

# Arts Funding IV

## An Update on Foundation Trends

Prepared in cooperation with  
GRANTMAKERS IN THE ARTS

U.S. private and community foundation giving for the arts more than doubled between 1995 and 2001. Propelled by a booming economy and dramatic stock market growth, this rapid increase in foundation support came at a time of cutbacks in federal arts funding and generally slower rates of growth in arts giving by state and local governments. Although the stock market meltdown beginning in 2000 and the onset of recession in 2001 slowed the growth of foundation giving at the end of this period, foundations nonetheless continued to increase their support for the arts and other fields. Still, estimates for 2002 and beyond suggest that overall foundation giving, including support for the arts, will show reductions for at least the next couple of years.

*Arts Funding IV: An Update on Foundation Trends* examines changes in U.S. foundation support for arts and culture, arts-related humanities, and the media through 2001. The report also places foundation arts giving within the context of changes in public and private support for the arts and in foundation funding overall. In addition, *Arts Funding IV* provides estimates of total foundation giving for the arts in 2002 and suggests the direction of change in foundations' arts giving over the next few years. This report was developed in cooperation with Grantmakers in the Arts.

### Estimated Arts Funding Through 2002

*Estimates of foundation giving for the arts are based on a percentage of arts support reported by a sample of larger foundations (see below) as a proportion of total giving by U.S. foundations overall.*

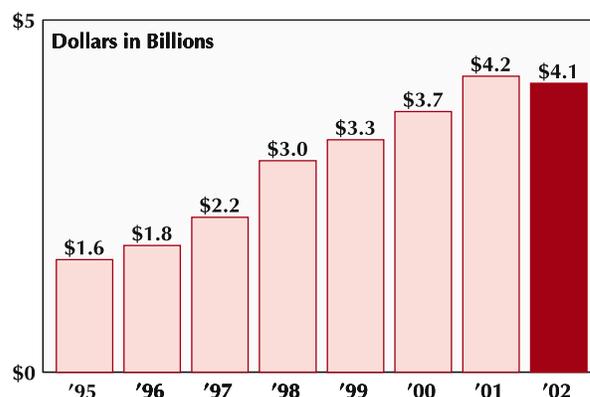
- Arts and culture grant dollars climbed from an estimated \$1.6 billion in 1995 to \$3 billion in 1998 to \$4.2 billion in 2001
- Estimated arts giving climbed fastest from 1995 to 1998; the rate of growth slowed between 1998 and 2001
- Between 1995 and 2001, 157 percent growth in estimated arts giving exceeded the 149 percent increase in overall foundation support

- After peaking in 2001, foundation giving for arts and culture decreased 3.5 percent to an estimated \$4.05 billion in 2002; this decline in arts dollars totaled an estimated \$147 million
- Estimated 3.5 percent decline in arts giving in 2002 exceeded the 0.7 percent decrease in giving overall, suggesting that arts funding is more sensitive to sharp reductions in foundation resources
- Over the next few years, foundation giving for the arts and other fields will likely continue to decrease, although newly established foundations and other factors will help to moderate reductions

### Foundation and Public Arts Support Through 2001

- Estimated foundation giving and actual state arts agency support increased faster than federal and local arts agency support between 1995 and 1998, and between 1998 and 2001
- Foundation arts support totaled more than three times National Endowment for the Arts, state arts agency, and local arts agency support in 2001

Estimated arts and culture giving by all U.S. foundations totaled approximately \$4.1 billion in 2002, down 3.5 percent from 2001\*



Source: The Foundation Center, *Arts Funding IV*, 2003.  
\*All figures based on adjusted dollars.

## Arts Funding for Sampled Foundations Through 2001

The following analyses are based on grants of \$10,000 or more awarded by a sample of larger foundations. Giving by these foundations consistently accounts for more than half of grant dollars awarded by all U.S. foundations each year. Of the 1,007 foundations in the 2001 grants sample, 893 foundations awarded 18,407 grants for the arts totaling close to \$2 billion.

