

# **Foundation Grants to Arts and Culture, 2001**

## **A One-year Snapshot and a Four-year Update**

Produced through a partnership of  
Grantmakers in the Arts and the Foundation Center  
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**Grantmakers in the Arts**  
604 West Galer Street  
Seattle, Washington 98119-3253

# A One-year Snapshot

## Foundation Grants to Arts and Culture, 2001

Loren Renz and Steven Lawrence

### Highlights

Key findings from GIA's third snapshot of foundation giving to arts and culture are listed below. Most importantly they tell us about the *changes* in foundation giving for the arts between 2000 and 2001 and the *distribution* of 2001 giving among arts and cultural institutions and fields of activity. The findings are based on arts grants of \$10,000 or more reported to the Foundation Center by 1,007 of the largest U.S. foundations.

**Grant funding for arts and culture increased.** From 2000 to 2001, grant dollars for arts and culture from reporting foundations increased by 10 percent, or 7 percent after inflation. Actual grant dollars increased by \$179.0 million, from \$1.80 billion to \$1.98 billion.

**The proportion of foundation grantmaking for arts and culture decreased slightly.** The arts and culture share of total grant dollars from the 1,007 larger foundations in the sample was 11.8 percent in 2001, which was below the average for the past decade (12.9 percent). This share of grant dollars was also a slight decrease from 2000, when the arts and culture share was 12.0 percent. Exceptional giving by a few leading grantmakers in areas such as education and health resulted in decreased shares of overall giving for arts and culture, among other fields.

**Most larger foundations support arts and culture.** Nearly nine of every ten of the larger 1,007 foundations (89 percent) made grants supporting the arts and culture in 2001.

**The number of arts and culture grants increased modestly, with no change in median grant size.** The median arts and culture grant size – \$25,000 – did not change from 2000 to 2001, although the real value of the median grant decreased slightly due to inflation. The number of arts grants in the sample increased by a modest 572, from 17,835 in 2000 to 18,407 in 2001. This means that 2001's increase in total grant dollars appears to have been used for grants of roughly the size typical of recent years.

**Museums and performing arts receive most arts and culture grant dollars.** Funding for museums accounted for 34 percent of 2001 arts grant dollars from the 1,007 larger foundations. Funding for the performing arts accounted for 30 percent of arts grant dollars. Over the past two decades, museums and the performing arts have consistently received the largest shares of foundation arts and culture grant dollars, with the balance between the two fields showing modest shifts from year to year.

**Compared to grantmaking in other fields, arts and culture grants are more concentrated on capital projects and general operating support.** In 2001, capital projects represented 36 percent of arts and culture grant dollars, and general operating support accounted for 21 percent of arts grant dollars. In the arts, the share of funding in both categories surpassed the shares of comparable funding in most other fields. In addition, approximately 32 percent of arts dollars were used for special projects and programming.

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### Source of the data

The original research upon which this report is based was conducted by the Foundation Center. Specifically, the source for 2001 data was the Foundation Center's *Arts Funding IV: An Update on Foundation Trends* (2003), while data for earlier years were taken from the Center's annual *Foundation Giving Trends: Update on Funding Priorities* and its grants sample database. The data for 2001 include grants of \$10,000 or more awarded by 1,007 of the largest U.S. foundations and reported to the Foundation Center between June 2001 and July 2002. Grants were awarded primarily in 2001. These grants represented more than half of total grant dollars awarded by the more than 61,800 active U.S. independent, corporate, community, and grantmaking operating foundations that the Foundation Center tracks. (The sample 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.

Criteria used to identify arts and culture grants for *Arts Funding IV* differ slightly from those used for *Foundation Giving Trends*. To

maintain consistency with earlier Foundation Center benchmark studies on giving for the arts, the *Arts Funding IV* data excludes giving for the non-arts-related humanities (foreign language, language and linguistics, philosophy, and theology). This giving is included in the arts totals presented in *Foundation Giving Trends*. In contrast, figures for total arts and culture giving presented in *Arts Funding IV* include support for arts and humanities library programs and international cultural exchange. In *Foundation Giving Trends*, these figures are represented in the areas of education and international affairs, respectively.

It is important to keep in mind that the foundation grantmaking examined here represents only one source of arts financing. (See "An Overview of Revenue Streams for Nonprofit Arts Organizations," page 16.) This analysis also looks only at foundation arts support for nonprofit organizations, and not for individual artists, commercial arts enterprises, and informal or unincorporated activities.

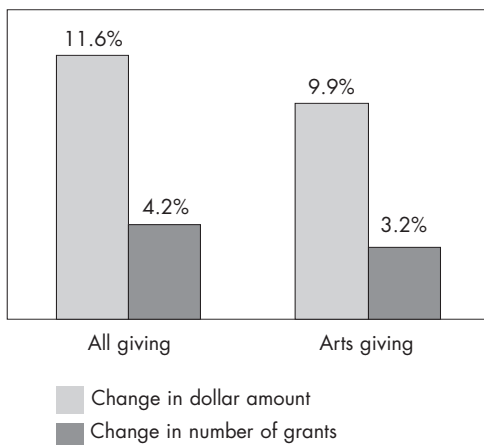
## Specific Findings

### Arts grants compared to all grants in the sample

**Overall foundation dollars for the arts.** Funding for arts and culture from foundations in the Foundation Center's sample increased almost 10 percent between 2000 and 2001 (figure 1). (With an inflation rate of slightly less than 3 percent, this reflected a real increase of 7 percent.) This increase slipped below the close to 12 percent growth in funding reported for foundations in the sample overall in the same period. Actual grant dollars increased by \$179.0 million, from \$1.80 billion in 2000 to \$1.98 billion in 2001.<sup>1</sup>

