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**The Emerging Role and Potential
of Community Foundations
in Arts Funding**

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Panelists: Lisa Cremin
Metropolitan Atlanta Arts Fund
Sarah Solotaroff
The Chicago Community Trust
Geol Weirs
San Francisco Foundation

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Jones: I'm Ed Jones, and I'm a board member of Grantmakers in the Arts. As such, I've been asked to introduce your moderator of the panel today, John Couchman.

As you may know, John is vice president of Grants and Programs at the St. Paul Foundation. He has been on the staff of the Foundation since 1987, initially in the position of program officer and later as senior program officer. He asked me not to go into greater detail, but there are more details in your packets.

So with that, I introduce John. And he will introduce the other panelists.

Couchman: Thank you, Ed. Thanks to all of you for being here today.

As you know, the title of this session is "Emerging Role and Potential of Community Foundations in Arts Funding," and we have an illustrious panel today that is going to help us think and talk about it from a variety of perspectives.

The program talked about the fact that community foundations offer unique opportunities for arts philanthropy, and that in addition to funding arts organizations, foundations are set up to offer substantial technical assistance and build ongoing relationships with donors. We hope to reflect on how community foundations are succeeding as partners in support of arts in their communities. You'll hear about a variety of different ways that community foundations are approaching that today.

I'm joined on the panel today by three colleagues from community foundations around the country. On my left, is Lisa Cremin. Lisa is the director of the Metropolitan Atlanta Arts Fund, which is a grantmaking initiative of the community foundation for greater Atlanta and the Metro Atlanta Chamber of Commerce. Previously, Lisa was an independent curator of photographs in New York City.

Next to me, on my left, is Geol Weirs. Geol is a brand new program officer at the San Francisco Foundation. He is dealing in the areas of arts and culture. While he is new to our field of community foundations, he is an experienced grantmaker, having previously served as senior

program officer for Arts and Culture at the Dayton Hudson Foundation here in the Twin Cities. We welcome him back to Minneapolis today to be part of this panel.

On my right is another transplanted Twin Citian. Sarah Solotaroff is senior staff associate for Programs at the Chicago Community Trust. She has managed the program for arts and culture there since 1990. Prior to that, she was general manager of the St. Paul Chamber Orchestra during the 1980s, and has also worked as an editor and teacher of English literature.

I'm joined here by three very experienced professionals in arts grantmaking, and my unique contribution is that I'm the only one that is not a professional in the arts field. I hope to share my perspective as vice president of grants and programs at a community foundation, as we go along.

One of the things I hope you will gain from the perspectives of what you hear today, is how varied and different and unique community foundations are, just as the communities that they serve are very unique and different. In the fifteen or so years I've been in this field, one of the things that impresses me is how there are no two community foundations that are exactly alike in what they do and how they do it and how they approach it. They are all, hopefully, connected to the unique circumstances and needs within the community they serve. I hope that that will be reflected here today, and perhaps is something we can talk about.

What we want to do today is for each of us to take a brief period of time and share with you some perspectives from where we sit in community foundations, talking about some of the unique things that our community foundations are involved in. Then we'll open it up and have a very free-flowing discussion and interaction among ourselves and with the audience.

To set the stage, Sarah is going to lead off and talk a bit about what community foundations are and how they are structured and what their role in the community is, to set a context for our discussion of community foundations and arts funding. So, Sarah?

Solotaroff: Good, thanks.

Does everybody have a copy of this sheet? It's called Distinguishing Characteristics of Foundations. I'm going to start with this, so you can listen and not understand or listen with the sheet in front of you and understand.

I will talk about community foundations as funding entities to those of you who represent funding entities. I want to know how many of you in the audience are from community foundations. Great – about a third? And how many from corporate foundations? One lone board member – corporations are so under-represented in this organization.

How many of you are from large, private foundations? I mean, like, I don't know, assets over \$10 million or something – just one. And small family foundations? Okay.

Audience: Public agencies.

Solotaroff: Public agencies – oops!

Thanks, Kathleen. I forgot the largest group of all. That's very interesting because I think public agencies are often localized like community foundations and have specific mandates within the community. Maybe you're here because you do a lot of collaboration with your community foundation.

And I'm sorry, public agencies, you're not on this chart, but if you would like to speak for yourselves after our little speeches, please feel free to do so.

Using this sheet, I'd like to point out what we feel at the Community Trust are the distinguishing characteristics of a community foundation. These characteristics drive not only the grantmaking programs but the increasing importance of fundraising in the community foundation.

You'll see that the source of funds comes from contributions from individuals, families, corporations and other entities. There are two points to recognize here. One is that the community foundation receives the status of public charities because of its composite of donors. It

gives it a public charity nature, and that affects its distribution policies.

Also, source of funds means that the solicitation of funds is ongoing. That is also an important thing that I want to stress today. Our geographic focus is local. The kinds of funds are multiple. There are designated, restricted, unrestricted, donor advisor, and this affects a lot of the grantmaking.

