

## The Future of Arts Philanthropy

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Grantmakers in the Arts (GIA) is the only national organization incorporated to provide leadership and service to advance the use of philanthropic resources on behalf of arts and culture. Our membership includes private independent and operating foundations, community foundations, corporate foundations and giving programs, government entities including national, state, county and city arts agencies, nonprofit organizations with grantmaking as a primary activity and national partners, such as Americans for the Arts, who represent constituencies and influence policies critical to funders. Our members have diverse legal structures, financial resources and missions. But at the core of our work is the belief that the arts are essential to the human experience, and that democracy and creativity thrive when artists play an active and respected role in the social, educational and economic fabric of our communities.

No one can predict the future of arts philanthropy or the changing nature of the nonprofit arts sector. We can take stock of the past and take the temperature of the present to make some observations. GIA is a nexus for information, service, professional development and policy-making for our members. We do not speak for the philanthropic world at large. We can only take an aggregate look at our members and make some broad assumptions.

What we know of the past and present is obvious to all of us, granters and grantees alike. The health of philanthropy is directly tied to the health of the economy. According to the Foundation Center, which tracks foundation giving including corporate and community foundations, the arts fared no better or no worse than other nonprofit sectors in the economic downturns of 1990-91 and 2001 (GIA *Reader* Vol.20, No 2). All nonprofits shared in the decline of giving proportionately. Yet there are extenuating circumstances of 2008-2009 that should concern the nonprofit arts sector in general. At no time in our recent history have all areas of funding been impacted negatively at the same time. Most foundations have seen a drop in assets from 20-40%. State and local governments are attempting to correct huge deficits, cutting the budgets of many state and local arts commissions. The corporate community has seen revenue loss and, in some cases, may see giving to the arts as less attractive than social services in order to correct a declining public image. And individuals simply have more demand on their dollars and fewer dollars to contribute. This is the reality of 2009 and 2010.

From discussion with GIA members throughout 2009 and sessions at our annual conference, it is obvious that the economic downturn has spurred a deeper conversation among funders than “how do we do the same thing we’ve been doing with less money?” Grantmakers are taking a deeper look at their programs and asking tough questions about sustainability, effectiveness and equity. At the GIA national conference, participants were asked to respond to the following question: *“Given the premise that in 2020, the creative sector will be successful and healthy, what are we doing, or starting to do, to ensure the*

*cultural sector succeeds.*” Participants cited four factors, most commonly, as shaping the creative sector in 2020:

- Demographic change and the drive to greater social equity
- Rise of technology and its creation of a new generation gap: the digital natives vs. the digital immigrants
- Globalization
- Rise in arts participation and creative expression, blurring lines between professionals and amateurs, and shifting the market away from consumption to participation

The question elicited 1,441 written tactics, strategies and ideas. These were honed to ten areas of action that 246 conference participants stated they were taking or were going to take in the near future that would result in a healthy creative sector in 2020.

- Affirming funding priorities and policy changes in grantmaking
- Focus on relevance
- Continue support to artists
- Importance of protecting investments through increased stewardship
- Leverage resources and influence within and across sectors
- Eliminate silos through convenings, collaboration and connection
- Effective communication
- Lead by example
- Increased self-reflection and working smarter
- Strengthen relationships with grantees

A detailed account of each of these ten points can be seen in the GIA Reader Vol. 21, No 1, 2010 at [www.giarts.org](http://www.giarts.org) to be printed in March 2010.

To briefly summarize a few critical points, affirming funding priorities included revisiting their definition of the cultural sector and then affirming how success and health are defined. Grantmaker stances span the gamut from holding firm to current funding priorities to completely revamping them. Some were focusing on models of business and new forms of capitalization, leading to new ways of operating and funding. Some policy changes included narrowing the spectrum of organizations funded and ensuring that the needs of small, and mid-sized organizations are being addressed - especially artist-centered organizations and incubator organizations. Several GIA members were relaxing the boundaries of various arts disciplines to encourage thinking about the arts more generally instead of within rigid categories. Several grantmakers have changed their procedures from project grants to general operating support.

One GIA member stated, “relevance is the new excellence.” Many funders are more thoughtfully integrating community values and cultures into funding priorities. They are focusing on models and development of funding programs to advance principles of art and community building. GIA members talked about the need to continue and expand support for individual artists. There remains a focus on “excellence” and professional institutions in addition to a concern to integrate the arts into community life more prevalently.

Stewardship and communication are two important priorities for GIA members. Both attending the national conference and having an active local association of funders was cited as important in assessing changes in funding priorities and policies. Transparency and better communication with grantees was an area of great consensus at the conference. There is a trend for funders to see their grantees as partners to achieve mutual goals. Funders are seeking candid conversation about growth, (sometime larger is not better), finances, product and resources with their grantees. Honest communication flowing both ways will make the nonprofit sector healthier and grantmakers better informed to design relevant funding programs.

Private foundations have been cautious about public advocacy due to legal restrictions. But discussions throughout the year with funders indicate that private funders want to reach out to support their public funding partners. In many cases, a greater involvement in public policy could protect the private foundation's investment. Private, public and corporate foundation arts staff are, in some cases, also involved in advocacy within their own organizations. Several foundations have combined their arts programs with community engagement programs sometimes eliminating arts specialists. This has occurred in isolated instances in 2009 but is an area of concern for GIA.

The health of philanthropy in the future will, of course, be tied closely to the economy. But, as important, will be the changes that funders are making today that will have ramifications for years to come. Some funders have, for example, decided to take no new grant applications for the next few years. What implication does that have to a city with a current strong entrepreneurial arts scene? We don't know the answer to that.

Funders are looking at audiences and an arts organization's ability to impact their community. The definition of the community is not simply a geographic location. It could be the artistic community itself where precious works of art must be preserved for future generations. Community will also include those groups linked by the Internet. Changing demographics are changing American cities and funders will be inclined to support those organizations that are reaching a diverse or underserved population.

Even though we've had the worse economic downturn in decades, there is still a huge amount of money transferring from one generation to the next. New family foundations continue to incorporate. Community foundations, which include donor-designated funds, exceeded corporate foundations in arts giving in 2008. Individuals are still the great frontier with the most potential. They, too, are seeking relevance. How does the artist or arts group relate to their lives, their children, their work, their community, their legacy? This is critically important when engaging young philanthropists. The foundation goals established by their parents and grandparents may not seem as important to a younger generation. Fifty years ago, the community may not have had a world-class museum or symphony, so their family helped established one, putting their community on the cultural map. The younger generation of philanthropists may not have this same passion or may believe the work in this area is complete. This is a challenge for arts groups and institutions.

It is the goal of Grantmakers in the Arts that the future will include greater transparency, advocacy and leadership from the philanthropic sector working in tandem with arts organizations and community needs. Issues of demographics, equity, relevance and artistic excellence will drive policy and practice for the decade. Successful funders, arts groups and artists will use technology to communicate more effectively, collect and disseminate data and maximize output. Ultimately, success of artists and arts organizations is determined on the home front. Private and public foundation and corporate program officers, state and local arts agency staff, local businessmen and women and individuals who make up our audiences and constituencies are the people that will determine the future of philanthropy in the arts. Artists and arts organizations need to make the connections that are relevant and tell the stories that inspire.