



Grantmakers in the Arts

# GIAreader

Vol. 22 No. 3, Fall 2011

Ideas and Information on Arts and Culture

## **Arts Funding Snapshot: GIA's Annual Research on Support for Arts and Culture**

### **Foundation Grants to Arts and Culture, 2009: A One-year Snapshot**

*Steven Lawrence and Reina Mukai*

### **Public Funding for the Arts: 2011 Update**

*Kelly Barsdate*

### **State Arts Agencies in the FY2012 Legislative Session: Challenges, Headlines, What's Working**

*Jonathan Katz, Ph.D.*

### **How Are Private Funders Responding to Cuts in Public Funding?**

*Alexis Frasz and Holly Sidford*

Reprinted from the Grantmakers in the Arts *Reader*, Vol. 22, No. 3 Fall 2011  
©2011 Grantmakers in the Arts

Other articles from past GIA *Readers*, proceedings from past GIA conferences,  
and additional publications of interest are available at [www.giarts.org](http://www.giarts.org)



**Grantmakers in the Arts**

Supporting a Creative America

4055 West 21st Ave., Seattle, WA 98199-1247

206-624-2312 phone 206-624-5568 fax

[www.giarts.org](http://www.giarts.org)



# Foundation Grants to Arts and Culture, 2009

## A One-year Snapshot

Steven Lawrence and Reina Mukai

*Giving by the nation's more than 76,000 active grantmaking foundations declined 2.1 percent in 2009, far less than expected given the more than 17 percent loss in foundation assets in the prior year. While the vast majority of foundations reduced their giving that year, and the median decline was far higher, a stock market resurgence in the latter half of the year, the commitment of a number of foundations to raising their payout to minimize reductions in their funding, and significant giving by a few new and newly large foundations helped to lessen the overall impact of the downturn. Nonetheless, the following analysis shows that a matched set of the nation's largest foundations decreased their grant authorizations by more than 14 percent between 2008 and 2009. For the arts and several other fields, the reductions in support were larger. It is too early to tell whether this downturn, unlike previous recessions, has disproportionately affected the arts. Prior experience and Foundation Center surveys during the crisis suggest that the arts would not suffer more than other fields. Only as new data become available for 2010 and beyond will the Center be able to determine whether the prior pattern held true or a more fundamental shift occurred in the way that grantmakers responded to the Great Recession.*

## HIGHLIGHTS

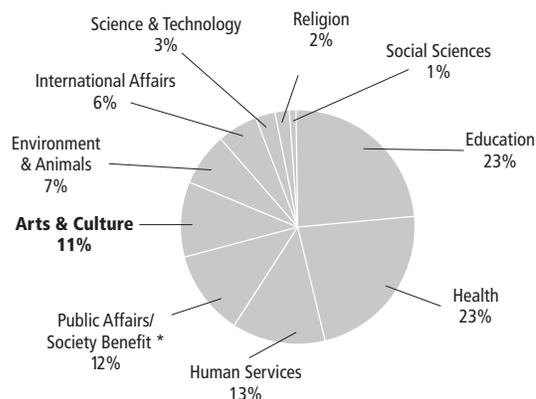
The Foundation Center offers these key findings from GIA's tenth snapshot of foundation giving to arts and culture. The definition of arts and culture used for this snapshot is based on the National Taxonomy of Exempt Entities and encompasses funding for the performing arts, museums, visual arts, multidisciplinary arts, media and communications, humanities, and historical preservation. Most importantly, the findings tell us about the *changes in foundation giving for the arts between 2008 and 2009 by a matched set of 502 funders*<sup>1</sup> and the distribution of 2009 arts and culture giving by a larger sample of 1,384 foundations. They are based on all arts grants of \$10,000 or more reported to the Foundation Center by these sets of the largest US foundations, hereafter referred to as "the sample."<sup>2</sup> The Center has conducted annual examinations of the giving patterns of the nation's largest foundations for more than three decades.

**Foundation funding for arts and culture decreased faster than overall giving in 2009.** Arts funding declined 21 percent between 2008 and 2009, compared to a 14.2 percent reduction in overall giving by these foundations. Of the 10 major funding areas, only education and public affairs/society benefit posted growth in giving. Among the

eight fields showing declines, the environment and animals, social sciences, science and technology, and international affairs posted larger decreases than the arts.

**Arts funding represented a smaller share of total dollars included in the full 2009 grants sample.** Among the full set of 1,384 foundations included in the grants sample for 2009, arts giving totaled \$2.3 billion, or 10.5 percent of overall grant dollars. This share was down from 12.5 percent in 2008 and the lowest share recorded over the past decade.

**FIGURE 1. Percentage of grant dollars by major field of giving, 2009**



Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations representing approximately half of total giving by all U.S. foundations. Due to rounding, figures may not add up.

\* Includes civil rights and social action, community improvement, philanthropy and voluntarism, and public affairs.

**The size of the median arts grant remained unchanged.** The median arts and culture grant size – \$25,000 – did not change from 2008 to 2009, and the real value of the median grant remained basically unchanged due to marginal deflation. This value was also equal to the median amount for all foundation grants in the latest year and has not changed since 1993.

**Large grants slipped to less than three-fifths of arts grant dollars.** Large arts grants of \$500,000 and more captured just over 56 percent of total grant dollars for the arts in the 2009 sample, down from roughly 64 percent in 2008. Much of this decline resulted from a reduction in the number and size of capital grants.

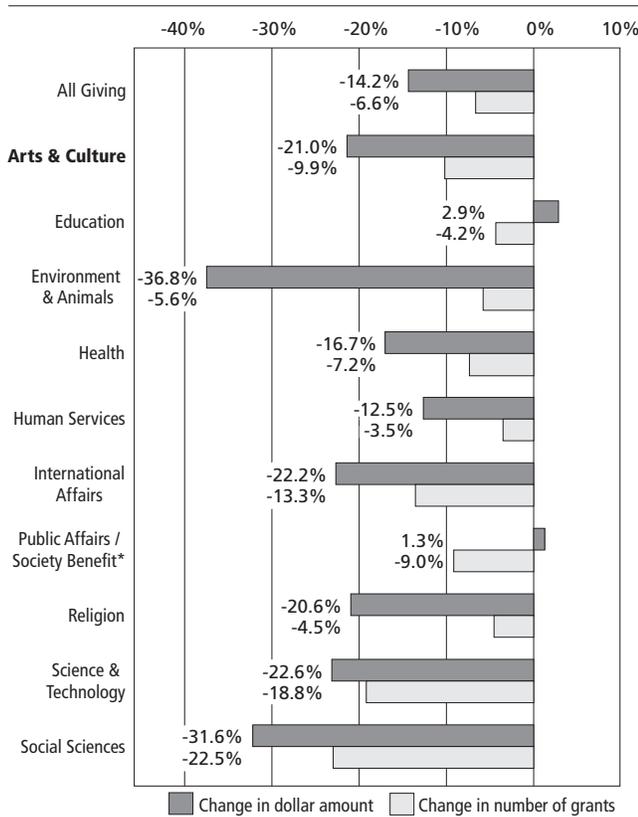
**Relative to other fields, a larger share of arts grant dollars provided operating support.** In 2009, general operating support accounted for 35 percent of arts and culture grant dollars, by far the largest share compared to other major funding areas. This share was up from 27 percent in 2008. By comparison, just 13 percent of arts grant dollars in 1989 provided operating support.

**Top arts funders accounted for a smaller share of overall giving.** The top 25 arts funders by giving amount provided 35.3 percent of total foundation arts dollars in 2009, down from almost 40 percent in 2008. The share of arts giving accounted for by the top funders remains well below the more than 50 percent shares recorded in the early 1980s.

**Please note**

It is important to keep in mind that the foundation grant-making examined here represents only one source of arts financing. It does not examine arts support from earned income, governments, individual donors, or the business community. This analysis also looks only at foundation arts support for nonprofit organizations, and not for individual artists, commercial arts enterprises, or informal and unincorporated activities. In addition, the analysis of changes in giving between 2008 and 2009 is based on a matched subset of 502 funders, while statistics on the distribution of funding and actual dollar amounts and numbers of grants are based on the full set of 1,384 grantmakers included in the Foundation Center’s 2009 grants sample (See note 1).

**FIGURE 2. Change in giving by major field of giving, 2008 to 2009**



Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a matched sample of 502 larger foundations.

