

Arts in the Balance
Arts Funding in Los Angeles County:
1998-2005

By

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A joint project of
UCLA Center for Civil Society
and
Southern California Grantmakers

Final Report

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Table of Contents

List of Figures and Tables

Acknowledgments [to insert]

Foreword [to insert]

Executive Summary

Introduction

 Background

 Objectives

 Arts and Culture in Los Angeles County

 Methodology

The Cultural Economy in Los Angeles

Arts Funding

 Survey Respondents

 Arts Education

 Individual Artists

 The Nonrespondents

 The Grantees

 Size and Age

 Field

 Who Gets Funded?

The Select Comparison Group

What are the Issues?

 Listening to Nonprofit Arts Organizations

 Access to Funding

 New Business Models

 The Cultural Industry: An Untapped Local Resource

Conclusion and Recommendations

 Key Diagnosis

 Other Key Findings

Final Report

Recommendation

Appendices

Arts Funders Survey

Grantee Data

Focus Groups

Survey Form

NTEE-CC Classification of LA Arts and Culture Nonprofits

List of Figures

- Figure A The Arts Nonprofit Trilemma
- Figure B Addressing the Arts Nonprofit Trilemma
- Figure 1 Changes in Sampling Frame, Response Rate, and Composition of Respondents for Los Angeles Arts and Culture Survey, 1998-2005
- Figure 2 Nonprofit Sector Growth, Los Angeles County, 1998-2004. Comparison of Total Nonprofit Sector and Arts and Culture Nonprofits, by Total Expenditures and Revenue in 1998 Dollars, and Number of Organizations
- Figure 3 Arts Funding to Los Angeles County by Local and Non-local Private Foundations, by Number of Organizations and Grant Amounts, 2004
- Figure 4 Organizational Support by Field and Type of Funder, in Percent
- Figure 5 “Yes” Responses to Questions Regarding Application Process, by Type of Funder, in Percent
- Figure 6 Support of Arts Education, by Type of Funder, in Percent
- Figure 7 Arts Education Support for Specific Organization Type, by Type of Funder, in Percent
- Figure 8 Arts Education Support for Specific Target Groups, by Type of Funder, in Percent
- Figure 9 Comparison of Arts, Culture, and Humanities Organizations: Recipient Organizations versus Total Number of Arts and Culture Organizations in Los Angeles County, in Percent, 2004
- Figure 10 Comparison of Arts, Culture, and Humanities Organizations Coded as Performing Arts: Recipient Organizations versus Total Number of Arts and Culture Organizations in Los Angeles County, in Percent, 2004
- Figure 11 Comparison of Total Nonprofit Organizations in Los Angeles and Grant Recipients, by NTEE Classification and Budget Size, 2004
- Figure 12 Select Comparison Group Grantmaking, by Type of Funder, in 1998 Constant Dollars, Including Disney Hall, 1998-2004
- Figure 13 Average Grant Size of Select Comparison Group Grantmaking, by Area, in 2002 Constant Dollars, 2002-2004
- Figure 14 Number of Grants Made by Select Comparison Group, by Area, in 2002, Constant Dollars, 2002-2004
- Figure 15 Funding Expectations, by Number of Respondents
- Figure 16 Funder Relationship with State, by Number of Respondents
- Figure 17 Attitudes towards Grantees, by Number of Respondents

Final Report

Figure 18 Views on 501(c)(3) Structure, by Number of Respondents

Figure 19 Assessment of Overall Art Scene, by Number of Respondents

Figure 20 The Nonprofit Arts Trilemma

Figure 21 Addressing the Nonprofit Arts Trilemma

List of Tables

- Table 1 Nonprofit Arts and Culture Organizations in Los Angeles County, by NTEE Classification, in Percent, 2004
- Table 2 Arts and Culture Nonprofit Organizations as a Percentage of All Nonprofit Organizations by Top Five Metropolitan Statistical Areas (MSA), 2004
- Table 3 Comparison of Number of Organizations, Revenue, and Expenditure of Nonprofit Arts and Culture Organizations between Los Angeles County and Top Five US MSA Average (per 1 Million Population), 2004
- Table 4 Summary of Total Arts and Culture Giving, 2004/5
- Table 5 Total Giving to the Arts in Los Angeles County, by Type of Funder, 2004
- Table 6 Total Number of Grants Funded for the Arts in Los Angeles County, by Type of Funder, 2004
- Table 7 Range of Funding Support Provided to Arts Organizations, by Field, 2004
- Table 8 Percentage Distribution of “Yes” Responses to Questions Regarding Application Process, 2002 and 2004 Comparison (N in Parenthesis), by Type of Funder, 2002 and 2004
- Table 9 Total Giving for Arts Education in Los Angeles County, by Type of Funder, 2004
- Table 10 Total Number of Grants Funded for Arts Education in Los Angeles County, by Type of Funder, 2004
- Table 11 Total Giving to Individual Artists in Los Angeles County, by Type of Funder, 2004
- Table 12 Total Number of Grants Funded for Individual Artists in Los Angeles County, by Type of Funder, 2004
- Table 13 Giving to Los Angeles County Arts and Culture Nonprofit Organizations (Grant Dollars), by Survey Respondents and Nonrespondents, and Location, 2004
- Table 14 Giving to Los Angeles County Arts and Culture Nonprofit Organizations (Number of Grants), by Survey Respondents and Nonrespondents, and Location, 2004
- Table 15 Foundation Giving to Top Recipients by Number of Grants, by Respondents and Nonrespondents, 2004, (for Organizations Receiving at Least 10 Grants)
- Table 16 Foundation Giving to Top Recipients by Average Grant Size, by Respondents and Nonrespondents, 2004 (for Organizations Receiving Average Grants of at Least \$100,000)
- Table 17 Number of Grants per Recipient Organization, by Budget Size, 2004
- Table 18 Average Number of Public and Private Grants Received by Recipient Organization, by Budget Size, 2004