The charge or purpose is very broad in terms of not-for-profit organizations, but it is narrow in geographic range. Finally, we are classified as a public charity. This gives us favorable tax implications, and does not require us to distribute under the five percent rule that the other kinds of foundations operate under.

In contrast to that, corporate foundations get their assets from corporate profits. They focus in communities where they have corporate activity. They don't have the multiple kinds of funds. Their charge is determined by the corporation. That sometimes can be a broad community concern; it can be in the interest of the corporation; it may have even international influence. They are classified as private foundations, as you can see, and there are less favorable tax implications.

Another critical thing – and it has to do with the distribution – is that for community foundations, the monies are distributed usually by a publicly-appointed distribution community. These are people who cross wide ranges of interest in the community, not like corporation foundation boards or independent boards.

Independent family foundations are driven by their private assets. They have a focus that is determined by the donors to the family foundation. They have one kind of fund, not applicable to multiple restrictions like the community foundations. Their charge and purpose is determined by their donors, and usually those donors share a common interest, and they are classified as a private foundation.

I find this is a good reference point to understanding how the community foundation operates in its community. I'd like to spend just a few more minutes talking about the growth of community foundations and the growth of their

fundraising. Like Bill T. Jones, I find the foundation centers' arts reports really helpful and interesting, so let me just refer to some of the things in those reports.

Community foundations represent a relatively small but extremely vital and influential component of the foundation universe. Not only were community foundations one of the fastest segments of philanthropy in the 1980s, but their leadership role in many communities increased along with stepped-up demands for private initiatives to solve local problems such as crimes, drugs, AIDS, etc.

In the 1990s the role of community foundations has been further heightened by the impact of economic restructuring and government downsizing – this will sound familiar to you who work in community foundations – on local economies. With government support of many nonprofits sharply reduced, community foundations have sought to expand resources by forging partnerships between public and private funding sources.

In 1997, there were 403 community foundations. In 1998, there were 437, and in 1999, there were over 500 community foundations. These are conservative estimates. They do not include the supporting organizations that are often arms of the individual community foundation.

The giving increased by 25 percent in 1997, by 22 percent in 1998 and 14 percent in 1999. Giving by community foundations was \$1.68 billion in 1999.

This is interesting: Community foundations accounted for less than one percent of the total number of active grantmaking foundations, but were responsible for 7.5 percent of giving and 11.5 percent of gifts received. That's an interesting point because the growth of the community foundations is not just in number; it is expanding also in giving proportion.

Another thing that I think you should be aware of in looking at community foundations and their impact on overall giving is that in number, they are relatively small when compared to the number of family foundations. There are over 500 community foundations now across the country. The National Center for Family

Philanthropy identified 18,270 family foundations in 1998. Now, these are often much smaller in dimension and assets; they are focused more narrowly. But that gives you a sense of comparison of the very rapidly growing philanthropic base of family foundations as compared to the smaller number of community foundations.

The top 36 community foundations gave away 67 percent of the community foundation dollars donated. That is, one-ninth of the community foundations gave away two-thirds of the money. So it pays to know what city you're in. That's my conclusion, and I'll get to that when we talk about the arts. Conversely, 36 newly-reporting community foundations provided only 7.5 percent of community foundation giving.

What are they doing, these new foundations? Well, they are raising money. Unlike independent foundations, which rely primarily on investment performance to increase assets, community foundations seek to raise their asset base both through the growth of investments, often done by bank and trust officers, which means very slow growth, and by annual solicitations of gifts from many sources.

Gifts to endowments increased from \$2.2 billion to \$2.6 billion, up 16 percent since 1997. While new gifts to community foundations grew more slowly in 1998, they nonetheless exceeded grants paid out by over \$1.1 billion, assuring a healthy increase in asset values. I hope you're picking up some of the dynamics about what is going on in community foundations these days.

The number of foundations receiving gifts totaling at least \$80 million rose from three to seven in the latest year, while those with gifts totaling \$10 million or more were up only slightly, to 53 from 52, in 1998. Ten foundations based in California received gifts totaling at least \$10 million, but none of the remaining states reported more than three foundations with gifts of this range.

There is another phenomenon that I think you should be aware of before I go into some examples of how this is impacting the field. The 25 community foundations which gave the most – and there is a list of them here – are

not necessarily the same 25 community foundations which got the most. Interesting bit of information.

Community foundation assets grew more rapidly than those of independent foundations, in part because they did not suffer the same decline that characterized independent foundation assets at the start of the 1980s, resulting from the high pay-out rates required for private foundations, and in part due to the extraordinary success of many community foundations in attracting new endowment funds.

I was at the community foundation meeting at the end of September in Milwaukee, and I have noticed over the decade or so that I've been doing the grantmaking program at the Chicago Community Trust that the emphasis at community foundation meetings has shifted radically. In 1990, that meeting was held in Chicago, and so I was aware of the program; and most of the content of that conference was on grantmaking programs. This year, in Milwaukee, I would say three-quarters of the sessions were directed towards financial services. I want to read you some of the topics of the community foundation meeting in Milwaukee.