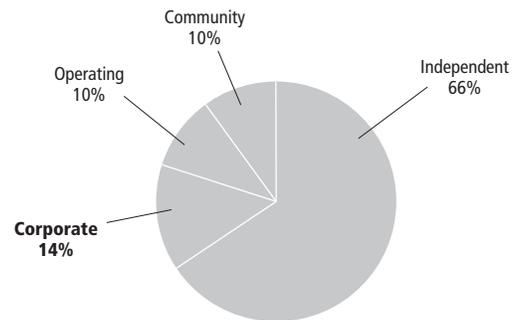
\* Includes civil rights and social action, community improvement and development, philanthropy and voluntarism, and public affairs.

**SPECIFIC FINDINGS**

**Overall foundation dollars for the arts.** The 1,384 larger foundations included in the Foundation Center’s 2009 sample awarded 20,685 arts and culture grants totaling \$2.3 billion, or 10.5 percent of overall grant dollars (figure 1). Arts giving declined 21 percent between 2008 and 2009, surpassing the 14.2 percent decrease in grant dollars overall. Among the nine other major subject areas tracked by the Center, only two areas — education and public affairs/society benefit — grew during this period. Among the seven remaining areas, all registered double-digit declines in grant dollars. The environment and animals, social sciences, science and technology, and international affairs experienced more rapid decreases in grant dollars than the arts (figure 2).

**The impact of exceptionally large grants.** Every year and in all funding areas, a few very large grants can skew overall totals, creating distortions in long-term grantmaking trends. In 2009, 18 arts and culture grants totaled at least \$10 million, and instances where these grants had a notable impact on grantmaking patterns are identified in the following analyses. Yet despite the potential fluctuations caused by these exceptional grants, Foundation Center data in all fields have always included them, providing consistency over time. (In addition, the Foundation Center provides statistics based on share of *number of grants*, which are not skewed by exceptionally large grants.)

**FIGURE 3. Arts grant dollars by foundation type, 2009**



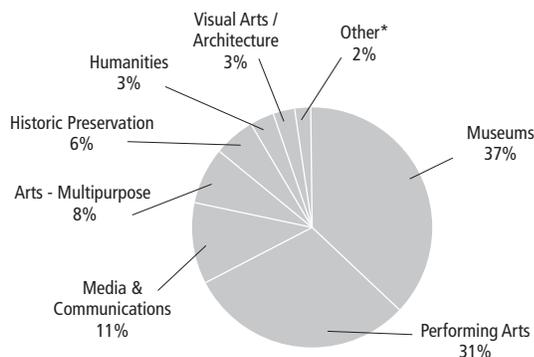
Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations representing approximately half of total giving by all U.S. foundations. Due to rounding, figures may not add up.

**Corporate foundations represent an important source of support for arts and culture.** While corporate foundations account for less than 4 percent of US private and community foundations, the larger corporate foundations included in the 2009 grants sample provided 14.4 percent of grant dollars for the arts (figure 3). Actual grant dollars totaled \$337.6 million. By number, corporate foundations allocated 4,574 grants, or 22 percent of the overall number of arts grants in 2009.

## Grants by arts subfield

Funding for museums accounted for over one-third (36.7 percent) of all foundation arts dollars in 2009 (figure 4), surpassing the share reported for the performing arts (30.8 percent). From the start of the 1980s until 1997, the performing arts consistently received more foundation support than museums. However, museums have surpassed the performing arts by share in several recent years (1998, 1999, 2001, 2004, 2005, and 2008). More study would be needed to adequately understand the underlying reasons for the shifts in share between these two fields of activity, for example, the entry onto the scene of new and large arts funders, extraordinarily large grants, the contribution of valuable art collections, and new capital projects at museums.

**FIGURE 4. Arts and culture, giving to subfields, 2009**



Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations representing approximately half of total giving by all U.S. foundations. Due to rounding, figures may not add up.

\* Includes giving for broad arts policy and education organizations (but not all policy or education-related arts giving), associations and administration, fundraising and management, and artists' services. Not included in the "Arts, Culture, and Humanities" area of the National Taxonomy of Exempt Entities is giving for arts and humanities library programs, which is included in the "Education" area of the taxonomy, and international cultural exchange, which is included in the "International" area.

**Giving to museums.** Grant dollars allocated to museums declined by less than 1 percent between 2008 and 2009. However, the number of grants they received fell by just over 12 percent. The 1,384 foundations included in the full sample awarded 4,373 grants totaling \$865.1 million for museums in 2009. Among museum types, more than half of funding (54.6 percent) supported art museums. The largest arts grant in the latest sample was a \$106 million general support grant from the American Art Foundation to the Whitney Museum of American Art.

**Giving to performing arts.** In 2009, performing arts grant dollars decreased by about 19 percent, although the number of grants decreased by less (7 percent). A total of 8,628 grants were awarded for the performing arts by the overall set of 1,384 foundations — close to double the number

reported for museums — and their value surpassed \$718 million. In general, the average performing arts grant tends to be smaller in size than the average museum grant. The largest share of giving to the performing arts supported the performing arts generally (including performing arts centers and education), followed by music (including symphony orchestras and opera), theater, and dance.

**Giving to media and communications.** Support for media and communications<sup>3</sup> represented 11.2 percent of arts funding in 2009, down from 12.9 percent in 2008. Grant dollars fell nearly 40 percent in the latest year.

**Giving to multidisciplinary arts.** The share of arts giving for multidisciplinary arts declined marginally to 7.7 percent in 2009. However, actual dollars awarded for multidisciplinary arts were down 33 percent from 2008. Multidisciplinary arts includes support for multidisciplinary centers, ethnic/folk arts, arts councils, and arts education. Arts education represented about 5 percent of overall arts grant dollars in 2009 and 8 percent of grants. These shares were nearly unchanged from 2008.<sup>4</sup>

**Giving to historic preservation.** Support for historic preservation slipped 14 percent between 2008 and 2009, compared to a 21 percent overall rate of decline in arts funding. Within the full set of grantmakers, historic preservation benefited from \$128.3 million in 2009.

**Giving to the humanities.** Funding for the humanities<sup>5</sup> decreased to 3 percent of arts grant dollars in 2009, down from 5 percent in 2008. Support for the field dropped nearly 74 percent during this period.<sup>6</sup> The decrease was due in part to Andrew W. Mellon Foundation awarding several exceptionally large multi-year grants in 2008 for the humanities.

**Giving to the visual arts.** Grant dollars for the visual arts and architecture declined 30.9 percent between 2008 and 2009, and the number of grants for the field decreased 19.1 percent. Within the full set of grantmakers, visual arts and architecture benefited from \$74.9 million in 2009, down from \$101 million in 2008. Moreover, this total represented less than half of the record \$167.6 million in support for the visual arts tracked in the 2006 sample.

## Grants by types of support

An important caveat to a report on the allocation of foundation dollars by specific types of support is that, for roughly 21 percent of arts grant dollars in the 2009 Foundation Center sample, the type of support could not be identified. This means that modest differences in percentages — that is, variations under 10 percent — may not be reliable. (The grant records available to the Foundation Center often lack the information necessary to identify the type of support. For example, it is often the case that the only source of data for this sample on foundations' grants is the 990-PF tax return, and this tends to be less complete than other forms of grant reporting.)