**The arts' share of all foundation grant dollars.** In 2001, arts grant dollars represented 11.8 percent of all grant dollars in the Foundation Center sample (figure 2). This percentage represented a slight decrease from the arts' 2000 share (12.0 percent) and was below the nearly 13 percent average for the past decade (figure 3). From 1992 through 2001, the arts' share of all foundation grant dollars ranged from lows of 11.8 percent in 2001 to highs of 14.8 percent in 1993 and 1998. Increased funding by a few leading grantmakers – e.g., the William and Flora Hewlett Foundation and the Bill & Melinda Gates Foundation – in areas such as education and health resulted in a decreased share of overall giving in the latest year for arts and culture, among other fields. Not surprisingly given the location of these funders, foundations in the West provided the smallest share of their overall 2001 giving for arts and culture (9.5 percent), compared to the South (13.4 percent), Northeast

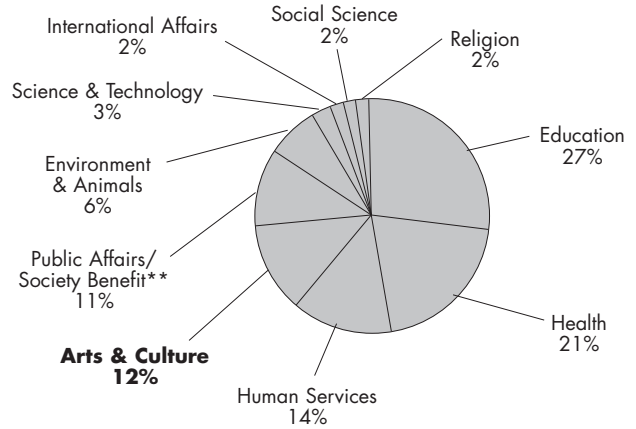
**FIGURE 1. Growth of arts & culture giving compared to all giving, 2000 to 2001**



Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

<sup>1</sup> Of the \$1.98 billion supporting the arts in 2001, foundations in the sample provided 141 grants totaling \$12,707,231 for arts and humanities library programs, and 62 grants totaling \$11,921,220 for international cultural exchange.

**FIGURE 2. Percent of grant dollars by major fields of giving, 2001\***

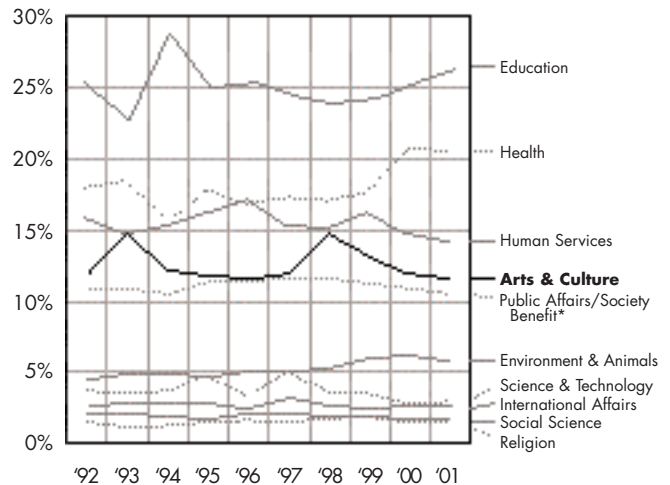


Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Due to rounding, percentages may not total 100.

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

**FIGURE 3. Giving trends by major fields of giving, 1992 to 2001**



Source: The Foundation Center, 2003, based on annual samples of more than 1,000 larger foundations.

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

Note: Disproportionately large gifts, usually made on a one-time basis, may distort long-term funding patterns in one or a few particular years.

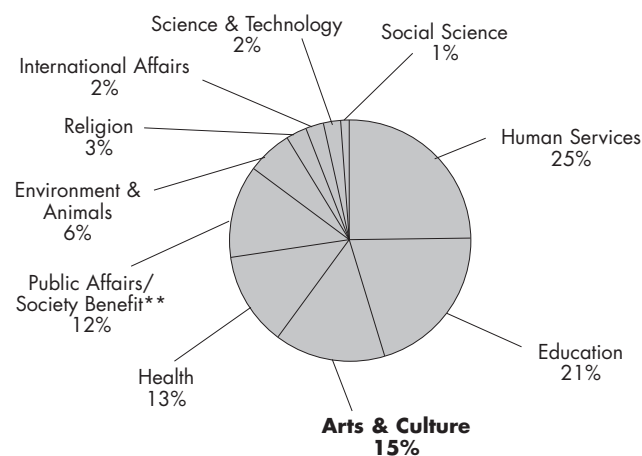
(13.2 percent), and Midwest (11.1 percent) regions of the U.S. Still, it is worth noting that in the 2001 sample, 89 percent of all funders supported arts and culture – 893 of 1,007 foundations.

**Number of grants.** In terms of the *number* of foundation grants given rather than the total dollar amount, the arts' share of all foundation grants decreased slightly between 2000 and 2001, from 14.9 percent to 14.7 percent (figure 4). The actual number of grants increased by a modest 572, from 17,835 in 2000 to 18,407.