"New Research: What Advisors Need, What Donors Want." "101 Development: The Landscape Overview." "The Charitable Giving Triangle: Understanding, Communicating and Marketing to Professional Advisors." One after the other. "101 Financial: Financial and Administrative Basics." "1999 Investment Survey: Results and How to Use Them."

The occupation of the community foundation is shifting more and more toward the bringing in of assets and the rendering of financial services for those donors. The Chicago Community Trust, for instance, is a very old foundation with a large body of assets and an unusually large percentage of discretionary funds – ones that aren't tied to donors' wishes. In the last two years, our program staff has gone from twelve to eight, and our external relations staff has gone from three to seven. So you can see what's happening here.

It's not bad news necessarily. It's a description of the landscape, and very interesting things are

happening in the community foundation world. You've got a CEO or program staff or external relations people who are entrepreneurial, who are looking for the donor that is going to really make some impact on their asset base, and therefore on their community. I give you one example.

In San Jose, executives at CISCO Systems took a step in the philanthropic direction, announcing that the company would have an onsite philanthropy consultant to guide employees. Peter Hero, the president of Community Foundation of Silicon Valley – it used to be called Santa Clara Community Foundation, but since he's after the Silicon Valley wealth, he has changed the name to Community Foundation of Silicon Valley. He went to CISCO and offered to hire a counselor who would sit in the CISCO offices, trained and paid for by the Community Foundation, to assist 2,000 of CISCO's 19,000 employees, who had become millionaires through the CISCO stock. Really interesting idea. As Peter Hero says, quote, "There are a lot of stereotypes out there about the cyberstingy, but we find that a lot of people out here are really very generous." He is clearly interested in directing that generosity.

So, what does this mean for the arts community and for those of us who are interested in support of the arts? Well, my colleagues are going to give you some very good concrete examples, but I have some comments to make about this.

One, whoever you are – working in an arts organization, working in a public agency, working in an independent private foundation, working in a community foundation – know your community foundation. Know how it operates. How old is it? How big are its assets? How much is given each year? What proportion is given to the arts? How active is the organization in fundraising? What is the rate of asset growth?

If you have any influence in this way, try to insist on a more programmatic orientation. Community foundations – many of the younger ones, and I gave you the information on how many of them are really concentrating solely on increasing assets – have lost the notion of the mandate of the community foundation, which

is to serve the citizens of the particular geographic region.

There are all these scary stories out there about the for-profit companies like Vanguard and Fidelity that are setting up charitable gift funds and allowing their donors to put money into that fund and then just write checks out of it. The community foundation, as large as it is and as impactful as it may be, cannot compete with Fidelity and Vanguard, and so to just offer a series of financial services to your donors which tries to compete with your investment firm is, in my view, the wrong way to go. What the community foundation has to sell is its program expertise; its knowledge of the community. Wherever you are, if you have some way of impacting your community foundation and the way that it directs its activities and therefore its funds, do so.

Push collaboration. A lot of you from public foundations are doing that. One of the ways that the community foundation can strengthen its program is to work with publicly-funded entities.

Four, community foundations are looking for donors, obviously. This is the new thing. So steer people who are interested in the arts into donor-advised funds at community foundations. The day of independent grantmakers making independent grants to individual arts groups is waning in community foundations. Grantmakers will be increasingly beholden to, and asked to respond to, donors' wishes. If you as an arts grantmaker have the capacity to work closely with donors who are interested in the arts, even to cultivate donors into leaving funds at the community foundation, you are going to have greater impact in arts support in your organization.

Thank you.

Couchman: Thank you, Sarah.

We're going to move along and ask Geol to share with us some perspectives from his situation. He's brand new to the community foundation world, but an experienced arts grantmaker, and so we're interested in hearing from you, Geol.

Weirs: Thank you.

I am still very much on a learning curve on community foundations, and I accepted this position because of the potential of what I can do with the San Francisco Foundation. I was attracted to this panel because of the title – the potential role of community foundations in arts giving.

I come from a background of public arts funding here in the Twin Cities area. I moved into corporate grantmaking, the fast and furious world of the Target Foundation. I bring that into my experience, to the San Francisco Foundation.

I also step into a new community. I came from this community – and you have learned a lot about this community. I became a grantmaker in this community, so what I take to the San Francisco area is what I've learned about grantmaking here.

A quick overview of the San Francisco Foundation. It's fifty-plus years old. It's the fifth largest community foundation in the nation. Last year, we granted about \$50 million; 80 percent of that was donor-advised funds, and that's fast-track learning for me. What are donor-advised funds, and how do they work?

Twenty percent of that is competitive funds. Of those competitive funds, I've got about \$1.2 million to play with. When you look at everything in my portfolio, it's about \$5 million. So what I'm fast-track learning is working with donors. I find it wonderful and fascinating because I come to grantmaking from the other side of the table – as an artist. As an artist turned arts educator, turned arts administrator, now turned arts grantmaker.

What I find more and more is that my relationship to the breakfasts and lunches and teas that I go to, is that donors want to know about what artists do and what artists want and what artists need. I find that holding on to my claim as an artist helps me talk to them about what their interests are.