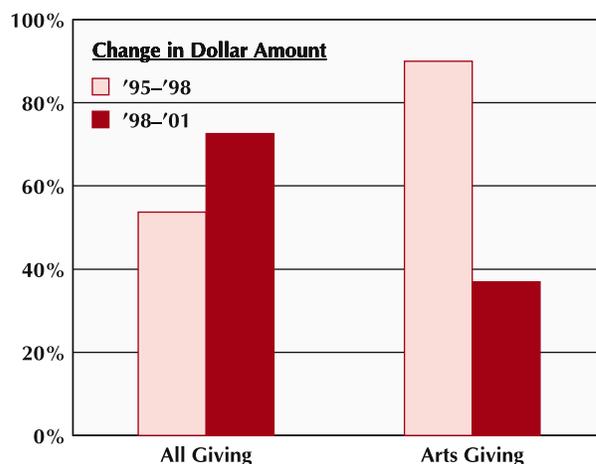
### Arts Grants Relative to All Grants

- Giving for arts and culture by sampled foundations increased from \$759.7 million in 1995 to \$1.4 billion in 1998 to nearly \$2 billion in 2001
- Arts funding accounted for 11.8 percent of overall grant dollars of sampled foundations in 2001, compared to 14.9 percent in 1998 and 12 percent in 1995
- Number of arts and culture grants awarded by funders in the sample jumped from 10,765 in 1995, to 14,168 in 1998, to 18,407 in 2001
- Despite fluctuations in the share of grant dollars, arts and culture accounted for a relatively consistent 14 to 15 percent share of the number of grants awarded between 1995 and 2001—suggesting that foundations in the sample maintained a steady commitment to the arts
- Close to nine out of ten funders supported the arts in 2001, making the arts one of the top-rated fields by breadth of participation; this share was up from roughly eight out of ten in 1995

### Arts Support by Recipients and Grants Size

- Number of organizations receiving arts grants increased by 59 percent between 1995 and 2001—from 4,602 in 1995, to 5,799 in 1998, to 7,326 in 2001—suggesting that many funders in the sample were distributing their arts support more broadly during this period
- 50 largest recipients of foundation arts giving received three out of 10 arts dollars in 2001, almost unchanged from 1998
- Close to two-thirds of 2001 arts grants were for less than \$50,000
- Median arts grant size—\$25,000—remained unchanged between 1995 and 2001, while median grant size in all fields rose to \$30,000 in the latter year
- Small grants accounted for a decreasing share of overall arts grant dollars between 1995 and 2001

Among larger foundations, grant dollars for arts and culture grew faster than overall giving between 1995 and 1998 and slower between 1998 and 2001



Source: The Foundation Center, *Arts Funding IV*, 2003. Based on a sample of 1,012 larger foundations for 1995, 1,009 foundations for 1998, and 1,007 foundations for 2001.

### Trends Among Arts Funders

- 69 foundations in the sample (7.7 percent) allocated at least half of their 2001 grant dollars for arts and culture; 188 foundations (21.1 percent) allocated at least 25 percent for the arts
- 25 largest funders by arts giving accounted for a smaller share of overall arts support in 2001 compared to 1998 and earlier years, suggesting that the base of large arts funders has grown and support for the arts is less concentrated among a small number of foundations

### Arts-Related Giving in Response to 9/11

The following findings are based on the Foundation Center's comprehensive 9/11 Funding Database ([www.fdncenter.org/911db](http://www.fdncenter.org/911db)) of institutional giving for relief and recovery efforts in response to the events of September 11, 2001.

- Corporations, foundations, and other institutional donors reported 9/11-related contributions totaling over \$1 billion
- 9/11-related contributions directly focused on arts, culture, and media totaled nearly \$56 million, including \$37.5 million from the Andrew W. Mellon Foundation to assist New York City cultural and performing arts organizations

- Independent foundations provided 75.4 percent of overall arts grant dollars in the 2001 sample, followed by corporate (11.6 percent) and community (7.4 percent) foundations
- Family foundations accounted for half of independent foundations' arts giving in 2001
- Compared to 1998, independent foundations provided a smaller share of their overall 2001 grant dollars for the arts (10.7 percent), community foundations provided a larger share (15.1 percent), and corporate foundations' share was roughly unchanged (14.8 percent)

### Regional and State-Level Geographic Trends

- Northeastern foundations in the 2001 sample accounted for 39 percent of all U.S. foundation arts giving
- Western funders reported the fastest rate of growth in arts giving between 1995 and 2001
- Southern and Northeastern foundations directed more than 13 percent of their 2001 funding to the arts; Midwestern foundations provided 11 percent of their giving to the arts
- Western foundations allocated the lowest share (9.5 percent) of their overall giving for the arts, due in part to the presence of several exceptionally large health funders in the region
- Median arts grant amount was consistent across regions in 2001 at \$25,000