**Median grant size.** The median grant amount in the arts in 2001 was \$25,000. This amount has remained unchanged since 1992. If this amount were adjusted for inflation, however, it would have lost value in real dollars. The median amount for all foundation grants in 2001 was larger, at \$30,000. 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.

(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.)

**FIGURE 4. Percent of number of grants by major fields of giving, 2001\***



Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Due to rounding, percentages may not total 100.

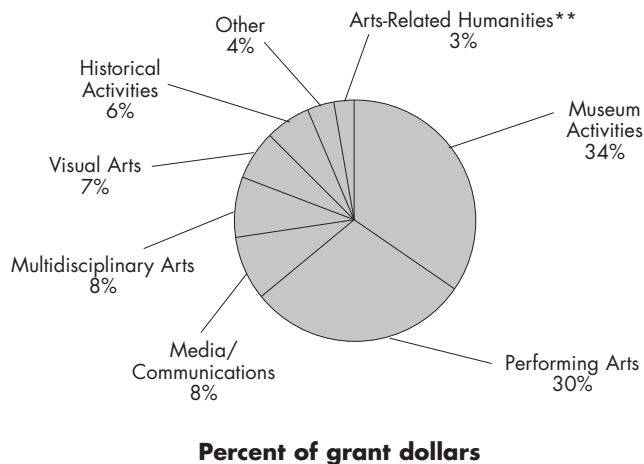
\*\* Includes civil rights and social action, community improvement, philanthropy and voluntarism, and public affairs.

## Grants by arts subfield

Funding for museums accounted for over one-third (34 percent) of all foundation arts dollars in 2001 (figure 5), and was a larger share than that for the performing arts (30 percent). From the start of the 1980s until 1998, however, the performing arts consistently received more foundation support than museums. In the mid-1980s, the two fields received nearly equal shares of funding. But this lasted for a short period of time, and between the late-1980s and the mid-1990s the performing arts regained its earlier lead. In 1998, grant dollars to museums increased significantly, surpassing those going to performing arts. They achieved this larger share of support again in 1999 and 2001. The underlying reasons for the shifts in share between these two fields of activity are complex. More study would be needed to adequately understand the role played, for example, by the entry onto the scene of new and large arts funders, extraordinarily large grants, the contribution of valuable art collections, and new museum projects.

**Giving to museums.** Grant dollars allocated to museums increased by 30 percent between 2000 and 2001, from \$523.4 million to \$680.3 million. However, the *number* of grants decreased by 1 percent. Among museum types (figure 6), the largest share of 2001 funding supported art museums (47 percent), and this share was up from the previous year. Children's museums and other specialized museums<sup>2</sup> experienced increases in share in the latest year. In contrast, history,

**FIGURE 5. Arts and culture, giving to subfields, 2001\***



**Percent of grant dollars**

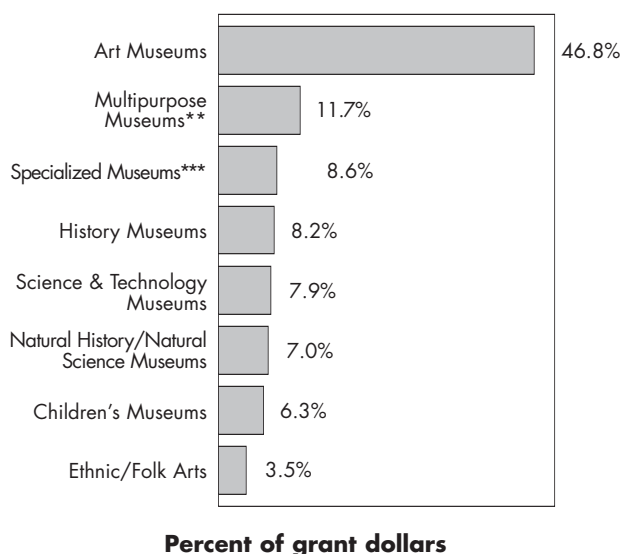
Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Due to rounding, percentages may not total 100.

\*\* Excludes support for foreign language, language and linguistics, philosophy, and theology.

<sup>2</sup> Includes maritime, sports, and hobby museums and other specialized museums.

**FIGURE 6. Giving to museums, 2001\***



Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Giving to museums constitutes 34 percent of all giving to the arts and culture subcategory.

\*\* Includes museums such as the Smithsonian Institution and general purpose museum programs.

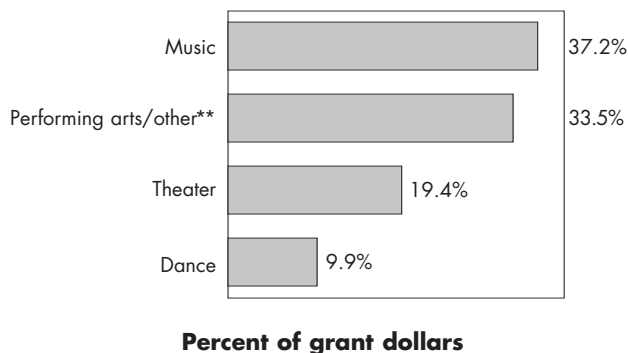
\*\*\* Includes maritime, sports, and hobby museums and other specialized museums.

science and technology, natural history, and ethnic/folk arts museums, and multipurpose museums<sup>3</sup> received slightly smaller shares of support. In the Foundation Center's 2001 sample, 72 percent of all funders supported museum activities.