One of the other things that attracted me about the foundation is that it's going through eighteen months of restructuring about how it does

programming. I was very attracted to being part of that new team structure. As you know, us grantmakers pretty much work in silos. We work within a foundation, be it community, corporate, private. We are the arts and program officer, we have a pot of money, and we guard it with our life for the artists and the arts communities we want to serve.

At the same time, we do a lot of talk about integrating the arts into the fabric of our lives. At least on paper right now, San Francisco wants to do that. I work in a group called the Arts and Culture Urban Impact Team, and so I am also learning the other disciplines within that we fund.

We are looking for those opportunities to work across the board and to, as much as we can, integrate the arts into all of our programming. Or at least ask the question. When we're sitting around as grants officers discussing some of the proposals coming before us, as the Arts and Cultural program officer, I ask the Education program officer, where's the arts?

I've had the title Arts and Culture Program Officer in many of my previous positions, but this is the first time I've had culture – not just the arts. I have parks, I have rec centers, I have libraries. It's the first time that I've been able to really reflect on my own growth as an artist and look at those influences and realize that I didn't develop through that small silo called arts grantmaking. My first dance class at the YMCA was not funded by the arts program; it was funded by the parks program.

So, for me to talk to donors about making those connections, whatever their arts are, is also about me saying, "As we look at the fabric of this community, the arts are not an extra piece to that. The arts are not a set-aside. The arts are not the icing."

When we look at youth programs, when we look at workforce programs – I also talk to them about the arts community as a workforce, that artists are a workforce. If you're learning about the arts, think about the arts as a workforce, like any other workforce in this community, in this neighborhood. What does that workforce need to function? Those are the kinds of connections I make there.

We are both responsive and proactive in grant-making, and we have a basketful of initiatives. We have initiatives in the West Oakland area. We have initiatives with the Parks Service. We have a wonderful partnership with the Lila Wallace. Some of you may be aware of their community participation program.

Again, we have initiatives going into communities. I can go in with our team that is really working on initiatives and developing the work in that community and making that community strong, and I can go and I sit with my team. As soon as someone from the community is ready and wants to introduce the idea of what should we do for our young artists in this community, I'm there. I am not pushing my agenda, but what I'm there for is to let them know that the foundation is ready to work with them in weaving that into everything else they want to do, from social justice, to environmental issues, to arts and culture issues.

What are we doing with the park that's been overrun by undesirables? How can we turn that back into the center that it should be for the people living in that community? That's where we start to introduce participatory arts programs.

I have a full spectrum. I have the majors there – the opera, the symphony – but I also have those community-based organizations, and that's where I think a lot of the new interest, at least through community foundations, is really coming to the fore.

We're into capacity building, of course. As I talked about the community arts focus, we're also very much pushing access and equity issues in working in those communities. As I look at the other part of my portfolio working with the majors – we've got 80 percent designated funds – a lot of those are going to the majors. And so we look at countering that. How do we complement that without competitive arts funding?

I talk to the majors about how they are working with the various communities that they claim to want to serve, are trying to serve, are trying to reach. Again, I'm making that connection. When I'm talking to potential donors about

what we are doing for the majors, I am also talking about access and equity issues.

Couchman: Very good. Thank you, Geol.

Lisa Cremin is with Metropolitan Atlanta Arts Fund. Lisa runs a major arts initiative there, and she is going to talk about the arts from her perspective.

Cremin: Good afternoon.

I am going to talk about three levels. I am going to give you a few details as a way of taking some of this background information and putting it into the context of one city's work. By doing that, I am going to talk about the Community Foundation, I am going to talk about the environment for the arts in Atlanta – because it is hard to understand the programs we have created without hearing about that – and I am going to describe some of those programs to you.

The way we discuss the Community Foundation is we say that it helps donors create permanent endowments that link their charitable interests with nonprofit organizations working to solve critical community needs. That is our cocktail party line when anybody says, "What does your Community Foundation do?"

The Community Foundation for Greater Atlanta is fifty years old next year and has nearly \$400 million in assets at this time. Coincidentally, this is divided into – unequally, of course – about 400 different individual donors' funds. If you have not actually thought about how community foundations work, it is interesting to think about how complex that is from a management perspective. You know, both from managing the assets as well as the disbursement and programmatic needs and concerns of the donors. Just 82 new funds were created at our community foundation last year.

Last year, the Community Foundation for Greater Atlanta gave \$20 million in grants in a variety of areas including arts and culture, civic affairs, community development, education, health, human services, and religion. By program area, 19 percent of that – or \$3.6 million – went to the arts. It's very important for you to know how it divides up. Think about this

because it probably reflects the way a lot of community foundations work.