### Trends by Arts Field

- More than one-third of arts grant dollars in the 2001 sample funded Museum Activities, followed by three-tenths for Performing Arts
- Grant dollars increased for nearly every arts field between 1998 and 2001; strongest gains were reported for Visual Arts, Historic Preservation, Media and Communications, and Museum Activities
- Grant dollars more than doubled between 1998 and 2001 for arts funding intermediaries and technical assistance providers, artists' services, and arts associations

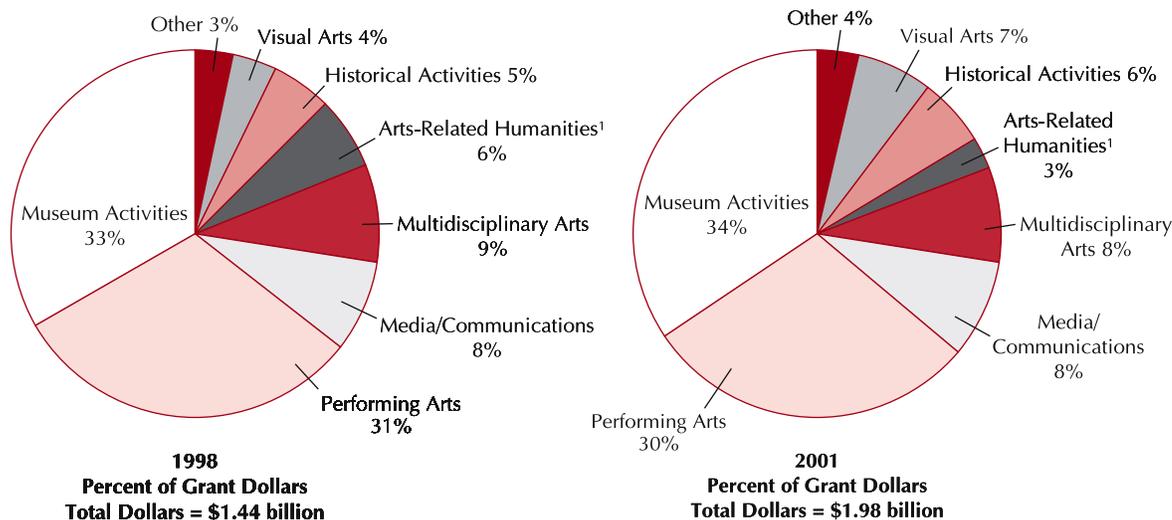
### Arts Funding for Children and Youth

- Youth funding in the arts claimed 8 percent of arts dollars in 2001 and accounted for nearly 2,700 grants
- Arts funding for young people grew 57 percent between 1998 and 2001, surpassing growth in arts funding overall

### Types of Support for the Arts

- Capital support represented well over one-third of arts grant dollars in 2001, exceeding programming support
- Unrestricted operating support increased faster than program or capital support between 1998 and 2001, suggesting that sampled grantmakers responded to requests for more operating support from arts groups

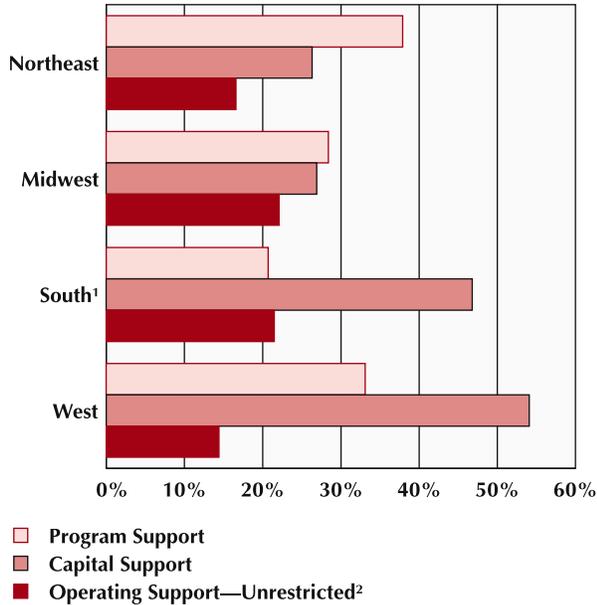
### Museum Activities and Performing Arts received largest shares of foundations' arts and culture grant dollars in 1998 and 2001



Source: The Foundation Center, *Arts Funding IV*, 2003. Based on a sample of 1,009 larger foundations for 1998 and 1,007 foundations for 2001.