**TABLE 1. Arts grants by types of support, 2009\***

Type of support	Dollar value of grants	%	No. of grants	%
<b>General support</b>	<b>\$815,478,798</b>	<b>35.0</b>	<b>7,313</b>	<b>35.4</b>
General/operating	707,551,175	30.3	6,252	30.2
Management development	60,138,243	2.6	470	2.3
Income development	40,156,092	1.7	490	2.4
Annual campaigns	7,633,288	0.3	101	0.5
<b>Program support</b>	<b>905,676,019</b>	<b>38.8</b>	<b>7,552</b>	<b>36.5</b>
Program development	534,319,652	22.9	4,568	22.1
Collections management/preservation	51,667,091	2.2	140	0.7
Exhibitions	97,422,915	4.2	608	2.9
Electronic media/online services	22,557,715	1.0	191	0.9
Performance/productions	55,217,192	2.4	821	4.0
Faculty/staff development	31,869,430	1.4	255	1.2
Film/video/radio	30,425,325	1.3	263	1.3
Curriculum development	16,863,902	0.7	137	0.7
Seed money	6,311,750	0.3	27	0.1
Publication	17,278,460	0.7	187	0.9
Conferences/seminars	14,330,492	0.6	240	1.2
Commissioning new works	17,151,789	0.7	96	0.5
Professorships	10,260,306	0.4	19	0.1
<b>Capital support</b>	<b>473,080,490</b>	<b>20.3</b>	<b>1,842</b>	<b>8.9</b>
Building/renovations	185,225,671	7.9	842	4.1
Capital campaigns	76,302,784	3.3	350	1.7
Endowments	92,185,131	4.0	210	1.0
Collections acquisition	55,295,796	2.4	84	0.4
Equipment	49,152,476	2.1	209	1.0
Land acquisition	2,620,000	0.1	11	0.1
Computer systems/equipment	8,952,632	0.4	116	0.6
Debt reduction	3,346,000	0.1	20	0.1
<b>Professional development</b>	<b>46,729,644</b>	<b>1.9</b>	<b>470</b>	<b>2.3</b>
Fellowships/residencies	26,110,368	1.1	141	0.7
Awards/prizes/competitions	11,544,937	0.5	118	0.6
Student aid	843,200	0.0	21	0.1
Scholarship funds	5,630,593	0.2	140	0.7
Internship funds	2,600,546	0.1	50	0.2
<b>Other support</b>	<b>45,652,660</b>	<b>2.0</b>	<b>305</b>	<b>1.5</b>
Research	30,333,389	1.3	203	1.0
Technical assistance	11,885,271	0.5	69	0.3
Emergency funds	1,336,500	0.1	18	0.1
Program evaluation	2,097,500	0.1	15	0.1
<b>Not specified</b>	<b>497,752,364</b>	<b>21.3</b>	<b>5,845</b>	<b>28.3</b>
<b>Qualifying support type**</b>				
Continuing	944,726,852	40.5	8,079	39.1
Matching or challenge	50,708,143	2.2	211	1.0

Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations.

\* Grants may occasionally be for multiple types of support, e.g., for new works and for endowment, and would thereby be counted twice.

\*\* Qualifying types of support are tracked in addition to basic types of support, e.g., a challenge grant for construction, and are thereby represented separately.

**The arts compared to other foundation fields of giving.** The three largest categories of support tracked by the Foundation Center are program support, general operating support, and capital support. Of these, special programs and projects typically receive the largest share of arts and culture grant dollars and grants. In fact, the same is true

in most of the major fields, such as health and education, where program support consistently accounts for the largest share of funding.

General operating support accounted for the second largest share of arts grant dollars in 2009 (35 percent). The shares of grant dollars and number of grants allocated for this type of support in 2009 were higher for arts and culture (35 percent and 35.4 percent, respectively) than for all other fields. Moreover, the portion of grant dollars allocated to this type of support has risen markedly over the past two decades; operating support represented only 13 percent of arts funding in 1989.

Capital support captured just over 20 percent of the share of arts grant dollars in 2009, down markedly from roughly 33 percent in 2008. Nonetheless, the share of grant dollars allocated for this type of support was higher for arts and culture than for all but one field (science and technology). Grants for capital support are larger on average than awards for program and general operating support, and exceptionally large capital grants can have a pronounced effect on the distribution of funding by type of support. In fact, arts dollars allocated to capital support have fluctuated more than arts dollars to the other two primary categories of support: in 1986 the share allocated to capital was about 44 percent; in 1993 it was about 30 percent; and in 1999 it was about 41 percent. (In general, the share of capital support is highest in periods of strong foundation asset growth.)

**Arts grants by specific types of support.** Table 1 provides a breakdown of more specific types of support within the larger support categories and lists both the specific dollar value and number of grants made in each type. As with all data in the *Snapshot*, it is important to keep in mind that this table includes only grants of \$10,000 or more awarded to organizations by a sample of 1,384 larger foundations. It is also important to note that just over 21 percent of the arts grant dollars in this sample were not specified for a type of support.

## Grants by grant size

**Median grant size.** The median or “typical” grant amount<sup>7</sup> for arts and culture in 2009 was \$25,000, which matched the median amount for all foundation grants (\$25,000). This amount has remained unchanged since 1993. If this amount were adjusted for inflation, however, it would have lost value in real dollars. More study would be required to determine whether the unchanged median means that foundation arts grants simply are not keeping pace with inflation, or whether, in combination with the increased number of grants, it means that foundations are choosing to distribute funds more broadly to a larger number of recipients.

**Small and mid sized grants.** Two-thirds (66 percent) of all arts grants in the 2009 sample were for amounts between \$10,000 and \$49,999 (table 2), almost identical to the 2008 share. The share of mid-sized arts grants (\$50,000 to \$499,999) also remained fairly consistent at just over 30 percent.

**Large grants.** The share of larger arts grants (\$500,000 and over) decreased over the same period: larger grants represented 3.5 percent of the total number of arts grants in 2009, compared to 4.3 percent in 2008. Their share of

**TABLE 2. Arts grants by grant size, 2009**  
(dollar amount in thousands)

Grant range	No. of grants	%	Dollar amount	%
\$5 million and over	36	0.2	\$563,346,586	24.2
\$1 million – under \$5 million	321	1.6	518,462,347	22.2
\$500,000 – under \$1 million	364	1.8	226,615,995	9.7
\$100,000 – under \$500,000	3,201	15.5	575,481,133	24.7
\$50,000 – under \$100,000	3,120	15.1	187,826,385	8.1
\$25,000 – under \$50,000	4,637	22.4	139,214,600	6.0
\$10,000 – under \$25,000	9,006	43.5	121,214,743	5.2
Total	20,685	100.0	\$2,332,161,789	100.0

Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations.

total grant dollars fell from 63.9 percent to 56.1 percent. Overall, foundations in the sample made 85 arts grants of at least \$2.5 million in 2009, down from 146 in 2008 and 110 in 2007.

In addition to the \$106 million grant from the American Art Foundation to the Whitney Museum of American Art (noted earlier), examples of other especially large grants in the 2009 sample included the Donald W. Reynolds Foundation's \$38 million award to The Mount Vernon Ladies Association to establish a traveling exhibition *Discovering the Real George Washington* and to Fred W. Smith National Library for the Study of George Washington; Annenberg Foundation's \$18.5 million to Los Angeles County Museum of Art to acquire Vernon Collection and Transformation as part of the LACMA Campaign; and Bill & Melinda Gates Foundation's \$10 million grant to the Smithsonian Institution for a capital campaign to support the National Museum of African American History and Culture.

**The twenty-five largest arts funders.** The top twenty-five arts funders by giving amount provided 35.3 percent of the total arts dollars in the Foundation Center's 2009 sample (table 3), down from nearly 40 percent in 2008. Overall, the share of giving accounted for by the top twenty-five arts funders has fluctuated between 33 and 39 percent since the end of the 1990s. In the early 1980s the top twenty-five arts funders accounted for more than half of the grant dollars in

**TABLE 3. Twenty-five largest arts funders, 2009**

Rank	Foundation	State	Arts grant dollars*	Total grant dollars*	Arts as % of total dollars	No. of arts grants
1.	American Art Foundation	NY	\$110,924,000	\$110,924,000	100.0	2
2.	Lucasfilm Foundation	CA	59,202,358	63,562,427	93.1	8
3.	Annenberg Foundation	CA	57,758,295	163,351,663	35.4	147
4.	Donald W. Reynolds Foundation	NV	53,483,881	230,658,947	23.2	15
5.	Packard Humanities Institute	CA	52,097,961	55,368,961	94.1	33
6.	Ford Foundation	NY	50,831,949	448,404,157	11.3	200
7.	Andrew W. Mellon Foundation	NY	46,057,669	198,873,769	23.2	111
8.	Freedom Forum	DC	41,514,520	41,840,813	99.2	13
9.	Arison Arts Foundation	FL	35,675,771	36,485,771	97.8	15
10.	Greater Kansas City Community Foundation	MO	28,709,368	123,944,084	23.2	262
11.	Kresge Foundation	MI	24,835,716	186,193,151	13.3	49
12.	Bank of America Charitable Foundation	NC	24,060,486	166,137,385	14.5	530
13.	Gilder Foundation	NY	23,595,000	27,270,650	86.5	26
14.	Mary Flagler Cary Charitable Trust	NY	23,350,000	105,023,180	22.2	91
15.	Leon Levy Foundation	NY	22,749,652	35,137,484	64.7	51
16.	James Irvine Foundation	CA	20,894,590	63,099,822	33.1	137
17.	William and Flora Hewlett Foundation	CA	20,596,415	225,530,120	9.1	124
18.	John S. and James L. Knight Foundation	FL	18,570,897	60,421,233	30.7	66
19.	JPMorgan Chase Foundation	NY	16,603,452	71,816,699	23.1	329
20.	Shubert Foundation	NY	16,592,500	17,085,000	97.1	347
21.	Grainger Foundation	IL	15,327,500	31,486,175	48.7	11
22.	William Penn Foundation	PA	15,306,132	47,084,192	32.5	69
23.	David H. Koch Charitable Foundation	KS	15,000,000	18,650,000	80.4	1
24.	Sherman Fairchild Foundation	MD	14,345,000	33,146,366	43.3	9
25.	Eli & Edythe Broad Foundation	CA	14,258,989	112,321,231	12.7	27
	<b>Total</b>		<b>\$822,342,101</b>	<b>\$2,673,817,280</b>	<b>30.8</b>	<b>2,673</b>

Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations.  
\* Figures based on grants awarded of \$10,000 or more, excluding grants paid directly to individuals.