Of the \$3.6 million that went to the arts, \$2.6 million came from donor-advised funds. And that means it came from individual donors making their own decisions about where they wanted the money to go, without our help. Nearly \$600,000 of those arts allotments came from donor-designated funds. This is sort of the United Way for the Dead section of the Community Foundation where their allocations, basically, get given every year to somebody through their planned gift or a bequest, or a will. A little over \$250,000 came from our field of interest funds, of which the Metropolitan Atlanta Arts Fund is one. And only \$100,000 of our arts grants came from the unrestricted grant program last year. So, \$1.3 million was given in unrestricted grants in total, but only \$100,000 came from our unrestricted funds that organizations could apply for. It's interesting to think about. Our unrestricted funds have designated priority program focus areas as a way of coming to grips with the huge need out there. Our stated priority program focus area is children, youth, and families and innovative work in the area of community capacity building.

When I work with arts organizations, I have to help them think about their arts requests in those terms. These are grants that are \$2,000 to \$8,000 each.

So in a nutshell, again, 83 percent of the money that went out of our Community Foundation had nothing to do with program staff – like me – who would love to have a little bit more influence on where that money goes.

There are a lot of other ways, however, that the arts do touch the work in our Community Foundation. For example, we have a program called the Intergroup Relations Program which works with immigrant and refugee communities, helping them co-exist with longtime Atlanta residents. A grant was made for the creation of a large mural project that was about differences and coexistence. And it was an extremely important project in this particular town in metro Atlanta in which racism is alive and well.

There is also promising work – and this is an area of growth which we are hoping for just as Sarah says she is in Chicago – for our program officers to work on more of a one-to-one basis with our individual donors. That gets very exciting. For example, I recently had an opportunity to talk with an individual donor who said, I'm really thinking about youth at risk, I am concerned about these youth and I am interested in the arts. I had the privilege of being able to put together a menu of eight or ten organizations that do very good work that incorporate both of these areas and it resulted in \$150,000 in grants that year to these organizations. So that was very meaningful.

Let me give you a snapshot of Atlanta, because it is not Chicago, and it is not San Francisco, and it is not Minneapolis. These are all cities that we actually sit around and wish we were more like, in the arts community.

Metro Atlanta is 22 counties, three of which have been amongst the fastest growing counties in the United States in the past couple of years. We have booming suburbanization, incredible sprawl, and we were just recently cited – as you may have read – as having the longest commute time of any city in the United States. Worse than Los Angeles!

These, of course, have a big impact on arts and culture and dealing with audiences, etc. Another thing to keep in mind in our part of the world is – my favorite new word – the religiosity factor. As we learn more and more about individuals' philanthropic patterns in Atlanta, we are learning that somewhere between 65 and 100 percent of individuals give and volunteer to their places of worship. I believe that they also get a lot of their arts and culture in these places. Whereas only 15 to 25 percent of these people also either attend, give, or volunteer at arts organizations. So that is big.

There is one other story that I have to share with you. It goes back to 1962, and Atlanta was a relatively small city, when a group of 120 arts patrons organized a tour to visit European cultural institutions. These were the people in Atlanta that, at that time, were finally getting brave enough to think about arts philanthropy and really wanted to make a difference in their

generation in their families. When their plane landed at Orly Airport, it crashed and every single person on that airplane died. Some people think that the fiscal support system for the arts in Atlanta has never recovered from this unthinkable tragedy. When you think about the development of philanthropy and a young city like Atlanta, this was huge! We are feeling it even to this day.

After that accident, the Memorial Arts Center was built in Atlanta with major support from Robert Woodruff, one of the founders of the Coca-Cola Company. The now renamed Woodruff Arts Center is an umbrella organization that has one governing board, not unlike the institute here, that includes our largest institutions: The High Museum of Art, the Atlanta Theater, the Alliance Theater Company, the Atlanta Symphony Orchestra, and the Atlanta College of Art.

As this center grew, it created a united corporate fundraising mechanism to support its operations. As time has gone by, this annual Woodruff Arts Center Corporate United Fund has become *de rigueur* for any local CEO and highly visible corporate executive. It's very prestigious to play a role in making this happen and raising all this money.

As Atlanta grew, of course, so did its arts community, and this creative community – thick in small theatres, dance organizations, and culturally specific groups – became much more sophisticated in approaching corporations and large private foundations who had no idea who they were or what their work was like.

The standard answers that the arts organizations were getting as they started to go to these folks was, we gave at the office, we gave to the Woodruff Arts Center campaign. So it was very difficult for the community of smaller arts organizations to have a presence, an advocate, a voice in Atlanta.

This is when the Metropolitan Atlanta Arts Fund was essentially conceived by some folks at the Coca-Cola Company who were, of course, getting most of these requests because they are the most visible company in Atlanta. They witnessed the new work then done by

National Arts Stabilization and actually were coveting becoming one of the cities that were a part of that program. So, they had an awareness of the stabilization concept.

The Coke people took a half of a million dollars, and put it out to the business community through the Metro Atlanta Chamber of Commerce – which, our new Chamber president likes to say, “is not your father’s Chamber of Commerce.” This is a very powerful business entity that does things like bring the Olympics to Atlanta. They more than met the match and raised \$3 million to establish the Metropolitan Atlanta Arts Fund.

This was a way that more than ninety businesses, corporations, foundations, and government entities – and I have to say we have a tremendous amount of support from the Fulton County Arts Council, as well as the City of Atlanta – could all begin to support smaller organizations.