Final Report

- Table 19 Grant Value, Share of Grant Dollars, Number of Grants from Public and Private Grantmakers, and Average Grant Size Received by Recipient Organization, by Budget Size, 2004
- Table 20 Share of Organizations, Revenues and Grants Given to Recipient Organization, by Budget Size, 2004
- Table 21 Grant Value, Number of Grants, and Average Grant Size, Public and Private Grantmakers, by Age of Recipient Organization, 2004
- Table 22 Share of Organizations, Public and Private Grants Given, and Grant Dollars Given, by Age of Recipient Organization, 2004
- Table 23 Number of Grants Received, by Age of Recipient Organization, 2004
- Table 24 Grants and Grant Dollars Received by Recipient Organizations, by NTEE Classification Code, 2004
- Table 25 Recipient Organizations by NTEE-CC Classification Code, Organizations Coded as Arts, Culture and Humanities, 2004
- Table 26 Total Grants and Total Grant Value for Recipient Organizations in the Fields of Arts, Culture, and Humanities, 2004
- Table 27 Share of Public and Private Grants Received by Recipient Organizations in the Fields of Arts, Culture, and Humanities, in Percent, 2004
- Table 28 Share of Public and Private Grant Dollars Received by Recipient Organizations in the Fields of Arts, Culture, and Humanities Organizations, 2004
- Table 29 Share of Grant Dollars Awarded to Arts in Los Angeles by Select Comparison Group, in Percent, 1998-2004
- Table 30 Grant Dollars Awarded to Arts in Los Angeles by Select Comparison Group, in 1998 Constant Dollars, and Percent Change, 1998-2004
- Table A Recipient Organizations, by NTEE-CC Classification Code

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Foreward

This survey began in 1998 as a hip-pocket exercise of a group of LA-based funders interested in knowing what the pool of available dollars for nonprofit arts organizations looked like, from a grantseeker's perspective. If you were the director of an arts nonprofit in Los Angeles County, to what agencies could you apply for financial support? Whose doors could you knock on? What kinds of cash support were being offered, to whom, for what specific purposes?

What we learned was instructive, but we realized that we had only captured a moment in time. To translate our snapshot into a more detailed picture of the system and its players would require more time, and deeper study. Accordingly, we expanded and repeated the survey in 2000, and have continued to do so every two years under the aegis of Southern California Grantmakers.

This year, we are delighted that the survey has been conducted as a partnership between Southern California Grantmakers and the UCLA School of Public Policy. While the collective of LA Arts Funders continue to be involved as close advisors to the survey, putting the project in the hands of a leading research institution has vastly expanded our capacity for data-gathering, and enhanced our interpretation of the findings. Having the study owned by SCG, our regional association of grantmakers, has also substantially extended our reach, and leveraged our potential to foster action-oriented conversation that should, we hope, be sparked by these findings.

We look forward to that conversation with you.

Los Angeles Arts Funders

Los Angeles Arts Funders is a group of public and private sector grantmakers who support the arts in Los Angeles County. For more information on membership or participation, contact Southern California Grantmakers.

Arts in the Balance

Arts Funding in Los Angeles County: 1998-2005

Executive Summary

The purpose of this study is to gain a clearer picture of arts funding in Los Angeles in the context of the region's wider cultural economy, and to look longitudinally at how funding flows and patterns have changed over the past five years. The study is a follow up to previous surveys of arts funding agencies in Los Angeles conducted by Southern California Grantmakers, the regional association of philanthropic foundations in 1998, 2000 and 2002. These surveys dramatically highlighted the vulnerable state of Southern California's arts community, and suggested that the future of arts funding might indeed be in the balance. Several years later, do these findings still apply, in particular in the context of the state's continued fiscal uncertainty? What do recent and current developments suggest for the future of culture and the arts in Los Angeles?

The key finding of this report is that current and future public and private funding flows are unlikely to meet the financial needs of LA's arts and culture nonprofit sector. Total public and private arts funding amounted to \$158 million in 2004/5. Expressed in constant dollars, these funding flows are about the same as they were in 2000, even though the nonprofit arts and culture sector has expanded by 12% since then. Although there are indications that funding flows are stabilizing, they are unlikely to increase to levels that could sustain the resource requirements of LA's growing nonprofit arts community.

The key insight that emerges from the study is that of a trilemma between growing needs for arts funding, stagnating financial support, and limited accessibility to available private sources (Figure A). While funding remains constant in actual dollars, it is diminishing relative to the operating budgets of a growing nonprofit arts sector in Los Angeles County. Arts organizations are doing more with less.

Specifically, the Report's major findings are:

- With a total of \$800 million in expenditure, the nonprofit arts and culture nonprofit sector in 2004/5 was 12% larger than in 2000. However, the LA nonprofit sector as a whole has expanded even more during this period with 20%. This relatively higher growth applies to the region's cultural economy, too, which also grew about 20% between 2001 and 2004.