**TABLE 4. Top thirty-five foundations by share of arts giving out of overall giving, 2009**

Rank	Foundation	State	Foundation type*	Total grant dollars*	Arts grant dollars*	Arts as % of total dollars	Number of arts grants
1.	American Art Foundation	NY	OP	\$110,924,000	\$110,924,000	100.0	2
2.	Ernest and Rosemarie Kanzler Foundation	MI	IN	10,000,000	10,000,000	100.0	1
3.	Colburn Foundation	CA	IN	5,580,000	5,580,000	100.0	50
4.	Lyell B. & Patricia K. Clay Foundation	WV	IN	3,651,666	3,651,666	100.0	5
5.	Eldred Foundation	WY	IN	873,396	873,396	100.0	1
6.	Dunard Fund USA	DE	CS	13,192,395	13,132,395	99.5	18
7.	Opera House Fund	KY	IN	1,623,221	1,611,774	99.3	7
8.	Freedom Forum	DC	OP	41,840,813	41,514,520	99.2	13
9.	Pierre and Tana Matisse Charitable Foundation	NY	IN	5,415,725	5,348,625	98.8	20
10.	McGee Foundation	WV	IN	659,475	649,475	98.5	3
11.	Dr. Gerald J. and Dorothy R. Friedman Medical Foundation	NY	IN	9,546,619	9,347,250	97.9	9
12.	Arison Arts Foundation	FL	IN	36,485,771	35,675,771	97.8	15
13.	Behring Foundation	CA	IN	4,560,053	4,436,553	97.3	2
14.	Shubert Foundation	NY	IN	17,085,000	16,592,500	97.1	347
15.	Walt and Lilly Disney Foundation	CA	IN	12,645,000	12,165,000	96.2	5
16.	Panjandrum Foundation	NH	IN	1,302,500	1,250,000	96.0	1
17.	Simpson PSB Fund	CA	CS	5,290,000	5,025,000	95.0	2
18.	Packard Humanities Institute	CA	OP	55,368,961	52,097,961	94.1	33
19.	Robert S. and Grayce B. Kerr Foundation	WY	IN	2,192,317	2,062,636	94.1	8
20.	Lucasfilm Foundation	CA	CS	63,562,427	59,202,358	93.1	8
21.	Muriel McBrien Kauffman Foundation	MO	IN	13,037,983	12,010,983	92.1	80
22.	Andy Warhol Foundation for Visual Arts	NY	IN	7,975,580	7,233,000	90.7	74
23.	Terra Foundation for American Art	IL	OP	4,741,760	4,168,260	87.9	31
24.	JFM Foundation	CO	IN	3,225,243	2,811,909	87.2	9
25.	Gilder Foundation	NY	IN	27,270,650	23,595,000	86.5	26
26.	Burnett Foundation	TX	IN	7,840,921	6,713,309	85.6	14
27.	Gertrude C. Ford Foundation	MS	IN	2,255,000	1,905,000	84.5	5
28.	J. Paul Getty Trust	CA	OP	15,059,660	12,599,660	83.7	69
29.	Richard & Jane Manoogian Foundation	MI	IN	5,900,448	4,883,948	82.8	7
30.	Fred L. Emerson Foundation	NY	IN	6,376,887	5,215,472	81.8	11
31.	Emma Eccles Jones Foundation	UT	IN	3,413,000	2,760,000	80.9	14
32.	Jaharis Family Foundation	NY	IN	5,671,272	4,570,000	80.6	6
33.	David H. Koch Charitable Foundation	KS	IN	18,650,000	15,000,000	80.4	1
34.	Agnes Gund Foundation	OH	IN	7,821,957	6,123,897	78.3	62
35.	Frist Foundation	TN	IN	7,525,250	5,878,500	78.1	13

Source: The Foundation Center, 2011. Based on all grants of \$10,000 or more awarded by a sample of 1,384 larger foundations.

IN = Independent; OP = Operating; CM = Community

\* Figures based on grants awarded of \$10,000 or more, excluding grants paid directly to individuals.

the sample. This suggests that the base of large arts funders has widened since that time, making arts funding less concentrated among a small number of foundations.

**Top foundations by share of arts giving out of overall giving.** Of the foundations that committed large percentages of their grant dollars to arts and culture, many are the smaller foundations in the sample (table 4). Among the top 100 foundations ranked by share of arts giving out of total giving, over half of foundations (57) gave less than \$5 million in total arts grant dollars in 2009. This share would be greater if grants of less than \$10,000 were included, because some arts funders will either primarily or exclusively award arts grants of less than \$10,000 each.

## Giving for international cultural exchange

Foundation grant dollars targeting international cultural exchange fell 60.7 percent between 2008 and 2009. The Foundation Center's full 2009 grants set included 145 grants related to international cultural exchange totaling \$13.5 million. Among the largest of these awards was a \$1.5 million grant from the Houston Endowment to the Asia Society Texas for a challenge grant toward construction of Asia House, a facility to present Asia-centric programs in the fields of art, culture, business, policy, and education. By comparison, the largest grant reported in 2008 was a \$7.8 million award from the Bill & Melinda Gates Foundation to the Asia Society to expand the International Studies Schools Network.

*Steven Lawrence is the Foundation Center's director of research and Reina Mukai is the senior research associate.*

*(Notes on page 13)*

# Public Funding for the Arts: 2011 Update

Kelly Barsdate

Government grant funding for the arts in the United States originates from three primary sources: federal appropriations to the National Endowment for the Arts (NEA), legislative appropriations to the nation's state arts agencies, and direct expenditures on the arts by county and municipal governments. Although there has been some long-term growth in these funding streams, two major economic contractions within the last ten years have caused major cutbacks across nearly all government functions, including funding for the arts.

## Current Funding Levels

The federal government, states, and localities appropriated a combined \$1.12 billion dollars to the arts in 2011, for a total per capita investment of \$3.58. Comprising this total was:

- \$154.7 million in appropriations to the NEA, a decline of almost 8 percent from 2010.
- \$276 million in legislative appropriations to state and jurisdictional arts agencies, a decline of about 6 percent from 2010.
- An estimated \$688.5 million in direct expenditures on the arts by county and municipal governments, a decline of around 10 percent from 2010.

## Trends Over Time

Between 1992 and 2011, aggregate appropriations to the arts by federal, state, and local governments increased by 13 percent. Within this overall growth pattern, however, each

funding stream has followed a unique trend line and exhibited the effects of economic downturns at different times:

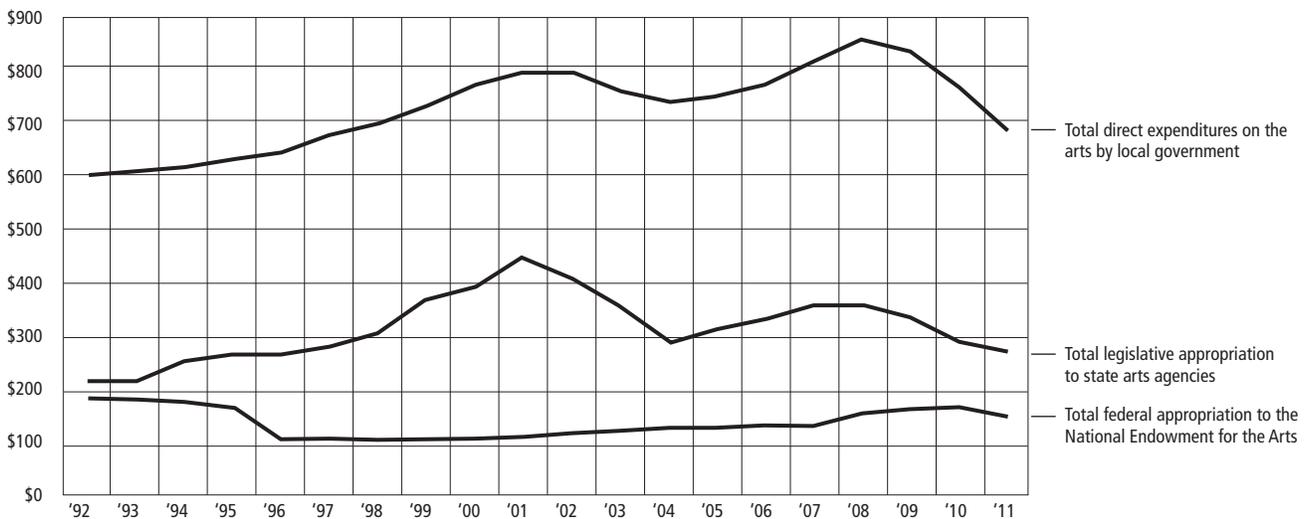
- Local government funding for the arts grew by 33 percent between 1992 and 2002 and reached an all-time high of \$858 million in 2008. Local funding has declined precipitously in recent years, however, dropping by \$169.5 million (-20 percent) between 2008 and 2011.
- Appropriations to state arts agencies grew by 110 percent between 1992 and 2001, reaching an all-time high of \$450.6 million in 2001. Between 2001 and 2011, state arts agencies lost \$174.5 million (-39 percent) of their appropriated funds.
- Federal funding for the arts has been the smallest – but least volatile – part of the public funding mix over time: 1992 was the peak year for NEA funding, when the agency received a federal appropriation of \$175.9 million. After declining to \$100 million in 1996, NEA funds grew steadily and incrementally through 2010. Current NEA appropriations remain 12 percent below 1992 funding levels.

In addition to exhibiting recession-related reductions, public funding for the arts has not kept pace with the cost of doing business. When adjusted for inflation, total government funding for the arts has contracted by 28 percent since 1992. Congressional appropriations to the NEA declined by an inflation-adjusted 44 percent between 1992 and 2011. State funding declined by 18 percent and local funding declined by 27 percent during that same period.

## Future Outlook

While the value of the portfolios held by private-sector arts funders often improves as market conditions rebound, recovery from a recession is typically a much slower process

**Federal, state, and local government support for the arts in nominal dollars, FY 1992–2011**



All appropriations and expenditure figures are in \$ millions.

in the public sector. Government revenues, particularly for states and localities depend largely upon proceeds from taxes and fees. Due to the retroactive nature of those collections, growth in tax and fee revenues lags at least one year – and often more – behind broader economic recovery. Public pressure to reduce tax rates places additional restrictions on available revenues. County and municipal governments can experience a “delayed double whammy” of declines when property and sales tax proceeds are compromised (which was especially pronounced during the most recent recession) while cuts in state aid to localities are occurring simultaneously.

For these reasons, few government arts agencies are expecting rapid resource rebounds in the near future. Some agencies are experiencing improved conditions this year. For instance, fifteen out of fifty-six state and jurisdictional arts agencies anticipate appropriations increases for FY 2012. However, a majority of public arts agencies expect to contend with flat funding or continued cuts in the year ahead.

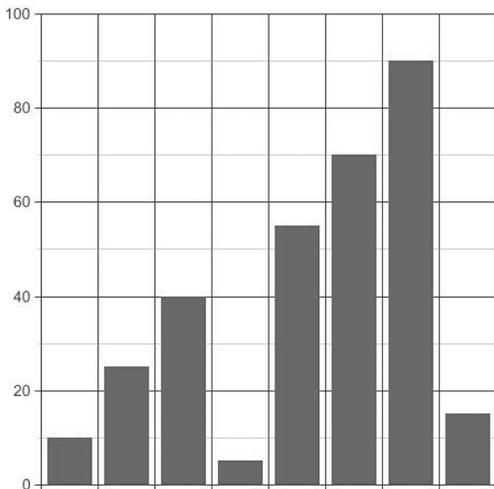
*Kelly Barsdate, chief program and planning officer, National Assembly of State Arts Agencies (NASAA).*

*This profile draws on local spending estimates from Americans for the Arts; NASAA's legislative appropriations surveys of the nation's state and jurisdictional arts agencies; and appropriations data from the National Endowment for the Arts. As of this writing, the most recent data available about federal and local funding for the arts are from 2011. FY 2012 forecasts for state arts agencies are available from [www.nasaa-arts.org](http://www.nasaa-arts.org). Constant dollar adjustments for inflation are calculated using Bureau of Labor Statistics Consumer Price Index (CPI) figures with a base year of 1992. Per capita calculations are based on national population estimates from the US Census Bureau.*

**NOTES**

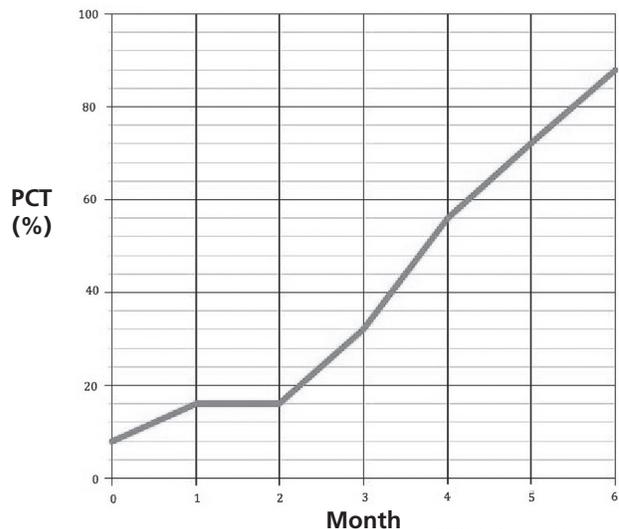
1. Over time, the sample size has changed, which could also distort year-to-year fluctuations in grant dollars and grants targeting specific activities or populations. To account for these potential distortions year-to-year, the Foundation Center has analyzed changes in giving based on a matched set of funders.
2. Source of the data. The original research upon which this report is based was conducted by the Foundation Center. Specifically, the source for data was the Foundation Center's *Foundation Giving Trends: Update on Funding Priorities* (2011) report and the grants sample database. The data for “circa 2009” include all grants of \$10,000 or more awarded by 1,384 of the largest US foundations and reported to the Foundation Center between June 2009 and July 2010. Three-fifths of grant dollars represent 2009 grant authorizations or payments, with the balance reflecting 2008 authorizations or payments. (The incorporation of “older” data reflects delays in the availability of timely grants information.) The grants sample typically represents about half of total grant dollars awarded annually by the more than 76,000 active US independent, corporate, and community foundations that the Foundation Center tracks. (The sample also captures roughly half of all foundation giving for arts and culture.) For community foundations, only discretionary and donor-advised grants were included. Grants to individuals were not included.
3. Includes support for the production and dissemination of one or more media forms including film/video, television, radio, and print publishing, and support for journalism and communications centers.
4. For a detailed analysis of foundation funding for arts education, see L. Renz and J. Atienza, *Foundation Funding for Arts Education* (New York: Foundation Center, 2005).
5. Includes support for archeology, art history, modern and classical languages, philosophy, ethics, theology, and comparative religion.
6. For a detailed analysis of foundation humanities support, see L. Renz and S. Lawrence, *Foundation Funding for the Humanities*, New York: Foundation Center, 2004.
7. The median — meaning that half of the grants are above and half are below the amount — is generally acknowledged to be a more representative measure of the typical grant than the mean or “average,” because the median is not influenced by extreme high or low amounts.

**How Superior Each Bar Feels to the Others**



©2011 Ben Greenman/Stupid Ideas

**How Much I Had to Manipulate the Data to Make It Seem Like Things Were Looking Up**



©2011 Ben Greenman/Stupid Ideas

From Ben Greenman's "Graphs About Charts, Charts About Graphs" <http://www.mcsweeneys.net/tendency>

---

## State Arts Agencies in the FY2012 Legislative Session

### Challenges, Headlines, What's Working

Jonathan Katz, Ph.D.

