

Arts Funding Update

By Loren Renz

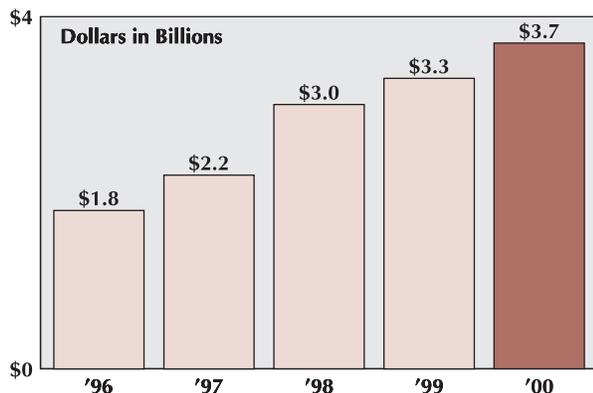
For more than a decade, the Foundation Center has sought to enhance understanding of the role of U.S. foundations in supporting arts and culture by preparing a series of studies of national giving trends.¹ This *Arts Funding Update* continues that tradition with a brief examination of the growth and distribution of foundation arts giving from 1996 to 2000. This update of key funding indicators will be followed in 2003 by *Arts Funding IV*, which will provide a detailed review of changes in foundations' support of the arts through 2001.

Estimated Arts and Culture Funding, 1996 to 2000

The nation's nearly 56,600 grantmaking foundations provided an estimated \$3.69 billion for arts, culture, media, and the humanities in 2000, more than double the \$1.83 billion estimated for 1996.² This robust growth in arts funding narrowly surpassed strong overall gains in foundation giving in the second half of the 1990s (101.8 percent vs. 99.2 percent). Adjusted for inflation, arts giving climbed 83.0 percent during this period, or 16.3 percent per year.

A booming economy and record growth in the stock market through the first half of 2000 greatly enhanced foundation capacity, contributing to a sharp rise in giving to nonprofits across disciplines. A surge in new foundation creation in the late 1990s also fueled growth in giving. The arts and humanities fields specifically benefited from a doubling and even tripling of investments by prominent funders with a tradition of strong support, such as the Ford, Andrew W. Mellon, John S. and James L. Knight, and David and Lucile Packard foundations; a significant infusion of grants from major new donors, especially the New York-based Doris Duke Charitable Foundation; and consistently high levels of arts giving by small- to medium-sized foundations.

Estimated arts and culture giving by all U.S. foundations doubled between 1996 and 2000*



Source: The Foundation Center, *Arts Funding Update*, 2002.
*All figures based on unadjusted dollars.

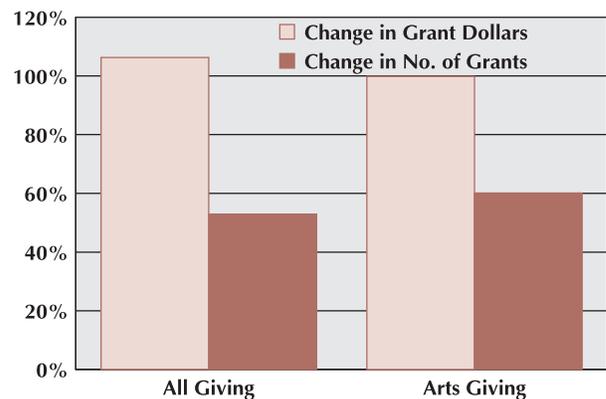
The strong growth in foundation giving for arts and culture led foundations' share of all private arts giving to climb from less than three-tenths in 1995 to approximately 35 percent in 1998. (Comparable Internal Revenue Service data on sources of income were unavailable for 1996 and years after 1998.) Still, individuals remained by far the largest source of private contributions, while corporations ranked third, following foundations. Together, all private arts giving in 1998—\$7.66 billion—represented two-fifths of arts and culture organizations' total \$19.4 billion in revenue, up from 37 percent in 1995. For foundations alone, their share of total arts revenue rose to one-seventh in 1998, up from one-ninth in 1995.³

Arts Funding Trends through 2000

The following analysis shifts from estimates of total foundation arts giving to an examination of arts funding trends based on actual grant records of \$10,000 or more reported by an annual sample of just over 1,000 larger foundations. For more information on the grants sample, see "2000 Sampling Base."

U.S. foundations have a long history of providing strong support for the arts field. Since the mid-1980s, arts and culture has invariably ranked fourth among funding priorities, following education, health, and human services. Yet, among the nation's largest foundations, support for the arts has eroded slightly—from a 13 to 15 percent share of funding dollars in the 1980s, to an average 12 to 13 percent share over the past half decade. (Still, among smaller foundations in the sample, the share remains above 15 percent.)