**Giving to performing arts.** In 2001, performing arts grant dollars increased by 1 percent (\$7.1 million), from \$579.1 million to \$586.2 million. The largest share of giving to the performing arts (figure 7) continued to go to music (including symphony orchestras and opera), performing arts centers, and theater. Although the performing arts received a smaller share of arts funding dollars than museums in 2001, the field received a larger share of arts grants (41.4 percent) than did museums (20.9 percent). In general, the average grant for the performing arts grants tends to be smaller in size than the average museum grant. In 2001, 71 percent of all funders in the Foundation Center sample supported the performing arts.

**Giving to media and communications.** Support for media and communications<sup>4</sup> represented 8 percent of arts

**FIGURE 7. Giving to performing arts, 2001\***



Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Giving to performing arts constitutes 30 percent of all giving to the arts and culture subcategory.

\*\* Performing arts/other includes performing arts centers, performing arts schools, and other multidisciplinary performing arts programs.

funding in 2001, down from a 10 percent share in 2000. Four grants of at least \$2.5 million were made in the media and communications field in 2001, a decrease from six in the previous year.

**Giving to other arts and culture subfields.** Among other arts and culture fields, the share of arts giving for multidisciplinary arts<sup>5</sup> decreased slightly from 9 percent in 2000 to 8 percent in 2001. However, grant dollars for these activities increased by 4 percent, from \$158.5 million to \$164.2 million. Support for the visual arts and architecture increased to almost 7 percent of arts grant dollars in 2001 from 5 percent in the prior year. Giving for this field increased by 37 percent, while the number of grants grew by 22 percent. Finally, funding for the arts-related humanities, including literature, received 3 percent of arts and culture dollars in 2001.<sup>6</sup>

## 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 18 percent of all grant dollars in the 2001 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

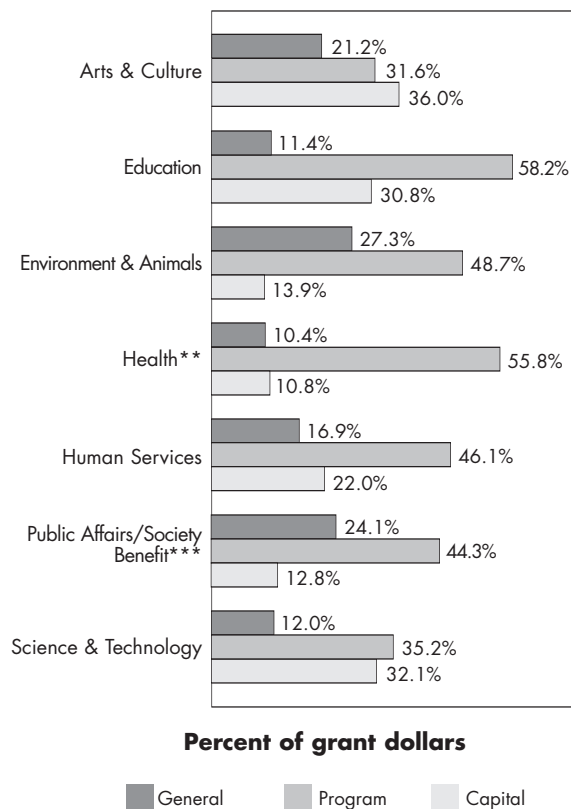
<sup>3</sup> Includes museums such as the Smithsonian Institution and general purpose museum programs.

<sup>4</sup> Includes support for production and dissemination in one or more media forms including film/video, television, radio, and print publishing; support also for journalism and communications centers.

<sup>5</sup> Includes support for multidisciplinary centers, ethnic/folk arts, arts education, and arts councils.

<sup>6</sup> Non-arts-related humanities, including foreign language, language and linguistics, philosophy, and theology, totaled an additional 0.5 percent of overall 2001 grant dollars.

**FIGURE 8. General, program, and capital support grant dollars by major subject area, 2001\***



Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Subject areas representing at least 2.9 percent of grant dollars.

\*\* Research support accounted for 18.6 percent of grant dollars in health.

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

example, it is often the case that the only source of data on smaller foundations' grants is the 990-PF tax return, and this tends to be less complete than other forms of grant reporting.)

**The arts compared to other foundation fields of giving.** The three largest categories of support tracked by the Foundation Center are general operating support, program support, and capital support. See figure 8 for a comparison in these three categories of dollars going to arts and culture with grant dollars going to other major foundation subject areas.

Of the three main categories of support, capital projects received the largest share of arts and culture grant dollars (36 percent) in 2001. This share also surpassed the share of capital support reported in all of the other program areas. 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 1992 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.) Funding for special programs and projects received the second largest share of arts and culture support (32 percent) in 2001. In contrast, program support accounted for the largest share of funding for all of the other program areas. Grant dollars allocated for general operating support in 2001 were higher for arts and culture (21 percent) than for all but two other program areas. This share was also basically unchanged from 2000. By comparison, grant dollars allocated to general operating support represented about 13 percent of arts funding in 1989. This share climbed in the early 1990s and again at the end of the decade.

**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 of 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 1,007 larger foundations. It is also important to note that for 22 percent of the arts grant dollars in this sample, the type of support was not specified.

