



# CULTURAL POLICY CENTER

AT THE UNIVERSITY OF CHICAGO

THE HARRIS SCHOOL | NORC

1155 E. 60th Street, Suite 285 • Chicago, IL 60637 | T: 773.702.1999 • F: 773.702.0926

## PUBLIC FUNDING FOR ART: CHICAGO COMPARED WITH 12 PEER REGIONS

Jennifer L. Novak-Leonard & Patience E. Baach

June 2014

# TABLE OF CONTENTS

<b>I.</b>	<b>About the Report .....</b>	<b>6</b>
	Key Findings.....	9
<b>II.</b>	<b>Competitive Grants from Federal, State, and Local Arts Agencies .....</b>	<b>10</b>
	Comparing National, State, and Local Arts Funding.....	12
<b>III.</b>	<b>A Closer Look at Local Arts Agency Competitive Grants .....</b>	<b>14</b>
	Local Dollars Awarded.....	14
	Local Dollars, Per Capita.....	16
	Number of Grants Awarded.....	17
	Estimated Reach of Local Agency Grants.....	18
<b>IV.</b>	<b>Differentiating Competitive Grants by General Operating and Project Support.....</b>	<b>21</b>
	Total Dollars Awarded, by Grant Type .....	21
	Local Grants Awarded, by Grant Type.....	24
<b>V.</b>	<b>A Broader Look at Local General Operating Support.....</b>	<b>25</b>
	Total General Operating Dollars.....	26
	Total General Operating Dollars, Per Capita.....	28
<b>VI.</b>	<b>Conclusion .....</b>	<b>29</b>
	<b>References.....</b>	<b>31</b>
	<b>Technical Appendices.....</b>	<b>32</b>
	Appendix I: Summary Table of Cities/Metro Regions .....	32
	Appendix II: City-Level Data Sources.....	33
	Appendix III: Information about Local Grant Making Agencies .....	34
	Appendix IV: City and County Line-Item Research.....	39
	Appendix V: Arts- and Culture-Related Organization Count.....	41

## TABLE OF FIGURES

<b>FIGURE 1:</b>	NonProfit Arts & Cultural Organizations per 10,000 Residents in 13 Studied Regions (2012) .....	7
<b>FIGURE 2:</b>	Mechanisms for Direct Public Funding .....	8
<b>FIGURE 3:</b>	Competitive Grants: Total Dollars Awarded, 2002-2012 .....	10
<b>FIGURE 4:</b>	Competitive Grants: Total Dollars Awarded (Regions receiving below \$8 million in 2012), 2002-2012.....	11
<b>FIGURE 5:</b>	Source of Chicago’s Competitive Grant Dollars, by Agency, 2002-2012 .....	12
<b>FIGURE 6:</b>	Source of Public Funding Dollars, by Level of Public Agency, 2012 .....	13
<b>FIGURE 7:</b>	Competitive Grants: Local Competitive Grant Dollars Awarded, 2002-2012 .....	14
<b>FIGURE 8:</b>	Competitive Grants: Local Dollars Awarded (Regions awarding below \$4 million, annually), 2002-2012 .....	15
<b>FIGURE 9:</b>	Competitive Grants: Local Dollars Awarded, Per Capita (All Regions), 2002-2012 .....	16
<b>FIGURE 10:</b>	Competitive Grants: Local Dollars Awarded, Per Capita (Regions awarding <\$3.00), 2002-2012 .....	17
<b>FIGURE 11:</b>	Competitive Grants: Number of Local Grants Awarded, 2002-2012.....	18
<b>FIGURE 12:</b>	Number of Local Grants & Portion of Arts/Cultural Organizations Receiving Grants, 2012 .....	19
<b>FIGURE 13:</b>	Average Competitive Local Grant Size & Estimated Portion of Arts- and Culture-Related Organizations Receiving Grants, 2012.....	20
<b>FIGURE 14:</b>	Competitive Grants: Total Dollars Awarded, by Grant Type, 2012 .....	22
<b>FIGURE 15:</b>	Competitive Grants: Distribution of Total Public Dollars Received by Chicago Organizations and Individuals, by Grant Type, 2002-2012 .....	23
<b>FIGURE 16:</b>	Competitive Grants: Distribution of Local Dollars Awarded, by Grant Type, 2012 .....	24
<b>FIGURE 17:</b>	Total General Operating Support: Local Competitive & Non-Competitive Support (All Regions), 2008-2012 .....	26
<b>FIGURE 18:</b>	Local General Operating Support, Per Capita (All Regions), 2008-2012.....	28

The Cultural Policy Center at the University of Chicago is a nationally recognized interdisciplinary research center dedicated to informing policies that affect the arts, humanities, and cultural heritage. It is a joint initiative of the Harris School of Public Policy and NORC at the University of Chicago.



## ACKNOWLEDGEMENTS

---

We wish to extend special thanks to the local arts agencies that shared their data with us and the many individuals within those agencies who helped us acquire and understand the nuances of the data. We would especially like to thank the City of Chicago's Department of Cultural Affairs and Special Events, in particular Allyson Esposito, Director, Cultural Grant Making, for sharing data and enthusiastically engaging with us about the changes underway to the agency's grant-making policies. We also wish to thank Ryan Stubbs, Research Director at the National Assembly of State Arts Agencies and his colleagues for fielding our inquiries about state arts agency grants. This research was supported in part by Arts Alliance Illinois.



# I. ABOUT THE REPORT

Arts and cultural organizations receive revenue from a variety of sources: earned income, endowments, individual gifts and donations, and private and public funding. Unlike many other countries where the arts are heavily subsidized by direct government support, the US has traditionally relied more on a decentralized arts funding model drawn primarily from the private sector (individual donors, private foundations, and corporations). As a result, direct public funding from federal, state, and local governments represents only about 7 percent of the total revenues for performing arts organizations and museums in the US.<sup>1</sup> However, that low percentage belies the importance of public funding for the arts and culture sector. In addition to the millions of dollars it represents for cities, public funding demonstrates a commitment to ensuring broad and equitable reach for arts activities and programs and sends a message that the arts are a public good worthy of popular support.

However, public funding for arts continues to be questioned – what are appropriate amounts of public funding, what distribution mechanisms are most effective, and how are the intangible benefits of public support to be systematically captured? Amid this broad conversation about funding, there are local conversations happening in Chicago about how to implement the [City of Chicago Cultural Plan 2012](#), which includes the specific initiative “...leverage public funds fully.”<sup>2</sup> Our report contributes an empirical foundation as part of these conversations.

In this report, we compare the direct public dollars received by organizations and artists in **Chicago and twelve peer cities/metro regions over the last decade (2002-2012)**.<sup>3</sup> In this report, we look at Baltimore, Boston, Chicago, Cleveland, Columbus, Denver, Houston, Miami, Philadelphia, Phoenix, Portland (OR), San Diego, and San Francisco.<sup>4</sup> We chose these cities and regions based on population size, their reputation for being art-friendly, their geographic span across the US (Figure 1) and—pragmatically—on our ability to access the necessary grant-level data about local arts and cultural funding in each case. Often, studies of public funding for the arts look at appropriations made on the national and state levels and estimates of local expenditures, but this report delves more deeply by using grant-level data to examine the dollars received by organizations and artists resident in each city or region.

<sup>1</sup> National Endowment for the Arts (2012), *How the United States Funds the Arts*. p. 1. Federal funding accounts for approximately 18%, and state funding 33%, of public funding.

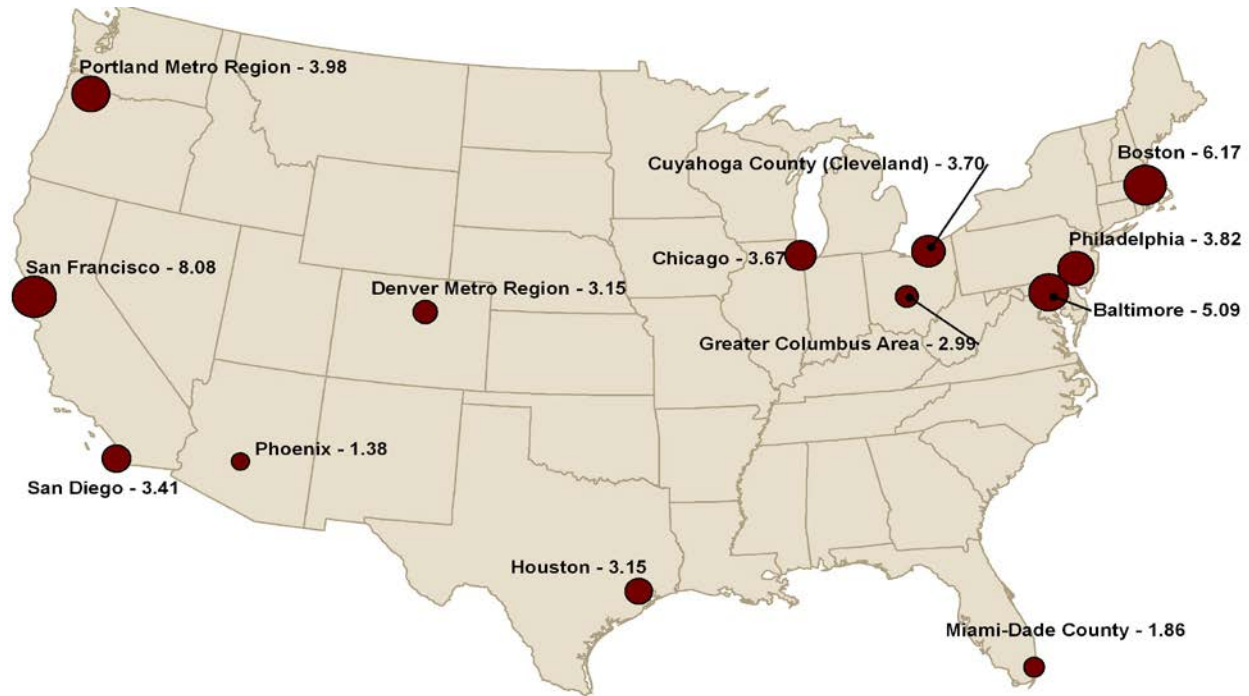
<sup>2</sup> City of Chicago Cultural Plan 2012, p. 20.

<sup>3</sup> In sum, we requested data from 18 cities. We gathered data directly from the following entities' online sources: Boston Cultural Council, Greater Columbus Arts Council, and Denver's Scientific & Cultural Facilities District. Data on state arts agency grants came from the State Arts Agency Final Descriptive Reports, National Assembly of State Arts Agencies; and grant-data from the National Endowment for the Arts was accessed through the agency's online Grant Search form:

<http://apps.nea.gov/GrantSearch/SearchMain.aspx>.

<sup>4</sup> A few of the cities rely on regional grant-making agencies rather than a city department. These cities are Cleveland, Columbus, Denver, Miami and Portland. Henceforth, we refer to the areas serviced by these agencies – Cuyahoga County (Cleveland), Greater Columbus Area, Denver Metropolitan Region, Miami-Dade County and Portland, Oregon Metropolitan Region, respectively. See Appendix III for more details.

**FIGURE 1:** NonProfit Arts & Cultural Organizations per 10,000 Residents in 13 Studied Regions (2012)



In Figure 1, the relative size of the dot represents the number of nonprofit arts and cultural organizations per 10,000 residents.<sup>5</sup> We use this measure as an indicator of the relative size of the non-profit arts ecosystem in each region that public funds help support. Most of the regions in this report have 3 to 4 registered arts and cultural non-profit organizations per 10,000 residents; Chicago is among this group with 3.67. San Francisco has the most with 8.08, and Phoenix has the fewest nonprofit arts and cultural organizations of the cities/regions represented in this report.

We focus on **direct public funding** for arts and culture activities, which traditionally comes from three sources: federal funding from the National Endowment for the Arts (NEA), state-level funding from state arts agencies, and local-level funding from local arts agencies. Each of these cities/metro regions has a unique history and different mechanisms for distributing public dollars for arts and cultural activities. In addition to providing grants to arts, cultural and other organizations, several of the local arts agencies studied – including Chicago’s Department of Cultural Affairs and Special Events — own, operate, and program various cultural facilities or provide indirect means of support for arts and culture to its region’s organizations and residents. This report focuses on direct local public funding.

We differentiate between three mechanisms used for distributing direct public funding on the local level:

<sup>5</sup> Methodological details are included in the appendices.

- **competitive grants** — for which there is an open call for applications,
- **non-competitive grants** — for which there is no open call for applications and the grants are awarded by the state or local agency to designated organizations, and
- **city budget line item funding** — which is allocated through a city or county budget directly to designated organizations, often flagship cultural institutions.

All of the regions studied have competitive grant programs, with a subset providing non-competitive grants and/or city budget line-items for general operating support to designated organizations.

**FIGURE 2:** Mechanisms for Direct Public Funding

City or Region (in alphabetical order)	Awards Competitive Grants	Awards Non-Competitive Grants	City Line-Items
Baltimore	✓		✓
Boston	✓		
<b>Chicago</b>	✓		
Cuyahoga County (Cleveland)	✓		
Denver Metropolitan Region	✓	✓	
Greater Columbus Area	✓		
Houston	✓		
Miami-Dade County	✓	✓	
Philadelphia	✓		✓
Phoenix	✓		
Portland, Oregon Metropolitan Region	✓		
San Diego	✓		✓
San Francisco	✓	✓	✓

In the following sections of the report, we look comparatively at Chicago and the selected twelve comparative regions. In section II, we examine total direct public funding from the National Endowment for the Arts, state arts agencies, and local arts agencies; we look more deeply at local arts agencies’ grant-making in section III. Section IV explores differences between direct public funding for general operating support versus project-specific support. Section V takes a more encompassing look at general operating supporting provided at the local level, including designated line-item funding. Finally in section VI, we reflect on changes implemented in 2013 to Chicago’s Department of Cultural Affairs and Special Event’s (DCASE) grant-making programs, along with some lingering questions.