Final Report

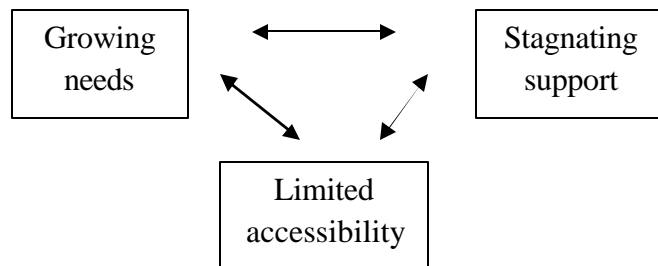
- Between 2000 and 2004/5, the expansion of the arts and culture nonprofit sector coincided with significant fluctuations of arts funding that amounted to a decline in the overall significance of arts funding relative to the size of the sector. In constant dollars, 2004/5 funding levels by private and public funders are close to or below 1998 levels when the nonprofit arts sector was considerably smaller.
- There are indications that the revenue structure of LA arts nonprofits, in the aggregate, differs from the national average in terms of a lower reliance on public funding, with lower contributions across all levels of government—local, state and federal. Public arts support amounts to about 1% of nonprofit arts expenditures, a share well below the national average of 10%.
- However, local public funders in the select comparison group were the only ones to report an increase in support for arts and culture between 1998 and 2004. Nonetheless, with significantly lower funding by the California Arts Council, overall public funding is 21% lower in 2004/5 than in 1998 and 36% lower than in 2002.
- Funding patterns suggest disproportionate support of larger and more established organizations, a tendency much less pronounced for public funders. Public funders are more likely to support smaller and younger organizations; by contrast, foundations are more likely to fund older and larger arts nonprofits.
- Arts funders reported support for a wide range of organizations, with arts education, museums and galleries, theater, and music being the most common. According to our survey, most arts funding is for specific projects and events (about 78%), and far less support seems available for general operating costs, endowment build-up, and capital campaigns (22%).
- Total funding to individual artists was about \$4.5 million in 2004/5, with 1,000 grants. Whereas most public funders tend to support individual artists, only one in five among private funders do, suggesting for the latter a near exclusive reliance on nonprofit organizations as vehicles of supporting the arts.
- Compared to other major cultural capitals in the country, LA's nonprofit arts and cultural sector stands out in terms of its more pronounced emphasis on three fields: film and video, media and communications, and cultural and ethnic awareness. They account for almost a quarter of all nonprofit arts expenditure in LA, but receive about 12% in terms of grant dollars. By contrast, funding patterns suggest an emphasis on the performing arts and museums, which receive 70% of total arts funding.
- The process of private arts funding in LA, in particular among local foundations, is less open to potential grantees than public funding. The application process has in some ways become more restrictive: half of private funders (versus one-third in

2002) say that they accept proposals by invitation only. At the same time, there is an increase in the accessibility of information and application material on the Internet. Likewise, the share of local private funders who are in favor of a common electronic application form increased from about one-third in 2002 to just under half in 2004/5.

- As for the nonprofit sector as a whole, there is an absence of common forums that bring funders (both public and private) and representatives of grantees and grantee organizations together, including cross-sector forums for different parts of LA’s cultural economy.

Our recommendations assume that public and private funding flows are unlikely to meet the financial needs of LA’s arts and culture nonprofit sector in the future. With arts funding either stagnating or continuing to decline relative to the overall scale of nonprofit arts and culture activities in the region, what could be done to address the trilemma many nonprofit arts organizations find themselves in? Can arts funding help negotiate the triple challenge of growing needs, stagnating financial support, and limited accessibility? We suggest that the answer is affirmative, but arts funders must become more strategic and forward-looking in their grant-making.

Figure A. The Arts Nonprofit Trilemma

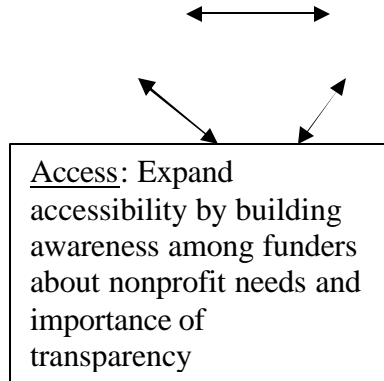


Together, our recommendations imply first that private arts funders take steps towards increased accessibility to available sources of support (Figure B). They should expand awareness and understanding about the needs of nonprofit arts organizations across the funding community. Second, funders should address the issue of stagnating support by working with the grantee community to find ways of leveraging philanthropic dollars strategically and with great effectiveness towards sustainability; better coordination among funders themselves is a prerequisite for this strategy to work. Third, funders should take on the issue of growing needs for support by encouraging new business models and entrepreneurship among nonprofit arts organizations. Funders should also encourage collaboration among nonprofits, including mergers, and between nonprofits and for-profits in the field, in particular the commercial entertainment industry.

Figure B. Addressing the Arts Nonprofit Trilemma



Final Report



Specifically:

- Southern California Grantmakers (SCG) should reach out to existing and new donors to support arts and culture in LA, and encourage long-term and strategic engagement with LA's diverse artistic communities. Through SCG, Los Angeles arts funders should invest in 'community building' among themselves, and improve mutual awareness and understanding.
- Next to increasing awareness and understanding among arts funders is the development of synergies across sectors. It is critical to encourage public and private funders to communicate with each other, and to include the arts and culture organizations themselves, prominent artists, experts, and representatives of the cultural economy, in particular the for-profit entertainment industry.
- The long-term vitality and sustainability of the LA arts and culture nonprofit sector seems to depend ever more on developing links with the wider cultural economy. This means forging and enhancing connections between nonprofit arts and cultural organizations and specifically the for-profit entertainment industry and the vast and expanding for-profit arts sector around it.
- Funding should be strategically directed to activities that move emerging and existing nonprofits to greater financial autonomy by encouraging 'cultural entrepreneurship.' It seems clear that nonprofit arts organizations need new 'business models' to sustain themselves in the future. Such models would move away from a reliance on private grants and public subsidies and include a greater emphasis on new practices that generate revenue.
- Of course, not all arts nonprofits will be able to create these new models, but we can assume that the local arts and culture community harbors significant entrepreneurial talent. We encourage funders to revisit their funding patterns and explore how entrepreneurial approaches could be harvested and supported, and how organizational resources and capacities could be freed in order to achieve greater financial self-reliance. In other words, we anticipate a period of experimentation in business models for arts and culture in search of the creative, innovative, and sustainable arts organizations of the future.