Among larger foundations, grant dollars for arts and culture grew slower than overall giving between 1996 and 2000, while the number of grants grew faster



Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,010 larger foundations for 1996 and 1,015 larger foundations for 2000. All figures based on unadjusted dollars.

In 2000, funders in the Foundation Center's grants sample gave 12.0 percent of their grants dollars and 14.9 percent of their grants for arts and culture. In terms of actual dollars, foundations awarded nearly \$1.8 billion for the arts in 2000, or double the \$899.9 million they gave in 1996. Over the same period, these larger funders increased the number of arts grants awarded to 17,835, up by three-fifths (60.1 percent) from 11,137 grants. By comparison, giving across all fields by sampled foundations grew slightly faster than arts giving in the late 1990s (106.3 percent vs. 99.9 percent). However, the reverse was true by number of grants. As a result, the share of number of grants for the arts awarded by these larger foundations inched up steadily, from 14.2 percent in 1996 to 14.9 percent in 2000.

The boom in the stock market through early 2000 and the explosion of growth in new foundations have resulted in marked changes among the nation's top arts funders. In the latest year, the Ford Foundation (NY) surpassed all other foundations by amount of arts giving. Ranked eighth in 1996, Ford gave \$80.3 million for arts and culture in 2000, up from \$19.4 million in the mid-1990s. (The number of Ford's arts grants also jumped to 243, up from 68 in 1996.) Similarly, the Andrew W. Mellon Foundation (NY) climbed from ninth- to second-place rank, awarding \$57.4 million for the arts in 2000, nearly three times its giving level in 1996. In addition, two of the top 15 arts funders in 2000 were either newly created or recently endowed. These included the fifth-ranked Doris Duke Charitable Foundation (established in 1996), which gave out \$39.0 million for the performing arts in 2000; and the eleventh-ranked, Nevada-based Donald W. Reynolds Foundation (established in 1954 and fully endowed in 1995), which awarded \$19.0 million for arts and journalism projects.

Finally, while the top foundations accounted for a large share of overall arts giving, the arts field enjoyed exceptionally broad support, with nine out of ten foundations in the sample awarding arts grants in 2000.

Giving by Arts Field. The performing arts received nearly one-third (32.2 percent) of arts grant dollars in 2000 and more than two-fifths (40.7 percent) of grants. Giving included

In 2000, nearly two-thirds of arts and culture grants were for less than \$50,000, while two-fifths were for less than \$25,000

Grants Range	No. of Grants	%	Dollar Amount ¹	%
\$5 million and over	22	0.1	\$ 153,976	8.6
\$1 million–under \$5 million	350	2.0	553,318	30.8
\$500,000–under \$1 million	334	1.9	203,862	11.3
\$100,000–under \$500,000	2,679	15.0	489,781	27.2
\$50,000–under \$100,000	2,774	15.6	166,561	9.3
\$25,000–under \$50,000	4,259	23.9	129,558	7.2
\$10,000–under \$25,000	7,417	41.6	101,559	5.6
Total	17,835	100.0	\$1,798,615	100.0

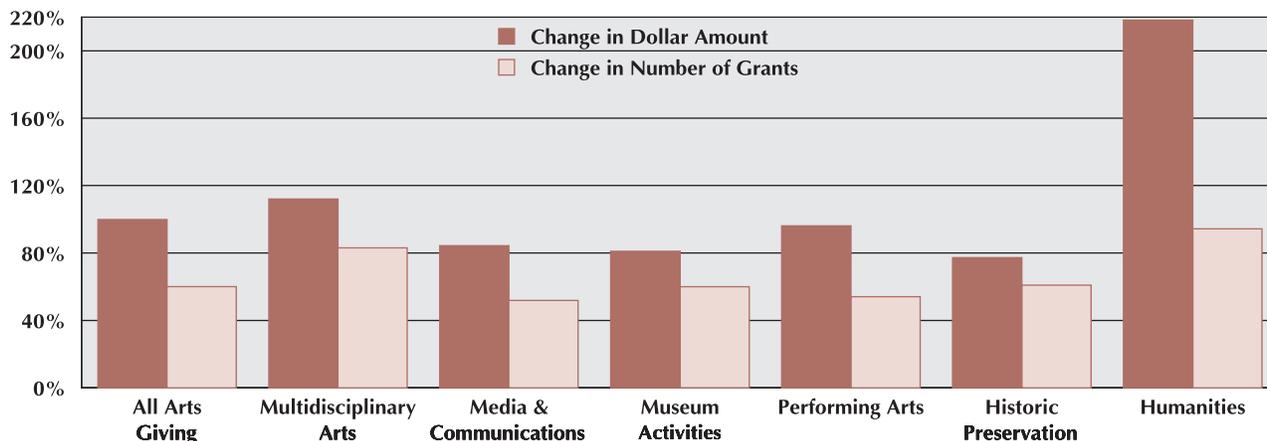
Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,015 larger foundations.