We include details in Appendix II about the selection of cities and our data-collection methodology, and details about the local arts agencies within each of these cities/metro regions in Appendix III.



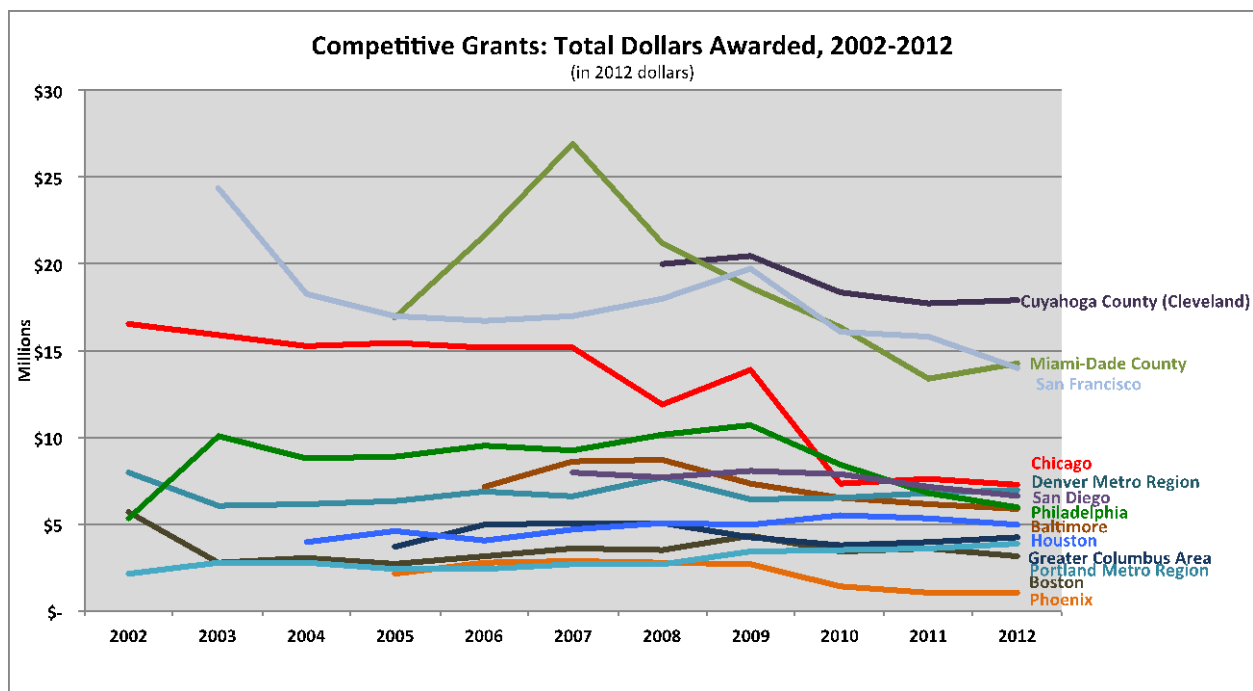
## KEY FINDINGS

- In 2012, Chicago arts organizations received \$7.3 million in public dollars via competitive grants from local, state, and national public arts agencies combined. Only three of the 13 regions studied received more total dollars in 2012 (Figure 3).
- **Though Chicago arts organizations receive among the greatest amounts of public funding in total, a relatively small portion comes from the city’s Department of Cultural Affairs and Special Events.** Of the competitive arts grants dollars received in Chicago in 2012, 59% came from the Illinois Arts Council, 24% from the National Endowment for the Arts, and 17% from the city’s Department of Cultural Affairs and Special Events (Figure 6). For most cities/regions in our study, excluding Chicago, the majority of public grant dollars received by not-for-profits in the area for arts programming came from their local arts agency in 2012. For example, in 2012, San Diego received 93% of its public funding from the local level, 2% from the state level, and 4% from the federal level.
- **DCASE’s funding levels have been among the lowest of the 13 cities/regions studied on both a per capita basis, and in terms of total dollars, over the past decade (2002-2012)** (Figures 8 and 10). In 2012, Chicago’s Department of Cultural Affairs and Special Events awarded \$1.2 million in grants, which is \$0.44 per capita. Of the 13 local agencies analyzed, only Phoenix, Boston, and Baltimore spent less in total dollar or per capita terms in 2012.
- **Over the past decade, DCASE annually awarded among the highest total number of grants compared with other regions’ local agencies.** In 2012, DCASE awarded 520 grants in total — 305 to organizations and 215 to individuals (Figure 11). In 2012, it awarded competitive grants to approximately 31% of the arts and cultural organizations in the city (Figure 12).
- Aside from competitive grants, five of the 13 cities/metro regions included in this study provide support to select arts and cultural organizations through line-items, which serve as significant sources of general operating funds (Figure 17).

## II. COMPETITIVE GRANTS FROM FEDERAL, STATE, AND LOCAL ARTS AGENCIES

Public funding received by organizations and artists in each region stems from three sources: the National Endowment for the Arts, and state and local arts agencies. Looking at inflation-adjusted dollars, the total amount of competitive grant dollars received by organizations and artists was the highest for Cuyahoga County (Cleveland), Miami-Dade County, and San Francisco from 2002-2012. In 2012, Cuyahoga County (Cleveland), Miami-Dade County, and San Francisco arts and cultural organizations received \$18.0 million, \$14.3 million, and \$14.0 million respectively. By contrast, most of the cities/metro regions in our sample received less than \$10 million in total public funding each year over the past decade, and less than \$8 million in 2012.

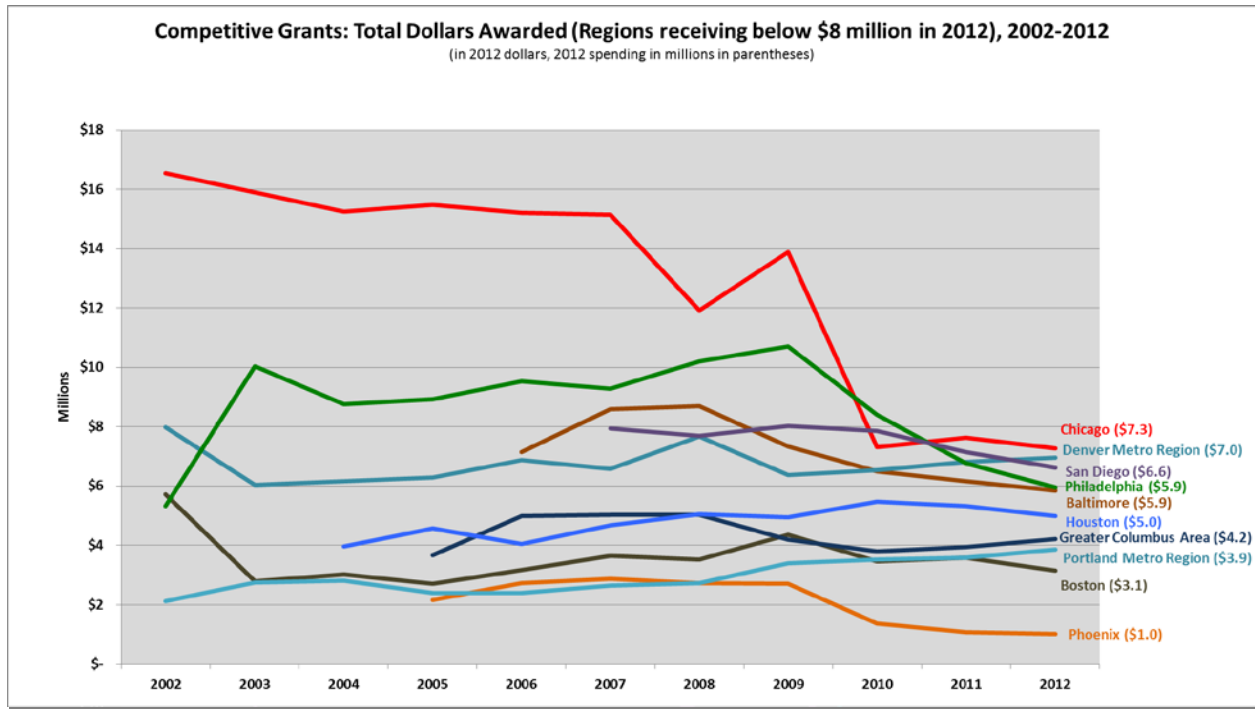
**FIGURE 3:** Competitive Grants: Total Dollars Awarded, 2002-2012<sup>6</sup>



<sup>6</sup> Figures 3 & 4 illustrate data from 2002-2012; however, not all local agencies were able to provide data for all years, either because the data were not available to them, or the agency was not yet in existence. Cuyahoga Arts & Culture, established in 2006, offered one special initiative grant (\$275,000) in 2007. This grant was removed to show Cuyahoga County's complete granting program, which did not start until 2008. Additionally, we were only able to garner data from one San Francisco department for 2002, so we opted to exclude that year until we had data from all three San Francisco funding sources (in 2003). For this reason, we only calculated totals for cities or regions from which we had data from all three funding agencies.

Figure 4 takes a closer look at the total competitive grant dollars awarded in those cities/metro regions that received below \$8 million in 2012. Chicago received \$7.3 million, the Denver Metro Region received \$7.0 million, and San Diego received \$6.6 million. Phoenix received only \$1.0 million. The sharp downward trajectory of the total competitive grant dollars received in Chicago over 2002-2012 is notable in comparison to the other regions.

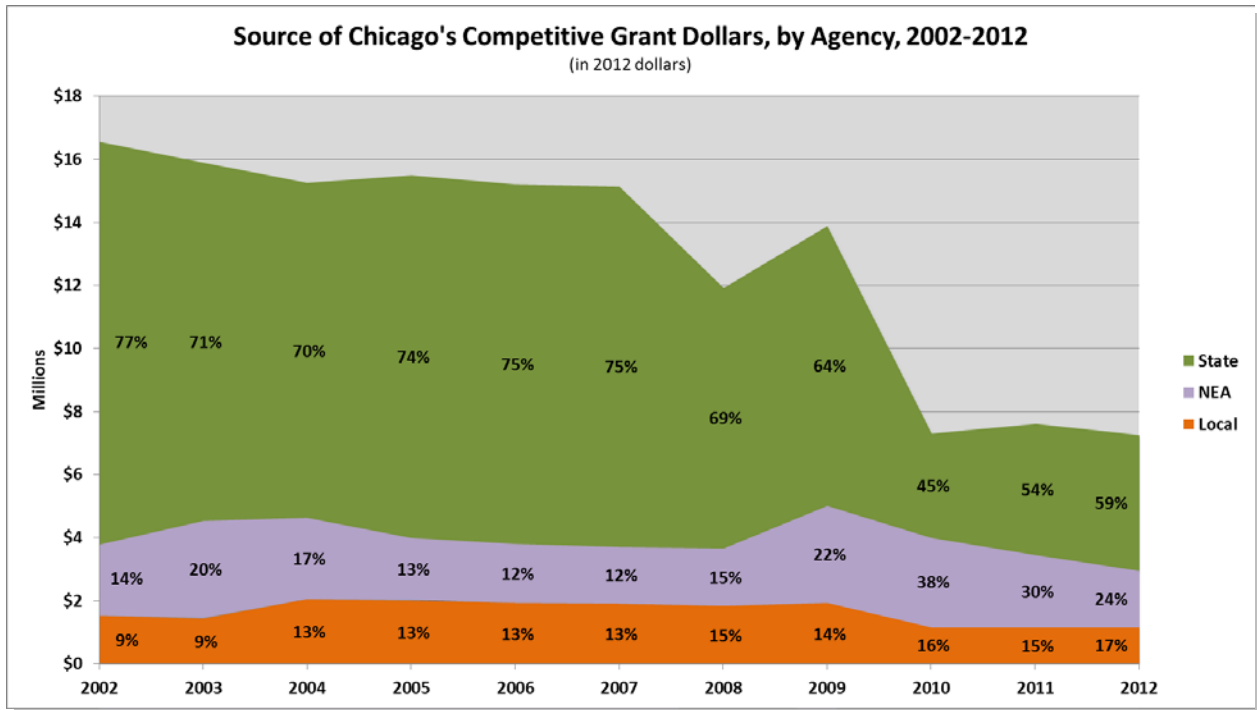
**FIGURE 4:** Competitive Grants: Total Dollars Awarded (Regions receiving below \$8 million in 2012), 2002-2012



