2018; Collier et al., 2018) as employees.

Gig Economy Workers

Gig workers are categorized as "freelancers, day laborers and on-demand or platform workers" (Abraham et al., 2018, p. 11) who are self-employed. Gallup (2018) defines gig workers as those that have alternative work arrangements such as being temporary workers, independent contractors, contract firm workers, online platform workers and on-call. Gig workers are considered to be engaged in an alternative or non-traditional (Collins et al., 2019) workforce. The origins of the term gig are from the performing arts where artists engage within multiple types of performances and projects. For example, a musician might have multiple performing gigs (Markusen et al., 2006) such as playing with a symphony orchestra, being a member of an ensemble that tours, supporting a vocalist as a band member on a CD recording, or in a temporary engagement such as recording soundtracks (Abraham et al., 2018) for a movie, video or commercial. The 2022 *Otis Report on the Creative Economy* (Fowler et al., 2021) identified that the definition of both artist gig work and self-employment are under-researched.

The rise in gig workers has been framed as a rise in the gig economy. It is redefining the relationship between workers and businesses. Online and app engagement platforms have made it easier for individuals to be self-employed in work relationships as freelancers, working for one or multiple businesses. Workers as contractors reduce costs for businesses and offer flexibility for contract engagement on an as-needed basis. These are some of the contributing factors in a shift towards a gig economy (Collins et al., 2019) in the United States. According to Gallup (2018) 29% of workers in the U.S. have a primary job that is an alternative work arrangement (p. 2) and 36% of all workers in the U.S. were participants in the gig economy by holding at least two gig jobs (p. 2) in 2018. With the rise of the gig economy employment of independent contractors has significant tax administration and Social Security program (Collins et al., 2019) repercussions. In the employer-employee relationship these requirements are managed through employer payroll but with independent contractors these require self-administration.

California Gig Worker Legislation

On September 18, 2019 California Governor Gavin Newsom signed into law Assembly Bill No. 5 (AB-5) *Worker Status: Employees and Independent Contractors.* Targeting app-based platforms such as Uber and Lyft where drivers obtain gigs, AB-5 presents the ABC Test to determine if a worker is in fact an employee and not misclassified (Provenzano, 2022) as an independent contractor.

Opposed by business associations, the California Chamber of Commerce and app-based gig platforms, AB-5 has been considered a threat to independent contractors (Erlich, 2021) in the state. The ABC

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Test has become the standard in determining worker classification as independent contractor or employee (Erlich, 2021) in California. Opponents and proponents of AB-5 call the ABC Test the gig economy's demise (Brown, 2020) for employers and workers alike. Employers are responsible for implementing the test which is intended to clarify the murkiness of independent contractor vs. employee status. Workers that do not meet the ABC Test factors for independent contractor classification are considered employees (Labor & Workforce Development Agency, 2023) and are eligible for employment benefits. Additionally, Brown (2020) recommends that the federal government adopt the ABC Test to determine worker status in relation to the Fair Labor Standards Act, Americans with Disabilities Act and the Civil Rights Act to improve standardization and avoid misclassification of workers in the gig economy.

What was not predicted with the passing of the law was the impact AB-5 would have across sectors beyond tech and into the California arts sector. Collins et al. (2019) indicate that it is essential for policymakers to be aware of gig economy employment shifts. Within California's non-profit arts ecosystem AB-5 has had sweeping impact with warnings that to not follow the law could result in serious financial and legal (Plettner-Saunders & Yang, 2019) consequences. The impact is most perceptible amongst small arts organizations (SNPAOs) and projects. Arts organizations with an annual operating budget of $25,000 to $250,000 are considered to be "small" (Markusen et al., 2011) and might be dependent on part-time discounted or volunteer labor because they lack the financial means to support staff.

For these SNPAOs and projects AB-5 is a threat due to the limited financial resources (Medak, 2019, as cited in Kosman & Said, 2019) to meet the requirements of converting independent contractors to employees. However, for some workers in the arts, this is an opportunity for SNPAOs to professionalize and to make a priority of protecting artists (Wisely, 2019, as cited in Kosman & Said, 2019) by employing them. Large arts organizations with annual operating budgets over $250,000 have more financial resources to hire artists as full-time or part-time employees (Medak, 2019, as cited in Kosman & Said, 2019), or that have artists protected by labor unions, are less directly impacted by AB-5.

On September 4, 2020 Governor Newsom signed AB-2257 *Worker classification: employees and independent contractors: occupations: professional services* into law to clarify the independent contractor ABC Test. Specified in the new law is the exemption of segments of some types of artists from AB-5. Proposition 22 was approved by California voters on November 3, 2020. Known as the *Protect App-Based Drivers and Services Act,* the proposition was positioned as giving app-based workers independence and job security by bypassing AB-5's ABC Test restrictions.

On September 29, 2022 Governor Newsom signed into law Senate Bill No. 1116 (SB-1116, 2022): *The Performing Arts Equitable Payroll Fund.* This bill requires the State to administer a grant program to enable small non-profit arts organizations (SNPAOs) to hire and retain employees (p. 3) by distributing a tiered reimbursement schedule, based on gross adjusted annual operating budget (p. 10) of up to $10,000 per employee, per quarter (p. 2). SB-1116 was funded (Pollak, 2023) by the Governor on September 20, 2023.

Fiscal Sponsorship

Fiscal sponsorship is an inter-organizational relationship which creates a fiscal agreement between a sponsor and a fiscal sponsoree also referred to as a project (California Department of Justice, 2021) of the fiscal sponsor. Entities that provide fiscal sponsorship are tax-exempt under the 501(c)(3) Internal Revenue Code and can accept tax-deductible contributions on behalf of the project. Fiscal sponsorship is a relationship engaging both the fiscal sponsor and project. The fiscal sponsor is able to proliferate its mission and programming through the project, as well as generate revenue through

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fees for administrative (California Department of Justice, 2021) support. At minimum, the project receives administrative benefits by tapping into the financial infrastructure of the fiscal sponsor to process tax deductible contributions. Additionally, fiscal sponsors can provide a suite of programs and services that increase the fiscally sponsored project's capacity to manage organizational operations allowing part-time staff and volunteers to focus on delivery of arts programs and services. Not every U.S. State permits fiscal sponsorship. California is one in which fiscal sponsorship is approved by the State Attorney General and requires that the fiscal sponsor be registered with the Registry of Charitable Trusts (California Department of Justice Charitable Trusts Section, 2021) and have active status in good standing. Good standing is defined in the California Department of Justice Charitable Trusts Section (2021) as an organization that is not under investigation for noncompliance with the California Department of Justice Charitable Trust Section resulting in possible revocation of charity registration status.

Six fiscal sponsorship models (Colvin & Petit, 2019) exist and each has a different relationship between the fiscal sponsor and the fiscally sponsored project [see Table 1]. Models are differentiated by several factors including employment relationships of workers and tax filing requirements. According to Colvin & Petit (2019) the benefit of fiscal sponsorship for the fiscally sponsored project is the ability to receive tax deductible contributions under the 501(c)(3) status of the fiscal sponsor. Vetting of the fiscal sponsor by the project and the project by the fiscal sponsor is an essential first step in relationship development. Colvin & Petit (2019) advise that projects inquire into the fiscal sponsor's fund management policies, financial report practices for projects, audits, insurance policies, and reviewing the sponsors Form 990 Part X. Fiscal sponsors generally have an application procedure for projects that includes a budget with prospective sources of earned and contributed income. However, earned income does not need to be collected and managed by the fiscal sponsor although this does allow for comprehensive financial management. The relationship is finalized through a contractual agreement (Colvin & Petit, 2019) between the fiscal sponsor and project director (paid or volunteer) or a committee representing the project. Fiscal sponsorship can be a temporary relationship for the duration of a project or ongoing indefinitely if the project personnel prefer to focus on program and service delivery (Colvin & Petit, 2019) rather than business administration.

Model	**Characteristics**	**Is the project a separate legal entity?**	**Relationship**	**Who Files IRS Returns**
Model A: Direct Project	Project belongs to sponsor and is implemented by its employees and volunteers	No	Employer-Employee	**Sponsor**: 990, payroll tax returns **Project**: Individual employees file their own 1040s
Model B: Independent Contractor Project	Project belongs to sponsor but is conducted by separate entity under contract	Yes	Client-Contractor	**Sponsor**: 990; possibly 1099, depending on legal form of contractor **Project**: Depends on contractor's legal status

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Model C: Preapproved Grant Relationship	Project applies to sponsor for one or a series of grants, sponsor funds project from money received from donors	Yes	Grantor-Grantee	**Sponsor**: 990; possibly 1099, depending on project legal form and grant circumstances **Project**: Depends on grantee's legal status
Model D: Group Exemption	Sponsor obtains federal group tax exemption, confers 501(c)(3) status on subordinate projects	Yes	Subordinate	**Sponsor**: Annual listing of subordinates, no financial info; may file on 990 for all projects **Project**: 990 if project files own return
Model L: Limited Liability Company	Project contained with LLC solely owned by sponsor as single member (SMLLC)	Yes	Owner-Subordinate company	**Sponsor**: 990 **Project**: Employment, excise tax returns
Model F: Technical Assistance	Project has its own 501(c)(3) status, sponsor helps with bookkeeping, tax returns, payroll, management, etc.	Yes	Service-provider Contract	**Sponsor**: 990, reports fees charged **Project**: 990, reports fees paid

Table 1: Fiscal Sponsorship Models (Colvin & Petit, 2019, pp. 16-17)

In Model A fiscal sponsorship [see Figure 1] there is no legal separation (Colvin & Petit, 2019) between the fiscal sponsor and the fiscally sponsored project, which is under the governance of the fiscal sponsor's Board of Directors. The fiscal sponsor has complete financial administrative control over the project including financial transactions and management. The fiscally sponsored project is responsible for raising funds and maintaining enough financial resources to cover all project administration costs, payroll, taxes and benefits. If funds are unavailable to cover costs it may be that a fiscal sponsor will not allow the project to continue. Additionally, all property purchased or created by the project belongs to the fiscal sponsor. All employees of the project are employees of the fiscal sponsor which has responsibility for payroll administration, including state and federal tax withholding, insurance, state, federal and employee tax reporting, insurance, and benefit administration. Personnel policies of the fiscal sponsor apply to project workers. Independent contractors providing services to the project in a Model A sign contracts with the fiscal sponsor which "assumes all risk along with responsibility" (Colvin & Petit, 2019, p. 20). Termination of employees is the fiscal sponsor's responsibility. According to Colvin & Petit (2019) if the project departs the fiscal sponsor, care must be taken to avoid violation of labor laws and employee benefits rules.