Finally, we encourage funders and nonprofit arts organizations to widen the ‘message’ sent to policymakers and the general public about the importance of the arts. One part of the message (i.e., the economic importance of the arts) is already being made and could indeed be voiced even more confidently given the relative importance of nonprofits to the for-profit entertainment industry specifically and for cultural tourism generally. The search for new business models for arts organizations resonates well with economic rationale for arts funding. In a nutshell, that part of the message is ‘art for our economy’s sake.’

The expanded message, however, would go beyond the economic rationale and emphasize the importance of intrinsic values that arise from having a vibrant arts and cultural sector. It would include the significant role that arts and cultural organizations play for the diverse communities of Los Angeles, and that make the region the ongoing cultural and social experiment others keenly write about. Having vibrant nonprofit arts and cultural organizations is an important way of giving voice to the increasing number of diverse communities across the region. Supporting the arts and culture sector thus becomes a way of creating and maintaining a wider sense of cohesion and achieving the social inclusion that a diverse community needs. The message is not ‘art for art’s sake,’ but ‘art for our community’s sake.’

However, this part of the message implies a challenge, and requires arts funders and arts organizations to assume a more active role in voicing it. Indeed, in an era of continued funding uncertainty, we see the future of the region’s nonprofit art sector closely intertwined with its ability to advocate for its causes and needs, and to find voice for itself and for those it seeks to serve and represent. In sum, nonprofit arts organizations can and should be involved in advocacy and lobbying as a way to build strength not only in their own organizations but in the communities they serve as well.

Arts in the Balance:

Arts Funding in Los Angeles County: 1998-2005

Introduction

Background¹

In 1998, 2000 and 2002, Southern California Grantmakers, the regional association of philanthropic foundations, surveyed arts funding agencies in Los Angeles County.² The findings dramatically highlighted the vulnerable state of Southern California's arts community, and suggested that the future of arts funding might indeed be in the balance: both private and public funding levels were decreasing; the distribution of dollars seemed imbalanced and biased towards larger, well-established organizations; and public and private funders revealed different funding priorities that remained largely uncoordinated. The report also suggested that the small to midsize arts and culture nonprofits would suffer the most as a result.

Several years later, do these findings still apply? New and pressing questions have come up about the effects of the state's continued fiscal uncertainty on funders and grantees, which the 2002 study could not have anticipated in its severity. What has been the response of the funding community to address resource shortfalls? What do current developments suggest for the future of culture and the arts in Los Angeles County and the quality of life in the region as a whole? Moreover, the 2002 survey, while more comprehensive than its predecessors, left a number of key questions unanswered. Central among them are questions about the recipients of arts funding, typically nonprofits and community-based groups.

Objectives

In response to these questions, Southern California Grantmakers enlisted the UCLA Center for Civil Society to update the survey and to broaden it by including both arts funders and nonprofit arts organizations. Specifically, the objective of the study, and hence this report, is to gain a clearer picture of arts funding in Los Angeles in the context

¹ While there is a political distinction between the City of Los Angeles and the County of Los Angeles, we use the terms "Los Angeles" or "LA" throughout this report to refer to not just the City but also surrounding municipalities. Particular in Southern California, cultural boundaries are harder to distinguish than political or geographical boundaries, and scholars (see for example Halle, D. (ed.) (2003) *New York and Los Angeles: Politics, Society, and Culture—A Comparative View*, University of Chicago Press) have pointed out the complexity of defining Los Angeles culturally, geographically, and economically.

² Whereas the first two waves of the survey were conducted in-house by Southern California Grantmakers, the 2002 survey was carried out by the McElwee Group, Pasadena, California. We are grateful to the Southern California Grantmakers and the McElwee Group for making their methodology and data available to us.

of the wider cultural economy, and to look longitudinally at how funding sources and patterns have changed over the past seven years. Our aim is to improve understanding of the overall landscape of arts and culture nonprofit organizations in Los Angeles County by

- Mapping the major contours of the nonprofit arts sector and the larger cultural economy to provide the overall context in which arts funding occurs;
- Gauging the size and patterns of arts funding for 2004/5 as well as trends over time;³
- Exploring the impact of changes in arts funding, and ways in which both funders and recipient organizations are responding; and
- Relating the findings to current issues and debates to identify policy options for public and private funders, and nonprofit arts organizations in the context of LA's overall cultural economy.

Arts and Culture in Los Angeles County

Los Angeles is often described as the laboratory of the nation, as a living experiment presenting us with a lens for viewing the future of American culture and society.⁴ Los Angeles today, together with New York, is at the cutting edge of cultural and political trends, and at the forefront of many economic and social developments. Even a cursory review of LA's key cultural, economic and social indicators suggests a highly dynamic, innovative county with great achievements, immense opportunities, and challenges of perhaps equal if not greater magnitude. Indeed, observers from around the world frequently look at LA's culture and society in search of future changes that might affect their own cities or regions.