## COMPARING NATIONAL, STATE, AND LOCAL ARTS FUNDING

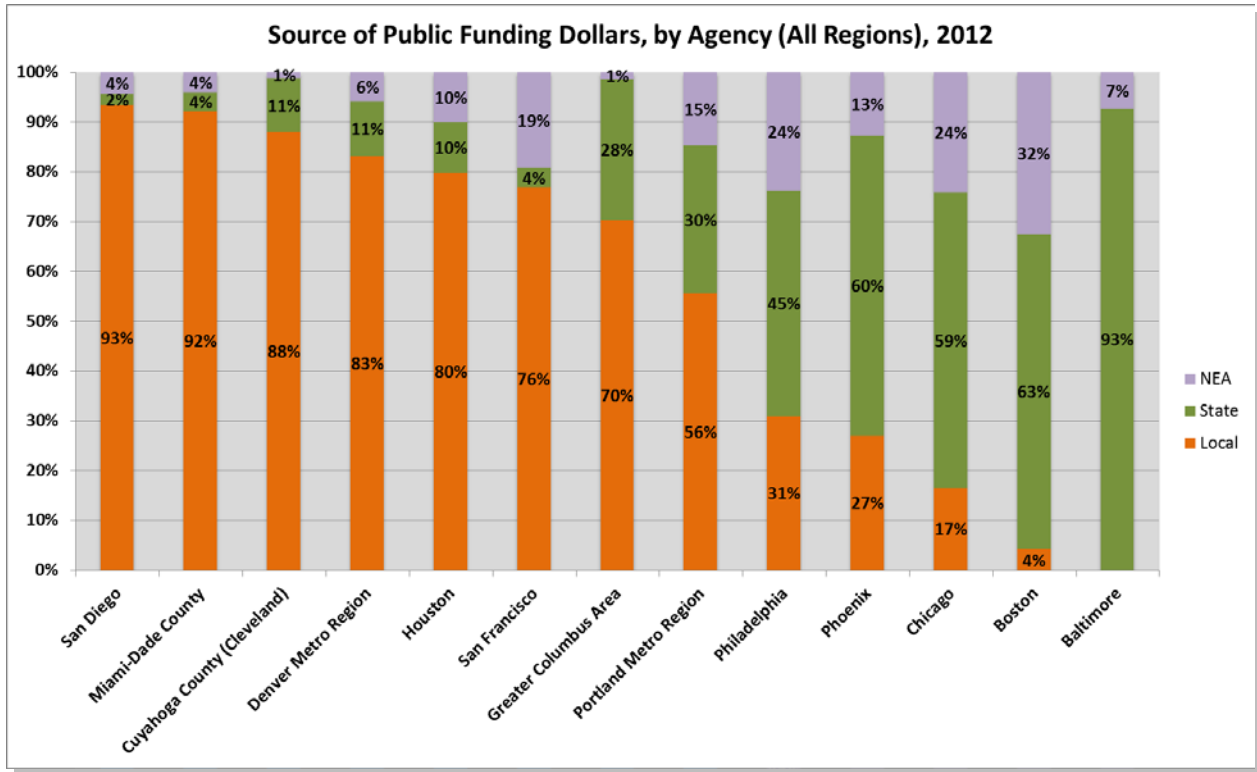
The decline in competitive grant dollars received in Chicago is largely due to the decline in dollars received from the Illinois Arts Council. In 2010, competitive public grant dollars coming into Chicago stemming from the state arts agency dropped in terms of dollar amount and in terms of the portion of overall total competitive arts grant dollars received in Chicago (Figure 5). The Illinois Arts Council budget was practically halved in 2010, dropping from \$16.0 million in 2009 to \$7.5 million.

**FIGURE 5:** Source of Chicago’s Competitive Grant Dollars, by Agency, 2002-2012



Of the thirteen cities and regions analyzed, eight received over 50% of their total competitive public funding from their local arts agency. Five of those eight cities/metro regions received at least 80% of their public grant funding from the local agency – San Diego (93%), Miami-Dade County (92%), Cuyahoga County (Cleveland) (88%), Denver Metro Region (83%), and Houston (80%) (Figure 6). In contrast, the majority of public arts funding received in Philadelphia, Phoenix, Chicago, Boston, and Baltimore came from the respective state arts agency.

**FIGURE 6:** Source of Public Funding Dollars, by Level of Public Agency, 2012



### Brief Overview of NEA Funding

- In 2012, the NEA awarded \$10.1 million in total to the analyzed cities/metro regions, which constituted 10% of all public funding to the 13 cities/metro regions.
- San Francisco received \$2.7 million in NEA grants in 2012, the highest dollar amount in awards from the NEA among our 13 peer cities/metro regions.
- San Francisco had the highest per capita amount from NEA awards in 2012, at \$3.25 per person. Cuyahoga County (Cleveland) had the lowest NEA per capita award amount, \$0.17.
- In 2012, Chicago received \$0.65 per capita from NEA grants.
- Chicago received the second highest number of NEA grants (64) in 2012, after San Francisco (86 NEA grants).

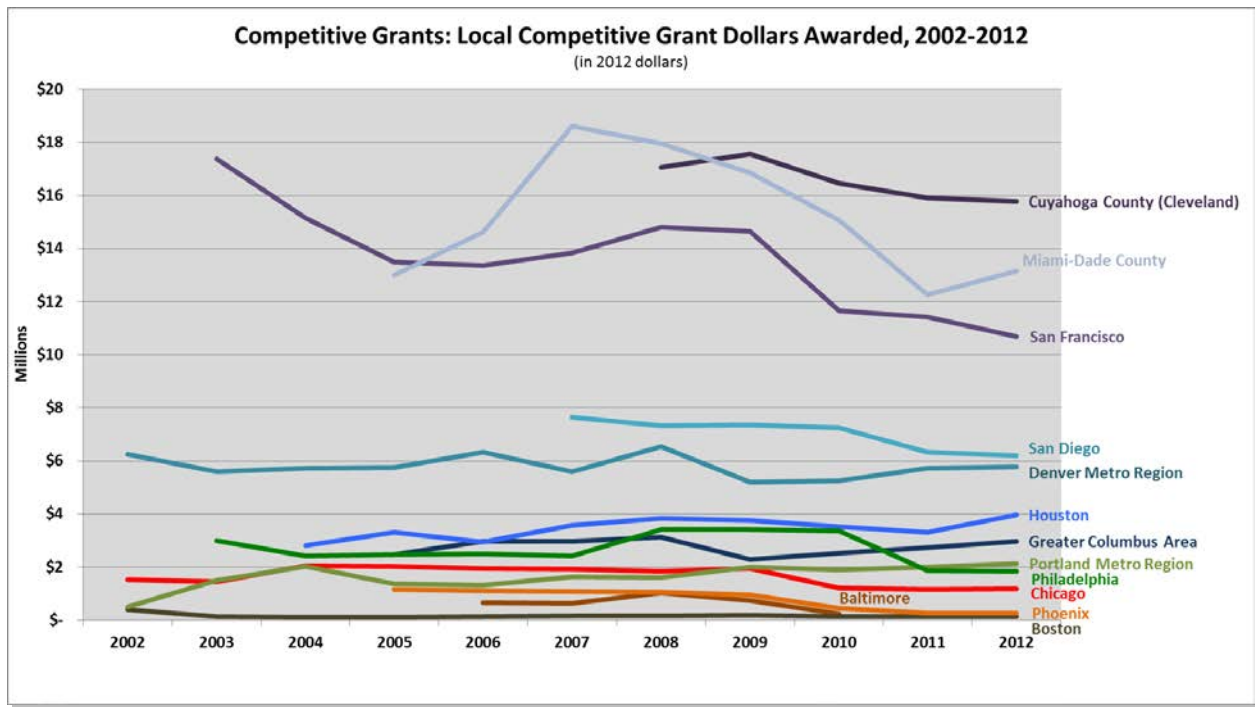
### III. A CLOSER LOOK AT LOCAL ARTS AGENCY COMPETITIVE GRANTS

In 2012, funding from local arts agencies constituted over 50% of public funding for eight of the 13 peer cities/metro regions, warranting a closer analysis of competitive dollars awarded by local agencies. Local arts agencies have a variety of structures: some are within city government, while others are affiliated nonprofits. In addition, the sources of their grant dollars vary; for example some regions' local dollars stem from sales taxes or from hotel taxes.<sup>7</sup>

#### LOCAL DOLLARS AWARDED

Cuyahoga County (Cleveland), Miami-Dade County, and San Francisco award the highest dollar amounts of competitive grants at the local level (Figure 7). In 2012, the Cuyahoga County (Cleveland) agency awarded \$15.8 million, Miami-Dade County awarded \$13.2 million, and San Francisco awarded \$10.7 million.

**FIGURE 7:** Competitive Grants: Local Competitive Grant Dollars Awarded, 2002-2012



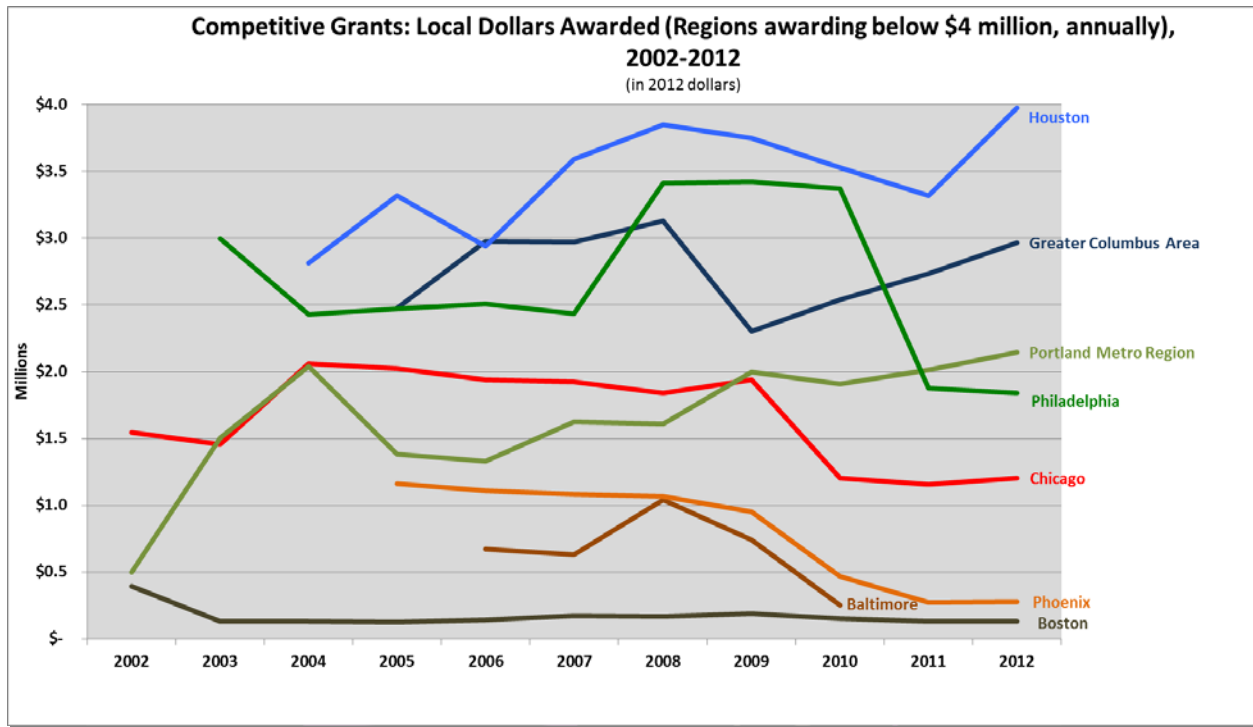
<sup>7</sup> For more information about each local arts agency, please see Appendix III.

Taking a closer look at the local arts agencies awarding annually below \$4 million dollars, Chicago’s local, public granting agency, DCASE, is among the cities/metro regions providing the lowest amount of competitive grant funding in support arts and cultural activity. In 2012, DCASE awarded \$1.2 million dollars in competitive grants, constituting only 17% of the competitive arts and cultural grant dollars awarded to Chicago organizations in 2012 (Figure 8). Chicago’s local grant dollars exceeded only Phoenix (\$0.3 million), Boston (\$0.1 million) and Baltimore, which did not offer any city-funded competitive grants in 2012.

### Tax-based Grant Dollars

- Cuyahoga Arts & Culture was established in 2006 by a referendum, which passed a 10-year tax on cigarettes.
- A portion of San Francisco’s 14% hotel/motel room tax supports the city’s Grants for the Arts/San Francisco Hotel Tax Fund, which was established in 1961.
- In San Diego, funding stems from a hotel/motel tax, called the “Transient Occupancy Tax.”
- In 1989, voters in the Denver Metropolitan and surrounding area approved the use of 1/10 of a 1% sales tax for arts and cultural organizations. The Scientific & Cultural Facilities District was established to distribute these funds.
- The Houston Arts Alliance derives most of its funds from the City of Houston’s Hotel Occupancy Tax, which is 7%; almost one-fifth (1.35% occupancy tax) goes to the Houston Arts Alliance.
- The Greater Columbus Arts Council receives one-fifth of the city’s 4% hotel/motel tax.