I am going to take a minute, just for fun, to show you our three-minute PSA which won an Emmy Award and I say that with pride because it was a totally volunteer effort.

[presentation]

If any of you know Atlanta very well, you know that things have changed since this video was made. The cast of characters has changed a bit but, nonetheless, it does tell the story.

The Metropolitan Atlanta Arts Fund began with this \$3 million and the Chamber of Commerce led the committee of people that raised the money, and then they took it to the Community Foundation, because this gave the whole thing validity. It made donors comfortable with making large grants to the initiative, and it provided a place out of which we could work, an environment where the primary business is managing endowments and overseeing grant programs.

So, the Metropolitan Atlanta Arts Fund essentially gives large grants to relatively small organizations, organizations with budgets of under \$1 million a year, to help with initiatives for which there really are no other sources of support. We have funded a new development

director’s salary and expenses for a year or two years; we have established operating capital reserves at some of these organizations; we have funded change management and some of the other examples that you saw in the video. In seven years, we have given away \$1.3 million to about forty different organizations.

We have learned some interesting things that have really surprised us. One is that our grants provide a stamp of approval to other funders in Atlanta. So as soon as we go through this laborious work – and we have a pretty rigorous application process that includes site visits from our advisory board – these grants are a door-opener to other support for these smaller organizations. It is okay to fund a small arts organization that you had been afraid of before, is really how it translates. Invaluable community connections are made in these site visits which I cited before.

The thing that we are most surprised to have learned is that even our unfunded applicants have found the process of working with the Arts Fund to be very beneficial to them, which is unusual, but it is very important because we can fund such a small percentage of the organizations that apply.

In a nutshell, last year we went out and embarked on a campaign to raise another \$4 million so that we could double our work and give even larger grants and more multi-year grants. We also launched a new program called an Arts Stabilization Toolbox. This toolbox will provide arts organizations with a solution to a problem. They are not applying for an amount of money, they are applying for a customized package of professional consulting, training, mentoring, facilitation, books, or whatever they need, to get at a clearly stated organizational need or challenge. We have just finished some focus groups, and organizations find this incredibly disorienting, not to figure out how much money to apply for. For most of them it is the first time they have ever thought about not applying for an amount of money but actually for a solution.

Requests might be for things like: We need to add racial diversity to our board of directors. It might be as simple as helping with general

board development. Or it might be as complex as a team of small theaters applying for a grant to help them go into a management relationship. They might have had an artistic relationship before, but they had never actually managed an effort together.

We have done this in partnership with the Georgia Center for Non-Profits which is our nonprofit service agency. The way it will work is that they will apply to the Arts Fund for a grant, we will review the request, and then the Georgia Center for Non-Profits will provide the package of technical assistance and we will pay the bill. The organizations will never know the size of that bill. It is a new way of thinking about things. Everybody at the Community Foundation is watching this as a potential model for their work.

And finally, we will be launching a sabbatical program for leaders of small and mid-sized arts organizations. We feel this is very consistent with our stabilization strategy. And these will be financial grants that will allow artistic or administrative directors of small organizations to take six or eight weeks off – to do something professional or personal that will help them learn how to thrive in a changing environment. This will not only support the HR in these organizations but, additionally, recognize these individuals who I think we all agree are, in many ways, our unsung heroes.

So those are a handful of the examples. There are more but I am going to stop there.

Couchman: Thank you, Lisa.

I hope you are beginning to get a sense of some of the unique characteristics of community foundations. Even in the very different ways that each of these foundations has gone about their business, there are some very common themes.

Sarah did a great job of talking about some of the changes that are taking place in community foundations with donor-advised funds, which are funds from living donors.

Lisa was mentioning designated funds, which are funds from dead donors. I think back to when I started in this business fourteen years

ago, the best donor to a community foundation was a dead donor. The philosophy is now changing to: the best donor is a living donor. While I say that somewhat facetiously, I think that is an important distinction. Community foundations years ago were almost exclusively about wills and bequests and building permanent endowments which boards and staff really made grantmaking decisions about. It was with the Tax Act, fifteen or twenty years ago, where community foundations became public charities and had to raise new dollars in order to maintain their tax-exempt status, that the whole focus on working with living donors became more and more important and has really taken off with the accumulation of wealth in the country over the last five to ten years.

One of the things that I hope you come away with is that community foundations are many different things and all strategies are important and can be beneficial to communities and to the arts within their communities.

Let me talk a little bit about the St. Paul Foundation. It is much the same story. We have donor-advised funds, we have unrestricted funds, we have designated funds. Last year, we made about \$27 million in grants at the St. Paul Foundation. Overall, about seven percent – or a little over \$2 million – went to the arts. Our donor advisors made 240 grants to arts and humanities for a little over \$1 million; in our unrestricted funds, we made thirteen grants for almost \$600,000. There are various doors and ways to work with them around the distribution of dollars to support programs.