LA is among the most diverse and dynamic urban areas of the United States: it is the most economically segregated region in the country in terms of poor and affluent neighborhoods; its highly mobile population currently has no ethnic majority; a third of its inhabitants are foreign-born; and more than half speak a language other than English at home.⁵ What is more, no industry dominates the region in terms of output, although the movie and entertainment business enjoys high visibility. With a broad-based economy, the region relies ever less on Fortune 500 corporations for its economic well-being and growth. In fact, the absence rather than the presence of large corporations is characteristic of LA's economy today. This diversification is complemented by a growing informal

³ The actual survey was conducted from August 2005 to February 2006. As a result, early respondents reported fiscal year activity for 2004, while later respondents reported activity for 2005. Therefore we use the term "2004/5" throughout this report to reflect the differences in the fiscal year timelines of each funder.

⁴ See Koshalek, R., Mayne, T., & Hutt, D. (2002) *LA Now*. Berkeley: University of California Press, Vol. 1; Dear, M., & Flusty, S. (1998) *Postmodern Urbanism*. *Annals of the Association of American Geographers*, 88(1), pp. 5-72; Schrag, P. (1998) *Paradise Lost: California's Experience, America's Future?* New York: The Free Press; Halle, D. (ed.) (2003) *New York and Los Angeles: Politics, Society, and Culture—A Comparative View*, University of Chicago Press.

⁵ On a recent profile of the social and economic conditions of LA, see United Way of Greater Los Angeles. (2002) *A Tale of Two Cities: Promise and Peril in Los Angeles*.

economy that according to some estimates makes up 15% of total employment⁶. Finally, LA is also a region with a somewhat fragmented government of some 88 separate cities in LA County⁷.

If the future happens in Southern California, as the popular saying goes, what is the role of arts and culture in the region's economic and social development? Culture and the arts reflect and shape the wider society, and particularly so in a region as diverse and unequal as Los Angeles. To what extent do culture and the arts contribute to the vitality of cultural expressions⁸ and to more inclusive diversity among the region's population?

Of special interest in this context is the question of arts funding in a region as diverse as Los Angeles, and how such funding flows have changed over time. With relatively much lower levels of government support of the arts, a local philanthropic culture that is still emerging, and a growing population of ever more diverse communities, the conventional division of responsibilities among public and private funding sources may well be challenged. In the past, the pattern was that private foundations typically funded new, innovative projects and organizations,⁹ whereas government agencies were more likely to provide more long-term funds aimed at sustainability. Prominent examples of this pattern are the various state arts agencies established in the 1960s and 1970s to specifically support arts nonprofits and community groups.¹⁰ If, however, this model seems less applicable today—keeping in mind the telling example of the California Arts Council with spending cuts from \$20 million to \$2 million statewide between 2002 and 2003¹¹—

⁶ United Way. (2002) The informal economy entails economic activities not captured by official economic accounts. See also: Valenzuela Jr., A., Theodore, N., Meléndez, E. & Gonzalez, A.L. (2006) *ON THE CORNER: Day Labor in the United States*. Los Angeles: Center for the Study of Urban Poverty (Available at <http://www.sscnet.ucla.edu/issr/csup/index.php>).

⁷ Here we distinguish between the County of Los Angeles government and the various municipal governments within the County. While the County government, encompassing 88 cities, is relatively large, the individual cities are relatively small if we express municipal expenditure as a share of overall Gross Metropolitan Product. For example, the City of Los Angeles, the largest city within Los Angeles County, had 2004/05 expenditures of approximately \$5.4 billion (Source: City of Los Angeles Budget for Fiscal Year 2004/05. Available at <http://www.lacity.org/cao/BudgetSummary2004-05.pdf>), or about 1% of the Los Angeles region's Gross Metropolitan Product (Source: US Conference of Mayors. Available at http://www.usmayors.org/74thWinterMeeting/metroeconreport_January2006.pdf). By contrast, the County's 2004/2005 total expenditures were \$18 billion or 3% of GMP (Available at http://cao.lacounty.gov/pdf/lac_ar_04-05.pdf).

⁸ For example, nonprofit arts organizations can contribute to the vitality of a community's artistic and cultural expression by creating a venue and space for local artists to present their work (i.e. the "Tuesday Night Project" in the Los Angeles community of Little Tokyo supports emerging local artists by showcasing their work on the first and third Tuesdays of every month).

⁹ See Anheier, H. K. and Toepler, S. (Eds) (1999) *Private Funds, Public Purpose: Philanthropic Foundations in International Perspective*. New York, NY: Springer/Plenum; Prewitt, K. (2006) Foundations, in: W. W. Powell & R. Steinberg (Eds) *The Nonprofit Sector: A Research Handbook*. New Haven, CT: Yale University Press.

¹⁰ National Endowment for the Arts. (2004) *How the United States Funds the Arts*, Washington, DC, pp .6.

¹¹ The California Arts Council's operating budget for 2006-07 is \$5.1 million with proposed state appropriations of \$3.9 million; this is in stark contrast to proposed state appropriations of \$18.4 million in 2002-03 and \$31.8 million in 2000-01 (Available at <http://www.cac.ca.gov/files/10yearstateappropriations.pdf>).

the question becomes: who is responsible, and to what extent, for the cultural vitality and financial sustainability of arts and culture in Los Angeles?