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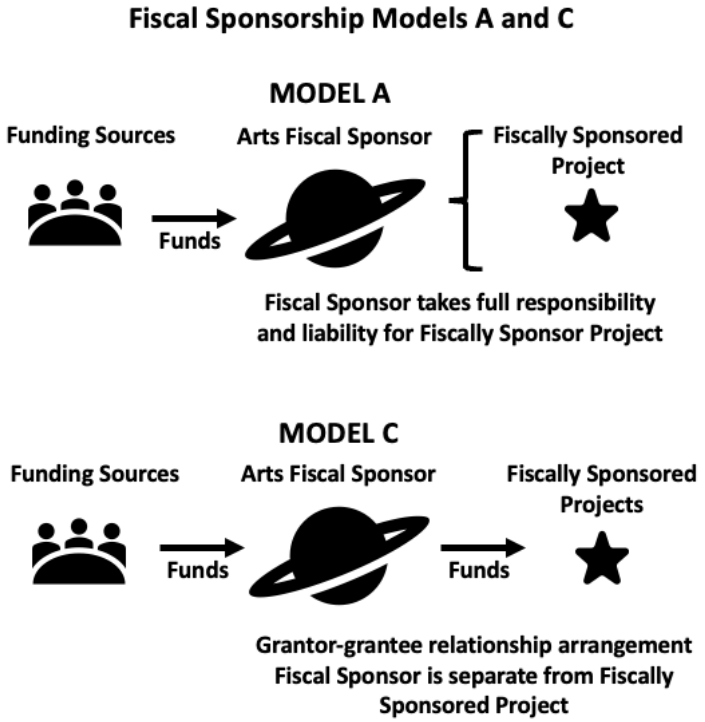

Figure 1: Fiscal Sponsorship Relationships for Models A & C

Model C fiscal sponsorship [see Figure 1] is when the 501(c)(3) fiscal sponsor is separate from the fiscally sponsored project but whose work supports the mission of the fiscal sponsor. The relationship is entered into upon an agreement between the fiscal sponsor and fiscally sponsored project. The relationship is categorized as regranting according to Adler & Colvin (2019) because funds raised by the project are held in restriction by the fiscal sponsor and released to the project with contractual granting agreement. The fiscal sponsor has control of the funds and the discretion to grant them to the project.

Fiscal sponsors can charge administrative fees to projects for overhead charges. According to Colvin & Petit (2019) fees generally range between 5% to 15% on funds raised by the project, but can be higher or lower percentages. Typically, Model A administrative fees are higher (Colvin & Petit, 2019) because of the level of work required and liability assumed by the fiscal sponsor. Funds held by the fiscal sponsor on behalf of the project are only disbursed upon receipt of invoicing. At no time do the funds sit with the fiscally sponsored project. As a result, there is no tax implication for the fiscally sponsored project, as an individual, team or organization, until they are issued payment for work performed.

Arts Fiscal Sponsorship in Relation to California Gig Worker Legislation

Arts projects that are fiscally sponsored are primarily project-based and run by creative workers wearing multiple hats ranging from project director to artist. According to SB-1116 (2022):

> Fiscally sponsored performing arts organization" means a performing arts organization that is fiscally sponsored under a Model C contract by a nonprofit organization that is exempt from taxation pursuant to Section501(c)(3) of the Internal Revenue Code, and the performing arts organization's primary mission is the creation of or presentation of performing arts (para.10).

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Prior to AB-5 projects under fiscal sponsorship were primarily run by project directors working as independent contractors. In the closest interpretation of AB-5 some arts fiscal sponsors have chosen to implement the ABC Test. The result is that some fiscally sponsored arts projects are now categorizing artists as employees rather than as independent contractors. This means that minimum wage laws must be adhered to, taxes managed, and payroll benefits administered. Fiscally sponsored arts projects must now budget for these expenses.

Important to note is that the project's employees are employed by the fiscal sponsor as the Employer of Record "an entity that legally employs works on behalf of another business" (Oyster, 2023, p. 1). The fiscal sponsor is responsible for employment compliance, payroll, benefits, and taxes. This has resulted in fiscal sponsors advising fiscally sponsored projects on employment-related human resource issues, financial management, fiscal accountability, and legal compliance, where they would not necessarily have done so in the past.

The above specifically informs the propositions for this research study:

Proposition 1: California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.

Proposition 2: California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.

Anonymous San Francisco Arts Fiscal Sponsor AFS-Z

Six arts fiscal sponsorship organizations operate in San Francisco, California and all were invited to participate in this research. For this study the primary research site is an anonymous arts fiscal sponsor, referred to as AFS-Z, located in San Francisco, California. AFS-Z was selected because the organization utilizes two models of fiscal sponsorship: Model A and Model C that is adjusted to offer some of the benefits of Model A including Form 1099 filing for independent contractors, Human Resource management services and payroll administration for employees. Both the Model A and the adjusted Model C fiscally sponsored projects of AFS-Z are charged a fee on fiscally sponsored projects' earned and contributed income that is collected under AFS-Z's 501(c)(3) status.

Additionally, AFS-Z was selected as the primary research site because the organization has implemented a strict interpretation of AB-5 resulting in employment of nearly 100 arts project directors and artists as of 2023. This positions AFS-Z as the Employer of Record. As the Employer of Record AFS-Z has had to increase the organization's administrative staffing structure (AFS-Z Executive leadership, personal communication, July 17, 2023) to administer the ABC Test to determine if workers are contractors or employees, onboard employees, ensure compliance with labor and tax laws, provide payroll services, and Human Resource management support.

The significance of studying an arts fiscal sponsor in this geographic location is that San Francisco Citywide Labor Laws (2023) require compliance with ordinances that expand as the number of employees increases. All employers must comply with a variety of ordinances including minimum wage and paid sick leave. Additionally, non-profit employers that have 50 employees or more must also provide health care security. Important to note is that all fiscally sponsored arts projects of AFS-Z, regardless of the number of employees working on the project, must comply with the ordinances that apply to non-profits with over 50 employees because, as Employer of Record, AFS-Z's total number of employees is over 50.

The above specifically informs the proposition for this research study:

Proposition 3: California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.

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Ecosystems Theory

A significant though non-central theory to this study is Ecosystems Theory that identifies systems as the interaction of interdependent parts (Watson & Watson, 2013) integrating as a whole. The concept of ecosystems originated from Darwin (1859) marveling at the complex relations of systems in nature that maintain balance while individual parts are at war for resources. Ecosystem derives from the philosophical explorations of Tansley (1932) who labeled himself as both a professional biologist and an amateur psychologist. For Tansley ecosystem is a framing for the relationship between nature, knowledge and society perceived as a progressive alternative to (Anker, 2002) approaches of his scientific contemporaries. Peltoniemi & Vuori (2004) identify that the analogy of ecosystems has been used across a variety of systems studies ranging from biology to social structures, and economies.

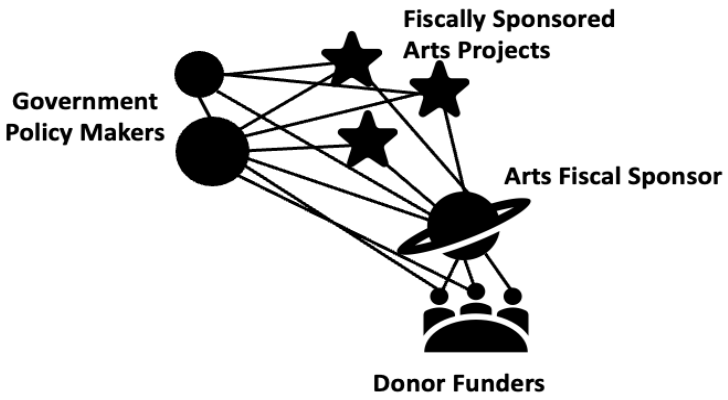

Figure 2: Ecosystems are designed as a web of intertwined relationships (Barker, 2018).

Adner & Kapoor (2009) contextualize business innovation occurring in an ecosystem when firms act interdependently in response to environmental factors. Potter & Crawford (2008) identify that companies within an ecosystem are characterized as either for-profit which strives to maximize streams of revenue or non-profit as determined by revenue sources. Two categories of non-profit exist: 1) individualists which depend on fees generated from programs and from organizational members; 2) collectivists which rely on donations and grant (Potter & Crawford, 2008) funds. Designed as a web of relationships (Barker, 2018) the non-profit arts ecosystem encompasses arts workers, employers and consumers (Fleming & Erskine, 2011) and is entwined with fiscal sponsors and donor funders; all of whom are impacted by government policy makers. AFS-Z encompasses both categories one and two as illustrated in Figure 2.

The above specifically informs the propositions for this research study:

Proposition 1: California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.

Proposition 2: California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.

Co-Evolution Theory

A significant though non-central theory to this study is Co-Evolution Theory which clarifies that organisms within a shared physical environment (Tsujimoto et al., 2018) create systems to co-evolve in order to survive, sustain (Yoon et al., 2022) and thrive. Wilson and Hynes (2009) frame co-evolution in biological terms as two or more species reciprocally affecting each other's evolution such as a plant evolving for survival and an herbivore that eats that plant subsequently morphing for survival. In the

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business realm, co-evolution occurs because of interconnection between businesses and results in firms affecting each other's (Peltoniemi, 2006) decisions.

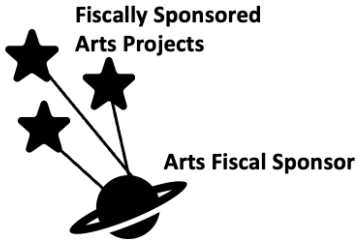

Figure 3: Co-Evolution Theory (Moore, 1993, 1996).

Expanding on Moore's (1993, 1996) observation of co-evolution participants adapt through successive changes in the ecosystem and in relationship to each other. Participants in an ecosystem depend on each other for survival. Narratives of evolution have emerged as concepts in business management (Breslin, 2016) to explain socio-economic changes within an organization. Co-evolution is the mutual, reciprocal and simultaneous adaptation (Todeva, 2007) of new capabilities between organizations within their environment in order to survive. These cooperative relationships result in sharing knowledge and information through network alliances (Huygens et al., 2001) that build multi-level capabilities. Figure 3 illustrates the co-evolution participation of AFS-Z and its fiscally sponsored arts projects.