## Grants by grant size

**Small and mid-sized grants.** Close to two-thirds (65 percent) of all arts grants in the sample were for amounts between \$10,000 and \$49,999 (table 2). This was a modest decrease from 1998 (67 percent) and contrasts with growth in the number of mid-sized grants (\$50,000 to \$499,999), which increased slightly from 30 percent in 1998 to 31 percent in 2001.

**Large grants.** The share of larger arts grants (\$500,000 and over) was nearly unchanged over the same period: larger grants represented close to 4 percent of the total number of arts grants in 2001, compared to just more than 3 percent in 1998. Their share of total grant dollars increased modestly from 52 percent in 1998 to nearly 54 percent in 2001. Overall, foundations in the sample made 79 arts grants of at least \$2.5 million in 2001, up from 69 in 1998.

The largest arts and culture grant in the Foundation Center's 2001 sample was the Lauder Foundation's (NY) \$38.2 million grant in the form of artwork to the New York-based American Art Foundation, an operating foundation that acquires, restores, and donates works of art. Next in size to this award was the Donald W. Reynolds Foundation's (NV) \$30.0 million grant to the Smithsonian Institution for the purchase of the Lansdowne portrait of George Washington and for the costs of a national tour and exhibit space, and the Sid W. Richardson Foundation's (TX) \$25 million grant to the MPA Foundation for construction of the new Tadao Ando-designed Modern Art Museum in Fort Worth.



**TABLE 1. Arts grants by types of support, 2001\***

Type of support	Dollar value of grants	%	No. of grants	%
<b>General support</b>	<b>\$419,369</b>	<b>21.2</b>	<b>4,694</b>	<b>25.5</b>
General support	\$419,369	21.2	4,694	25.5
General operating	357,488	18.1	3,912	21.3
Annual campaigns	2,846	0.1	64	0.3
Income development	25,866	1.3	323	1.8
Management development	33,169	1.7	395	2.1
<b>Program support</b>	<b>624,806</b>	<b>31.6</b>	<b>6,663</b>	<b>36.2</b>
Program development	314,083	15.9	3,803	20.7
Conferences/seminars	17,595	0.9	290	1.6
Faculty/staff development	14,426	0.7	174	0.9
Professorships	5,041	0.3	24	0.1
Film/video/radio	21,100	1.1	201	1.1
Publication	22,800	1.2	194	1.1
Seed money	13,738	0.7	51	0.3
Curriculum development	12,934	0.7	171	0.9
Performance/productions	38,039	1.9	716	3.9
Exhibitions	99,761	5.0	528	2.9
Collections management/preservation	33,035	1.7	173	0.9
Commissioning new works	11,762	0.6	175	1.0
Electronic media/online services	20,492	1.0	163	0.9
<b>Capital support</b>	<b>711,606</b>	<b>36.0</b>	<b>2,121</b>	<b>11.5</b>
Capital campaigns	80,947	4.1	351	1.9
Building/renovation	371,298	18.8	1,126	6.1
Equipment	20,182	1.0	215	1.2
Computer systems/equipment	4,960	0.3	69	0.4
Land acquisition	1,541	0.1	16	0.1
Endowments	104,287	5.3	237	1.3
Debt reduction	4,799	0.2	14	0.1
Collections acquisition	123,593	6.2	93	0.5
<b>Professional development</b>	<b>37,600</b>	<b>1.9</b>	<b>490</b>	<b>2.7</b>
Fellowships/residencies	22,203	1.1	212	1.2
Internships	3,258	0.2	56	0.3
Scholarships	6,915	0.3	109	0.6
Awards/prizes/competitions	4,570	0.2	98	0.5
Unspecified	653	0.0	15	0.1
<b>Other support</b>	<b>58,528</b>	<b>2.9</b>	<b>370</b>	<b>2.0</b>
Research	38,428	1.9	225	1.2
Technical assistance	13,242	0.7	111	0.6
Emergency funds	415	0.0	9	0.0
Program evaluation	6,443	0.3	25	0.1
<b>Not specified</b>	<b>431,831</b>	<b>21.8</b>	<b>5,774</b>	<b>31.4</b>
<b>Qualifying support type**</b>				
Continuing	534,380	27.0	5,434	29.5
Matching or Challenge	83,487	4.2	196	1.1

Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\* Dollar figures in thousands; 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.

**TABLE 2. Arts grants by grant size, 2001 (dollar amount in thousands)**

Grant range	No. of grants	%	Dollar amount	%
\$5 million and over	38	0.2	\$384,035	19.4
\$1 million-under \$5 million	286	1.6	456,570	23.1
\$500,000-under \$1 million	363	2.0	219,748	11.1
\$100,000-under \$500,000	2,805	15.2	506,015	25.6
\$50,000-under \$100,000	2,920	15.9	175,752	8.9
\$25,000-under \$50,000	4,333	23.5	130,400	6.6
\$10,000-under \$25,000	7,662	41.6	105,047	5.3
<b>Total</b>	<b>18,407</b>	<b>100.0</b>	<b>\$1,977,567</b>	<b>100.0</b>

Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

**TABLE 3. 25 largest arts, culture, and media funders, 2000\***

Rank	Foundation	State	Total grant dollars	No. of grants
1.	Donald W. Reynolds Foundation	NV	\$57,844,000	13
2.	Lauder Foundation	NY	45,099,005	13
3.	Andrew W. Mellon Foundation	NY	44,171,131	139
4.	Pew Charitable Trusts	PA	40,899,000	35
5.	Lilly Endowment	IN	37,377,519	39
6.	Ford Foundation	NY	32,187,085	223
7.	John S. and James L. Knight Foundation	FL	29,773,000	91
8.	Starr Foundation	NY	29,031,000	101
9.	San Francisco Foundation	CA	28,384,595	128
10.	Sid W. Richardson Foundation	TX	28,024,500	15
11.	Packard Humanities Institute	CA	25,654,288	32
12.	Freedom Forum	VA	25,111,171	26
13.	Kresge Foundation	MI	24,650,000	34
14.	David and Lucile Packard Foundation	CA	22,137,578	218
15.	Annenberg Foundation	PA	18,574,585	42
16.	McKnight Foundation	MN	18,547,550	149
17.	Houston Endowment	TX	17,504,700	72
18.	Skirball Foundation	NY	17,487,000	21
19.	Brown Foundation	TX	16,724,326	126
20.	Ian Woodner Family Collection	NY	16,000,444	4
21.	Burnett Foundation	TX	15,972,884	22
22.	Henry Luce Foundation	NY	15,939,000	46
23.	Ford Motor Company Fund	MI	15,904,637	118
24.	Horace W. Goldsmith Foundation	NY	15,560,000	108
25.	Doris Duke Charitable Foundation	NY	15,010,000	21
<b>Total</b>			<b>\$653,568,998</b>	<b>1,836</b>

Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

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

**The 25 largest arts funders.** The top 25 arts funders by giving amount provided 33 percent of the total arts dollars in the Foundation Center's sample (table 3). While this is a significant share, in the early 1980s the top 25 arts funders accounted for more than half of the grant dollars in the sample. Their share has declined since then – down to about 41 percent in 1989, 1992, and 1998 and 34 percent in 1995. This suggests that the number of large arts funders has grown and means that support for the arts is less concentrated among a small number of foundations than in previous years.

**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 smaller foundations (table 4). Among the top 100 foundations ranked by share of arts grant dollars out of total giving, 60 foundations gave less than \$5 million in total arts grant dollars in 2001.

*Both at the Foundation Center, Loren Renz is vice president for research and Steven Lawrence is director of research.*

**TABLE 4. Top 35 foundations by share of arts giving out of overall giving, 2001**

Rank	Foundation	State	Fdn. type*	Total grant dollars	Arts grant dollars	Arts as % of total dollars	Number of grants
1.	Ian Woodner Family Collection	NY	OP	\$16,000,444	\$16,000,444	100.0	4
2.	Mr. & Mrs. Barney A. Ebsworth Foundation	MO	OP	8,000,000	8,000,000	100.0	2
3.	Helen F. Whitaker Fund	PA	IN	7,727,598	7,727,598	100.0	55
4.	Avenir Foundation	CO	OP	13,680,800	13,620,800	99.6	9
5.	Perry and Nancy Lee Bass Corporation	TX	IN	9,070,000	9,010,000	99.3	4
6.	Donald and Maureen Green Foundation	CA	IN	3,654,332	3,629,677	99.3	2
7.	Allen Foundation for the Arts	WA	IN	7,564,167	7,414,167	98.0	86
8.	Samuel H. Kress Foundation	NY	IN	4,035,700	3,955,700	98.0	127
9.	Andy Warhol Foundation for Visual Arts	NY	IN	13,610,500	13,295,500	97.7	58
10.	Jerome Foundation	MN	IN	4,053,190	3,910,250	96.5	123
11.	Overture Foundation	WI	IN	4,442,338	4,281,782	96.4	1
12.	Janet A. Hooker Charitable Trust	PA	IN	5,442,000	5,227,000	96.0	20
13.	J. Paul Getty Trust	CA	OP	13,662,746	13,035,546	95.4	133
14.	Lauder Foundation	NY	IN	47,443,596	45,099,005	95.1	13
15.	Colburn Foundation	CA	IN	3,965,000	3,755,000	94.7	20
16.	Shubert Foundation	NY	IN	12,257,500	11,600,000	94.6	259
17.	Robert Lehman Foundation	NY	IN	4,216,607	3,988,407	94.6	22
18.	William S. Paley Foundation	NY	IN	3,940,500	3,581,000	90.9	6
19.	Walt and Lilly Disney Foundation	CA	IN	8,024,000	7,250,000	90.4	2
20.	Riggio Foundation	NY	IN	4,930,000	4,414,000	89.5	12
21.	Christensen Fund	CA	IN	8,827,668	7,455,589	84.5	25
22.	Burnett Foundation	TX	IN	19,302,698	15,972,884	82.7	22
23.	Amon G. Carter Foundation	TX	IN	16,911,691	13,518,191	79.9	14
24.	Skirball Foundation	NY	IN	22,204,211	17,487,000	78.8	21
25.	Frist Foundation	TN	IN	12,424,889	9,747,500	78.5	25
26.	Wortham Foundation	TX	IN	11,994,500	9,300,500	77.5	40
27.	McConnell Foundation	CA	IN	9,240,381	7,076,918	76.6	5
28.	Sid W. Richardson Foundation	TX	IN	36,661,320	28,024,500	76.4	15
29.	Muriel McBrien Kauffman Foundation	MO	IN	5,888,945	4,499,695	76.4	57
30.	Freedom Forum	VA	OP	33,934,771	25,111,171	74.0	26
31.	Ann and Gordon Getty Foundation	CA	IN	7,357,850	5,438,149	73.9	113
32.	Dodge Jones Foundation	TX	IN	6,614,953	4,891,369	73.9	15
33.	Trust for Mutual Understanding	NY	IN	3,756,905	2,774,405	73.8	96
34.	Emma Eccles Jones Foundation	UT	IN	7,376,500	5,389,000	73.1	18
35.	Atlantic Foundation	NJ	IN	5,250,270	3,769,715	71.8	4

Source: The Foundation Center, 2003, based on a sample of 1,007 larger foundations.