The United States has long relied on the mixed economy of arts funding, with public support, private philanthropy, and earned income as the major funding sources. Recent estimates by the National Endowment for the Arts suggest that, in the aggregate, arts nonprofits in the US rely on public support for 10% (6% local, 2% state, and 2% federal government), on private giving for 40% percent (20% individual giving, 13% foundations, and on corporations for 7%), and on earned income for 50%.¹² Public and private philanthropic support makes up half of what nonprofit arts organizations need for covering expenditures, and various forms of admissions, fees, and charges, the other half.

However, given that both public and private funds are more limited today than in the 1980s or 1990s, and indeed stretched, we ask: what 'mix' of public and private flows have emerged or are developing for supporting local arts organizations and arts and culture more generally? In other words, what funders support what kind of arts and cultural organizations and activities, for what purposes, and at what levels? And what are the implications of these funding patterns?

Like perhaps most large urban areas, Los Angeles has not one but three largely separate cultural sectors or 'art worlds.'¹³ The first sector is that of the commercial entertainment industry. Los Angeles is in many ways the quintessential global headquarter of popular culture in film, music and related fields, including nonprofit arts organizations with ties to 'the industry;' this is the 'art world' of the transnational corporations, large studios, and the many businesses and agencies around them, from high finance and computer animation to acting academies and talent agencies.

Next is the sector of major cultural institutions. Los Angeles is becoming a major cultural capital like New York, London or Berlin in the scale and scope of world-class arts and cultural institutions, with the Getty, Los Angeles County Museum of Art (LACMA), and the LA Philharmonic as cases in point. This is the 'art world' of well-established arts and cultural institutions with strong philanthropic appeals and significant commercial potential.

Finally, there are the hundreds of smaller nonprofit and community arts and cultural organizations, many of which are volunteer-run and with few staff. They contribute significantly to the region's cultural fabric and dynamism. This is the world of the 99-seat theaters, local galleries, festival groups, community orchestras and music groups, ethnic cultural groups, and organizations of, and for, individual artists.

¹² National Endowment for the Arts. (2004) *How the United States Funds the Arts*, Washington, DC, pp .2.

¹³ We use the term 'art world' in reference to Howard Becker (*Art Worlds*, Berkeley: University of California Press, 1984) to suggest that the field of arts and culture is made of distinct subgroups of individuals and organizations with separate economic and symbolic patterns and reward systems, as in the distinction between 'high' and 'popular' culture.

It is the pronounced presence of these three rather loosely connected ‘art worlds’ that make LA’s arts and cultural sector so distinct. In this report, we will be primarily concerned about the latter two ‘art worlds,’ but will do so in the context of the broader cultural economy. Specifically, we will first present an overview of the cultural economy in Los Angeles and locate the role of the nonprofit arts and cultural component within it. We will then take a closer look at nonprofits operating in the field of arts and culture, and the extent to which private foundations and public agencies have supported them over time. This is followed by an analysis of the changing pattern of arts support by key arts funders between 1998 and 2004/5, and a discussion of implications arising from the findings.¹⁴

Methodology

We used a variety of approaches, and began by examining all available data sources for preserving comparability over time while ensuring some degree of representativeness in coverage. Specifically, we

- Conducted a follow-up survey of arts funders using an expanded sampling frame;¹⁵
- Utilized data on funders, grants and grantees from the Foundation Center and Foundation Search;
- Used information on recipient nonprofits from federal tax forms (Form 990) available at the National Center for Charitable Statistics and Guidestar; and
- Held focus groups of LA nonprofit arts and culture organizations to help interpret the results and explore policy options.

Appendix A offers a fuller description of the methodology and data sources employed in this study.

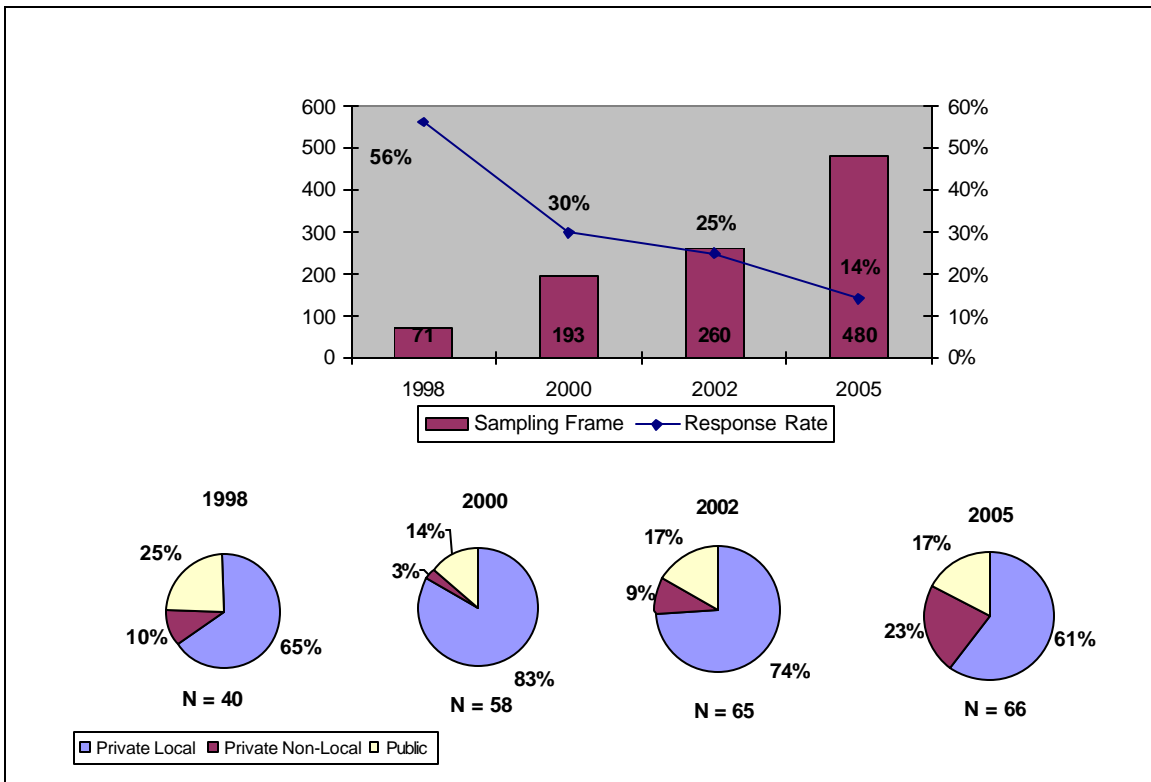
Sixty-six organizations, or 14% of organizations included in the sampling frame, responded to the survey: 55 (83%) private foundations and 11 (17%) public agencies. This response rate is low compared to previous reports as well as some surveys of arts