The above specifically informs the proposition for this research study:

Proposition 3: California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.

Symbiotic Relationship Theory

Both Ecosystem Theory and Co-Evolution Theory provide context for Symbiotic Relationship Theory in this research study because Symbiotic business relationships are difficult to identify and define (Kijkasiwat et al., 2021). Yoon et al. (2022) use three biological metaphors to describe symbiotic relationships between ecosystem participants: Mutualism, Commensalism and Parasitism [see Figure 4].

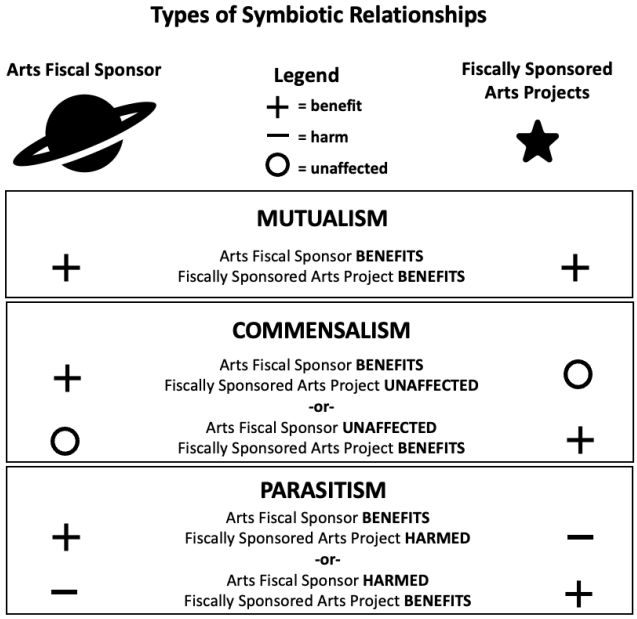

Figure 4: Types of Symbiotic Relationship Benefits

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According to Yoon et al. (2022) Mutualism is defined as a co-evolution relationship that is cooperative and mutually-beneficial and a model for the ideal symbiotic relationship. Commensalism is a one-way relationship; one participant is benefitting and the other partner is not affected. Parasitism is when one participant is benefitting and the other is being harmed because its growth is hindered by the resource consumption of the other participant. Moore (1996) identifies that new value is created by building creative symbiotic relationships that link businesses.

The above specifically informs the propositions for this research study:

Proposition 1: California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.

Proposition 2: California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.

Proposition 3: California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.

2.2 Literature Review Conclusions

To begin to address the research question and sub-questions this literature review explored major issues relating to the topic: independent contractors, gig economy workers, California gig worker legislation, fiscal sponsorship, arts fiscal sponsorship in relation to California gig worker legislation, and the anonymous San Francisco arts fiscal sponsor AFS-Z. Symbiotic business relationships are difficult to identify and define (Kijkasiwat et al., 2021), therefore, Ecosystem Theory and Co-Evolution Theory support the Symbiotic Relationship Theory theoretical framework for this study. This research study contributes to the literature review by examining the research question and sub-questions through the application of Symbiotic Relationship Theory in the study of AB-5 compliance impact on the relationship between arts fiscal sponsors and fiscally sponsored arts projects. The literature review reveals that no research exists regarding the results of AB-5's compliance on these relationships.

3. Research Methods

3.1 Introduction

For the purpose of this research a four-phase sequential qualitative case study was implemented to explore the research question*: What is the result of the California worker status law (AB-5) compliance on the symbiotic relationship between an arts fiscal sponsor and fiscally sponsored arts projects?* Research was conducted through the study of six arts fiscal sponsors in the San Francisco, California arts ecosystem with primary focus an anonymous arts fiscal sponsor AFS-Z and its fiscally sponsored arts projects.

Yin (2018) describes a qualitative study as exploring the *how* and *why* of research. Miles et al. (2020) identify qualitative data collection as being a strong method for human research subjects to provide meaning of their lived experience. In conducting qualitative research the focus is on gaining a holistic overview (Miles et al., 2020) of research participants' experiences and perceptions of a process in their own words. Qualitative research provides the researcher a strategy for discovery by identifying patterns and themes through data collection, coding and display according to Miles et al. (2020).

The purpose of a four-phase sequential qualitative case study is to gather data from Samples using a variety of collection methods in order to: 1) provide multiple engagement opportunities with the Samples under study, 2) explore different facets (Barker, 2018) of the relationship between arts fiscal sponsors and fiscally sponsored arts projects, 3) gather data to recognize themes and patterns through reanalysis (Miles et al., 2020), and 4) generate a first cycle of discoveries to propagate (Miles et al., 2020) future research. In this study multi-approaches provide data triangulation to reveal patterns and themes that inform the theoretical framework in order to answer the research question and sub-questions.

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3.2 Research Questions

This study explores the answers to the research question:

> *What is the result of the California worker status law (AB-5) compliance on the symbiotic relationship between an arts fiscal sponsor and fiscally sponsored arts projects?*

Answers to this question will be informed through research into the three sub-questions:

sub-question 1:

What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?

sub-question 2:

What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?

sub-question 3:

What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?

3.3 Theoretical Framework

This four-phase sequential qualitative case study utilizes Symbiotic Relationship Theory to answer the research question and sub-questions. Kijkasiwat et al. (2021) indicate that Symbiotic business relationships are difficult to identify and define. Therefore, Ecosystem Theory and Co-Evolution Theory provide context for the Symbiotic Relationship Theory theoretical framework in this study.

3.4 Operational Definitions

For the purpose of this study, the anonymous San Francisco, California arts fiscal sponsor is referred to as **AFS-Z**.

For the purpose of this study, **fiscally sponsored arts projects** are exclusively fiscally sponsored by AFS-Z. These projects are non-commercial and community-benefit, based in the San Francisco Bay Area.

For the purpose of this study a **project director** is the primary point person who has signed a contractual agreement with AFS-Z on behalf of the fiscally sponsored arts project. The contractual agreement recognizes the project director as the primary individual who has permission to request funds disbursement from the fiscal sponsorship account for the project.

3.5 Sampling Strategy

For this study Sampling is both within-case of AFS-Z and from adjacent Samples in the arts ecosystem of all six arts fiscal sponsors in San Francisco, California. As data was gathered from Samples, to investigate the theoretical framework of symbiotic relationship theory, "iterative progressive waves" (Miles et al., 2020, p. 28) of new samples were identified. To enhance validity in this study rolling identification of Samples resulted in triangulation of data gathering from five Samples as described in Table 2. All the research subjects are involved in arts fiscal sponsorship in San Francisco, California, and one is a legal expert on California employment law who acts as an advisor to arts fiscal sponsors in this arts ecosystem. Executive leaders and Board members from all six San Francisco arts fiscal sponsors were invited to participate in the study. The majority of the Sample segments are Executive leadership, Board members and staff of AFS-Z, or, are fiscally sponsored arts projects of that organization.

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Sample Segments	Description
Sample 1	Executive leadership, Board members and staff AFS-Z
Sample 2	Executive leadership and Board members of all 6 San Francisco arts fiscal sponsors
Sample 3	Fiscally sponsored arts projects of AFS-Z
Sample 4	Executive leader of another anonymous arts fiscal sponsor in San Francisco, CA
Sample 5	California employment law expert advisor to San Francisco arts fiscal sponsors

Table 2: Descriptions of Samples

It is to be noted that the researcher has professional relationships with three of the six San Francisco arts fiscal sponsors [see Appendix F] and familiarity with several of AFS-Z's fiscally sponsored arts projects in this study. Although this uniquely positioned the researcher to conduct the study, it also contributed to the need for participant anonymity. Because of these pre-existing relationships the researcher communicated via her personal email or educational institution email, not her employee email and explained her relationship to the study in each email exchange. All study participants are anonymous to ensure confidentiality. Participants were assured in writing and verbally that their responses would remain anonymous and each signed an Informed Consent document emphasizing participation anonymity. This allowed study participants to speak candidly without concern for jeopardizing (Miles et al., 2020) their ecosystem relationships or concerns regarding legal compliance with AB-5. Each of the Samples were engaged in at least one of the four study phases [see Table 3]. The sampling strategies varied in each phase and were designed to provide Samples opportunities to anonymously respond in their own words through written or oral data collection. To reinforce anonymity each participant was assigned a number and research transcripts referred to the number.

For each study phase participants were a convenience sample and contacted using one or more of three methods outlined in Table 3. Methods included 1) Emails known by the researcher from pre-existing relationships, 2) additional emails obtained from web searches, and 3) request for study participation in AFS-Z's newsletter to its fiscally sponsored arts projects.

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Phase #	Sampling Strategy
Phase I	**Samples 1 and 2** • Personalized email inviting from interviewer with study description and link to online anonymous survey **Sample 3** • Announcement in AFS's monthly newsletter to all fiscally sponsored art projects invited to opt-in and link to online anonymous survey
Phase II	**Sample 3** • Announcement in AFS's monthly newsletter to all fiscally sponsored arts projects inviting to attend a focus group on one of two dates with link to register
Phase III	**Samples 1, 3, 4, and 5** • Personalized email invite with link to interview appointment calendar for 20–30-minute phone or video conferencing 1:1 session with researcher • Standardized questions framed to inform research question and sub-questions

Phase IV	**Samples 1, 2, 3, 4 and 5**
	• Anonymous descriptive and In Vivo data coded for key themes from Phases I, II and III
	• **Two data Data Visualizations by researcher**
	  • AB-5 Compliance Cause and Effects Chain
	  • Key Themes Mind Map

Table 3: Study Phases, Samples and Sampling Strategies

Response rates of Samples varied in each phase [see Table 4]. "Qualitative researchers usually work with small samples, nested in their context and studied in-depth" (Miles et al., 2020, p. 27). The 8 interview participants in Sample 1 include AFS-Z's entire Executive leadership team, members of the Board of Directors, and staff of the Human Resources, Payroll, Finance, and Fiscal Sponsorship Management functions. Sample 2 survey respondents include 4 Executive leadership and Board officers of the six San Francisco Arts Fiscal Sponsors. Sample 3 interview participants include project directors of 7 fiscally sponsored arts projects of AFS-Z representing a variety of visual, literary and performing arts mediums and numbers of fiscally sponsored project staff. The Sample 4 participant is an Executive leader from another anonymous arts fiscal sponsor in San Francisco. The participant in Sample 5 is a California-based employment lawyer who advises arts fiscal sponsors on AB-5 compliance. These Samples are the most relevant sources (Miles et al., 2020) to answer the research question and sub-questions because they are all within the same San Francisco Arts ecosystem and are all addressing AB-5 compliance as it relates to the arts fiscal sponsor-fiscally sponsored arts project relationship. Data collected and coded from the Samples informed key themes, which repeated through study phases and resulted in thematic saturation.