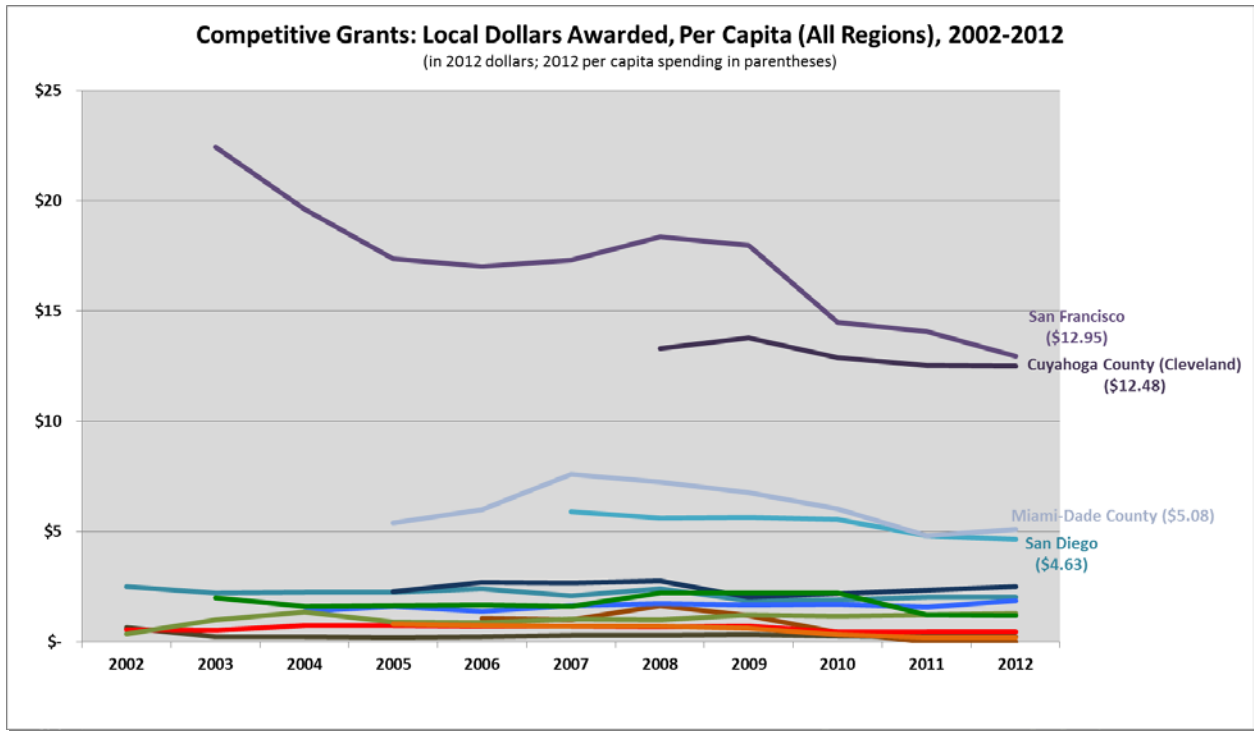
**FIGURE 8:** Competitive Grants: Local Dollars Awarded (Regions awarding below \$4 million, annually), 2002-2012



## LOCAL DOLLARS, PER CAPITA

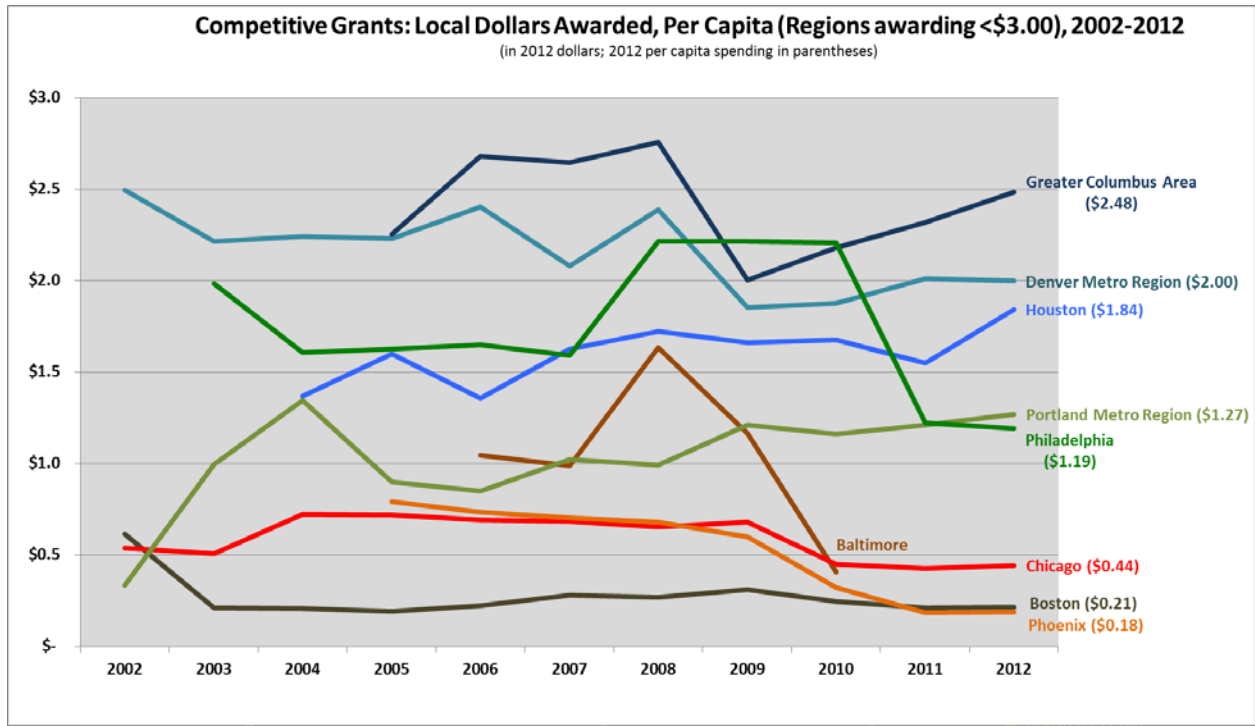
Figure 9 depicts local arts agencies' competitive dollars awarded on a per capita basis, which largely reflects the ranking of cities/metro regions by total levels of local competitive funding. San Francisco (\$12.95) and Cuyahoga County (Cleveland) (\$12.48) awarded the highest per capita amounts in terms of competitive local grant dollars. Miami-Dade County (\$5.08) and San Diego (\$4.63) provided closer to the average per capita funding (\$5.51), whereas the nine remaining cities/metro regions award less than \$3.00 per capita (Figure 10). Excluding Baltimore, which did not offer any city-funded grants, Chicago's, Boston's, and Phoenix's local arts agencies provided the smallest per capita grant support amounts in 2012.

**FIGURE 9:** Competitive Grants: Local Dollars Awarded, Per Capita (All Regions), 2002-2012





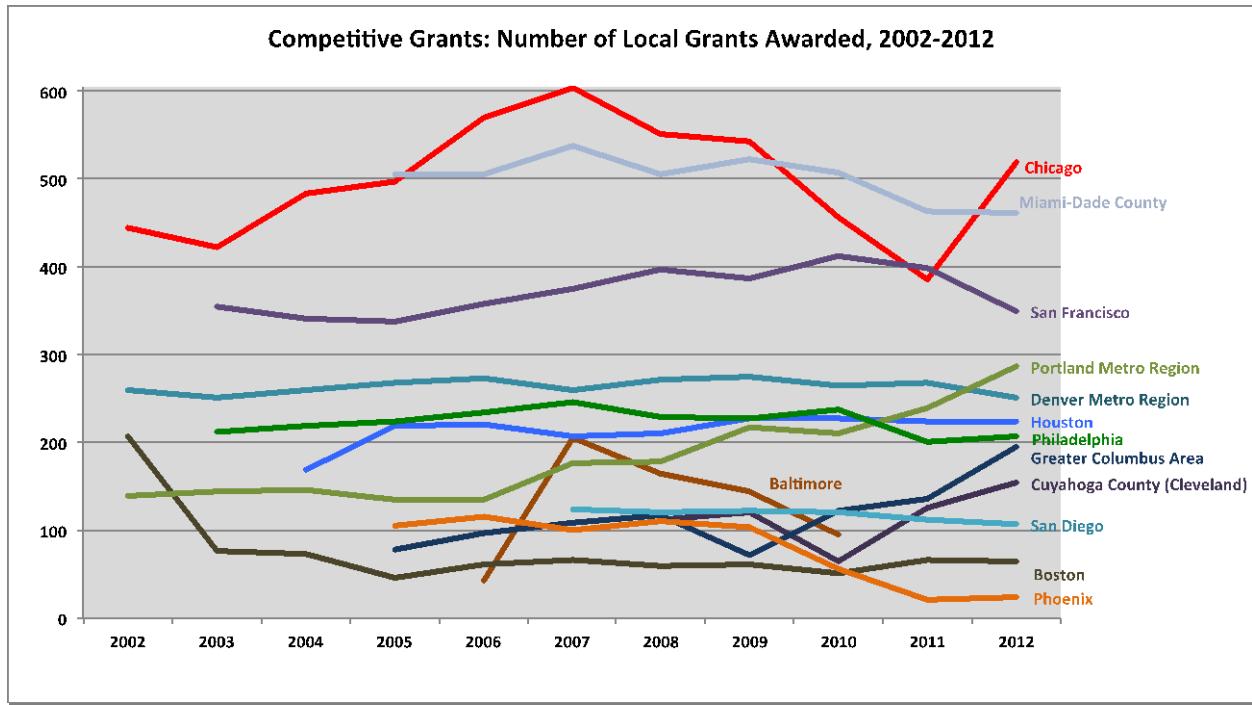
**FIGURE 10:** Competitive Grants: Local Dollars Awarded, Per Capita (Regions awarding <\$3.00), 2002-2012



## NUMBER OF GRANTS AWARDED

A different story can be told when considering the total number of local, competitive grants awarded. In this case, DCASE awards among the highest number of grants from the peer cities/metro regions. Chicago awarded 520 in 2012; Miami-Dade County awarded 461 grants and San Francisco awarded 350 (Figure 11).

**FIGURE 11:** Competitive Grants: Number of Local Grants Awarded, 2002-2012



## ESTIMATED REACH OF LOCAL AGENCY GRANTS

What portion of the city or region’s nonprofit arts and cultural infrastructure received competitive grant funding? Although arts and cultural programming can occur in a variety of settings and be hosted by many types of organizations, the vast majority of arts and cultural grant dollars were awarded to programs and organizations classified as arts, culture or humanities entities within the National Taxonomy of Exempt Entities (NTEE).<sup>8</sup> Even though this definition of the non-profit arts and cultural sector is not perfect, our approach provides a consistent indicator across regions to estimate the number of arts and cultural organizations within each geographic region. Using the NTEE codes available in the IRS’ Business Master File of Tax-Exempt organizations, we estimated the number of arts- and culture-related organizations in each region<sup>9</sup> and then estimated the portion of those that received grants. Using these estimates, we gauge the *reach* of grants across each region’s non-profit arts organizations.

Figure 12 shows the number of grants awarded to organizations by each region’s local arts agency in 2012 and the estimated portion of arts and cultural organizations that received the grants. In 2012, DCASE awarded 305 grants to organizations in Chicago, reaching approximately 31% of the registered arts and cultural non-profits in the city. Miami-Dade County awarded 451 grants to the

<sup>8</sup> In 2012, approximately 20% of the \$51 million of the city’s/metro region’s state dollars were awarded to non-arts specific organizations (such as universities, schools, religious institutions, parks and community centers).

<sup>9</sup> Details about our methodology are in Appendix V.

estimated 481 arts and cultural organizations in the county, reaching about 94%. The majority of local agencies studied reached approximately one-third of the arts and culture organizations in their non-profit arts ecosystem.

**FIGURE 12:** Number of Local Grants & Portion of Arts/Cultural Organizations Receiving Grants, 2012<sup>10</sup>

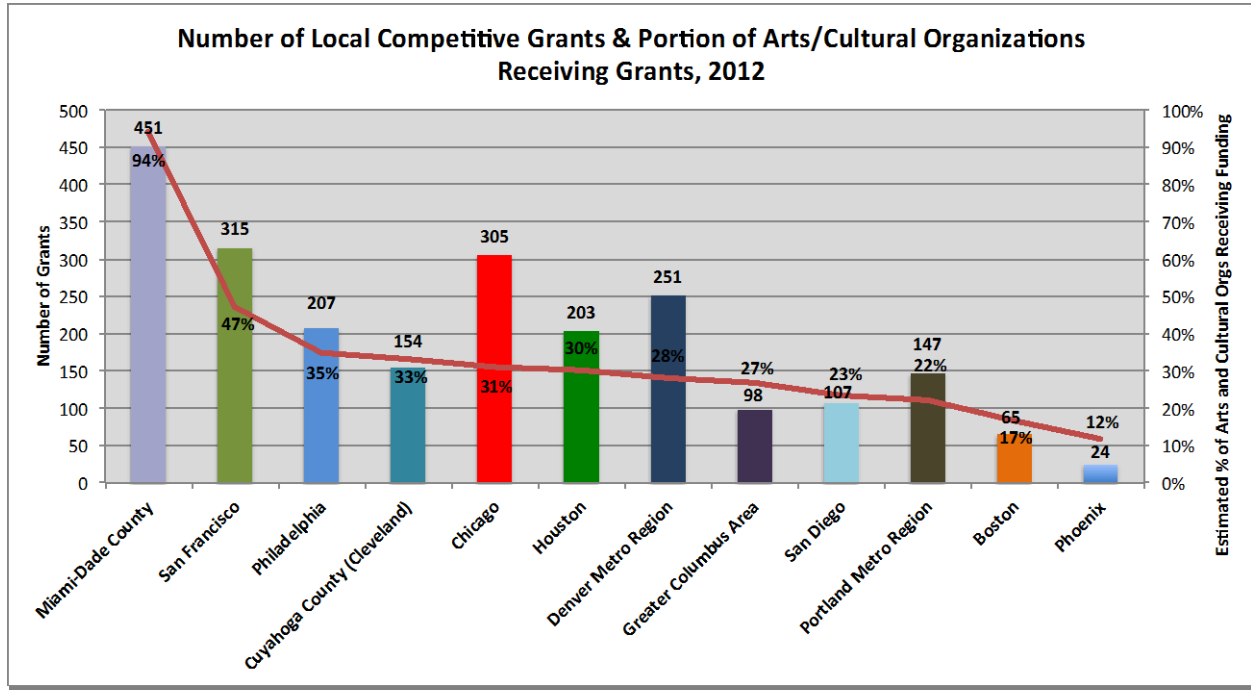
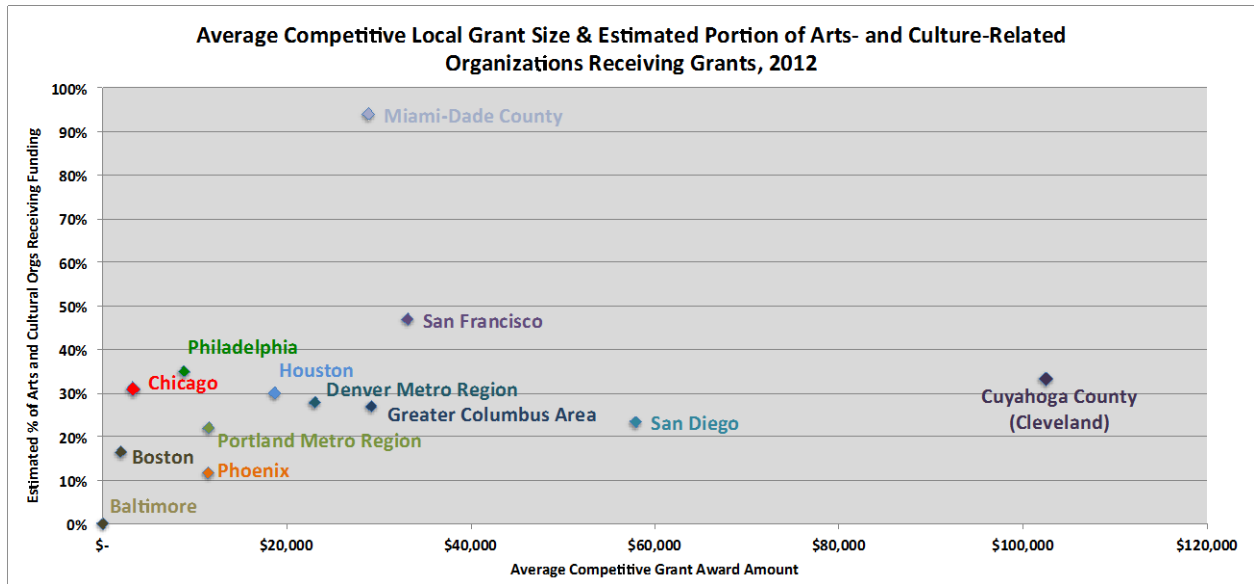


Figure 13 juxtaposes *reach* with the average grant size awarded in 2012. Cities and regions on the left of the chart have smaller average competitive grant sizes, whereas those to the right have larger average competitive grant sizes. While the majority of regions have *reach* between 20% and 40%, and DCASE reached 31% in 2012, DCASE awarded relatively small average grants compared to regions with similar reach.