The National Assembly of State Arts Agencies (NASAA) has just compiled preliminary information on state arts agency (SAA) budgets for FY 2012. Although the rate of decline has slowed, state appropriations to our field have declined by 42 percent during the last decade, with some serious losses incurred this year. What are we learning from these declines? And how can our experiences in this year, one of the most challenging legislative sessions in memory, inform and guide our ability to succeed in the future? (For timely and accurate information, members of the GIA community can consult "State Arts Agency Appropriations Preview FY2012" and "Major State Arts Agency Budget and Restructuring Log" at [nasaa-arts.org](http://nasaa-arts.org).)

#### Rifts and Revenues

The recent federal difficulty in raising the national debt ceiling highlights the challenges that states face every year. Creating a budget in which expenditures are strictly limited by revenues has the immediate prospect of polarizing Americans who view various ways of achieving this as catastrophically unfair and those who view it as simply responsible. Fold into this endemic challenge two multiyear recessionary cycles in a single decade that have savaged the value of real estate and driven massive unemployment, causing revenues from all sources — sales tax, property tax, and income tax — to plummet at unpredictable rates. State governments (whose aggregate budgets total in the ballpark of \$700 billion) have just experienced annual shortfalls of more than \$100 billion four years in a row. It is in this environment that citizens and their elected state officials are asking what an appropriate public-sector investment in the arts is and how it can best be sustained.

Obviously, this budget context affects both the character and the content of the deliberation over funding. The conversation between decision makers and stakeholders that once might have focused on how well an agency is doing in fulfilling the goals of its plan must now address the role the agency plays in sustaining and creating jobs, assisting small businesses, and balancing the budget. The conversation that

once might have focused on how cost-effectively the agency produced the outcomes in its plan must now address why the agency is competitive with all other investments that can possibly produce those outcomes.

#### Headlines from the Field

Numerous states did not reduce their investment in the arts this year: twenty-five states expect to maintain or increase their appropriations to state arts agencies in FY2012. Nevertheless, this year brought some extreme challenges that highlight lessons learned for everyone. Looking at just five

examples reveals a rich array of approaches to sustaining the arts in this environment.

In South Carolina, Governor Nikki Haley made numerous attempts throughout the year to eliminate all public funding for the arts in the state. The legislature decisively overrode her arts budget veto by overwhelming margins in both the House (105–8)

and the Senate (32–6). Advocates and citizens achieved this victory through highly organized — and relentless — contact with elected officials in both chambers of the state legislature. They made a strong link to the relevance of the agency to job creation and made a special case for what the public sector does in South Carolina that the private sector simply cannot: ensure equitable access to arts opportunities across the state and incorporate the arts into other government systems — such as education — that affect the well-being of every citizen in the state.

The Arizona Commission on the Arts, a resourceful agency in another state with a shortfall above the median, has seen the state dollars in its Arts Endowment Fund swept into the state's general fund. This year, following a recommendation from the governor, all general fund dollars for the agency in FY2012 were eliminated as well. However, the agency had diversified its revenues over the course of a generation, and state business license revenues will yield more than \$1 million for the agency this year. In addition, the agency is relaunching its Arizona ArtShare Endowment, in which funds are held by the Arizona Community Foundation, with a \$50,000 matching grant from the foundation. Both the agency's media campaign, *The Choice is Art*, and its advocacy toolkit, *Building Public Value*, are national models and continue to help broaden the agency's base of support.

In the context of a larger than average shortfall, the House in Pennsylvania initially passed a budget bill including a 68 percent cut to its arts agency, but ultimately reached an agreement with the Senate restoring almost all funding.

---

The Pennsylvania Council on the Arts demonstrates a fundamental commitment to local engagement in its grants and programs. Public check-delivery ceremonies accompany the awarding of grants throughout the state, visible in local newspapers and online. Arts education support reaches every corner of the state, and the arts agency has a major emphasis on touring and presenting. As a result, advocates populate statewide budget hearings, fill government chambers at rallies, and work together as an active constituency.

Even though the governor in the state of Washington proposed eliminating the arts commission and an 80 percent reduction in its appropriation, the agency won favorable consideration from a bipartisan team of legislators and emerged with a cut of approximately 10 percent. The Washington State Arts Commission benefited from a decade of engaged commissioners who built relationships with decision makers, then focused in a disciplined way on this year's legislative process, including organizing an advocacy committee that met weekly to monitor and address events as they unfolded.

Likely the greatest challenge to state funding for the arts in the forty-five-year history of our field occurred in Kansas this year, where Governor Sam Brownback decided that arts funding was not a core function of his state government. Kansas Citizens for the Arts (KCA) and the Kansas Arts Commission (KAC) were able to win majority votes for an agency budget in their state's House and Senate, but, ultimately, the governor's veto of state funding prevailed when the House did not produce a supermajority. Yet even this extreme outcome is not the final word in Kansas. The KAC statute remains intact. KCA is raising funds and organizing, and has announced its intention to build on the majorities it already represents to restore public funding for the arts in the state.

## **Restructuring**

Not all changes occurring to state arts agencies are financial. State government officials are also looking for opportunities to consolidate agencies to demonstrate their ability to minimize costs. This year, the Connecticut Commission on the Arts has moved to the Department of Economic and Community Development, the Georgia Council for the Arts is now an agency within the state's Department of Economic Development, and the Nevada Arts Council and the Wisconsin Arts Board are now parts of their states' tourism departments. What potential each of these structural changes has for new programs, impacts, and arts supporters remains to be seen.

## **What's Working?**

Several factors emerge as making a difference in the level of public funding for the arts in the current environment.

**Rounding Out Relevance:** All state agencies must demonstrate how their programs and services advance the broader goals of the state. Economic arguments alone will not avert a crisis or grow an arts budget. It takes more than a single-issue platform to build and sustain a solid base of support for the arts and cultural activities within state government; many agencies contribute economic relevance. Dimensional

arguments must include the effects of the arts on education outcomes, community well-being, equity, access, health, and the preservation of cherished traditions.

**Educating New Elected Officials:** Some of the largest SAA cuts are

taking place where many of the decision makers are new to their tasks. More than 1,600 new legislators and twenty-nine new governors took office this year. Newly elected officials require contact and orientation to make informed decisions — and to understand the arts as a constituency with political clout that can work for or against them.

**Looking beyond Party Affiliation:** The party affiliation of decision makers is not determinative. Leaders of the same political party that slash the SAA budget in one state urge investment in the arts in another state. The real driver in today's political mix is an official's preconceptions about government and the arts. The proposals most harmful to the arts are coming from people who have little confidence in any aspect of government, little allegiance to party leaders of any stripe, and an assumption that most of their constituents feel the same way. It is both possible and necessary to help these leaders understand that voting to fund their SAA is something their constituents expect them to do. Officials across the political spectrum respond to what they hear from those they represent. The recent vote on the National Endowment for the Arts (NEA) budget in the US House of Representatives is an example. That vote defeated by a wide margin (181–240) an amendment to cut \$10 million from the NEA. Votes to reject the cut included fifty-five Republicans, many of them newly elected and affiliated with the conservative Republican Study Committee. Arts supporters of all political persuasions achieved that outcome by expressing their expectations in a targeted and timely way.

**Agency Culture of Public Engagement:** When the grant-making, communication, technical assistance, and decision making of an agency are purposefully aligned to engage stakeholders and the public, to distribute resources widely and in ways perceived as fair, and to make agency activities

---

visible locally, we see a strong commitment to the agency by advocates and officials.

**Active Engagement of SAA Council Members:** When the volunteer appointees see themselves as leaders responsible for advocating on behalf of the arts and their agency, when they are comfortable with contacting and building on relationships with decision makers, they are critical assets. When they do not take these actions, the SAA is weakened in its position to convey its value and respond to detractors.

**Alignment with Strong Advocacy Group:** Statewide advocacy groups with paid professional leadership, aligned closely and working with their SAA, are a major factor influencing the legislative success of SAA budget levels. When the advocacy group diverges from SAA priorities, or when the group is under-resourced, expectations of public funding should be limited.

**Strength and Breadth of Allies:** Without diverse allies, the arts risk being perceived as a narrow special interest. Leaders representing business, education, health care, local government, and civic and social service groups can be critical success factors in conversations with decision makers. Minnesota offers a case in point here. Even with one of the largest state budget shortfalls this year, it boasts the highest per capita arts agency funding. This results from the coalition of clean water, wildlife, cultural heritage, and natural resource interests that led to the establishment of the Minnesota Legacy Fund, which dedicates a portion of state sales taxes to these functions. Not every state can enact a sales tax solution for the arts, but joining forces with a strong cadre of allies is a wise tactic anywhere.