\*IN = independent; OP = operating



## **An Overview of Revenue Streams for Nonprofit Arts Organizations**

**Loren Renz**

*Arts Funding IV* examines recent changes in arts grantmaking by one segment of private institutional donors – private and community foundations. While the larger, more fragmented arena of government and private support lies outside this investigation, it is nonetheless useful to place foundation support within this larger context. The following overview outlines the basic framework of private and public arts funding in the U.S. and discusses funding in relation to the overall financing of nonprofit arts groups. Information provided in this summary has been drawn from several national sources, some estimated and some actual. The most recent data available on various sources of arts income were not necessarily for the same period. In addition, the national sources consulted for this overview do not employ precisely the same definitions of arts and culture. Still, while any conclusions drawn are only proximate, they nevertheless help to place foundation spending within the larger context of overall support for the arts.

### **Sources of Nonprofit Arts Revenue**

Nonprofit arts and cultural organizations in the U.S. obtain their revenues from three major sources: earned income, philanthropic contributions from private donors, and direct government subsidies. Earned income – composed of program service revenues (ticket sales, admissions, subscriptions, program ads, and gift shop sales) along with investment income and dues and assessments – accounts for approximately one-half of all revenue. Contributions from private donors (individuals, foundations, and corporations) account for about two-fifths. Government sources provide the remaining roughly one-tenth of revenue.<sup>1</sup>

Nearly 24,000 nonprofit arts and culture organizations filed tax returns circa 2000. These organizations reported revenues in excess of \$23 billion, of which roughly \$11.5 billion (49 percent) derived from earned income, close to \$9.4 billion (nearly 40 percent) came from private donors, and over \$2.6 billion (11 percent) came from government support.<sup>2</sup>

### **Estimates for Private Sector Sources of Arts Support, 2000**

Among private donors, individuals contributed the largest share of funds (50 percent). Independent, family, operating, and community foundation giving to U.S.-based arts groups – estimated by the Foundation Center at more than \$3.1 billion in 2000 – equalled roughly 33 percent of all private contributions and about 13 percent of total revenue.<sup>3</sup> According to data extrapolated from business sources, corporate contributors (including company-

sponsored foundations) provided close to \$1.6 billion or 17 percent of private funding.<sup>4</sup>

Private donors' share of all arts revenue has grown, from 37 percent in 1995 to just under 40 percent in 2000. Among private donors, the relatively strong growth of foundation support for arts and culture during this period meant that foundations' share of all private arts giving increased from less than three-tenths in 1995 to one-third in 2000. Foundation arts giving as a share of all arts revenue also grew slightly, from one-ninth in 1995 to one-eighth in 2000.

Private donors play a much greater part in sustaining arts and culture organizations than they do in most other nonprofit fields. For example, private contributions account for scarcely 3 percent of the income of hospitals and general health organizations and 17 percent of the revenue of educational organizations. Unlike the arts, nonprofit health and education organizations derive the largest share of their revenue from earned income, including investment income. On the other hand, environmental organizations, civil rights groups, and international affairs organizations are more similar to arts groups. They rely on private contributions for between 54 percent (environmental groups) and 66 percent (international affairs groups) of their overall revenue.<sup>5</sup>

### **Arts as a Share of Overall Support from Private Donors**

Among private donors, foundations devote a relatively large proportion of their funding to the arts. Throughout the 1980s, arts and culture captured a consistent 13 to 15 percent of foundation grants, although the share slipped to 12 percent in recent years. During the same period, individual donors overall (as measured by *Giving USA*) contributed a fairly consistent but much lower 6 to 7 percent of their total giving to the arts. (In 2000, the share was estimated at 5.5 percent.) Finally, according to various business sources, corporate contributions to the arts vary depending on company size. In 2000, the largest U.S. corporations tracked by the Conference Board provided roughly 9 percent of their charitable contributions to the arts,<sup>6</sup> while the proportion for businesses overall was approximately 15 percent.<sup>7</sup>

### **Government Funding of the Arts**

Government funding equalled roughly 10 to 11 percent of the revenue of arts organizations overall. According to various sources, the average share is estimated to be lower for performing arts groups – about 5 percent<sup>8</sup> – but higher for museums – almost 28 percent,<sup>9</sup> and considerably higher for small, community-based arts groups. While annual support from government sources is much less than private sector giving, they have traditionally been seen as much more equal-opportunity funders. Until the mid-1990s, they were also the principal source of institutional support for individual artists (and remain so in some localities).

Since the late 1980s, economic and political factors have created shifts in direct funding from the federal to the state and, increasingly, to the local level.<sup>10</sup> At the federal level, the budget of the National Endowment for the Arts was slashed by nearly half between 1992 and 1998, although in the most recent few years, funding has modestly rebounded. Other federal arts agencies have also been drastically scaled down. State and local funds in many areas were cut sharply during the economic recession of the early 1990s. In the boom years of the late 1990s, however, state and local government funding recovered and grew at a rapid pace.<sup>11</sup> In 2001, state agencies had more than four times the financial resources available at the federal level. Local arts agencies reported more than eight times the level of federal support. Yet these resources may rise and fall in line with state and local economies. In the current prolonged economic downturn, the severe budget crises of state and local governments are taking a heavy and uneven toll on public support for the arts.