<sup>10</sup> In graphs that show the reach of grants to estimated arts and cultural organizations, only grants for organizations are included. Whereas in previous discussions of total funding more generally (total dollars, per capita spending), awards made to individual artists were included.

**FIGURE 13:** Average Competitive Local Grant Size & Estimated Portion of Arts- and Culture-Related Organizations Receiving Grants, 2012



## IV. DIFFERENTIATING COMPETITIVE GRANTS BY GENERAL OPERATING AND PROJECT SUPPORT

The debates around funding strategies for nonprofit arts organizations are longstanding, with strong arguments on both sides.<sup>11</sup> General operating support is often considered the core funding for nonprofit arts organizations, with the goals of bolstering institutional capacity and long-term sustainability and of allowing organizations themselves to decide how best to utilize their resources. Others argue that funding in support of specific, time-limited projects fosters more creativity, flexibility, and innovation in artistic programming on the part of arts organizations. Although there are many other types of funding, including capitalization grants and arts education grants, we focus here on general operating support and project-based support.

### TOTAL DOLLARS AWARDED, BY GRANT TYPE

When separated by type of funding—general operating or project-based—total public dollars granted to organizations vary greatly by their city/metro region. Since the National Endowment for the Arts does not award general operating support, we look at their project support and their support for other types of projects (including arts education and festivals/fairs) combined with state and local grants. In Figure 14, the yellow column segments depict the portion of each region’s total public grant dollars going to general operating support. Of the thirteen regions, Chicago organizations received one of the lowest portions (44%) of its competitive grant dollars for general operating support. For five of the 13 cities/metro regions organizations, over 70% of their grant dollars were for general operating support, San Diego having the largest portion at 88%. Project-based support varied less, but still ranged from 4% of Denver’s entire public funding to 25% of Baltimore’s and Portland Metro Region’s.

<sup>11</sup> The Board of the Council on Foundations discusses the benefits of general operating and project support in “[At Issue: Project vs. Operating Support—Which is the Better Strategy?](#)” (2002). An argument for the expansion of general operating support can be viewed in “[The State of General Operating Support 2011](#)” (Jagpal and Laskowski, 2013). Additional resources surrounding the conversations can be found at the [Stanford Social Innovation](#) website and at the [National Endowment for the Humanities](#) website.

**FIGURE 14:** Competitive Grants: Total Dollars Awarded, by Grant Type, 2012

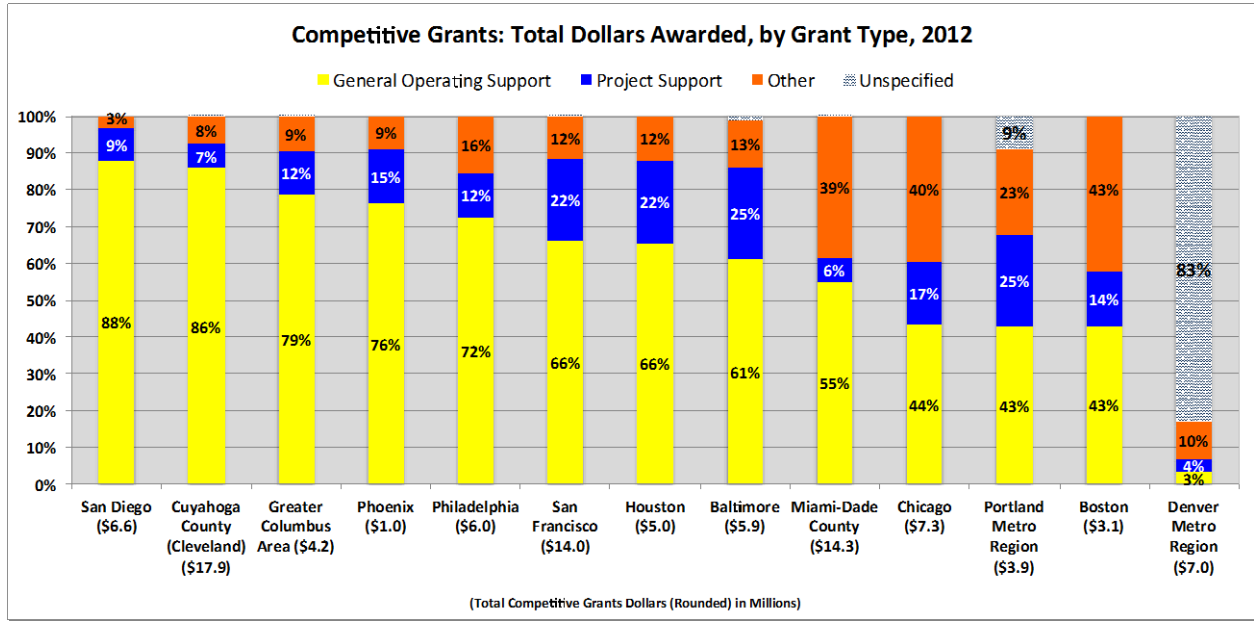
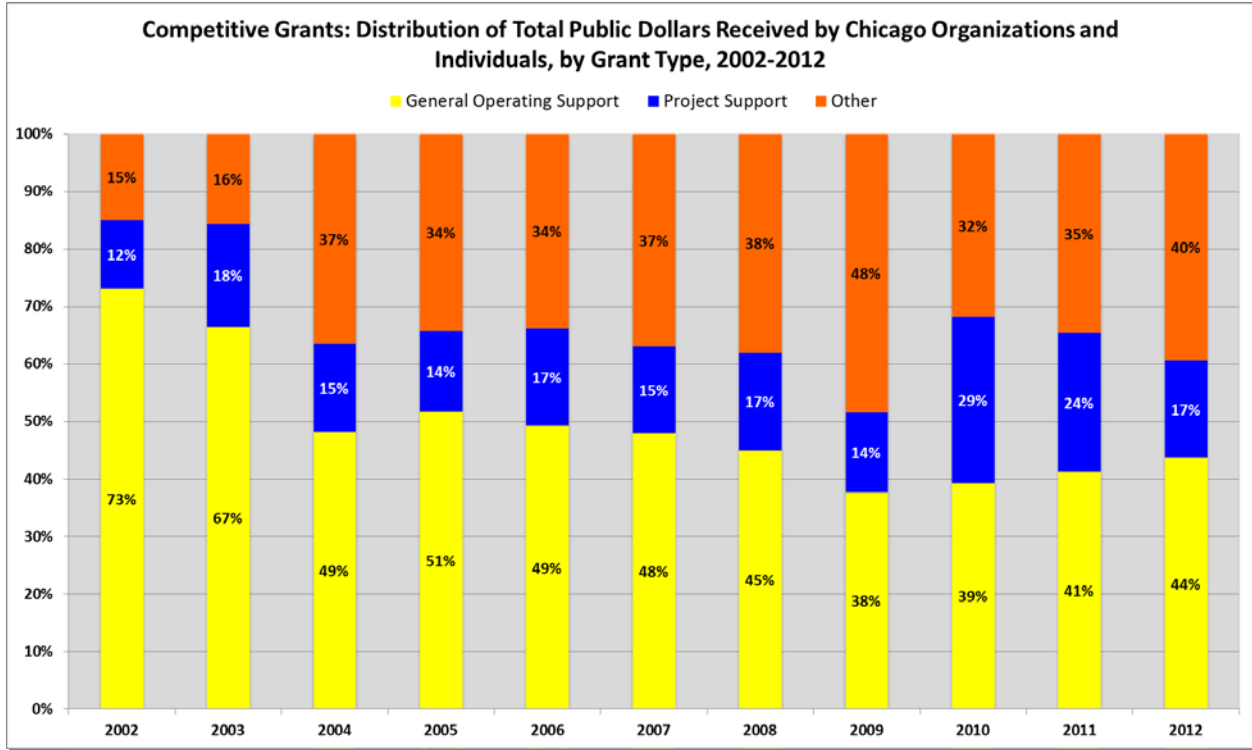


Figure 15 illustrates the changing portions of public dollars received for general operations and project support in Chicago. The portion of total public grant dollars allocated for general operating support received by Chicago organizations has fluctuated since 2002, dropping 29 percentage points from 2002 to 2012, going from \$12.1 million (in 2012 dollars) in 2002 to \$3.2 million in 2012. Over the same period, there was a notable increase in “Other” types of support, going from 14% in 2002 to 40% in 2012. Included among the category of “Other” are grants for individual artists, festivals and fairs, arts education, and professional development.<sup>12</sup>

<sup>12</sup> For more information about how we coded grants, please refer to Appendix II

**FIGURE 15:** Competitive Grants: Distribution of Total Public Dollars Received by Chicago Organizations and Individuals, by Grant Type, 2002-2012

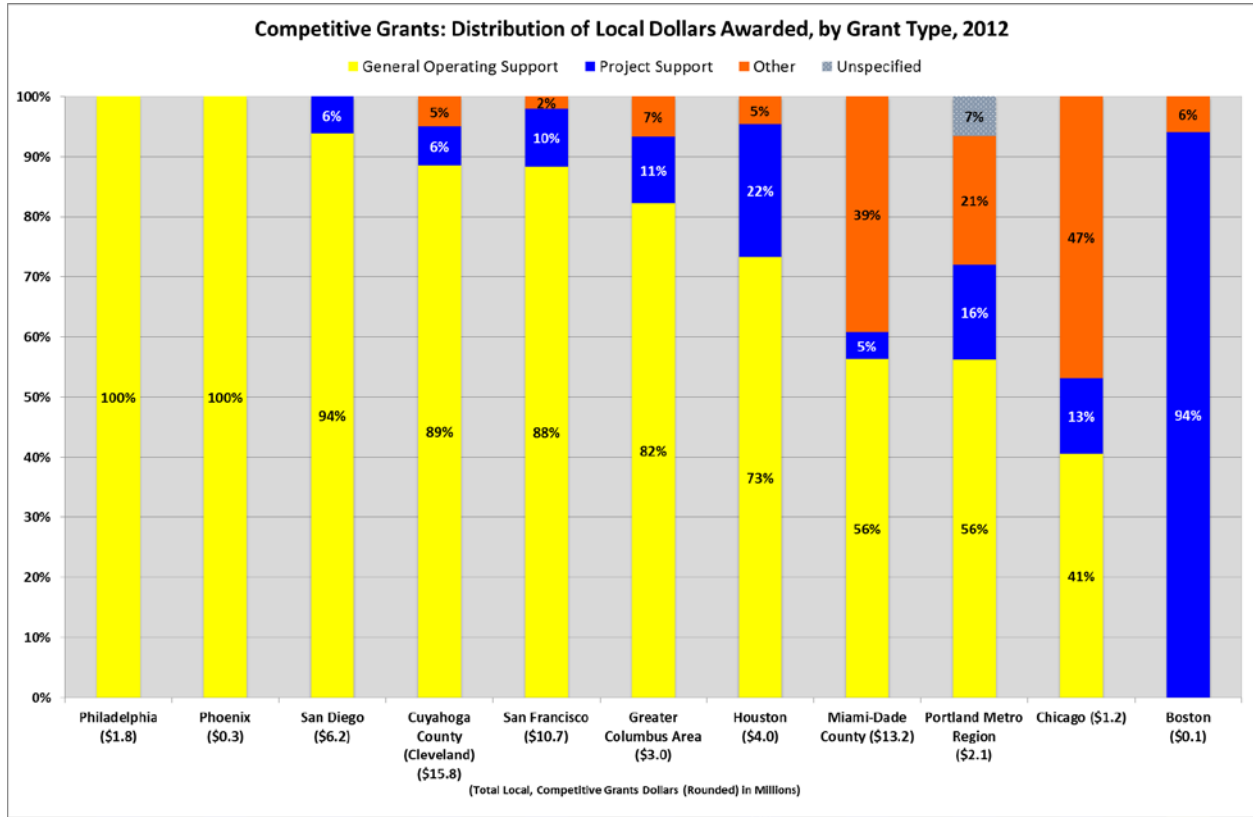


In 2012, the largest portion of Chicago’s “Other” grant dollars were awarded through DCASE’s Cultural Outreach Program grants and grants for individual artists. Notably, Chicago’s average Cultural Outreach Program grant size was \$19,400. The Cultural Outreach Program provided funding for arts programming and workshops for underserved communities. DCASE awarded very few grants to organizations for project specific support; only awarding 42 project grants to organizations in 2012. However, Chicago provides a large number of its grants to individuals – of the 520 grants awards in 2012, 215 went to individuals. These individual grants, along with the Cultural Outreach Program, are included in the category of “Other.”