At the St. Paul Foundation, one of the things that is unique about how we have approached arts funding over the years is that we look at it very much from a community development perspective. Our foundation-wide goal is trying to build a healthy and vital community. Ten or fifteen years ago, it was really focused on our downtown, core community development.

St. Paul – which is the sister city to this big metropolis that we are in today – has over the last ten to fifteen years lost most of its major institutions, many of them to Minneapolis. We used to have our own banks, now they are all subsidiaries of banks in Minneapolis which

now are becoming subsidiaries of banks in San Francisco and all over the rest of the world. We have lost a lot of corporate institutions, we have lost other institutions. There was a real concern about the downtown vitality, the core vitality, of our city. There was a study that was done by Neal Pierce who, as many of you might know, studies urban America. He came into our community and identified arts organizations and museums as one of the remaining assets in our downtown area that we needed to pay particular attention to.

The community has spent a lot of time investing in and redeveloping major arts organizations as a way of helping to restore our downtown vitality. It's included many things. Initially, it involved an old Federal Court building that was about to be torn down that the community rallied around, and the Community Foundation participated in turning it into a home for many arts organizations. It has included the construction of the Ordway Theatre, and working to enhance and stabilize the St. Paul Chamber Orchestra and the Minnesota Museum of Art. There are lots of smaller theaters that are in downtown St. Paul as well as some major museums like the History Center, the Science Museum and others.

It was viewed in many respects, from the community's perspective and our perspective, as a way of using the arts to enhance and redevelop our downtown area. It has been very successful. Not only do we have a number of fine facilities and strong programs in the arts, but the whole redevelopment has now moved into a new phase where we are actually seeing reinvestment from corporations in downtown St. Paul. They are building new office buildings, employing new people, there is a whole new focus on redeveloping our riverfront. In many respects, it began with a look at how we could use arts organizations as a community development tool.

In our grants and program area, about three years ago we completed a new strategic plan to look at how we were going to focus our unrestricted grant resources in working with the community. Through that process, we made a decision to extend our reach more broadly out into the community, and not only in terms of

working with major institutions, but looking at how we could renew our commitment to capacity building with community-based organizations, as well as renew our commitment to partnering with other funders around special initiatives.

It was about at that time that the Bush Foundation – Sarah Lutman, the program officer for the Arts at the Bush Foundation – asked us and some others to look at the possibility of getting involved in a program that would focus on arts capacity building for small and mid-sized arts organizations. The Bush Foundation was interested in it because they are a major funder of large arts organizations, but were looking at how they could make a more strategic investment in smaller organizations and capacity building for smaller organizations. We were interested in it because, from a community development perspective, it fit with our strategic plan.

So, a group of funders asked the St. Paul Foundation, as a community foundation, to provide the home for a new initiative called Arts Lab. The purpose of the program is to develop and build capacity of small and mid-sized arts organizations through sharing of ideas, peer learning, studying best practices, as well as some modest financial support.

We spent a year putting the model together, and one of the things that I think is unique about the program and unique about one of the roles community foundations can play is the fact that we had some major arts funders – the Jerome Foundation, the Bush Foundation – who brought knowledge and expertise of the art world, with the St. Paul Foundation – which, I believe, has knowledge and connections with the community-based organizations and capacity building in our community. We hired a professional consulting group, that has worked with nonprofit organizations for many years and has had some experience with arts, to be the lead for the project. We also formed a community advisory committee and held focus groups.

The program model was not designed by any one perspective, and there is real value added in that. That is one of the things we have learned in our work, not only in the arts but in

other areas – when we can bring people together not only around resources of funding, but resources of ideas, the end result is generally much stronger.

Arts Lab began last January. We are getting close to completing the first year. This was an initiative that started with an RFP process that was put out to organizations with operating budgets between \$75,000 and \$500,000. It was an opportunity for them to tell us how they wanted to work to enhance and develop their organization and learn how to accomplish whatever they thought the next steps in their evolution were.

We received over sixty applications. We had a selection panel that included both some people that were from our local community as well as a couple of people from outside the community that work in the arts area. Eight organizations were selected to participate. A very diverse group artistically, it includes organizations involved in the performing arts and visual arts, cinema, arts education, music, dance. Some are eclectic, doing many of those things.

But the key components of the program are that each of these organizations had to agree to put together a leadership team that included the artistic leadership, the administrative leadership if it was separate – obviously, in many cases it is not – board leadership, and, if possible, volunteer leadership. That team had to include three to four people that would make a three-year commitment to spend considerable time as part of this initiative.

It began with each of the eight organizations that were selected working with the consultants and as a team within themselves that we called Self-Reflection Sessions. These were two-day organizational assessments identifying the issues, aspirations, hopes, and needs of each organization. It has continued with a series of what we call “labs,” which are really one to two day retreats. During the last year, there have been four of those retreats that have looked at issues from financial management to organizational development and to the development of specific plans that are organization-specific for how each of these organizations, in their own unique way, wants to move forward.