## Conclusion

This brief outline underscores the fact that nonprofit arts financing is a very complex, fragmented, yet interdependent funding framework made up of grants from federal, state, and local agencies, corporate contributions, individual donations, as well as earned income. This summary also suggests that the framework is fragile, since the commitment of each of the donor groups to the cultural community may rise and fall. Of the various donor groups, foundations have played a remarkably stable role in recent years, thanks in part to the effects of the prolonged bull market of the 1990s on foundation resources and to the vibrant expansion of the foundation community.

In the wake of the stock market decline and the attacks of September 11, foundation giving for the arts and other fields began to decrease after 2001, and this trend will likely continue over the next few years. Nonetheless, support from newly established foundations is one of several factors that will help to moderate reductions. Foundations will continue to be an important source of nonprofit arts financing.

*Loren Renz is vice president for research, The Foundation Center. This article is adapted from a chapter in Arts Funding IV.*

### Footnotes

1. Since the mid-1990s, the proportion of earned income has stayed about the same, the proportion of private funding has increased, and the proportion of government support has decreased.
2. Urban Institute, 2003. Figures for 2000 are drawn from IRS Form 990 returns for that calendar year, which are included in the NCCS-GuideStar National Nonprofit Research Database. Figures are preliminary and subject to change. Final figures will be used to update tables published in Weitzman, M., et al., *The New Nonprofit Almanac & Desk Reference*, Washington, DC: Independent Sector, 2002.
3. U.S. private and community foundations provided an estimated \$3.69 billion for arts and culture in 2000. 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. For comparative purposes, estimated foundation arts giving has been adjusted to exclude corporate

foundation giving, arts grants to non-arts organizations, and grants awarded to non-U.S. arts groups. Adjusted estimated arts giving totaled approximately \$3.1 billion.

4. Business Committee for the Arts, *The BCA Report: 2001 National Survey of Business Support to the Arts*, New York: Business Committee for the Arts, 2001, p. 9. According to BCA's latest triennial survey, business contributions to the arts grew from \$1.16 billion in 1997 to \$1.56 billion in 2000.
5. Urban Institute, 2003. Figures are preliminary and subject to change.
6. Muirhead, S., *Corporate Contributions in 2001*. New York: The Conference Board, 2003, Table 8, p. 19. TCB reports that arts and culture received 10 percent of the contributions of the large companies surveyed in 1997 and 1998; 9 percent in 1999 and 2000; and 8 percent in 2001.
7. *The BCA Report, 2001*. BCA estimates that business contributions to the arts totaled \$1.56 billion in 2000, or more than 15 percent of the \$10.1 billion of all estimated corporate giving. Large- and medium-size companies surveyed by BCA in 2001 that gave to the arts allocated 11 percent of their total giving to the arts, while the smallest companies allocated 40 percent of their total giving.
8. McCarthy, K. et al., *The Performing Arts in a New Era*, Santa Monica, CA: RAND, 2001, Figure 7.3, p. 84. Figure based on data from the U.S. Census Bureau's 1997 Economic Census. See also Voss, Z., and Voss, G., *Theatre Facts 2000: A Report on Practices and Performance in the American Nonprofit Theatre*, New York, NY: Theatre Communications Group, 2001.
9. Brown, M., *Giving USA 2001: The Annual Report on Philanthropy for the Year 2000*, Indianapolis, IN: AAFRC Trust for Philanthropy, 2001, Fig. 1, p. 109. Figure is based on data from the 1999 AAM Museum Financial Information Survey conducted by the American Association of Museums.
10. *The Performing Arts in a New Era*, 2001, p. xxi. According to the report, the shift in government funding from the federal to the state and local levels has implications for the average size of grants, the characteristics of grant recipients, and the programming decisions of those recipients. The authors note that, "In particular, state and local governments tend to focus less on the arts per se and more on the social and economic benefits to local communities in awarding grants."
11. Renz, Loren and Lawrence, Steven, *Arts Funding IV: An Update on Foundation Trends, 2003*, The Foundation Center, Table 2.

## Arts Funding IV A New Benchmark Study

In June 2003, Grantmakers in the Arts and the Foundation Center published *Arts Funding IV: An Update on Foundation Trends*, the most comprehensive and up-to-date analysis available of foundation giving patterns for arts, culture, humanities, and media. The new study focuses on trends in foundation arts grantmaking through 2001. The report compares recent changes in foundation funding with other sources of public and private support, examines changes in giving for specific arts disciplines, analyzes giving patterns by region, and explores shifts in the types of support foundations award. It also provides estimates of total foundation giving for the arts in 2002 and suggests the direction of foundation arts giving over the next several years.

GIA Members receive a copy of the report as a benefit of membership. Copies can be purchased at the Foundation Center's online Marketplace, [www.fdncenter.org/marketplace](http://www.fdncenter.org/marketplace). Report highlights are available at no charge from the "Researching Philanthropy" area of the Foundation Center's Web site <[www.fdncenter.org/research](http://www.fdncenter.org/research)> or by calling GIA.