¹⁴ In recent years, a number of studies have been conducted across the country to examine the nature of local and national arts and culture funding. In the past four years, states including Minnesota (Minnesota Council on Foundations. (2002) *Minnesota Arts Funding: Observations and Reflections*, Minneapolis, MN) and Michigan (Michigan Nonprofit Association and the Council of Michigan Foundations. (2002) *Michigan in Brief*, Lansing, MI) along with cities such as San Diego (The San Diego Foundation. (2006) *pARTicipate San Diego*, San Diego, CA) and Chicago, (The Chicago Community Trust. (2004) *Arts and Culture Funders Survey*, Chicago, IL. Available at <http://www.cct.org/page28952.cfm>) have produced reports that, to varying degrees, look at giving to the arts while addressing broader issues related to impact on local economy and culture. We will refer to these and other reports as we present our results. However, the present study provides the most comprehensive assessment of arts funding of any city of the country to date. We also reviewed the debate on the economic, social and other benefits of the arts, including arts funding, and the renewed emphasis on intrinsic cultural benefits (see McCarthy, K. F. et al. (2004) *Gifts of the Muse, reframing the debate about benefits of the arts*. Santa Monica, CA: RAND; Moore, M. H. & Moore G.W. (2005) *Creating public value through state art agencies*. Minneapolis, MN: Arts Midwest and Wallace Foundation). We will address this ongoing debate in the concluding sections of this Report.

¹⁵ The follow up survey conducted for this study is based on earlier surveys conducted by the Southern California Grantmakers (see Appendix).

funders done in other metropolitan areas. For example, a 2004 survey of arts and culture funders conducted by the Chicago Community Trust resulted in a 64% response rate from a sample size of 33 funders.¹⁶ Figure 1 shows the changes in the various response rates since 1998. Interestingly, while the sampling frame has expanded substantially, the number of respondents has not changed much. In terms of the composition of respondents, local private funders still make up the largest percentage of respondents for all four waves, but in 2004, there is an increase in non-local respondents.

Figure 1. Changes in Sampling Frame, Response Rate, and Composition of Respondents for LA Arts and Culture Survey, 1998-2005



For the grantee analysis, we used grantee lists and information available from Foundations Search, Guidestar and other relevant sources. This resulted in a list of 463 organizations that received a total of 1,112 qualifying grants from 59 of the 66 funders that responded to the 2004/5 survey.

The Cultural Economy in Los Angeles

¹⁶ The Chicago Community Trust. (2004) *Arts and Culture Funders Survey*, Chicago, IL. Available at <http://www.cct.org/page28952.cfm>.

Arts funding is part of a wider cultural economy. In Los Angeles County, the cultural economy includes nearly 15,000 for-profit and nonprofit establishments, with just over 200,000 jobs for the second quarter of 2005.¹⁷ At first glance, seen from this broader perspective, the role of the nonprofit sector seems miniscule: the economic scale of nonprofit arts and culture organizations amounts to only 1% of the total cultural economy measured in terms of wages.¹⁸ If we define the cultural economy more narrowly as those organizations that are included under section 71 of the North American Industry Classification System (NAICS) as Arts, Entertainment and Recreation, we see that the nearly 200, or just under 2%, of the 9,000 organizations in this field are nonprofit organizations.¹⁹ The economic role of private arts funders seems rather limited in this context as well: their combined contributions of \$150 million (see Figure 3 below) in local arts funding represent around 1% of the total cultural economy in Los Angeles in terms of total annual wages of about \$15.6 billion.²⁰

Yet it is not only the economic relevance of the nonprofit arts community that matters. It is also the capacity of the sector to educate, innovate, revitalize neighborhoods, influence public opinion, and to give voice to diverse cultural communities. These combined qualities make up the special role of nonprofit organizations. As a recent RAND study²¹ suggests, the impact of arts and culture is both instrumental (e.g., economic and social) and intrinsic (e.g., expanded capacity for empathy and cognitive growth). While either nonprofit or for-profit arts supply both at some level, nonprofits contribute more to intrinsic and social values, in particular by creating social bonds and by giving expression to communal values.

The contributions of arts funders have to be seen in this context as well. Indeed, the unequal weight of the for-profit and nonprofit cultural economies suggests that any pronounced emphasis on the commercial benefits or impact of arts funding alone may fail to support the intrinsic values that are generated by the nonprofit arts and culture organizations they support.