## LOCAL GRANTS AWARDED, BY GRANT TYPE

Of the twelve local arts agencies that awarded grants in 2012, nine awarded more than half of their local public dollars to support organizations’ general operations (Figure 16).<sup>13</sup>

**FIGURE 16:** Competitive Grants: Distribution of Local Dollars Awarded, by Grant Type, 2012



Portland Metro Region’s Regional Arts and Cultural Council offers an “Opportunity Grant” whose purpose was not specified in the dataset. Denver Metro Region’s Scientific & Cultural Facilities District did not specify the use of the grant dollars and is not included in this figure.

<sup>13</sup> Baltimore did not offer any city-funded grants in 2012.



## V. A BROADER LOOK AT LOCAL GENERAL OPERATING SUPPORT

Although competitive grants are the most prevalent sources of local level public funding for the arts, they only tell a partial story of how general operating support is provided to local nonprofits. In addition to competitive grants, some cities and regions use non-competitive mechanisms to provide support directly to key institutions within their region. By non-competitive, we mean that there is no open call for applications akin to that used for competitive grants; however we do not mean to imply that there is no competition for this kind of support. Indeed, the opportunities for such funding are often highly sought after and subject to vigorous lobbying efforts.

The cities or metro regions considered in this report use two mechanisms to provide non-competitive support: city budget

line-items and non-competitive grants.<sup>14</sup> Essentially these mechanisms function similarly, a key difference being who makes the award. Line-items are dollars allocated by the city or county budget directly to specific institutions, while non-competitive grants are awarded to organizations through the respective grant-making agency. Among our comparison cities/metro regions, Baltimore, Miami-Dade County, Philadelphia, San Diego, and San Francisco each provide line-items to flagship institutions. Denver and San Francisco provide “non-competitive grants.” Furthermore, although a few local arts agencies directly run programming and events in public spaces, such as parks and neighborhoods, we have only looked at public funding going directly to the arts and cultural

### Non-Competitive Grants & Line-Items in Comparison Regions

- Prior to the establishment of the current competitive grant structure in **Baltimore**, the city awarded 20-21 line-item awards in its budget to select organizations. Now the city makes five major line-item awards to recognizable Baltimore institutions, and the city’s Office of Promotion and the Arts awards competitive grants.
- In **San Diego**, in 1934 voters agreed to a portion of the property tax to be allocated to fund the upkeep of exhibits at the San Diego Zoo.
- **Philadelphia** has multiple means of contracting and apportioning line-item dollars to city institutions; all of these dollars are for general operating support.
- **San Francisco**, similarly, has contracts with a number of keystone city museums and cultural institutions to provide them with general operating support. San Francisco also awards non-competitive grants for select cultural centers.
- The Scientific & Cultural Facilities District of the **Denver Metro Region** awards non-competitive grants to a number of organizations based on their high attendance rates. These grants comprise 86% of the SCFD’s total grant dollars and are primarily for general operating support.
- **Miami-Dade County** awards county line-items for general operating support from the county’s General Fund to local arts and cultural organizations chosen by the County Commission.

<sup>14</sup> See Appendix IV for more details.

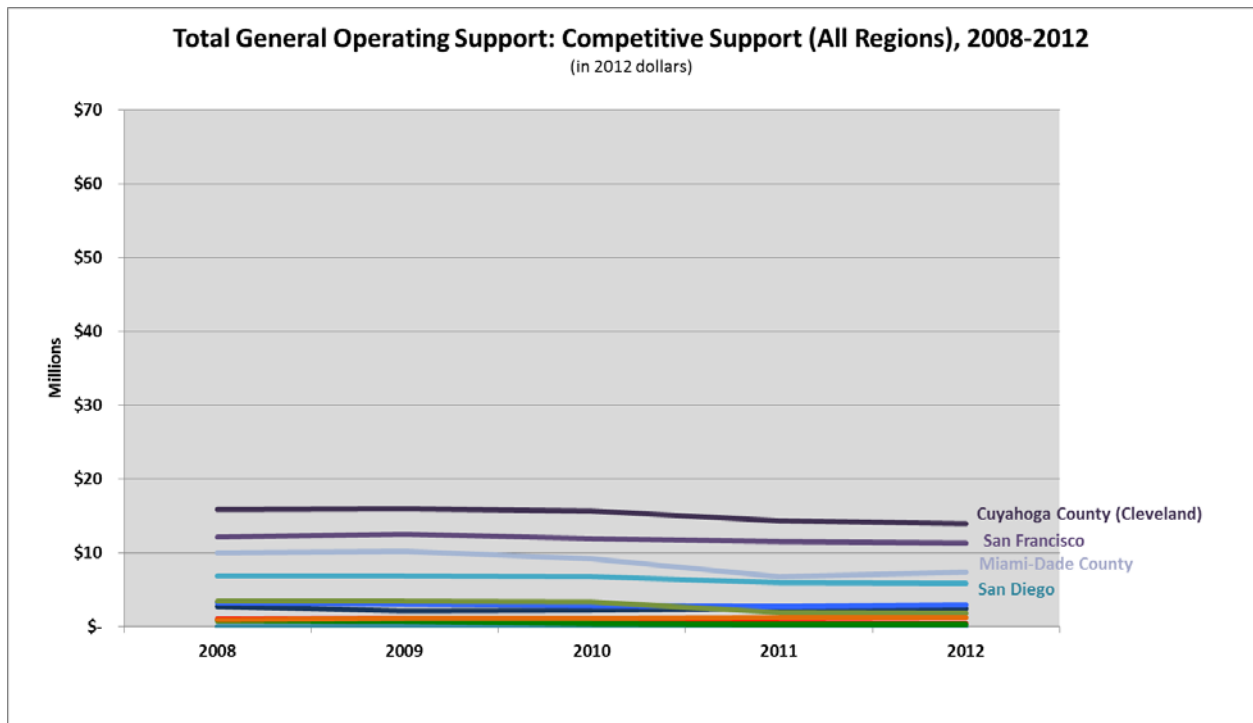
organizations themselves. In this report, we did not include any funding for parks or recreational organizations, nor any funding distributed by Parks and Recreational Departments.

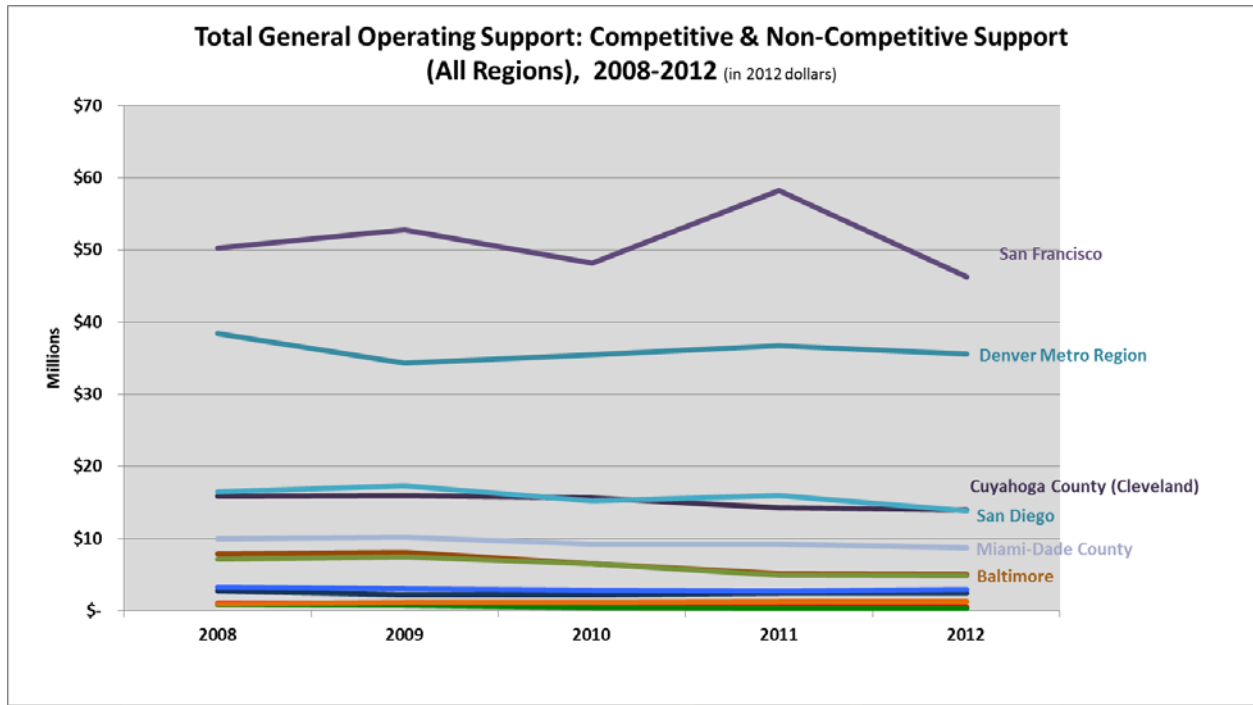
The non-competitive funding support we include in the following section encapsulates a fuller picture of the means by which cities and metro regions provide general operating support.

## TOTAL GENERAL OPERATING DOLLARS

Only six regions provide non-competitive means of support for arts and cultural organizations, the majority of which goes toward general operating support. With the addition of non-competitive grants and line-items to competitive grants, Figure 17 demonstrates the large role that non-competitive funds play in San Francisco, Denver, and Baltimore in terms of the provision of general operating support. In 2012, non-competitive support comprised 73% of San Francisco’s total awarded dollars, 86% of Denver’s, and 100% of Baltimore’s.

**FIGURE 17:** Total General Operating Support: Local Competitive & Non-Competitive Support (All Regions), 2008-2012





Note: The spike in San Francisco's funding in 2011 is from a \$15 million capital improvement grant for the War Memorial Building.

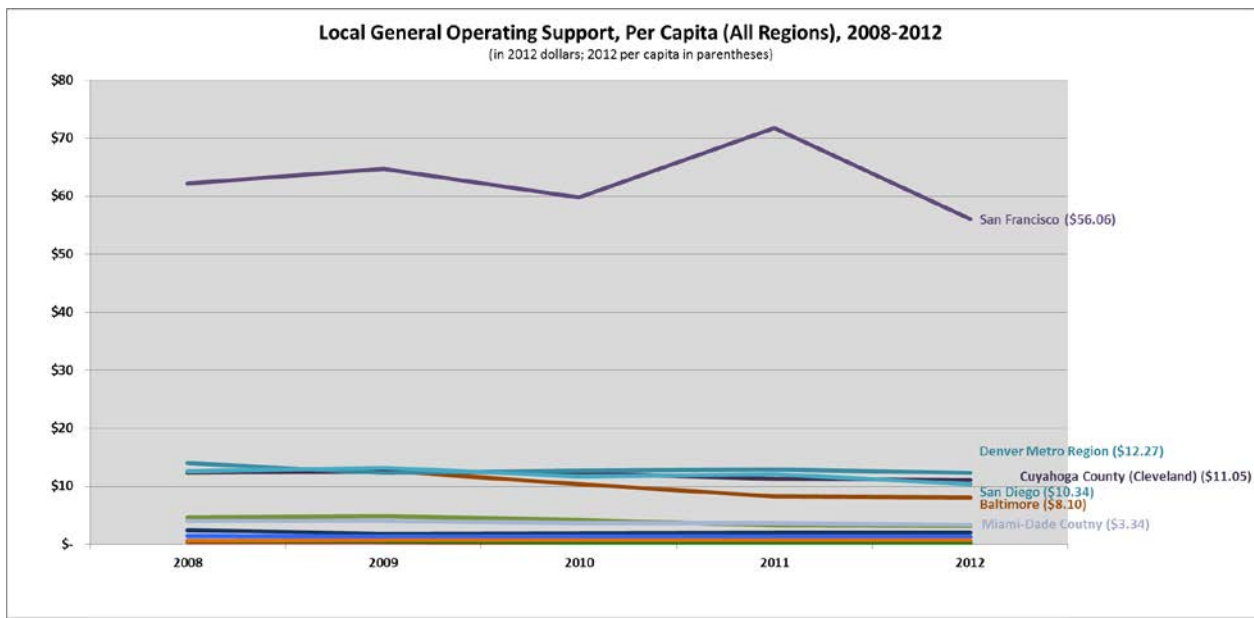
Denver's Scientific & Cultural Facilities District (SCFD) awards two tiers of non-competitive grant funding. Tier I is comprised of five major non-competitive grants to large organizations in the region – the Denver Art Museum, the Denver Botanic Gardens, the Denver Center for the Performing Arts, the Denver Museum of Nature & Science, and the Denver Zoo – and makes up 65% of the SCFD's total funding. Tier II makes up 21% of SCFD's funding. The majority of the funding for both of these tiers (95%) is used for general operating support; the remaining 5% can be used as discretionary funding.<sup>15</sup> In Philadelphia, 63% of general operating dollars (\$3.0 million) in 2012 were in the form of non-competitive funding for local institutions, such as the Philadelphia Museum of Art. San Diego's one non-competitive source of funding for the zoo was 58% (\$8.0 million) of San Diego's total general operating support awarded in 2012. Miami-Dade County awarded 15% (\$1.3 million) of its total local dollars (\$8.7 million) towards non-competitive funding for general operating support. Baltimore primarily provides general operating through major budget line-items; hence grants only demonstrate a small portion of Baltimore's total dollar support for general operations. When the city temporarily stopped funding competitive grants in 2011 and 2012, the drop in total general operating support dollars was significant (approximately \$3 million). The City of Chicago, meanwhile, does not offer any line-item allocations of public dollars directly to institutions.

<sup>15</sup> For more information about the Scientific & Cultural Facilities District, please see Appendix III.