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Sample #	Description	Data Strategy	Total Sample Invited to Participate	Number of Responses in Sample	Response Rate	Responded But Did Not Participate
Sample 1	Executive leadership, Board members and staff of AFS-Z	Interview	11	8	73%	1
Sample 2	Executive leadership and Board members of all 6 San Francisco arts fiscal sponsors	Survey	9	4	44%	1
Sample 3	Fiscally sponsored arts projects of AFS-Z	-Survey -Focus Group -Interview	>50 >50 >50	0 0 7	0% 0% 22%	0 0 4
Sample 4	Executive leader of another anonymous arts fiscal sponsor in San Francisco, CA	Interview	1	1	100%	0
Sample 5	California employment law expert advisor to San Francisco arts fiscal sponsors	Interview	1	1	100%	0

Table 4: Response Rates of Samples

3.6 Data Strategy

This is a four-phase sequential qualitative case study of six arts fiscal sponsors with primary focus on AFS-Z and its fiscally sponsored arts projects (Miles et al., 2020) within San Francisco, California. The data strategy is driven by the theoretical framework of Symbiotic Relationship Theory. Because Symbiotic business relationships are difficult to identify and define (Kijkasiwat et al., 2021), Ecosystem Theory and Co-Evolution Theory support the Symbiotic Relationship Theory theoretical framework. To contextualize Ecosystem Theory all six San Francisco arts fiscal sponsors and a legal expert on California employment law, who advises arts fiscal sponsors on AB-5 compliance, are included in the study. Additionally, Co-Evolution Theory provides context in this study for operational relationships between AFS-Z and its fiscally sponsored arts projects that result from AB-5 compliance.

All phases of the study employ instruments [see Table 5] with open-ended questions utilizing surveys, focus groups and interviews. Qualitative data was recorded as gathered. Google Forms were used for online surveys in which respondents typed their responses. Interviews conducted by web conferencing were transcribed using the built-in transcription feature of Zoom. Phone interviews were transcribed by the researcher as the interview was conducted. All interview transcripts and survey responses were

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then placed into Delve, an online platform that supports manual qualitative coding across documents. Themes and Sub-Codes were developed by the researcher who recognized patterns and themes in transcript data.

In addition to coding data in Delve, all qualitative data was merged into a single word cloud using the online platform Word Art to triangulate repeated statements and to remove any possible personal bias or influence (Herr & Anderson, 2012) of the researcher. This method increases validity and credibility of the case outcomes in order to improve this and future studies of the research question and sub-questions. In the fourth and final study phase coded data was transformed by themes into two visualizations: 1) AB-5 Compliance Cause and Effects Chain and 2) Key Themes Mind Map. Ledin & Machin (2018) emphasize that data visualization integrating images and text provide a more coherent result than just descriptive text and pictures.

3.7 Design Procedure and Instruments

Procedures to collect qualitative data include survey and interview instruments for all Samples. Additionally, two focus groups were scheduled for Sample 3: Fiscally sponsored arts projects of AFS-Z, in order to provide a discussion forum in which themes could emerge and be explored amongst the Sample. However, no member of Sample 3 participated in the online survey, neither did any register for nor participate in the focus groups. [See participation figures for all Samples in Table 3.]

Phase #	Samples	Timeline	Procedure	Instrument
Phase I	Samples 1 and 2 Sample 3	May 2023 June 2023	Online survey Online survey	Open-ended questions [Appendix A] Open-ended questions [Appendix B]
Phase II	Sample 3	June 2023	Focus Groups via web conference	Semi-structured questions [Appendix C]
Phase III	Samples 1, 3, 4 Sample 5	July-August 2023	1:1 interviews via web conference and phone 1:1 interviews via web conference and phone	Standardized open-ended questions [Appendix D] Standardized open-ended questions [Appendix E]
Phase IV	Samples 1, 2, 3, 4 and 5	August 2023	Anonymous descriptive and In Vivo data coded for key themes from Phases I, II and III	Two Data Visualizations ● AB-5 Compliance Cause and Effects Chain [Data Visualization 1] ● Key Themes Mind Map [Data Visualization 2]

Table 5: Study Phases, Samples and Sampling Strategies

Survey and interview instruments include identical questions for consistency and to prevent bias from the interviewer. All instruments are available in the Appendices as indicated in Table 5. The four study phases were implemented over a four-month period: launching Phases I on May 1, 2023 and completing Phase IV August 31, 2023.

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3.8 Data Processing and Analysis

All four phases of this sequential qualitative case study are exploratory supported by instruments with open-ended questions. Data gathered is coded for themes that inform the research question and sub-questions used to test propositions. A force field analysis tool [see Figure 5] was initially identified to synthesize themes from the multiple study phases.

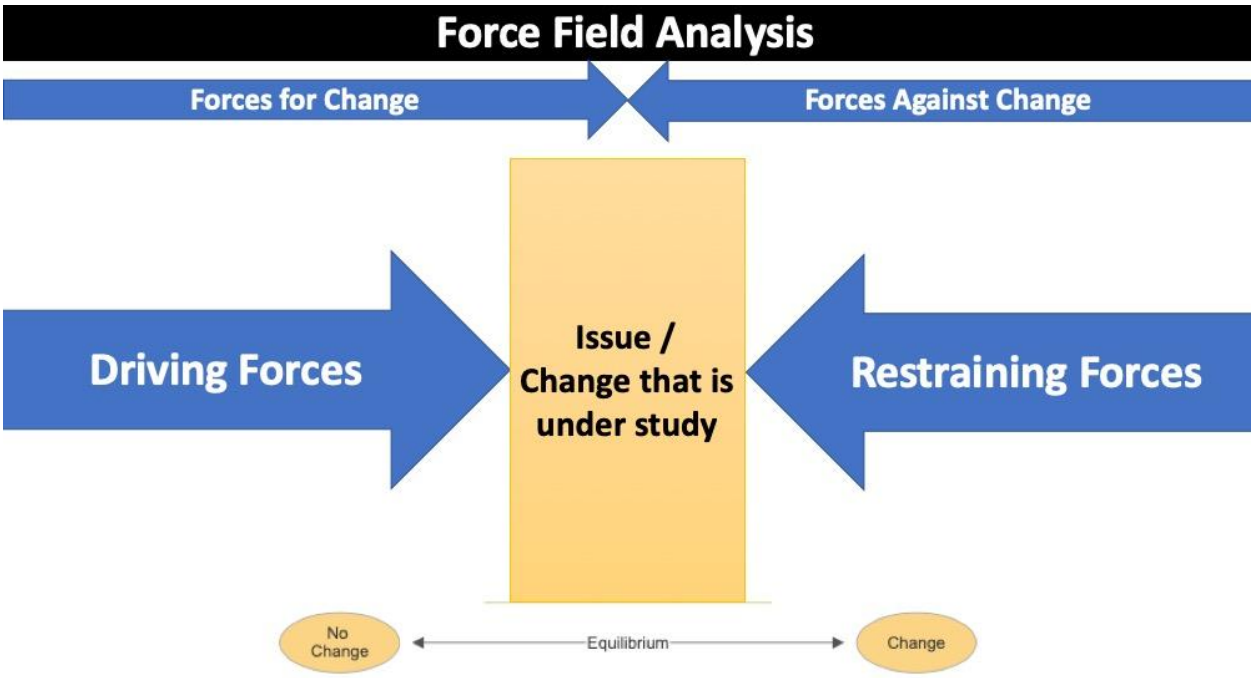

Figure 5: Force Field Analysis (Smartdraw, n.d.)

Coghlan (2014) outlines five force field analysis steps: 1) define the current situation and the desired new state to address this situation; 2) map forces driving change and restraining change related to the research topic; 3) determine the weight of each force to determine which are most powerful; 4) determine which restraining forces can be reduced to move towards change; and 5) develop an action plan to reduce restraining forces.

The inductive approach (Miles et al., 2020) to data coding reveals recurrent themes as they emerge in the study phases. However, for this study, two data visualization tools inform the study discoveries more accurately than the singular Force Field Analysis. The first data visualization is a causal chain. Miles et al. (2020) describe causal chains as "a researcher-constructed linear display of actions and/or states that suggests a plausible, interrelated sequence of events" (p. 237). Causal chain data visualization provides analysis of variables that underlie a process (Miles et al., 2020). Variables identified in data coding are categorized into antecedent conditions, mediating variables, and outcomes [see Table 6]. Each variable is placed in a block and chained together with arrows to indicate directional cause and effect relationships. In this study the causal chain is titled *AB-5 Compliance Cause and Effects Chain* and is framed within a Force Field Analysis format. This causal chain is discerned from coded qualitative data that maps the operational relationship between AFS-Z and the fiscally sponsored arts projects to illustrate *why* AB-5 compliance results in a symbiotic relationship.

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Temporal Category	Description
Antecedent conditions	The baseline conditions within the field that will later change
Mediating variables	Those events, actions, states, factors, processes, and so on that initiate changes or other actions of some kind
Outcomes	The consequent results of antecedent conditions influenced and affected by mediating variables

Table 6: Causal Chain Temporal Categories (Miles et al., 2020, p. 241)

The second data visualization is a mind map which presents a diagram of words and images (Jones, et al., 2012) graphically organized by subject relationships. In this study the mind map is titled *Key Themes Mind Map*. Content is generated from analysis of In Vivo coded data grouped into four themes that capture Sample participants' phrases and words in their own vernacular using succinct, descriptive, metaphorical, and analogous statements (Miles et al., 2020) to describe the results of compliance with AB-5. This data visualization (Lengler & Eppler, n.d.) that illustrates *how* AB-5 compliance has resulted in a symbiotic relationship between AFS-Z and its fiscally sponsored arts projects.