¹Dollar figures in thousands.

strong support for music (especially symphony and opera), performing arts centers and schools, theater, and dance. Funding for museum activities, ranging from art and folk art museums to science and children's museums, represented 29.1 percent of arts dollars. Grant dollars awarded for media and communications, which includes journalism, literary publishing, public radio, and television, and film, video, and new media, totaled 9.9 percent of arts funding. Grant-maker support for multidisciplinary arts, especially multi-purpose arts centers, arts councils, arts education programs, and ethnic arts programs, accounted for an additional 8.8 percent of funding. The other main areas of support included the humanities, historic preservation, and visual arts and architecture.

Nearly every area of the arts experienced exceptional growth in funding between 1996 and 2000. Still, it bears noting that during a time when all arts funding doubled, the less funded arts fields and disciplines benefited from the strongest growth. For example, grant dollars for the visual arts and architecture rose more than three and two-thirds times (268.0 percent); funding for the humanities more than tripled (up 218.3 percent); and support for multidisciplinary arts programs more than doubled (up 112.1 percent). By

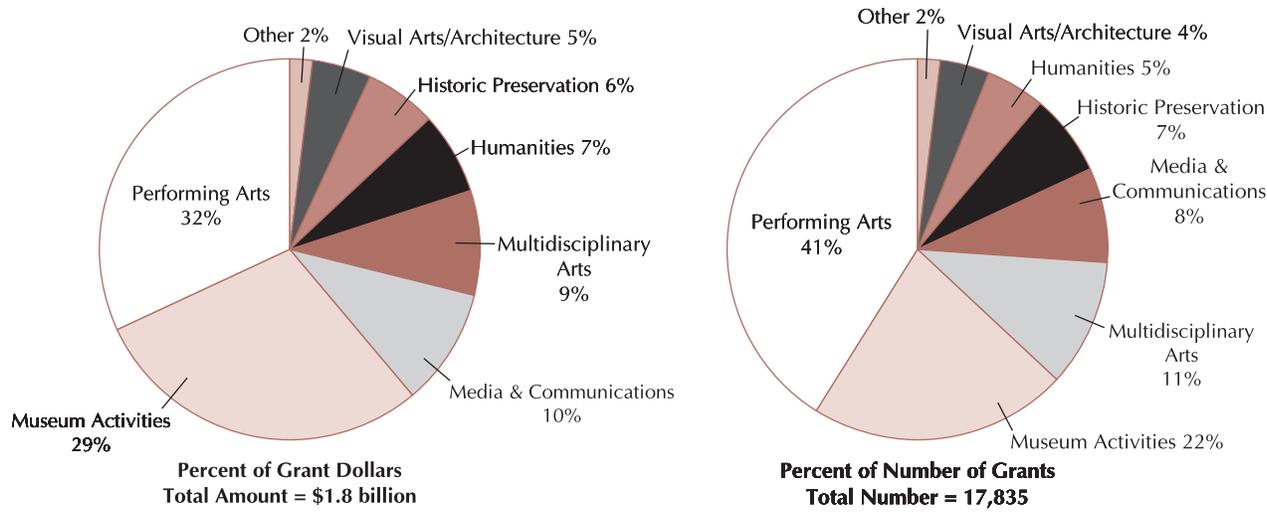
Foundation grant dollars and grants increased fastest for Humanities and Multidisciplinary Arts between 1996 and 2000*



Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,010 larger foundations for 1996 and 1,015 larger foundations for 2000. All figures based on unadjusted dollars.

*Includes subcategories accounting for at least 7 percent of arts and culture grant dollars or grants in 2000.

Performing Arts and Museum Activities received largest shares of foundations' arts and culture grant dollars and grants in 2000



Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,015 larger foundations.

comparison, among the larger and best-funded arts fields, giving for the performing arts nearly doubled (up 96.2 percent), while support for museum activities increased by four-fifths (81.1 percent). In absolute terms, funding grew by \$284 million for the performing arts and by \$234 million for museum activities.