Each of the organizations received a small general operating grant of \$5,000 to help offset the loss of some of the staff time for participating in this, as well as \$35,000 in operating support – program-specific operating support, because the concept was that through the labs, organizations would develop a plan that was unique to them and that this money would be available to help them with that. There were also some additional resources to hire consultants over the three year period to work on agency-specific issues.

The program has pretty much completed its first year and we are doing an external evaluation as part of the program. It has been very successful, from our perspective and from the participants’ perspectives.

Some of the things that have emerged is that while these are very different groups, in very different types of arts disciplines, they have formed a bond around the concept of sharing and learning and supporting each other in how they can grow their organizations to accomplish their missions. With one exception, there has been incredibly strong binding and participation. These leadership teams that made the commitment have honored the commitment of time and energy and have really been stellar in this.

One of the unintended outcomes is that these organizations, on their own, have now formed bonds and relationships and they are going to each other’s places to talk and learn, and for each other’s performances. There is a camaraderie that provides a source of strength that most of them felt they didn’t have before.

They have all developed plans for how they want to evolve, use the resources, and move forward, and they vary considerably from one organization that is using part of the money to create a cash reserve fund for cash-flow situations, to another that is developing a new educational initiative that it thinks will lead it in new directions both artistically and in terms of financial support.

One of the organizations has had trouble maintaining its commitment. We have a Community Advisory Committee, that is made up not only of the funders, but some others in the

community, that meets regularly with the consultants to provide guidance and assistance and feedback on this thing. The decision has been made that this organization will need to demonstrate its ability to honor its commitments. There has been considerable dialogue with the consultants in this organization and hopefully they are going to be able to get on board and be a full participant in the program.

The important thing, again, is the different ways that community foundations can impact arts organizations and communities to help them accomplish their goals.

I am going to stop at that point and ask if any of my colleagues have any additional comments or questions that they would like to make before we open it up for discussion with the larger group.

Solotaroff: I would like to hear from the audience. I think you have had enough talking heads up here. For those of you who are not in community foundations, what is your relationship to the community foundation in your particular locale? What interested you about this session? How would you go about building a relationship?

Question: I had a question, Sarah, to you first. Do you know what percentage of community foundations make grants in the arts?

Solotaroff: I am sorry, I don't know that. I do know that the new community foundations are slight on program and that the arts do not fit very strongly into that, they are the lacking discipline.

Question: This morning, there were four family foundations represented, and I noted that none of them talked about giving grants to individual artists. I asked the question whether they have even ever discussed it and why. One of them made a comment that they had been advised that it would be better to do it through a community foundation. That is why I am here, but I'm not sure I heard any of you say anything about grants to individual artists and I am wondering if each of you, going down the line, would at least say something very briefly.

Couchman: Sure. Do you want to begin, Sarah?

Solotaroff: No, we do not and that was mis-advice.

Audience: I think the answer was through the donor-advised fund of the community foundation.

Solotaroff: Oh, okay, that makes more sense. I will just speak from a Chicago point of view. We do not give grants to individuals, we support 501(c)(3) organizations. We do a lot of support of organizations which do support individual artists. That is one indirect way of supporting them. But even with the donor-advised fund – at least for the Chicago Community Trust, which is an old foundation with a fairly large, established program – we would be uncomfortable cultivating a donor who did not, somehow, fit into the overall program design. I have had conversations with donors who wanted to set up funds for individual artists and the advice we have given them is to try to do it independently. The community foundation, even through a donor-advised fund, is probably not a good route to go.

I will take a minute just to describe another effort that is going on. Holly Sidford, who was with the Lila Wallace-Reader's Digest Fund, was hired by the Urban Institute to do an in-depth study of support for artists around the country. She is looking at support for artists in a variety of sources that can be through commissions from performing arts organizations, art galleries, through foundations, through community-based groups. You should keep track of that study. It will take about three years, and is being done in ten different cities. There will probably be some illumination of how artists are supported; there aren't good vehicles for support of artists. Hopefully, the foundations will be able to come up with something that beats that.

Audience: There is a roundtable that she is at tomorrow morning.

Solotaroff: Yes. Good.

Weirs: The San Francisco Foundation doesn't do individual support either, based on the same

criteria and structure that most community foundations find themselves under – and that is looking at, more broadly, the needs of the community as opposed to individuals.

If you look at the full pool of arts grantmakers and foundations, there are certain foundations where that is their focus. Part of that is to figure out which turf is the turf you best fit in. Community foundations are not a great source, aren't an effective source for individuals for the most part, depending on how they are structured. That is my experience.

Question: Would you agree that you would be interested in working with a donor-advised fund that was heading in that direction?

Weirs: Again, donor-advised funds are just that, donor-advised funds. A donor needs to really look at the community foundation and whether the structure of that community foundation serves their purpose well.

Question: Would you recommend individual artist grants to the donor-advised funds at the San Francisco Foundation?

Weirs: I am not in a position to make that kind of decision.

Question: Are there any donor-advised funds that support individual artists at the San Francisco Foundation?

Weirs: No, there are not, because of that very reason.

Cremin: Nor are there any at the Community Foundation for Greater Atlanta but we have a couple of programs that we can direct artists to.

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