Together these two data visualizations answer research sub-question 3:

> *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*

And support proposition 3:

> *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

3.9 External Validity and Limitations

A potential threat to external validity is the interaction of researcher, setting and treatment that could result in bias. The researcher's pre-existing relationship to the six arts fiscal sponsors in San Francisco, California, as well as with fiscally sponsored arts projects, is described in Appendix F. Because of the singularity of the research and the researcher's relationships, controls for bias have been implemented. These include: using multiple data collection methods, implementing consistent instruments across methods, transcribing and recording collected data to facilitate methodological triangulations, creating data visualizations and corroborating (Miles et al., 2020) with Sample participants to obtain feedback on accuracy, and to remove any possible personal bias or influence (Herr & Anderson, 2012) of the researcher.

Additionally, a threat to validity is that the participants in this study are employed by or govern AFS-Z. Employees and governors of other arts fiscal sponsors could yield different outcomes. The setting of San Francisco, California could be a threat to external validity because of the need for higher compensation amongst artists in this economically robust region. Additionally, Samples' concerns about compliance requirements with AB-5 as well as San Francisco Citywide Labor Laws are potential limitations for participation. Because of these limitations the researcher does not generalize the research outcomes to individuals or organizations that have other characteristics or are in other settings (Creswell, 2014).

The focus of the research is contained within an arts ecosystem of six arts fiscal sponsors and fiscally sponsored arts projects based in San Francisco, California. Executive leadership, Board members and staff of AFS-Z were the primary samples from which data is gathered. Fiscally sponsored arts projects from which data was collected for this study are in a contractual relationship with AFS-Z. This study does not investigate other arts fiscal sponsors or fiscally sponsored arts projects outside of San Francisco, California. This study is not addressing the impact of AB-5 on every arts fiscal sponsor and fiscally sponsored arts project operating in San Francisco, California, nor their relationships. This

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study does not look into for-profit, commercial arts and focuses only on non-profit arts project activities under fiscal sponsorship.

A limitation in this study is that, although six arts fiscal sponsors participated, only one is researched in depth. Additional data needs to be gathered from other arts fiscal sponsors. This results in low external validity because of difficulty to replicate, non-elimination of bias and limited testing of theories. This limitation is mitigated through the researcher's exploration of AFS-Z and inclusive of all six San Francisco arts fiscal sponsors, and their approach to addressing the requirements of AB-5 regarding their fiscally sponsored arts projects. Limitations and threats to external validity are further mitigated through a high level of reliability of data collection with creation of a database of interview content, tracking chain of evidence and triangulation of data sources.

4. Results and Analysis

4.1 Introduction

The four-phase sequential qualitative case study was conducted amongst six arts fiscal sponsors and a California employment law expert, involving five Samples, to inform a study primarily describing AFS-Z and its fiscally sponsored arts projects in San Francisco, California. Data was collected through surveys and interviews using instruments with open-ended questions.

Sample response rates varied [see Table 4]. Sample 1 yields the highest response rate, 73%. Several members of Sample 1 participated in multiple interviews throughout the data collection process in response to the researcher's request for additional inquiry and for validation of data visualization accuracy. Sample 2 had a response rate of 44%. No members of Sample 3 responded to the request to participate in a survey or focus groups. However, 22% of Sample 3 participated in 1:1 interviews. Additionally, 1:1 interviews were conducted amongst the 1 participant in Sample 4 and 1 participant in Sample 5.

4.2 Key Themes and Sub-Codes

Qualitative data collected in this study through surveys and interviews was transcribed and uploaded to the Delve qualitative analysis online platform. A codebook was manually developed in Delve through the iterative processes of coding the data for emerging patterns and themes. Visualization was also utilized to synthesize the data. Four Key Themes emerged: Comply, Confuse, Change, Cost. Multiple occurrences of each were spoken or written by the five Samples, and collected with In Vivo coding [see Table 7].

Key Theme	Description	Sub-Codes	Written and Spoken Occurrences
Comply	Describes the process of designing and implementing business policies, procedures and systems in order to adhere to the legal requirements of AB-5.	• Compliance and Comply • Artists as Employees • Lyft and Uber Gig Platforms • Employment Benefits	• 75 • 42 • 23 • 16
Confuse	Describes explicit understanding or confusion of AB-5 and its impact on arts fiscal sponsors, fiscally sponsored arts projects, independent contractors,	• Understanding, Not Understanding, Unknowns • Risks and Benefits	• 66 • 21

	employees, and the arts sector at large.		
Change	Describes the effect of AB-5 on Fiscal Sponsorship Models as it impacts relationships, operations, procedures, workload, and staffing structure.	• Fiscal Sponsorship Model • Relationship • Impact and Change • Support	• 34 • 29 • 29 • 26
Cost	Describes financial, human resource and technology required for the fiscal sponsors, fiscally sponsored projects, and artists to comply with AB-5.	• Costs & Liabilities • Funding & Resources	• 34 • 5

Table 7: Key Themes and Sub-Codes

Samples' In Vivo statements describe AB-5 as having positive effects, negative effects and no effects, revealing no consistent pattern of one effect over the other. However, when the statements are linked together, a narrative develops, painting a picture of *how* AB-5 has resulted in a symbiotic relationship between AFS-Z and its fiscally sponsored arts projects.

What follows are the four Key Themes with a definition of each, followed by Sub-Codes that support each Key Theme and are informed by example In Vivo statements from the Samples.

Key Theme: Comply

Describes the origins of AB-5 in relation to the Gig worker platforms Uber and Lyft that result in AFS-Z and fiscally sponsored arts projects needing to design and implement business policies, procedures and systems to adhere to the law.

Sub-Code: Lyft and Uber Gig Platforms

"AB-5 was basically designed to counter the Ubers and the Lyfts of the world. It was not designed or implemented or put in place to affect the arts. In a lot of ways they were cannon fodder for the bigger target" (Legal expert on California employment law, 2023). "But Lyft and Uber lobbied to get out from this bill" (Project director of AFS-Z fiscally sponsored arts project, 2023). "The rest of us just got left with it and there didn't seem to be an acknowledgement from the state legislature" (Executive leader of arts fiscal sponsor, 2023). "Now it's not even protecting the people it was supposed to protect and it is just negatively impacting these smaller arts organizations" (Administrative staff of AFS-Z, 2023).

Sub-Code: Artists as Employees

"All of these positions that had previously been independent contractors for years suddenly needed to be onboarded as employees" (Project director of AFS-Z fiscally sponsored arts project, 2023).

Sub-Code: Compliance

"It'd be great to have like a workshop or a webinar or something… checklist of things that you need to consider when you're hiring people as independent contractors and make sure that we're in compliance" (Project director of AFS-Z fiscally sponsored arts project, 2023).

Sub-Code: Employment Benefits

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"I mean the good side of AB-5 is that as artists we need to be paid. Right. We need to be paid and we need to be given benefits" (Project director of AFS-Z fiscally sponsored arts project, 2023). "As an artist, I think there's a huge difference between gig and creating" (Board member of AFS-Z, 2023). "I'm kind of like, yeah, that's kind of a good fat paycheck that I've never received from my acting so I get it that maybe the intention was in a good place, but some organizations like us are getting impacted by this" (Project director of AFS-Z fiscally sponsored arts project, 2023).

Key Theme: Confuse

Describes risk and emotional responses such as anger, frustration, panic, and fear related to confusion about AB-5's impact on AFS-Z, fiscally sponsored arts projects, independent contractors, employees, and the arts sector at large.

Sub-Code: Risks

"They are asking themselves if they should try and comply and fail or take the risk. There is a risk of a lawsuit or that the state comes after them. But if compliance puts them out of business we have no choice" (a legal expert on California employment law, 2023). "From the employer's side, my god, it's such a moving target practice" (Administrative staff of AFS-Z, 2023). "I just don't get it. I really don't get it" (Project director of AFS-Z fiscally sponsored arts project, 2023).

Sub-Code: Emotional Response

"We now have to comply to this, you know, like I don't even understand all this stuff" (Project director of AFS-Z fiscally sponsored arts project, 2023). "The panic amongst working artists this law caused meant they looked to us for guidance, when we had no better understanding of the issue" (Executive Leader of arts fiscal sponsor, 2023). "I'm so angry and tired" (Project director of AFS-Z fiscally sponsored arts project, 2023). "I am super frustrated with the bill" (Project director of AFS-Z fiscally sponsored arts project, 2023).

Key Theme: Change

Describes the result of AB-5 on fiscal sponsorship models as it impacts relationships between arts fiscal sponsors and fiscally sponsored projects in relation to operations, procedures, workload, and staffing structure.

Sub-Code: Impact and Change

"It is something that is unfolding as we go. This is something that we all keep figuring out as we all move on it" (Executive Leader of AFS-Z, 2023)

Sub-Code: Support

"How do we support the project directors" (Executive leader of arts fiscal sponsor, 2023)? "As a society and a government, we have a lot of work to do to find a balance that supports" (Board member of AFS-Z, 2023).

Sub-Code: Fiscal Sponsorship Model

"The general outlines of a Model C relationship just don't fit well with an employer-employee relationship" (Executive leader of AFS-Z, 2023). "Model A is the comprehensive fiscal sponsorship where they're legally rolled into us" (Executive leader of AFS-Z, 2023).

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Sub-Code: Relationship
"In some ways, it actually connected the fiscal sponsor with the sponsorees even more so" (Board member of arts fiscal sponsor, 2023).

Key Theme: Cost

Describes the financial, human and technological resource investments required for AFS-Z, fiscally sponsored arts projects and artists to comply with AB-5.

Sub-Code: Funding & Resources
"I'd say across the board the additional cost has just been a shock and a challenge" (Executive leader of arts fiscal sponsor, 2023).

Sub-Code: Costs & Liabilities
"It's killing us! It's killing us" (Project director of AFS-Z fiscally sponsored arts project, 2023). "I think that it might also then cause artists to leave California, because of the cost of just operating here" (Board member of AFS-Z, 2023).

4.3 Analysis

Phase Four of the study applies data visualization as an analysis tool. Analysis of the coded data generated two data visualizations: 1) Symbiotic Operational Cause and Effects Chain [see Data Visualization 1] and 2) Key Themes Mind Map [see Data Visualization 2].