Giving by Types of Support. More than seven-tenths of arts grant dollars in the 2000 sample funded specific projects and programs (38.2 percent) and capital support (32.4 percent). An additional one-fifth of arts dollars (21.9 percent) provided operating support. Compared to foundation giving overall, arts grant dollars in the 2000 sample provided a significantly higher share of support for capital projects and general/operating support. In contrast, foundations' arts dollars were less likely to fund special projects. Arts funders also provided a smaller share of their support for professional development and far less funding for research, compared to giving across fields.

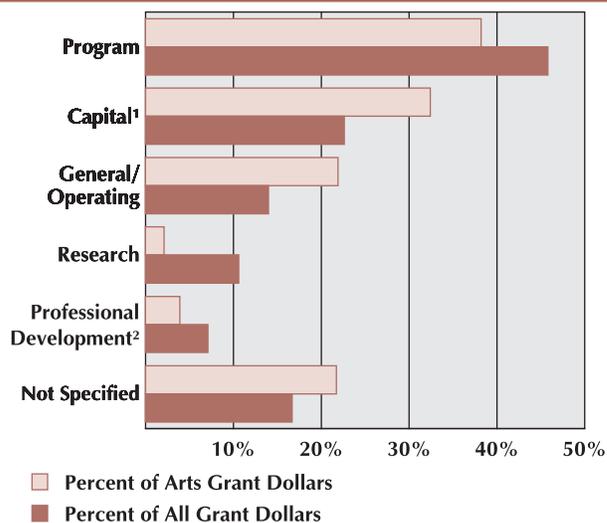
Since 1996, the distribution of arts funds by major types of support has remained fairly steady. Among minor changes noted, the shares of grant dollars for project support, research, and technical assistance have all increased, while the proportions allocated for professional development and general support have decreased slightly. Nevertheless, within the general support category, funding has risen sharply for income development.

Giving by Funder and Recipient Location. Foundations in the Northeast accounted for nearly one-third of all arts funders (285) and they provided the largest share of support for the arts in 2000—nearly two-fifths of the arts dollars and the number of grants. The Midwest ranked second with approximately one-fourth of arts dollars and grants, followed by the South and the West regions.

Arts and culture grantmakers in the Northeast include several national and international funders, such as the Ford, Mellon, Rockefeller, and Annenberg foundations. By contrast, most of the top arts funders in other regions primarily fund locally. As a result, patterns of arts grants received by

region differ somewhat from patterns of arts grants awarded. For example, arts groups and programs in the Northeast received nearly one-third of grant dollars—by far the largest share of foundation arts support. Still, that share was smaller than the two-fifths share of all arts giving provided by Northeast funders. Conversely, organizations in the West benefited from a one-fifth share of overall support, even though Western funders provided only one-sixth of all arts funding. Similarly, cultural groups in the South benefited from a slightly larger share of arts dollars received compared with arts dollars awarded by funders in that region.⁴

Capital and general operating support accounted for larger shares of arts and culture vs. all grant dollars in 2000



Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,015 larger foundations.

¹Capital support includes endowment funds.

²Professional development includes fellowships and residencies, scholarships, internships, and awards, prizes, and competitions.

Top 15 U.S. Foundations Giving for Arts and Culture, 2000

Foundation Name	Fdn Type ¹	State	Dollar Amount	No. of Grants	Primary Arts and Culture Focus Areas
1. Ford Foundation	IN	NY	\$80,336,303	243	Supports strengthening of opportunities for artistic creativity and cultural expression; promotes free and responsible news media and high quality productions that enrich public dialogue on core social issues.
2. Andrew W. Mellon Foundation	IN	NY	57,423,650	101	Supports cultural affairs, including the humanities, museums, art conservation, and performing arts.
3. Lilly Endowment	IN	IN	56,774,736	71	Supports arts, culture, and historic preservation in Indianapolis, IN.
4. John S. and James L. Knight Foundation	IN	FL	51,600,870	160	Promotes excellence in journalism worldwide; promotes vitality of cultural life and access to cultural pursuits in 26 U.S. communities served by the foundation.
5. Doris Duke Charitable Foundation	IN	NY	39,030,000	26	Supports performing artists with the creation and public performance of their works, mainly through support of presenting organizations.
6. Pew Charitable Trusts	IN	PA	31,256,000	43	Supports strengthening of financial and policy support for America's cultural resources; in Philadelphia, supports strengthening capacity of cultural organizations and artists.
7. Kresge Foundation	IN	MI	29,175,000	46	Provides challenge grants to arts and humanities groups for building construction or renovation projects, major capital equipment, and purchase of real estate.
8. Freedom Forum	OP	VA	23,778,378	46	Primarily supports its own programs to foster First Amendment freedom of press and speech, including the Newseum (VA) and First Amendment Center (TN).
9. Hall Family Foundation	IN	MO	20,326,325	22	Supports major performing and visual arts organizations in Kansas City, MO, area, including programs to strengthen management, and income and audience development.
10. Robert R. McCormick Tribune Foundation	IN	IL	19,671,718	108	Supports journalism programs that promote effective leadership for news organizations, freedom of expression, diversity of staffing, and coverage of national security issues.
11. Donald W. Reynolds Foundation	IN	NV	19,048,408	18	Provides capital grants to arts and culture organizations that serve the people of AR, NV, and OK.
12. Rockefeller Foundation	IN	NY	18,827,321	188	Supports efforts to nurture creativity and innovation in the information age, expand knowledge and freedom in the public sphere, and preserve and renew cultural heritages.
13. Wallace-Reader's Digest Funds	IN	NY	18,292,585	22	Supports efforts of arts and culture organizations to increase cultural participation by adopting practices to diversify, broaden, and deepen relationships with their audiences.
14. Brown Foundation	IN	TX	18,046,600	101	Supports the visual and performing arts in TX, with emphasis on Houston area.
15. David and Lucile Packard Foundation	IN	CA	17,067,536	207	Supports arts institutions and programs to educate children in the arts in San Mateo, Santa Clara, Santa Cruz, and Monterey counties (CA).

Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 or more from a sample of 1,015 larger foundations; excludes grants to individuals.

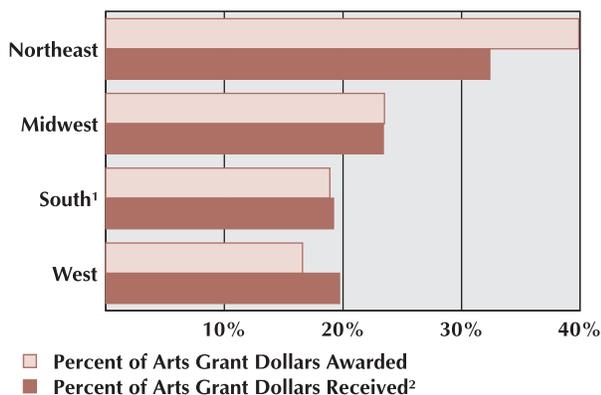
Endnotes

1. The Foundation Center's series includes *Arts Funding* (1992), *Arts Funding Revisited* (1995), and *Arts Funding, Third Edition* (1998). All of these reports were developed in collaboration with Grantmakers in the Arts (GIA), which will also partner with the Foundation Center on the 2003 study.
2. Estimates are based on a weighted percentage of arts giving of a sample of foundations as a proportion of total giving reported by all foundations. In

the weighted sample, the largest foundations allocated approximately 10 percent of their grant dollars to the arts; smaller foundations allocated more than 15 percent.

3. 1998 figures for arts organizations' sources of revenue (including all private support) were drawn from INDEPENDENT SECTOR/The Urban Institute's *New Nonprofit Almanac and Desk Reference* (2002), tables 5.7 and 5.12; 1995 figures were cited in *Arts Funding, Third Edition*. For comparative purposes, estimated foundation giving has been adjusted to exclude arts grants to non-arts organizations and grants awarded to non U.S. arts groups.
4. To avoid extreme skewing of grantmaking patterns, the District Columbia has been excluded from the regional breakdowns. The District's cultural institutions—including its many prominent national institutions—attracted 5 percent of all foundations' arts dollars in 2000, while funders in the area provided just 1 percent of arts dollars.

Northeastern foundations awarded two-fifths of arts and culture grant dollars in 2000; arts groups in the Northeast received one-third of dollars



Source: The Foundation Center, *Arts Funding Update*, 2002. Based on grants of \$10,000 and over awarded by a sample of 1,015 larger foundations.

¹Figures for the South exclude the District of Columbia, which represented 1 percent of grant dollars awarded but 5 percent of dollars received.

²Excludes 296 grants totaling \$29.8 million awarded outside of the U.S.

2000 Sampling Base

The Foundation Center's circa 2000 grants sample includes 119,778 grants of \$10,000 or more awarded by 1,015 leading foundations and reported to the Center between June 2000 and July 2001. Grants were awarded primarily in 2000 or 1999. These grants totaled nearly \$15.0 billion and represented more than half of total grant dollars awarded by all U.S. independent, corporate, community, and grantmaking operating foundations. See Appendix A in *Foundation Giving Trends*, 2002 Edition, for complete sampling information. For lists of top arts funders and recipients overall and by subfield, visit http://www.fdncenter.org/fc_stats.

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