**Use of Social Media:** Many of our SAA leaders testify that the use of social media to connect advocates and to deliver messages to decision makers made a critical difference in the result of their legislative process. In particular, social media engage young advocates and facilitate quick response to critical events by large numbers of people.

It is critical for policy makers to understand the public purposes furthered and public benefits provided by the particular ways in which state arts agencies invest their human and financial resources. The largest portion of SAA funding is distributed as general operating support, the kind of assistance that allows a local organization's staff and board to determine where it will produce the most benefit — so the uses might be as diverse as testing a new marketing approach to increase attendance, enabling a

community's less fortunate residents to participate, building the capacity of a group to share its creativity through media, or enabling artists to design a more powerfully transforming artistic product. The next-largest portion assists educators to integrate the arts in the basic education of every child in the state. And a substantial portion leverages the reach and resources of a state to invest in the arts at the local level through regranting or strengthening local arts agencies.

In addition to communicating that the arts enhance the beauty, happiness, expressiveness, sense of identity, sensory quality, and meaning in people's lives, public-sector grantmakers and cultural advocates are emphasizing how the arts contribute to economic and community resilience, create jobs, and add value to other economic recovery policy strategies. Public arts leaders and stakeholders are promoting the economic, educational, and civic return on the investment of

taxpayers' dollars, emphasizing how public funding, earned income, and philanthropic support all are required to sustain vibrant and prosperous communities.

At NASAA, we strive to learn from success and from failure, to share what any of us learns so that we all increase our capacity to make strategic decisions. GIA readers can access tools we have developed to assist leaders in communicating and acting on behalf of public funding for the arts by consulting such features as "Taking Charge of Change" and "Why Should Government Support the Arts?" on the NASAA website.

Given the observations in this report, here are some questions that GIA readers may want to consider:

- Do you find that the current environment has affected your resources and rationales similarly or differently from the way it has affected the state arts grantmakers?
- Since SAAs distribute most of their funds through general operating support, arts education grants, regranting, and local arts agency assistance (all advised through peer panel review), are there ways of collaborating that would leverage the reach and impact of your resources?
- Is your mission consistent with affecting any of the factors that have an impact on public funding for the arts?
- What research would be of greatest assistance to those who advocate on behalf of public funding for the arts in the current environment?

*Jonathan Katz, Ph.D., is CEO, National Assembly of State Arts Agencies, Washington, D.C.*

---

# How Are Private Funders Responding to Cuts in Public Funding?

Alexis Frasz and Holly Sidford  
Helicon Collaborative

Public agencies of all kinds are facing severely constrained budgets as a result of the ongoing effects of the recession, escalating public debt, and slow economic growth. States, in particular, are in rough financial shape. In FY 2012, forty-two states and the District of Columbia had budget deficits totaling \$103 billion. This is on top of similarly large budget deficits that most states have faced each year since 2008.<sup>1</sup> As a result of a slow economic recovery and the expiration of federal recovery aid funds, states are having to substantially trim expenses in order to balance their budgets, making significant cuts to social services, education, the arts, and other sectors. Public resources are further strained by increased demand for social safety net services like Medicaid and food stamps as a result of sustained high unemployment levels.

State and local funding plays a unique role in the nonprofit arts ecology, and declines in public funding will have both immediate and long-term effects on cultural organizations of all kinds. Private funders, who fill a much different but complementary role in supporting the nonprofit arts sector, are finding that lower levels of public funding have implications for their work as well.

Grantmakers in the Arts commissioned Helicon Collaborative to research how private funders are thinking about and responding to public-sector cuts. During July and August 2011, Helicon conducted an online survey of GIA's members, interviewed seventeen public- and private-sector funders and reviewed a range of resources about this issue.

## Public Funding Trends

Between 2001, when legislative appropriations to state arts agencies were at their peak, and 2011, appropriations declined 39 percent, from \$450.6 million to \$276 million. Direct expenditures on the arts by local governments have declined by almost 20 percent in just the past three years, down \$169.5 million — from a high of \$858 million in 2008 to \$688 million in 2010. Calculating these drops cumulatively, since 2001 the arts sector has lost more than \$1.2

billion in state support alone, not adjusting for inflation.<sup>2</sup> More detailed data on public funding streams from 1986 through 2011 can be found in this issue on pages 12–13.

Since the recession started in 2008, forty states and Washington, D.C., have decreased their allocations for the arts. The degree of magnitude of the cuts has ranged quite dramatically. Ten states have made extreme cuts of over 50 percent of their arts budgets. Five states were on the other end of the spectrum, experiencing cuts of less than 10 percent of their budgets. The remainder of the states that

experienced cuts were somewhere in between. The median size cut over the four-year period was 35.8 percent.

Two states received no legislative appropriations at all in 2012: Kansas and Arizona. Both states have seen the rise of a very conservative political movement, with a strong Tea Party component, that does not believe that

government should play any role in funding the arts. The Kansas Arts Commission is not receiving state funding this year. The Arizona Commission on the Arts has alternative sources of revenue that allow it to continue to function, albeit with a much reduced capacity. The experiences of these two states demonstrate that the current challenges facing some state arts agencies are ideological as well as economic. While many states are making cuts to arts budgets reluctantly and in proportion to cuts to other government agencies, some are singling out the arts to make a point about what government should and should not do.

Many of the states that received increases in funding for the arts have natural resource reserves and so were sheltered from some of the impacts of the economic recession. Of the ten states that saw their budgets increase over this period, three states experienced dramatic increases: Arkansas (88 percent), Wyoming (98 percent), and Minnesota (186 percent).<sup>3</sup> Wyoming and Minnesota now receive the most money per capita of all states.

## Funding Ecology

Public funding — both state and local — has immense value to the cultural sector above and beyond the dollar amounts involved. In fact, because state and local arts agencies distribute their resources across a very broad constituency, their grant amounts can be small relative to other sources of revenue for many arts organizations. However, most public arts agencies' select their grantees through rigorous peer-panel processes, which involves a high level of due diligence about quality and relevance. This functions as a "seal of approval" that often unlocks other sources of support.

Many private funding sources — foundations, corporations, and individuals — look for evidence of public funding as a prerequisite for their own grants. If they have not received public funds, cultural groups may be excluded from other sources of support.

State arts agencies fulfill a unique and critical function in the arts ecology by virtue of their statewide reach. Few private funders operate arts programs statewide, which means that they do not have a statewide perspective on the needs and activities of the cultural sector, and they lack the ability or mandate to act on state-level initiatives.

As a result, state arts agencies are often the only entity that can coordinate statewide initiatives or connect the arts with other areas of public policy, such as education, community development, and economic development. This convening and coordinating capacity is essential in the development of innovative new services (such as the Cultural Data Project) and in a variety of multi-sector planning conversations that occur at the state level.

Finally, public agencies are important because of the kinds of support they offer and the range of organizations they fund — both more broad-based than most private funders. Many public agencies provide general operating support, which is critical to cultural institutions' ability to fund the basic costs of doing business. In addition, they often provide technical assistance programs, networking opportunities, and information services that private funders are not equipped to offer. Public agencies will support smaller and newer groups, and community-based organizations, where private funders might not. Because they have a statewide reach, they often fund in rural regions or areas of the state that are not served by private foundations. Recent information from the Cultural Database Project, for example, indicates that Bay Area groups with budgets under \$250,000, on average, received 24 percent of their funding from local, state, and federal government sources, while public funding accounted for only 6 percent of revenue for groups with budgets over \$1 million.<sup>4</sup>

### **Responses by Private Funders**

Both public and private funders recognize that the mandate of private funders is substantially different from that of public agencies. In the survey and interviews for this report, several funders indicated that their charters or missions specifically prohibited them from replacing public funding. In addition, private foundations have also been hit by the recession, and many have fewer funds to fulfill their existing commitments, let alone add new ones. For multi-purpose

foundations, the pressure to address safety net and social service issues continues to escalate, which makes increasing arts funding more difficult. Despite these challenges, our research indicates that some private funders are adjusting their work to respond to the effects that public funding cuts are having on the arts ecosystem.

The survey of GIA members conducted for this project generated responses from seventy-seven funders located in twenty-five states. Slightly more than half (57 percent) of survey respondents indicated that they have not changed

their grantmaking approach in response to declines in public funding. The thirty-two survey respondents who have shifted their programs or funding have done so by increasing support for:

- Arts education
- Arts service organizations
- Small organizations

- Artists
- Community-based arts programs and organizations
- Technical assistance
- Operating support

In addition, some foundations have increased their commitment to convening cultural leaders and providing forums for discussion of issues and concerns.