Symbiotic Operational Cause and Effects Chain

The first data visualization is a cause and effects chain framed within the Force Field Analysis. Repeated exploration of the Samples' open-ended responses to the instruments informs a visual illustration of *why* AB-5 compliance results in a symbiotic operational relationship between the arts fiscal sponsor and the fiscally sponsored arts projects [See Data Visualization 1].

In this data visualization antecedent conditions are impacted by mediating variables that result in outcomes informing a symbiotic operational relationship to address AB-5 compliance. The conditions are set into motion when a project director of a fiscally sponsored arts project identifies the need to hire a worker and the arts fiscal sponsor engages in an informal dialogue to learn more about the job role requirements. "The flow of action moving to next action and the sense that one party is moving through the process, a lot of times it happens in a conversation. Things develop between the project and fiscal sponsor" (Executive Leader of AFS-Z, 2023). The result is a series of mediating variables and outcomes that create a chain of 11 causal influences between the arts fiscal sponsor and the fiscally sponsored arts project, as follows [see next page]:

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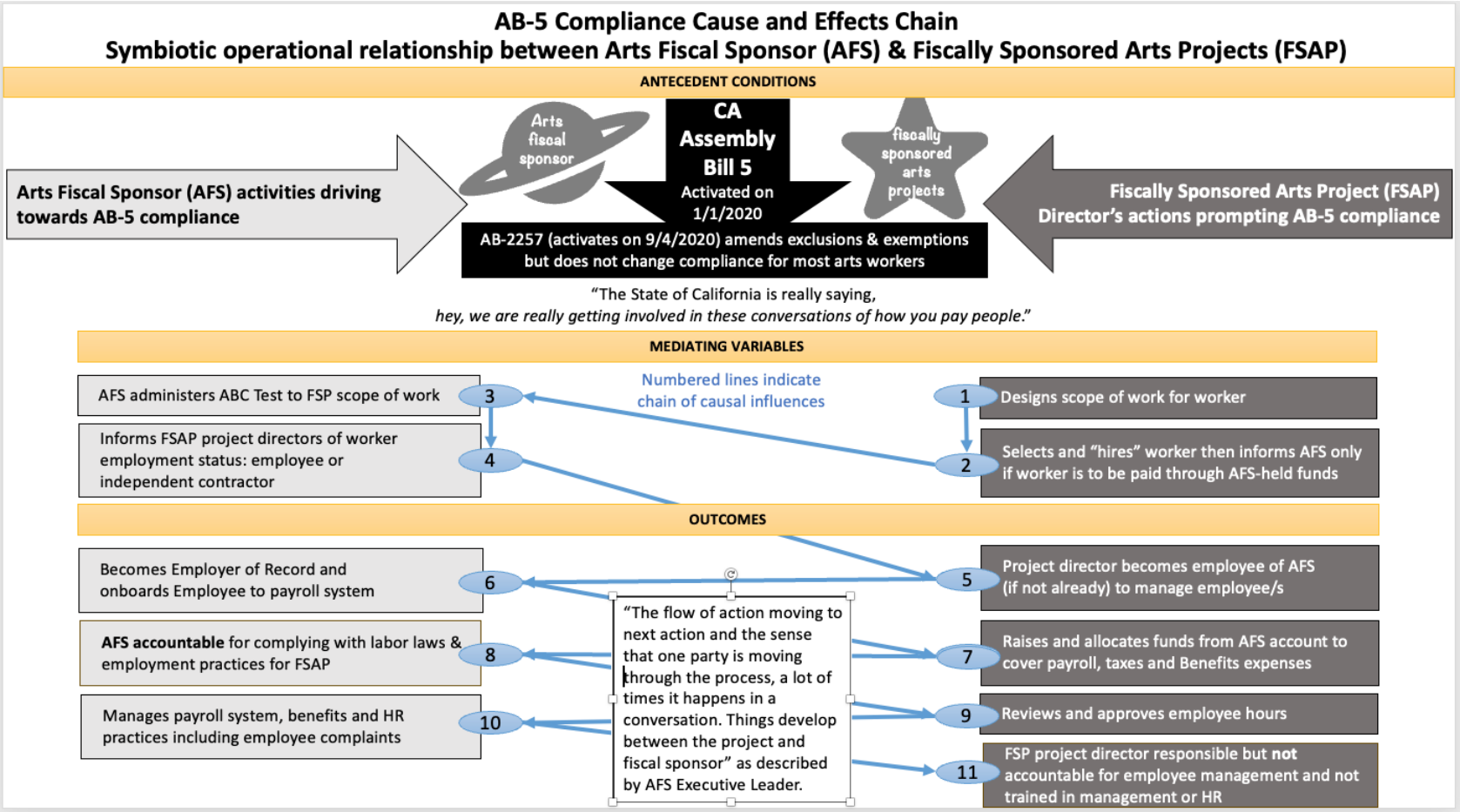

Data Visualization 1: AB-5 Compliance Cause and Effects Chain

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Mediating Variables:

1. Fiscally sponsored arts project (FSAP) designs a scope of work for worker, and then
2. selects and "hires" worker then informs AFS only if worker is to be paid through Arts Fiscal Sponsor (AFS)-held funds, and this
3. prompts the AFS to administer the ABC Test to FSAP scope of work, and then
4. informs FSAP Project directors of worker employment status – Employee or Independent Contractor.

Outcomes:

5. If the worker is classified as an employee, the FSAP project director also becomes an employee of AFS if they are not already one, in order to manage the worker employee.
6. Simultaneously, the AFS becomes Employer of Record and onboards employee/s to the payroll system.
7. Simultaneously, the SFAP must raise funds and allocate funds from their AFS account to cover Payroll and Benefits expenses for the employee/s.
8. The AFS is now accountable for complying with labor laws and employment practices on behalf of the FSAP.
9. The FSAP reviews and approves the employee/s hours, and depends on the AFS to
10. manage the payroll system, benefits and HR practices including employee complaints because the
11. FSP project director is responsible but not accountable for employee management and is not trained in management or HR.

For this study Executive leadership of AFS-Z reviewed the AB-5 Compliance Cause and Effects chain data visualization for accuracy. Executive leadership indicated that the data visualization is accurate and had never previously been documented. The Symbiotic Operational Cause and Effects Chain diagrams *why* AB-5 compliance's impact on the Samples.

Symbiotic Operational Cause and Effects Chain: Propositions

The Data Visualization: Symbiotic Operational Cause and Effects Chain illustration produced from qualitative data collected from the five Samples provides documentation of the symbiotic relationship. However, it does not provide conclusive data to support Propositions 1 and 2. This is due to an assortment of positive, negative and neutral statements as indicated from In Vivo data examples collected from the Samples:

Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*

> "Initially, it was very confusing knowing what to do and how to approach this change. As non-profit program administrators, we are generally not experts in employment law, and the understanding of how this would impact our work and the work of our affiliates [fiscally sponsored arts projects] was complex as there was no frame of reference to draw from. The panic amongst working artists this law caused meant they looked to us for guidance, when we had no better understanding of the issue. We had to quickly pivot and turn resources we didn't have towards learning about AB-5 and employment law, which is outside of our scope of operations" (Executive leader of arts fiscal sponsor, 2023).

> "It has somewhat forced my organization to take on fiscal sponsees [fiscally sponsored arts project] as employees and deal with the benefits of them" (Board member of arts fiscal sponsor, 2023).

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"During the height of the uncertainty around the law, it didn't help us at all because we had no knowledge of how to assist" (Executive leader of arts fiscal sponsor, 2023).

"I'm not aware of any significant changes due to AB-5. I don't think there has been a major impact" (Board member of arts fiscal sponsor, 2023).

Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*

"It's killing us! It's killing us. That's one of a number of things that are killing us" (Project director of AFS-Z fiscally sponsored arts project, 2023).

"Overall, for artists it is good. I get it that maybe the intention was in a good place, but some organizations like us are getting impacted by this" (Project director of AFS-Z fiscally sponsored arts project, 2023).

"The bill is beneficial for large dance companies that employ people 20-weeks out of the year because it helps them save money and have benefits" (Project director of AFS-Z fiscally sponsored arts project, 2023).

"People who work in the arts need benefits. But this is red tape for no reason" (Project director of AFS-Z fiscally sponsored arts project, 2023).

"For some of them [fiscally sponsored arts projects], they feel like it takes them into a direction of you know, growth and formality to have folks hired on as employees and to be able to offer things like paid time off and stick time accrual which is seen as a, very positive thing. But I'd say across the board the additional cost has just been a shock and a challenge when you suddenly find out that you need to plan for somewhere between 13 to 15% on top of your salaries" (Executive leader of AFS-Z, 2023).

"Implementing this kind of thing for small organizations and small businesses that really don't have the resources to handle it just seems like it was a crazy oversight and they're putting a lot of people in a difficult position" (Executive leader of AFS-Z, 2023).

"It's not even protecting the people it was supposed to protect and it is just negatively impacting these smaller arts organizations" (Staff of AFS-Z, 2023).

"Unfortunately, I think it has been an overwhelming, extra cost for us as an organization. Very huge. All the fees and I don't think it has a correlative benefit to our staff and our teaching artists" (Project director of AFS-Z fiscally sponsored arts project, 2023).

"Some of our teaching artists work a lot and that might be a little bit of a benefit. But it's not like people can take time off. I don't see it as being a huge benefit in the way that it doesn't balance out as a small organization that tries to support teaching artists. The effect it had on us organizationally financially was pretty massive." (Project director of AFS-Z fiscally sponsored arts project, 2023).

"But it's not like they're really getting benefits of like the way our organization works and most arts educational organizations, it's not like people can take time off" (Project director of AFS-Z fiscally sponsored arts project, 2023).

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> "People who work in the arts need benefits. But this is red tape for no reason" (Project director of AFS-Z fiscally sponsored arts project, 2023).

The Data Visualization 1: AB-5 Compliance Cause and Effects Chain does illustrate the symbiotic relationship between the arts fiscal sponsor and fiscally sponsored arts project, supporting Proposition 3. Evidence to support this conclusion is the chain of 11 causal influences.

Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

However, because of the variety of positive, negative and neutral statements from the Samples, it is unclear if this symbiotic relationship is describable as mutualism, commensalism or parasitism as per descriptions by Yoon et al. (2022)

Key Themes Mind Map

The second data visualization is a Key Themes Mind Map [see Data Visualization 2]. The visualization includes text and graphics illustrated with Key Themes, Sub-Codes and In Vivo data from the Samples grouped to create a narrative map that explores *how* compliance with AB-5 results in a symbiotic relationship between an arts fiscal sponsor and its fiscally sponsored arts projects. [See next page.]

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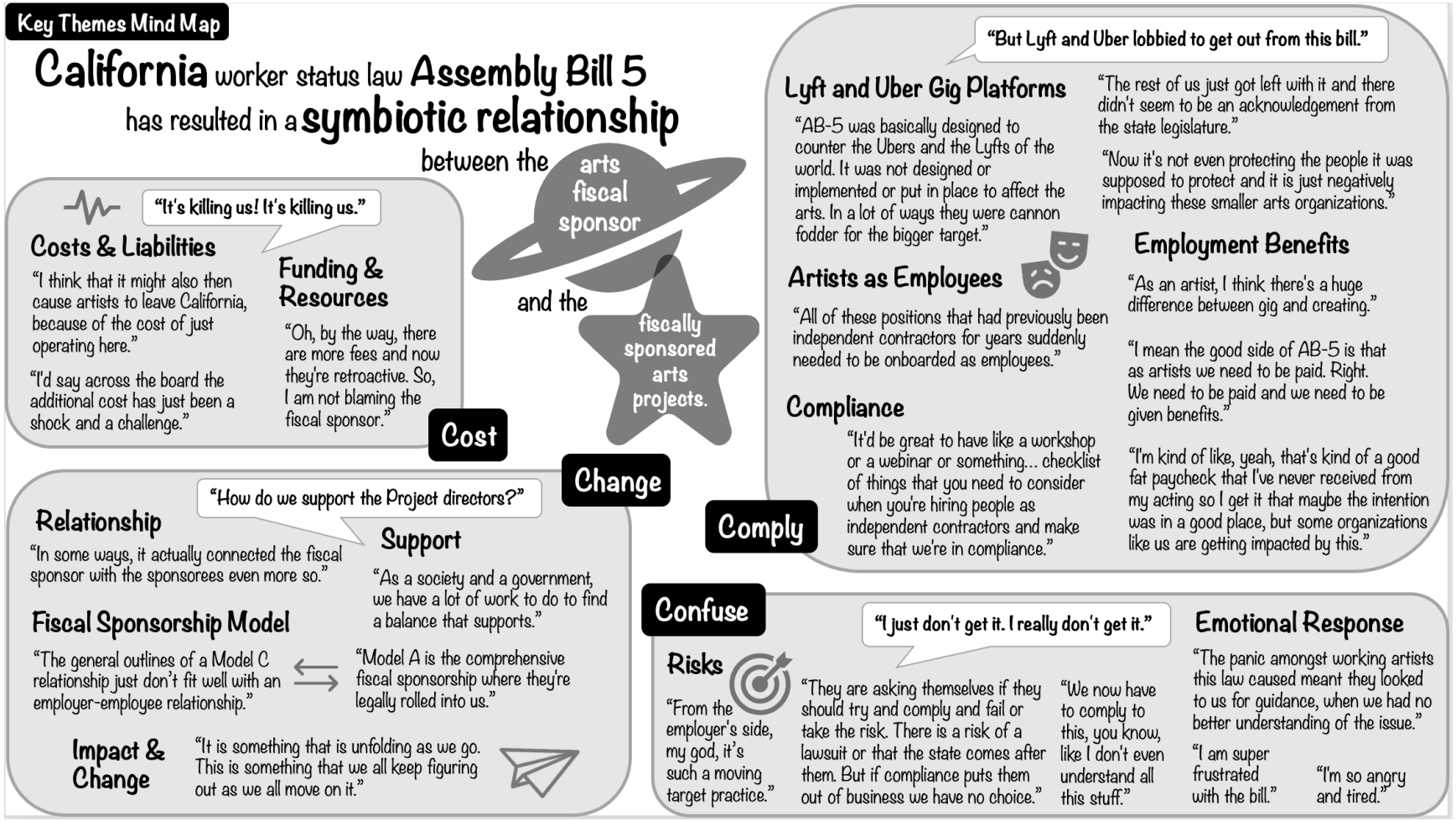

Data Visualization 2: Key Themes Mind Map

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Key Themes Mind Map: Propositions

The Key Themes Mind Map illustration of In Vivo data collected from the five Samples does not provide conclusive data to support Propositions 1 and 2. This is due to a variety of positive, negative and neutral In Vivo responses amongst the Samples as documented in Data Visualization 2.

Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*

Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*

This data visualization, does contribute to the description of a symbiotic relationship between the arts fiscal sponsor and fiscally sponsored arts project, supporting Proposition 3. Evidence to support this conclusion is in the Key Themes and Sub-Codes with In Vivo data from representatives in all Samples.

Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

As with the Symbiotic Operational Cause and Effects Chain, it is unclear if this symbiotic relationship is describable as mutualism, commensalism or parasitism because of the variety of positive, negative and neutral statements from the Samples.

5. Discussion, Implications, and Recommendations

5.1 Introduction

The four-phases of research inform an initial case study into the results of AB-5 compliance on arts fiscal sponsors and fiscally sponsored arts projects within the theoretical framework of Symbiotic Relationship Theory. Data was gathered from six arts fiscal sponsors, fiscally sponsored arts projects and a California employment law expert advisor to arts fiscal sponsors in the San Francisco, California arts ecosystem. Qualitative data collected for this study answers the research question: *What is the result of the California worker status law (AB-5) compliance on the symbiotic relationship between an arts fiscal sponsor and the fiscally sponsored arts projects?* The research informs two data visualizations. The first is the causal chain: AB-5 Compliance Cause and Effects Chain which diagrams the operational complexities of *why* AB-5 compliance creates a symbiotic relationship through 11 causal influences between AFS-Z and its fiscally sponsored arts project. The second data visualization is the Key Themes Mind Map which groups the Key Themes and Sub-Codes with In Vivo data to create a narrative in which all Samples express the complexities of *how* AB-5 compliance results in a symbiotic relationship.

As detailed above, four Key Themes emerged from the qualitative data.

- **Comply** describes the origins of AB-5 in relation to the Gig worker platforms Uber and Lyft that result in AFS-Z and fiscally sponsored arts projects needing to design and implement business policies, procedures and systems to adhere to the law. **Sub-Codes** include**: Lyft and Uber Gig Platforms, and Compliance, Artists as Employees, and Employment Benefits**
- **Confuse** describes risk and emotional responses such as anger, frustration, panic, and fear related to confusion about AB-5's impact on AFS-Z, fiscally sponsored arts projects, independent contractors, employees, and the arts sector at large. **Sub-Codes** include**: Risks and Emotional Response**
- **Change** describes the result of AB-5 on fiscal sponsorship models as it impacts relationships between arts fiscal sponsors and fiscally sponsored projects in relation to operations, procedures, workload, and staffing structure. **Sub-Codes** include: **Relationship, Fiscal Sponsorship Model**, **Support, and Impact and Change**

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- **Cost** describes the financial, human and technological resource investments required for AFS-Z, fiscally sponsored arts projects and artists to comply with AB-5. **Sub-Codes** include**: Costs & Liabilities and Funding & Resources**

Analysis of the qualitative data does not support propositions 1 and 2. Proposition 3 is supported by the data.

> **Not Supported: Proposition 1:** *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*
>
> **Not Supported: Proposition 2:** *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*
>
> **Supported: Proposition 3:** *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

Participation amongst Samples varied in this study. Sample 1 (Executive leadership, Board members and staff AFS-Z) demonstrated willingness to participate in the study as indicated in this statement by a Board member when asked if they had time to expand the duration of the interview: "All the time you want, I'll cancel anything to talk to you. I love this" (2023). Access to Sample 1 allowed for iterative exploration of the research questions. Additionally, the availability of Sample 4 (Executive leader of another anonymous arts fiscal sponsor in San Francisco, CA) and Sample 5 (California employment law expert advisor to San Francisco arts fiscal sponsors) provided valuable insights into the results of AB-5 compliance.

However, Sample 3 (Fiscally sponsored arts projects of AFS-Z) was less inclined to participate resulting in no responses to a survey and no participation in two focus groups. Non-participation could be influenced by: available time, confusion about AB-5 and concern about revealing compliance or non-compliance. However, Sample 3 did participate in 1:1 interviews when direct request was made by email. During the interviews Sample 3 indicated interest in the topic of AB-5 as evidenced in comments from project directors of AFS-Z fiscally sponsored projects such as, "Thank you so much" (2023). "This is really interesting" (2023). "This could have been a dinner table conversation" (2023). "I hope I am helpful and that I am not missing something very important here" (2023). Further research into factors for Sample 3's inconsistent participation could inform understanding of, engagement with and concerns about AB-5 compliance amongst fiscally sponsored arts projects.

5.2 Implications

This is the first-ever study into the results of AB-5 compliance on arts fiscal sponsors and fiscally sponsored arts projects. The study indicates that compliance has resulted in a symbiotic relationship between arts fiscal sponsors and fiscally sponsored arts projects. Data Visualization 1: Compliance Cause and Effects Chain illustrates *why* there is a symbiotic relationship resulting from the flow of actions between the arts fiscal sponsor and the fiscally sponsored arts projects. Data Visualization 2: Key Themes Mind Map provides four Key Themes, Sub-Codes and In Vivo statements that illustrate *how* AB-5 compliance has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects. AB-5 compliance has had an impact on these relationships, intertwining the arts fiscal sponsors and its fiscally sponsored arts projects. Further research is needed to determine if AB-5 compliance has had an impact on the arts ecosystem at large. Additionally, further research is needed to determine if AB-5 compliance has resulted in co-evolution of the arts fiscal sponsors and its fiscally sponsored arts projects.

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5.3 Recommendations

Although study participants from all Samples express support for adequately compensating artists for their work, compliance with AB-5 has caused complexity. Additional research into AB-5 compliance is needed as indicated by Californians for the Arts, "We are not against AB-5. We believe artists should be paid a living wage. As an industry we are undercapitalized" (Baker, 2023).