## TOTAL GENERAL OPERATING DOLLARS, PER CAPITA

Additional funding through non-competitive support increases general operating spending per capita in Baltimore, the Denver Metro Region, Miami-Dade County, Philadelphia, San Diego, and San Francisco. Baltimore, which did not offer any general operating support through competitive grants in 2012, spent \$8.10 per capita in general operating support when line-item budgets are considered (Figure 18). Similar to Baltimore, Philadelphia’s general operating support per capita increased from \$1.19 to \$3.11 in 2012 with the inclusion of line-item appropriations for designated arts organizations in the budget.

**FIGURE 18:** Local General Operating Support, Per Capita (All Regions), 2008-2012



## VI. CONCLUSION

This report provides an overview of the public dollars used to fund arts and cultural programs in 13 cities and metropolitan regions across the US. In addition to the diverse range of funding mechanisms through which public dollars are directed to organizations and programs, the funding landscape for arts and culture is further complicated by shifts in priorities and new initiatives that are driven by the political, economic, and social currents that shape decision-making in cities and metropolitan areas. A case in point: Our analysis in this paper covered the decade from 2002 to 2012, but in the fall of 2012 the city of Chicago [released a new \*Cultural Plan\*](#)—the first attempt to articulate priorities, recommendations, and initiatives around arts and culture in twenty-five years. One of the results of the *Plan* has been a significant change to the grant-making programs of Chicago’s local arts agency, the Department of Cultural Affairs and Special Events.

Informed by the Chicago Cultural Plan, in 2013, DCASE began implementing changes to its grant-making programs in an effort to increase the impact of grant awards to grantees and to improve the efficiency of the grant-making process and administration. With consideration of the total funding landscape in Chicago, DCASE streamlined existing programs in order to prioritize i) general operating support for small-to-mid-sized arts and culture-focused non-profit organizations and ii) support for individual artists. With these goals and priorities in mind, DCASE implemented the following key changes to its grant programs in 2013 and 2014:

The CityArts grant program increased its grant award size and limited eligibility to organizations with annual budgets up to \$5 million. Eligible organizations could apply for general operating support within the range of \$2,000-\$10,000 (up to 10% of the overall organizational budget); the 2014 ceiling has been raised to \$15,000. Because the total grant-making budget has remained flat from prior years (approximately \$1.2 million in 2013), fewer, yet larger, grants were awarded in 2013 in comparison to prior years. Although only 97 grants were awarded, the average award size made for general operating support was more than double that of 2012 (\$5,200 compared to the average of about \$2,000 in 2012).

Through the Individual Artists Program (IAP) in 2013, 78 project-support grants of up to \$4,000 each were made to individual artists working across a broad range of creative mediums. Again, fewer, yet larger, grants were made to support individual artists’ projects. In 2013, the average grant size for IAP was approximately \$3,000, as compared with approximately \$1,000 the previous year. In 2014, the grant size was increased to \$5,000, and 123 artists were awarded grants to support creative work and professional development opportunities. The average grant size was \$4,063.

Additionally, Chicago’s major cultural institutions will be eligible for awards through a new competitive grant program called IncentOvate, which will launch in May of 2014. In an effort to implement goals articulated in both the Chicago Cultural Plan and Tourism Strategy, the IncentOvate Program seeks to incentivize innovation and foster the creation of new large scale public cultural experiences in Chicago within three categories:

- **Category 1: Innovation:** Funding to stimulate the development of a new program/product.

- **Category 2: Neighborhoods:** Funding for a neighborhood cultural program, presence or collaboration.
- **Category 3: Audience Development:** Funding for audience development programs or initiatives that seek to expand arts education for all ages, enhance access to the arts, integrate culture into daily life, bring arts into public places, or foster planning culturally with enhanced collaboration across atypical silos.

Through this program, DCASE will provide funding to large, Chicago-based, non-profit 501(c)(3) arts and culture organizations. Funds may be used for planning or execution of a project – including artistic, administrative and/or program expenses such as salaries, marketing, supplies, professional services, or training.

Chicago, like all the cities in our report, is undergoing great change and facing significant challenges, with arts and culture increasingly understood as playing an important role in shaping the urban future. This report is offered as an analysis of how the arts have been funded with federal, state, and local public dollars in cities and metro regions across the US over the course of a decade. In the highly diffuse arts funding context of the US, a comparative analysis of public funding—even if only one deep slice of the total arts funding pie—contributes to a more robust understanding of the structure and dynamics of the broader arts ecology.

## REFERENCES

- Brest, Paul (Winter 2003). “Smart Money: General operating grants can be strategic – for nonprofits and foundations.” In *Stanford Social Innovation*. Accessed September 26, 2013. [http://www.ssireview.org/articles/entry/smart\\_money/](http://www.ssireview.org/articles/entry/smart_money/).
- Council on Foundations (December 2002). “Board Briefing: Type of Funding.” Accessed September 5, 2013. [http://www.cof.org/files/Documents/Governing\\_Boards/BBProjectOperating.PDF](http://www.cof.org/files/Documents/Governing_Boards/BBProjectOperating.PDF).
- Grantmakers for Effective Organizations (July 2007). “General Operating Support.” Accessed September 26, 2013. <http://www.neh.gov/files/divisions/fedstate/generaloperatingsupportactionguide.pdf>.
- “Illinois Arts Council Biennial Report FY 2009-2010.” Accessed November 20, 2013. <http://www.arts.illinois.gov/files/content/BiennialReport.pdf>.
- Jagpal, Niki and Kevin Laskowski (May 2013). “The State of General Operating Support 2011.” National Committee for Responsive Philanthropy. Accessed September 21, 2013. <http://www.ncrp.org/files/publications/PhilanthropicLandscape-StateofGeneralOperatingSupport2011.pdf>.
- Markusen, Ann et. al. (2011) “California’s Arts and Cultural Ecology.” Funded by the James Irvine Foundation. Accessed July 1, 2013. [http://irvine.org/images/stories/pdf/news/CA\\_Arts\\_Ecology\\_TApp\\_2011Sept20.pdf](http://irvine.org/images/stories/pdf/news/CA_Arts_Ecology_TApp_2011Sept20.pdf).
- National Endowment for the Arts (November 2012). “How the United States Funds the Arts.” Accessed September 5, 2013. <http://arts.gov/sites/default/files/how-the-us-funds-the-arts.pdf>.
- Office of Inspector General (2011). “Cultural Affairs and Special Events – Eliminate Tier IV of City Arts.” Accessed June 10, 2013. <http://chicagoinspectorgeneral.org/major-initiatives/budget-options/2011-budget-options-online-version/city-development-spending-options/cultural-affairs-and-special-events-eliminate-tier-iv-of-city-arts/>.
- Rosenstein, et al. (July 2013) “The distribution and policy implications of US state governmental general operating support to the arts and culture: Lessons from the great recession” In *Cultural Trends* 2013, Vol. 22, Issue 3-4, pg. 180-191. Accessed September 5, 2013. <http://dx.doi.org/10.1080/09548963.2013.817648>.

# TECHNICAL APPENDICES

## APPENDIX I: SUMMARY TABLE OF CITIES/METRO REGIONS

City	Grant-Making Entity (or Entities)	Population (2012)	Estimated Number of NonProfit Arts and Cultural Organizations (2012)
Baltimore	Office of Promotion & the Arts (BOPA)	621,342	316
Boston	Boston Cultural Council	636,479	393
<b>Chicago</b>	<b>Department of Cultural Affairs and Special Events</b>	<b>2,714,856</b>	<b>996</b>
Cuyahoga County (Cleveland)	Cuyahoga Arts & Culture	1,265,111	468
Denver Metropolitan Region	Scientific & Cultural Facilities District	2,896,598	912
Greater Columbus Area	Greater Columbus Arts Council	1,195,537	357
Houston	Houston Arts Alliance	2,160,821	681
Miami-Dade County	Miami-Dade County Department of Cultural Affairs	2,591,035	481
Philadelphia	Philadelphia Cultural Fund; Philadelphia Office of Arts, Culture, and the Creative Economy	1,547,607	591
Phoenix	Office of Arts and Culture	1,488,750	205
Portland, Oregon Metropolitan Region	Regional Arts and Culture Council	1,690,785	673
San Diego	Commission for Arts and Culture	1,338,348	456
San Francisco	Grants for the Arts; San Francisco Arts Commission	825,863	667

See Appendix II for more information about each funding entity.



## APPENDIX II: CITY-LEVEL DATA SOURCES

This report uses grant-level data from each city/region studied. We do not report on individual grants or grantees, but individual data was critical to constructing a nuanced analysis of the city's granting structure, funding, and support. Most data was procured from the respective funding agency; we gathered grant-level data from online source for three cities/regions: Boston (Boston Cultural Council), Columbus (Greater Columbus Arts Council), and Denver (Scientific & Cultural Facilities District). In total, we garnered data from 13 cities and regions:

- Baltimore, Baltimore Office of Promotion & the Arts
- Boston, Boston Cultural Council
- Chicago, Department of Cultural Affairs and Special Events
- Cleveland, Cuyahoga Arts & Culture
- Columbus, Greater Columbus Arts Council
- Denver, Scientific & Cultural Facilities District
- Houston, Houston Arts Alliance
- Miami, Miami-Dade County Department of Cultural Affairs
- Philadelphia, Philadelphia Cultural Fund and the Philadelphia Office of Arts, Culture, and the Creative Economy
- Phoenix, Phoenix Office of Arts and Culture
- Portland, Regional Arts and Culture Council
- San Diego, Commission for Arts and Culture
- San Francisco, Grants for the Arts, and the San Francisco Arts Commission

In most cases, the data were coded regarding the purpose of the grant—general operating, project specific support, individual artist grants, festival, etc. We worked with agency representatives and online resources to code the grant-level data according to grant type or purpose. Grant program parameters vary greatly across the studied regions, but we used four codes common to most regions' competitive grant programs: “General Operating Support,” “Project Specific Support,” “Other,” and “Unspecified”.

This report focuses on differences between “General Operating Support” and “Project Support” and hence uses an “Other” code to capture the broad range of activities and programs supported by the local arts agencies beyond general operating and project-specific support. For example, grants awarded to individual artists as fellowships, to schools for arts education, for organizational or individual professional development, or capacity building were coded as “Other.” When available information was too limited to code the grant type, then we coded the grant as “Unspecified.”

## APPENDIX III: INFORMATION ABOUT LOCAL GRANT MAKING AGENCIES

Each city and region has a unique story to tell about its arts and cultural life and organizations. The funding structures also tell interesting stories about taxpayers' inclinations, and collaboration across counties and within city departments. We provide a brief background on each granting entity:

### BALTIMORE, BALTIMORE OFFICE OF PROMOTION & THE ARTS (BOPA)

The Baltimore Office of Promotion & the Arts (BOPA) offers a number of grants provided by private foundations and companies, but only one grant through city funds, "Creative Baltimore." "Creative Baltimore" has been offered since 2006; prior to then, all dollars allotted for arts and culture were given directly to 20-21 organizations through line-item budgets (See Appendix V for more information about Baltimore's line-item budgeting). BOPA has since increased their competitive grant-making from city dollars. However, in 2011 and 2012 there were no city-funded grants awarded.

### BOSTON, BOSTON CULTURAL COUNCIL (BCC)

Through the Mayor's Office of Arts, Tourism and Special Events, the City of Boston receives and redistributes public funding for arts and cultural organizations, as well as reimburses school field trips to these organizations. The Boston Cultural Council (BCC) is the arm that re-grants public dollars, which come from the Massachusetts Cultural Council (MCC). The City of Boston does not award matching funding from the dollars they receive from the MCC. The majority of the grants are for specific projects or programming, and some awards are for field trips for schools. Schools are eligible to receive up to \$500 for arts or cultural field trips, such as attending a museum or musical performance; these grants comprise the "PASS Program." The Boston Cultural Council does not award general operating grants.

### CHICAGO, DEPARTMENT OF CULTURAL AFFAIRS AND SPECIAL EVENTS (DCASE)

Updates to the City of Chicago's Department of Cultural Affairs and Special Events (DCASE) since 2013 are included in the report. Prior to 2013, DCASE made awards through its:

- Individual Artists Program, which offered grants between \$2,000-\$4,000 to artists at various points in their career and working in a variety of mediums (["Cultural Grants"](#)).
- The CityArts Program provided general operating assistance to organizations, and grants were divided based on organizations' budget sizes.
- The Cultural Outreach Program was designed to connect educational arts programming with low to moderate- income neighborhoods across the city through outreach workshops, classes, or performances.

DCASE funds and operates free arts and cultural programming throughout the city, including events and festivals in Millennium Park and Grant Park, as well as the annual Chicago Blues Festival and the annual Air and Water Show. It was estimated that in 2011 over 8 million people attended DCASE's programming and events. DCASE is also in charge of working with community organizations to organize and set up over 700 neighborhood festivals and parades annually. DCASE's in-house events and arts programming departments were allocated over \$18 million of funding in 2013. In October 2012, DCASE released their new [Chicago Cultural Plan](#), which is a "framework to guide the city's future cultural and economic growth" ("[Department of Cultural Affairs and Special Events](#)" pg. 67).

## CLEVELAND, CUYAHOGA ARTS & CULTURE

The City of Cleveland does not have a body for distributing grants for arts and culture in a systematic way. A few small grants may go through the Parks and Recreation Department, or through Community Development, but the primary distributor is Cuyahoga Arts & Culture, which services the county.

Cuyahoga Arts & Culture is a "political subdivision of the State of Ohio" that was established by a referendum passed in Cuyahoga County in 2006. The vote passed a 10-year tax on cigarettes, which would provide funding for arts and culture in the county's 59 municipalities ("[Mission and History](#)"). Cuyahoga Arts & Culture offers general operating support, project support, and special initiative grants (these are commemorative concerts or individual artist fellowships). The first grant was a small special initiative grant for a public concert distributed in 2007. This singular grant was removed from our coded data because the full picture of Cuyahoga Arts & Culture's granting structure was not in full force until 2008.