<sup>1</sup>Excludes grants specified for non-arts-related humanities, including philosophy, theology, ethics, and foreign languages.

**Western and Southern foundations provided their largest shares of arts and culture support for capital projects in 2001**

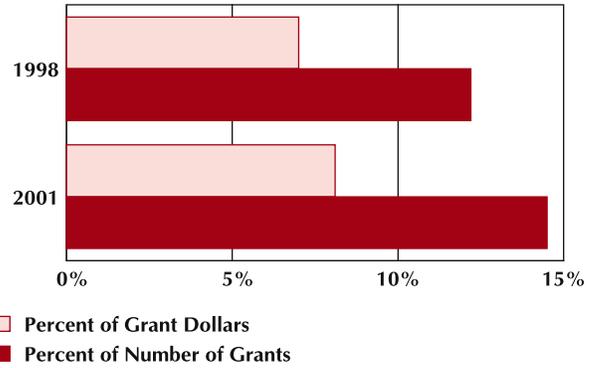


Source: The Foundation Center, *Arts Funding IV*, 2003. Based on a sample of 1,007 larger foundations.

<sup>1</sup>Figures for the South exclude the District of Columbia. The 18 DC-based foundations in the sample awarded 21 percent of their grant dollars for program support, 45.1 percent for capital support, and 21.6 percent for operating support—unrestricted.

<sup>2</sup>Figures exclude Income Development and Management Development. These categories were added to the Center's coding system in 1995.

**Giving for children's and youth programs as a share of all arts giving increased between 1998 and 2001**



Source: The Foundation Center, *Arts Funding IV*, 2003. Based on a sample of 1,009 larger foundations for 1998 and 1,007 foundations for 2001.

**ORDERING INFORMATION**

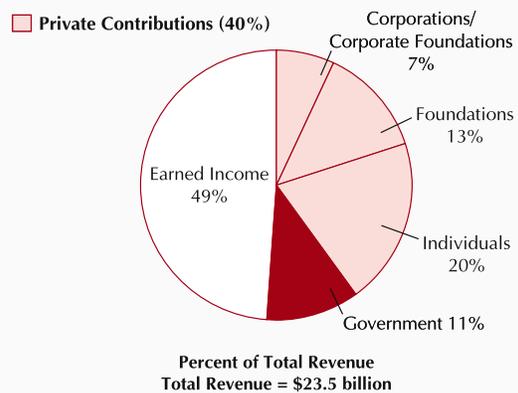
*Arts Funding IV: An Update on Foundation Trends* may be ordered by calling our toll-free number, 800-424-9836 (in New York, call 212-807-3690); by using our on-line order form at [www.fdncenter.org/marketplace](http://www.fdncenter.org/marketplace); or by mailing orders to the Foundation Center, Dept. NN10, 79 Fifth Avenue, New York, NY 10003-3076. Prepayment of \$19.95 plus \$4.50 shipping and handling is required. Discounts are available for multiple-copy orders. Please call 800-424-9836 for details.

**Financing Nonprofit Arts Organizations: An Overview of Revenue Streams**

Nonprofit arts and culture organizations in the U.S. derive their income from an interdependent funding framework made up of three major sources: earned income, private contributions, and government grants. The following comparisons of income sources are based on preliminary IRS data from the National Center for Charitable Statistics and estimated foundation and corporate data from the Foundation Center and Business Committee for the Arts.

- Earned income, including investment income, accounted for approximately half of the overall revenue of the nearly 24,000 nonprofit arts groups that filed tax returns
- Private sector contributions from individuals, foundations, and corporations accounted for two-fifths of revenue
- Federal, state, and local government sources provided the remaining one-ninth
- Foundation arts giving (excluding corporate foundations) comprised one-third of all private contributions and about one-eighth of total nonprofit arts revenue

**Sources of Nonprofit Arts and Culture Organization Revenue (circa 2000)**



Source: The Foundation Center, *Arts Funding IV*, 2003.