Tides are turning for small non-profit arts organizations (SNPAOs). On September 20, 2023 California Governor Gavin Newsom signed Budget Trailer Bill SB104/AB014 into law. The bill includes implementation funding for SB-1116 *The Performing Arts Equitable Payroll Fund* and reallocates $11.5 million (Pollak, 2023) in funds from "previously established grant programs" (p. 1). When implemented the Fund will provide payroll reimbursements for SNPAOs, including covering the cost of workers compensation and unemployment insurance payments. However, this is a temporary funding solution that does not address the systemic problem (Baker as cited in Pollak, 2023, p. 1) of paying artists a living wage.

Paying artists a living wage is essential for creating a sustainable and vibrant arts ecosystem where fiscally sponsored arts projects and arts fiscal sponsors thrive. Moore (1993, 1996) identified that new value is generated by building creative symbiotic relationships. Coming full circle, we return to Kreidler (1996) who provides context and inspiration for symbiotic co-evolution of the arts ecosystem: "*The nonprofit arts are… a complex and changing system, and as this system has gradually evolved, the defining trends and influences, like planets in a solar system, have occasionally aligned in ways that have produced striking new directions.*" (p. 2). The solution is within the arts sector's creative problem-solving capabilities.

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Appendix A

Survey Instrument

Sample Segments	Description
Sample 1	Executive leadership, Board members and staff AFS-Z
Sample 2	Executive leadership and Board members of all 6 San Francisco arts fiscal sponsors

Introductory Text
This is a Doctoral dissertation research study exploring the results of California Assembly Bill 5 (AB-5) on arts fiscal sponsors and fiscally sponsored arts projects conducted by Amy Kweskin a student of Golden Gate University's Doctor of Business Administration program. The research study is independent of your arts fiscal sponsor. Data collected from the survey is anonymous and will not be attributed to any individual or project.

RESPONSES ARE ANONYMOUS

The survey is 6 questions and will take approximately 10 minutes to complete.

Please complete the survey by Friday, June 30, 2023.

Background of the Study
On September 18, 2019 California Governor Gavin Newsom signed into law **Assembly Bill No. 5 (AB-5) Worker Status: Employees and Independent**

Contractors https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB5The bill went into effect on January 1, 2020. AB-5 presents the ABC Test to determine if a worker is in fact an employee and not misclassified as an independent contractor. The purpose of this study is to explore the effect of AB-5 on the relationship between San Francisco arts fiscal sponsors and fiscally sponsored arts projects.

Background of the Researchers

Amy Kweskin has been researching, consulting, coaching, and teaching the business of art for over 25 years. In addition to being a Doctoral student at Golden Gate University, Amy is a part time employee of an arts fiscal sponsor in the role of Director of Professional Development. However, this is an independent research study and is not contracted by any arts fiscal sponsor.
This study is being implemented under the guidance of **Dr. Anne W. Smith** who has a long-established career in the San Francisco Bay Area arts community (and beyond) as an administrator, policy-influencer and educator. Dr. Smith is Amy's Doctoral dissertation committee chair.

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Survey Question	**RQ and Sub-Questions**	**Propositions**
Your Title or Role at the Arts Fiscal Sponsor Organization	NA - establishing question	NA
How did you first become aware of California Assembly Bill 5 (AB-5)?	Descriptive question	NA
Based on your understanding of the situation, **what effect has AB-5 had on your organization's role as an arts fiscal sponsor?**	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*
Based on your understanding of the situation, **how has your organization evolved because of AB-5?**	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*
Based on your understanding of the situation, **what effect has AB-5 had on your organization's fiscally sponsored arts projects?**	Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?*	Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*
Based on your understanding of the situation, **what effect has AB-5 had on the relationship between your organization and your fiscally sponsored arts projects?**	Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Appendix B

Survey Instrument

Sample Segments	Description
Sample 3	Fiscally sponsored arts projects AFS-Z

Introductory Text

San Francisco Fiscally Sponsored Arts Projects AB-5 Survey
This is a Doctoral dissertation research study exploring the effect of California Assembly Bill 5 (AB-5) on arts fiscal sponsors and fiscally sponsored arts projects conducted by Amy Kweskin a student of Golden Gate University's Doctor of Business Administration program. The research study is independent of your arts fiscal sponsor. Data collected from the survey is anonymous and will not be attributed to any individual or project.

RESPONSES ARE ANONYMOUS

The survey is 6 questions and will take approximately 10 minutes to complete. **Please complete the survey by Friday, June 30, 2023.**

BACKGROUND OF THE STUDY
On September 18, 2019 California Governor Gavin Newsom signed into law **Assembly Bill No. 5 (AB-5) Worker Status: Employees and Independent Contractors.** The bill went into effect on January 1, 2020. AB-5 requires that California businesses use the ABC Test to determine if an independent contractor is in fact an employee. AB-5 states that workers are considered employees unless proven to be independent contractors by meeting all 3 conditions of the ABC Test.

BACKGROUND OF THE RESEARCHERS
Amy Kweskin has been researching, consulting, coaching, and teaching the business of art for over 25 years. In addition to being a Doctoral student at Golden Gate University, Amy is a part time employee of an arts fiscal sponsor in the role of Director of Professional Development. However, this is an independent research study and is not contracted by any arts fiscal sponsor.
This study is being implemented under the guidance of **Dr. Anne W. Smith** who has a long-established career in the San Francisco Bay Area arts community (and beyond) as an administrator, policy-influencer and educator. Dr. Smith is Amy's Doctoral dissertation committee chair.

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Survey Question	**RQ and Sub-Questions**	**Propositions**
Your Job Title or Role with a fiscally sponsored arts project (you do not need to identify the project).	NA - establishing question	NA
How did you first become aware of California Assembly Bill 5 (AB-5)?	Descriptive question	NA
Based on your understanding of the situation, **what effect has AB-5 had on your fiscally sponsored arts project?**	Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?*	Proposition 2: California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.
Based on your understanding of the situation, **how has your fiscally sponsored arts project evolved because of AB-5?**	Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?*	Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*
Based on your understanding of the situation, **what effect has AB-5 had on your arts fiscal sponsor?**	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*
Based on your understanding of the situation, **what effect has AB-5 had on the relationship between your fiscally sponsored arts project and your arts fiscal sponsor?**	Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Appendix C

Request for Focus Group and Survey Participation Posted in AFS-Z Newsletter to Fiscally Sponsored Arts Projects, June 15, 2023

How has AB-5 affected your fiscally sponsored arts project?
Share your thoughts by participating in a Doctoral Research Study exploring the effect of AB-5 on Fiscally Sponsored Arts Projects and Arts Fiscal Sponsors. There are 2 ways to participate, and you are encouraged to do both:
SURVEY [link] – complete this 10-minute survey by Friday, June 30, 2023

FOCUS GROUP – attend one of these Zoom sessions:
Monday, June 19 from 6 PM - 7 PM PST – REGISTER [link]
Thursday, June 22 from 12 PM - 1 PM PST – REGISTER [link]

Regardless of your level of knowledge or expertise on AB-5, your opinions are valued. The research study is independent of AFS-Z. Again, your responses are anonymous.

Focus Group Instrument

Sample Segments	Description
Sample 3	Fiscally sponsored arts projects of AFS-Z

Topic of inquiry	Theory	RQ and Sub-Questions	Propositions
Extended exploration of themes from quantitative survey questions	Symbiotic Relationship Theory	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?* Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?* Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.* Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.* Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Inform gaps in quantitative survey data	Symbiotic Relationship Theory	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?* Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?* Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.* Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.* Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*
Identify possible improvements to fiscal sponsorship relationship	Symbiotic Relationship Theory	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?* Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?* Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.* Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.* Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Appendix D

Interview Instrument

Sample Segments	Description
Sample 1	Executive leadership, Board members and staff of AFS-Z

Survey Question	RQ and Sub-Questions	Propositions
Your Title or Role at the Arts Fiscal Sponsor Organization	NA - establishing question	NA
How did you first become aware of California Assembly Bill 5 (AB-5)?	Descriptive question	NA
Based on your understanding of the situation, **what effect has AB-5 had on your organization's role as an arts fiscal sponsor?**	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.*
Based on your understanding of the situation, **what effect has AB-5 had on your organization's fiscally sponsored arts projects?**	Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?*	Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.*
Based on your understanding of the situation, **what effect has AB-5 had on the relationship between your organization and your fiscally sponsored arts projects?**	Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Appendix E

Interview Instrument

Sample Segments	Description
Sample 5	California employment law expert advisor to San Francisco arts fiscal sponsors

Survey Question	RQ and Sub-Questions	Propositions
From your perspective, what effect has AB-5 had on arts employment practices for small arts organizations and fiscally sponsored arts projects?	Sub-question 1: *What is the result of the California worker status law (AB-5) compliance on the operations of an arts fiscal sponsor?* Sub-question 2: *What is the result of the California worker status law (AB-5) compliance on the employment status of fiscally sponsored arts projects?* Sub-question 3: *What is the result of the California worker status law (AB-5) compliance on the relationship between the arts fiscal sponsor and fiscally sponsored arts projects?*	Proposition 1: *California worker status law (AB-5) has had a negative effect on the arts fiscal sponsor.* Proposition 2: *California worker status law (AB-5) has had a negative effect on fiscally sponsored arts projects.* Proposition 3: *California worker status law (AB-5) has resulted in a symbiotic relationship between the arts fiscal sponsor and the fiscally sponsored arts projects.*

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Appendix F

Researcher's Relationship to San Francisco Arts Fiscal Sponsors

At the time of this study the researcher has pre-existing relationships with three of the six San Francisco, California arts fiscal sponsors. The researcher is uniquely positioned to conduct this research because of her diverse job roles that have fostered trusting relationships with stakeholders across the San Francisco arts ecosystem.

The researcher's relationship to one arts fiscal sponsor is as a part-time employee in the position of Director of Professional Development. Her position does not relate to AB-5 compliance. However, the researcher does interact with fiscally sponsored arts projects to address their professional development needs for business skill development.

From 2021-2023 the researcher facilitated the strategic planning process for another arts fiscal sponsor. In this role the researcher worked with the Executive Director, administrative staff, Board of Directors and some of the fiscally sponsored projects in relation to their participation in the strategic planning process. She did not guide the organization in any exploration of AB-5. The researcher is also contracted as a professional development trainer providing workshops on the business of art for this fiscal sponsor's fiscally sponsored arts projects, but not in relation to AB-5 compliance.

The researcher has been affiliated with another arts fiscal sponsor as a coach and consultant to fiscally sponsored arts projects since 2018. However, in her role she does not address AB-5 compliance.

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