Cuyahoga Arts & Culture does not have a formula for distributing grants to more populous regions (i.e. Cleveland) or a formula for needs-based distribution. Their grantees include nature, science, and garden organizations as well as art studios, theaters and more non-traditional arts and culture nonprofits. Applicants are judged by a national panel to assess the public benefit of a project.

## COLUMBUS, GREATER COLUMBUS ARTS COUNCIL (GCAC)

The Greater Columbus Arts Council (GCAC) is a non-profit organization that receives funding from the City of Columbus, the Ohio Arts Council, and some private donations. From the City of Columbus, GCAC receives 20% of the 4% hotel/motel tax. For organizations, GCAC provides both general and project-based support, as well as "Technical Assistance," which is "designed to increase organizational capacity" ("[For Organizations](#)"). GCAC also provides a number of grants for individual artists, including grants for supplies, travel grants, and professional development grants.

### DENVER, SCIENTIFIC & CULTURAL FACILITIES DISTRICT (SCFD)

In 1989, voters in the Denver Metropolitan area and the seven surrounding counties (Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson) agreed to allow the use of  $\frac{1}{10}$  of a 1% sales tax for arts and cultural organizations. The Scientific & Cultural Facilities District (SCFD) was established to distribute these funds. They offer funding in three tiers. Tier I and Tier II are non-competitive grants, in which 95% of the grant the organization receives is allocated for general operating support. The other 5% is discretionary spending; it can be used for outreach, collaboration, access or programming. Tiers I and II make up 86% of SCFD's funding, 65% and 21% respectively. The final 14% is for Tier III grants. A county volunteer committee from each of the seven participating counties distributes Tier III grants through a competitive process. The volunteer committees choose the awardees and there is no formula for general operating or project-specific support. In 2004, voters agreed to extend SCFD's operations ("[History](#)").

### HOUSTON, HOUSTON ARTS ALLIANCE (HAA)

The Houston Arts Alliance (HAA) is a non-profit that coordinates grants-making and civic arts programming in Houston. It was established in 2007. Funding comes from the City of Houston's Hotel Occupancy Tax, which is 7%. Of that 7%, approximately one-fifth (1.35% occupancy tax) supports the Houston Arts Alliance. HAA awards 13 types of grants, including general operating support, project specific support, individual artists fellowships, sustainability program, and touring and neighborhood arts projects grants. The mission of HAA is to "enhance the quality of life and tourism in the Houston region by supporting and promoting the arts through programs, initiatives and alliances" ("[About HAA](#)").

### MIAMI, MIAMI-DADE COUNTY DEPARTMENT OF CULTURAL AFFAIRS

The Miami-Dade County Department of Cultural Affairs was founded in 1976. The Department offers 14 types of grants to organizations for a variety of purposes, including capital development, festivals, arts education, tourist development, arts and science summer camps, and other project-based grants and general operating ("[Organizations](#)"). There are [five types of grants available](#) for individual artists, including grants specifically for choreographers and for playwrights. The department awards competitive grants in conjunction with the Cultural Affairs Council, a volunteer advisory board. Funding for grants comes from a variety of sources including the Miami-Dade County Mayor, the Board of County Commissioners, The Children's Trust, the Florida Arts Council, and the John S. and James L. Knight Foundation, among other public and private sources.

### PHILADELPHIA, PHILADELPHIA CULTURAL FUND (PCF)

Established in 1991 by the Mayor and City Council of Philadelphia, the Philadelphia Cultural Fund (PCF) is the grant-making arm of the city ("[About Us](#)"). The Fund's purse comes directly from the city's budget through the Office of Arts, Culture, and the Creative Economy (OACCE). All grants awarded by PCF are for general operating support; however, they provide grant dollars to a variety

of organizations, including community arts organizations, historic sites, literary organizations, as well as dance, music, theater, museums, and some larger arts and cultural organizations.

#### PHOENIX, OFFICE OF ARTS AND CULTURE

The City of Phoenix’s Office of Arts and Culture has a grants program in addition to a public arts program, civic art collection, and arts education program. The Office awards five types of grants: Arts In Education, Capacity Building, Community Project, Rental Support, and General Operating Support. Rental support is awarded to “those cultural organizations that help revitalize the Phoenix downtown corridor through their presentations in city-owned performing arts facilities ([“Grants to Arts Organizations”](#)).” In Fiscal Year 2009-2010, the Office began granting general operating support based on the budget size of the arts organization.

#### PORTLAND, REGIONAL ARTS AND CULTURAL COUNCIL (RACC)

The Regional Arts and Culture Council (RACC) serves the Portland, Oregon Metropolitan region, including the city of Portland, Multnomah County, Clackamas County, and Washington County. The RACC receives funding from a variety of sources, including the City of Portland, the aforementioned County governmental bodies, Oregon Arts Commission, and several private in-kind donations ([“Contributors”](#)). RACC offers [five grants](#): general operating support for arts organizations; project grants for organizations and individual artists; individual artist fellowships; grants to support individuals’ professional development grants; and “opportunity grants.” Beginning in 2006, “Opportunity Grants” were established as emergency funds for organizations within the City of Portland. These grants can be used for general operating support or for project-based support. The City of Portland provides funding to RACC for the “Opportunity Grants”.

#### SAN DIEGO, COMMISSION FOR ARTS AND CULTURE

In San Diego, the Commission for Arts and Culture distributes public funding to local arts and cultural organizations through two grants ([“Funding”](#)). The Organizational Support Program (OSP) offers general operating support, as well as personnel expenses. The Creative Communities San Diego (CCSD) grant is project-based support, including educational programming, performances, festivals, and public art. Funding for these grants comes from San Diego’s hotel/motel tax, the “Transient Occupancy Tax.”

#### SAN FRANCISCO, GRANTS FOR THE ARTS (GFTA) AND THE SAN FRANCISCO ARTS COMMISSION

San Francisco has two bodies that grant public dollars to local arts and cultural organizations. First, Grants for the Arts receives funding from the San Francisco Hotel Tax Fund ([“History and Purpose”](#)). Grants for the Arts (GFTA) receives a portion of the 14% hotel-room tax to distribute to local organizations, which fall into either one of two categories, “Performing, Visual, Literary, and Media Arts Organizations” or “Annual Celebrations and Parades.” Among other stipulations, GFTA does not support individual artists, educational or professional development costs.

Additionally, the City of San Francisco has an Arts Commission, which also distributes grants to local organizations and artists. The San Francisco Arts Commission has two grant-making programs through “Community Arts and Education” and “Cultural Equity” ([“Home”](#)). Both of these subsections of the Arts Commission give out a significant number of grants in addition to GFTA.

The Community Arts and Education program provides non-competitive, general operating grants to cultural centers housed in city-owned spaces. They also provide funding for festivals, neighborhood cultural outreach programs, and “Art in Storefronts.” The “Cultural Equity” program currently offers 11 grants, and in the past has offered four other grants. These grants range from presenting Native American Arts and Cultural Traditions to organizational project grants, and from individual artist commissions to capitalization and infrastructure building ([“CE Grant Programs”](#)).

## APPENDIX IV: CITY AND COUNTY LINE-ITEM RESEARCH

Institutions that receive funding through city line-items are often established, flagship institutions, where money is allocated directly from the city's budget without the application process or a committee panel's approval. These funds, along with other 'non-competitive' grants, were analyzed in Section III due to their steadfast nature and tendency to support general operations.

Of our thirteen regions analyzed, four provide line-item budgets to arts and cultural organizations: Baltimore, Philadelphia, San Diego, and San Francisco. The Scientific & Cultural Facilities District of Denver and San Francisco also distribute non-competitive support; however, these funds are determined by the SCFD and the San Francisco Arts Commission rather than through a city budget.

In our search for line-item budgets, we were looking for non-competitive dollars allotted directly to large institutions, identified by name in the city's budget. There were a few instances of smaller line-items for project-based departments, for example, the "One Book, One Denver" project. However, these dollars were not as consistent as the larger line-items for institutions such as museums, zoos, and symphonies. Furthermore, we did not include any funding from Parks or Recreation departments as line-items, because these organizations were not typically captured in our nonprofit arts and cultural-related organization counts. Additionally, this report was geared towards direct funding for arts and cultural nonprofits. While we recognize that some programming may take place in parks and other public venues, we were solely interested in the direct public funding for our sample population. We searched for line-item data from 2008-2012 so that we could concentrate our in-depth analyses on these years.

In 2012, Baltimore provided roughly \$6.9 million dollars in line-item support to the Baltimore Symphony Orchestra, Walters Art Gallery, the Baltimore Museum of Art, and the Maryland Zoo. This money is allotted for general operations including staffing, administration, employer's portion of benefits, and utilities. The organizations are given non-competitive public dollars because they comprise the cornerstone of the City's commitment to Arts and Culture" ([Baltimore Budget 2012](#), pg. 394). In 2008, over 21 organizations were allocated public dollars through the city's budget, but in 2009, the Baltimore Office of Promotion and the Arts (BOPA) expanded their "Creative Baltimore" competitive granting program. From 2009 onwards, only five or six organizations were directed money from the city's budget.

In Philadelphia, there are multiple city departments that contract or distribute line-item budgets to arts and cultural organizations. This information was provided to us by the Office of Arts, Culture, and the Creative Economy, and represents their best estimate of the city's allocations to the Philadelphia Museum of Art, the Philadelphia History Museum, the Avenue of the Arts, the Mann Music Center, the Philadelphia Orchestra, and funding for the African American Museum. While the city does provide funding for staffing of historic tours, parades, and similar events, particularly



within the Parks and Recreation Department, this line-item budget research was targeting large amounts of public funding for institutions.

San Diego provides one major line-item budget to the San Diego Zoo. The support is “financed from a fixed property tax levy (one-half cent per \$100 of assessed valuation)” and is used for maintenance and upkeep of the exhibits ([San Diego Budget](#) 2013, pg. 683). The funding was voted on by San Diego residents and passed in 1934 ([City of San Diego Charter](#), pg. 9). The San Diego Zoo was budgeted to receive approximately \$8.0 million dollars in 2012.

The City of San Francisco also provides a number of line-item budgets to flagship institutions. The City provides four line-items: the Academy of Sciences, for the operating support of the Steinhart Aquarium; the Museums of Fine Arts; the Asian Art Museum; and the San Francisco War Memorial & Performing Arts Center. The majority of these city dollars are apportioned for general operating support, staffing, maintenance, and upkeep of the institutions. In 2012, each line-item averaged at approximately \$8.7 million. In 2011, the War Memorial received a \$15 million grant for capital improvements, which doubled their relatively consistent budget of \$12 million.



## APPENDIX V: ARTS- AND CULTURE-RELATED ORGANIZATION COUNT

To estimate the number arts and cultural organizations in each region, we utilized the Internal Revenue Service’s Business Master File (BMF). The BMF dataset is comprehensive in that it includes smaller nonprofit organizations with gross receipts under \$50,000, who do not file 990 tax forms, but rather 990-N’s, as well as larger nonprofit organizations. By contrast, the National Center for Charitable Statistics CORE data only draws from the most recent tax filings of 990’s, which are for 501c3 organizations with gross receipts larger than \$50,000. Additionally, the BMF dataset includes a more thorough description of an organization’s designated activities. However, it should be noted that the BMF file may overestimate the number of organizations because it may include defunct organizations.

This is the IRS’ link to the BMF files: <http://www.irs.gov/uac/SOI-Tax-Stats-Exempt-Organizations-Business-Master-File-Extract-%28EO-BMF%29>. From here, download and compile each state’s BMF data points into separate Excel files. Then, move on to identifying the subset of arts- and culture-related organizations in the respective city or region.

### STEPS TO IDENTIFY ARTS- & CULTURE-RELATED ORGANIZATIONS

- 1) Find a list of zip codes for the city or county from the city’s or county’s website, or another reputable source.
- 2) Sort the data by zip code in order to ensure that the organizations are within the boundaries of the city or serviced region. Extract and keep all entries with zip codes that fall within the boundaries of the agency.
- 3) From this list, sort by “Foundation Code.” Remove all Foundation Codes between 02-14, since these are private foundations, trusts, governmental organizations, schools, hospitals, churches, which we are not deeming in the public programming realm of arts and culture.
- 4) From this reduced list, extract and keep all “A” NTEE-codes in a separate worksheet. A NTEE Codes are designated as “Arts, Culture, & Humanities” nonprofits.
- 5) Many organizations do not list an NTEE code. Organizations that do not have NTEE codes were given exemption status before 1995, when NTEE codes were introduced to replace Activity Codes. Some organizations have been updated to include NTEE codes, while others have not. Copy all blank NTEE codes from the list of organizations onto a separate worksheet. To identify these organizations as either arts or culture-related there is a two-tier process.
  - a) First, refer to an organization’s “Activity Code.” Organizations can list up to three codes, each three digits long, which identify with their mission, purpose, and programming.

- i) Keep all organizations whose activity codes included any number between 060 and 119 anywhere in the triad. Activity codes between 060-119 are described as “Arts and Culture Related” in the BMF codebook.
  - b) There may be some organizations without either NTEE codes or activity codes. These organizations must be identified manually by the name of the organization. If there is an arts or cultural-related word or phrase in the title, keep the organization. For example, keep an organization with the word “Theater” in the name. However, do not keep any guilds or professional organizations; we are searching for organizations that offer programming to the public, so remove “Theater Stage Managers Association,” despite the word “Theater”.
- 6) If there is an organization that has multiple listings, remove all but one of these listings. For example, in Houston, the “Romance Writers of America” listed over 100 separate entities. These multiple listings were chapters across the country, based out of Houston.
  - 7) Finally, compile the A-NTEE code list, and the reduced blank-NTEE codes, into one list that comprises a rough count of the arts- and culture-related nonprofits.