It's worth noting that private arts funders have increased their commitment to operating support substantially in the past twenty years. The Foundation Center's report in this issue confirms that 35 percent of private funders' grants went to operating support in 2009, up from just 13 percent in 1989. This reflects a growing awareness of the importance of this type of support.

Approximately half of the respondents (thirty-nine foundations) reported that they partner with their state arts agency, working together on:

- Joint funding of programs
- Joint data gathering or research
- Regranting programs
- Information sharing
- Public education and policy work

Three-quarters of the survey respondents (fifty-four foundations) work with their local arts agencies in a variety of ways.

In interviews we heard that the degree to which private and public funders are working together now to address declines in public funding is related to their history of collaboration. In many states, private and public arts funders

***Both public and private funders recognize that the mandate of private funders is substantially different from that of public agencies . . . our research indicates that some private funders are adjusting their work to respond to the effects that public funding cuts are having on the arts ecosystem.***

---

have little background in collaboration, and it is hard to start new partnerships in times of constraint. “For the most part, the state arts councils and the private foundations are two trains running on separate tracks. There has been little connection and almost no joint planning or coordination,” said one private funder. There are exceptions to this general rule. In Indiana, for example, recent cuts have spurred the state arts council to convene private funders to assess the cultural ecology, identify issues of common concern, and select a few areas in which they can collaborate or coordinate their actions.

Those states where public and private funders do have a history of collaboration have not been less susceptible to cuts, but they are more likely to be sharing information and communicating about appropriate responses. In Washington, where the State Arts Commission has been cut

57 percent since 2008, public and private funders say that tough times have brought them closer together by necessity, and they are sharing information and pooling resources for high-impact initiatives, like convenings. States that have implemented the Cultural Database Project have established a baseline for collaboration (public-private partnership is a prerequisite for participation in this program). Public and private funders in Arizona and Pennsylvania report that the history of working together on a complex project like the CDP has paved the way for coordinated and responsive action now.

No one believes that private funders can fill the gap left by public funding cuts, and neither public nor private funders we spoke to think that is desirable. “Public support for the arts is as important for psychological reasons as for anything else,” said one foundation officer. “Mostly it speaks of city or state’s acknowledgement that the arts are important for quality of life, that the arts make a place an exciting place to live.”

### **Implications for Private Funders**

While private funders may not be changing their strategies and activities in response to declines in public funding, interviewees all acknowledged that these cuts will have significant implications for their work.

Fewer public resources will mean more cultural organizations will be looking to private funders for assistance, and those already receiving private funding will be making the case for increased aid. In addition, private funders may lose an important mechanism for vetting the quality of cultural organizations. “For lack of funds, the public agencies may

have to change their grant review system or cease making grants at all,” said one foundation officer. “If this happens, we won’t know if the lack of public funding for a given organization means that their programs aren’t deserving, or if they don’t have funding because the state doesn’t.” As a result, private funders may have to invest in new due diligence mechanisms in order to reach beyond their current funding portfolio.

The cultural system is an ecology composed of a web of interconnected, diverse organizations of different sizes

that are focused on a broad range of art forms and that serve a broad spectrum of communities. Without public funding, certain parts of this ecosystem will suffer more than others. It may not be possible for private funders to fill in these gaps, but the cuts will have implications for the shape and vibrancy of the cultural ecology as

a whole, and for different communities’ access to arts and cultural programs.

### **Looking to the Future**

Are current cuts to public funding a temporary blip or a permanent shift? A majority of survey respondents (56 percent) believe that current funding cuts mark a permanent decline in public funding for the arts that will not rebound when the economy does. Nearly seven in ten survey respondents believe that even if funding is restored, what is funded and how it is funded will change in the future.

Interviewees agree that the future for public funding will be different than it was in the past. “Public funding for the arts is going to have to be squarely focused on serving people, not institutions,” said one state arts agency director. “That idea is so foreign to our sector that it’s a revolution in thinking, but it will be the only grounds on which we can restore funding.” “Public arts agencies need to evolve,” suggested the director of another state arts council. “In ten years, the state arts agencies are not going to look essentially identical, as they do now, but may look very different from one another as they evolve in response to their local conditions.” A private funder suggested, “Unfortunately, many public arts agencies are not considered to be progressive, relevant, or accountable. In numerous places, arts agencies are not seen as effective as public agencies in other sectors — housing, education, community development, and health, for example. They’re going to need to be more in touch with what’s happening in communities, and more responsive to the public if they are to get more public support.”

## Recommendations

Private funders have many concerns, as well as escalating demands on their time and attention. But the severe cuts to the budgets of most public arts agencies will have both short-term and long-term consequences for private funders. This may be a time for private funders to rethink their relationship to the public funding system, and act in new ways to address the long-term prospects for public-sector support. Here we offer a few suggestions:

- Engage in conversation. Talk with public arts agencies about what's going on and the possibilities for joint action. Are there opportunities for new public-private partnerships related to research, programming, or advocacy that will help maximize resources and impact?
- Consider the implications of public funding cuts on the cultural ecology. Which kinds of organizations and communities are most dependent on public funding sources, and therefore least capable of finding replacement funds from private or individual sources? What might that mean for your foundation's work?
- Look across sectors and learn from others. Private funders in all sectors are dealing with the impacts of public funding cuts and increased community needs. Grantmakers for Effective Organizations has sponsored cross-sector conversations about this issue. Are there ways that arts funders can work with foundation colleagues in other fields to address common issues and have a stronger impact?
- Participate in making the case for the public value of the arts. In what ways can private funders contribute to making the argument that the arts are a necessity rather than an amenity?<sup>5</sup>

- Help cultural groups explore business models that are less reliant on foundation or government income. What are great examples of developing individual donor and earned income strategies, for example, and how can they be replicated?
- Champion alternative public funding mechanisms that have been successful elsewhere. Public agencies in Minnesota, Arizona, Cuyahoga County, Ohio, King County, Washington, and Denver are among those that have revenue streams independent of legislative appropriations. How can these examples be used to stimulate more diversified revenue bases for public support of the arts in other locales?

*Alexis Frasz and Holly Sidford are colleagues at Helicon Collaborative, a consulting firm for the cultural sector.*

## NOTES

1. Elizabeth McNichol, Phil Oliff, and Nicholas Johnson, *States Continue to Feel Recession's Impact* (Washington, DC: Center on Budget and Policy Priorities, updated June 17, 2011).
2. Kelly Barsdate, *Public Funding for the Arts: 2011 Update* (Washington, DC: National Assembly of State Arts Agencies, August 2011).
3. Minnesota voters passed a constitutional amendment in 2008 creating a new 3/8-cent sales tax to support outdoor heritage, clean waters, sustainable drinking water, parks and trails, arts, history and cultural heritage projects and activities. Of the total proceeds from the sales tax, 19.75 percent is dedicated to the Arts and Cultural Heritage Fund.
4. San Francisco Grants for the Arts, Cultural Database Project, 2011.
5. A recent *New York Times* article quotes Bill Ivey, director of the Curb Center for Art, Enterprise and Public Policy at Vanderbilt University: "The positioning of arts within the public policy arena has always been tenuous . . . . The arts are considered an amenity — nice to fund when you have a bit extra but hard to defend when the going gets tough." Robin Pogrebin, "Arts Outposts Stung by Cuts in State Aid," *New York Times*, August 1, 2011.

---

## Anyone can subscribe to the GIA Reader. Or, send a subscription to a friend!

Artists, grantmakers, arts managers, cultural critics, and historians contribute to GIA's periodical *Reader*, which features readings on arts and culture, reports from arts grantmakers, and summaries of recently published reports, books, and studies. GIA members receive the *Reader* free as a benefit of membership. Non-members are welcome to subscribe.

Three issues annually for \$36.00, North and South America; \$50.00, overseas.

*Fall 2011, Vol. 22, No. 3*

Name.....

Organization.....

Street Address..... Phone.....

City..... State..... Zip.....

Enclosed is my check. Please charge my  VISA  MasterCard  American Express Expires.....

Card # ..... Name on card.....

Mail to: Grantmakers in the Arts 4055 21st Avenue West, Suite 100 Seattle, WA 98119-1247 PHONE: (206) 624-2312 FAX: (206) 624-5568