¹⁷ We define the “cultural economy” as those industries with the following NAICS code: 512 (Motion Picture and Sound Recording); 515 (Broadcasting); and 71 (Arts, Entertainment, and Recreation).

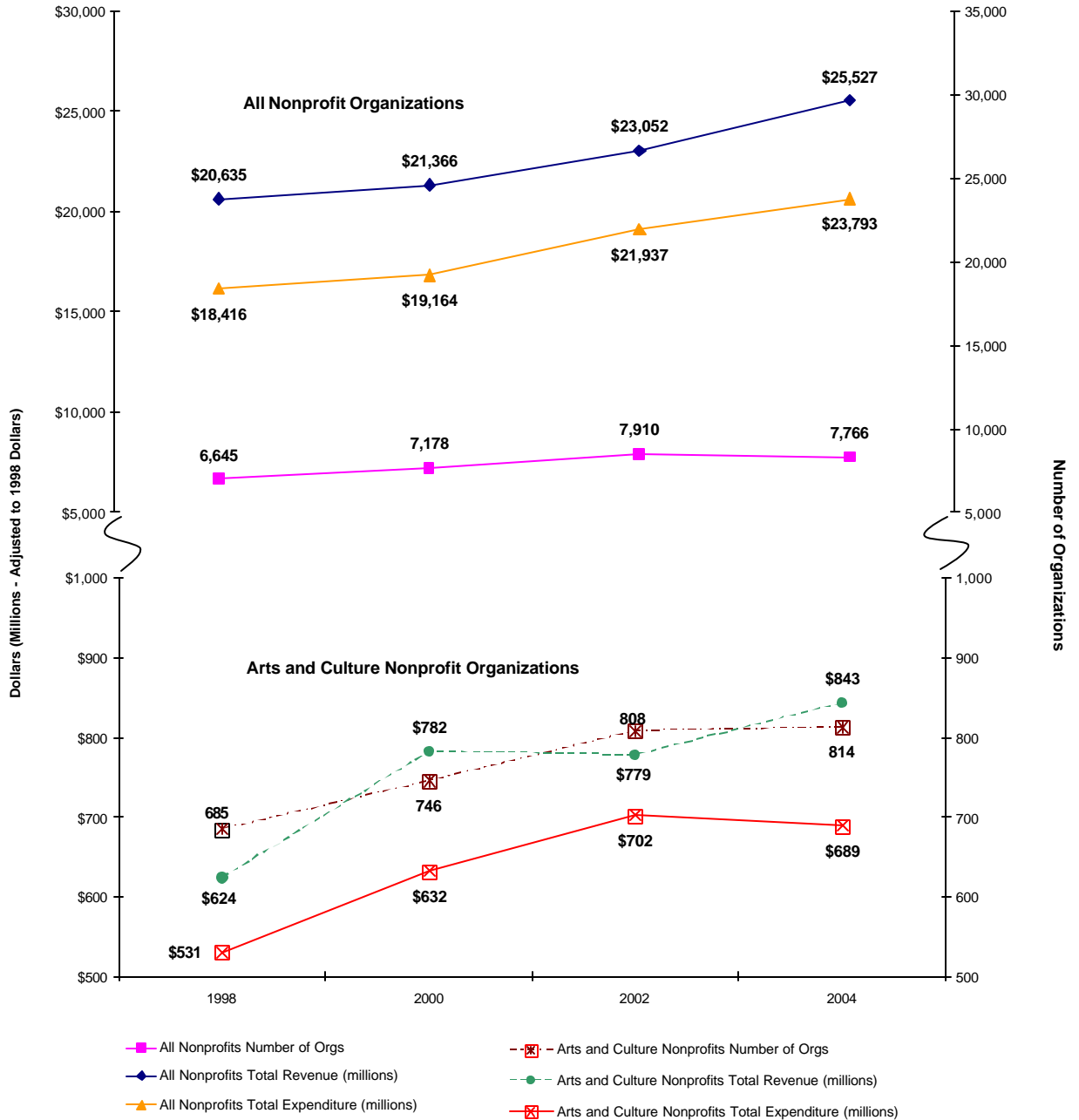
¹⁸ Total quarterly payroll for 2nd Quarter of 2005 LA County, NAICS 512 = \$2,521,123,889; 515 = \$374,279,932; 71 = \$994,559,512; Nonprofit wages only for NAICS 71 = \$43,557,901; Source: California EDD (Available at <http://www.labormarketinfo.edd.ca.gov>).

¹⁹ For the second quarter of 2005, there were no nonprofit organizations in the Motion Picture and Sound Recording or Broadcasting industries (NAICS 512 & 515) with substantial employment. (source: California EDD (Available at <http://www.labormarketinfo.edd.ca.gov>).

²⁰ This figure was generated by adding the total quarterly wage from NAICS 512, 515, and 71 (see footnote 8) and multiplying by four to get annual figure.

²¹ McCarthy, K. F. et al. (2004) *Gifts of the Muse, reframing the debate about benefits of the arts*. Santa Monica, CA: RAND, pp. 21-34; 37-52.

Figure 2. Nonprofit Sector Growth, Los Angeles County, 1998-2004. Comparison of total nonprofit sector and arts and culture nonprofits, by total expenditures and revenues in 1998 dollars, and number of organizations



Source: IRS Core Files 2004.

As shown in Figure 2, Los Angeles' cultural economy as a whole has grown faster than the nonprofit arts and culture sector in recent years. Between 2001 and 2004, using adjusted 2001 dollars, the cultural economy expanded by about 20%, measured in terms of total annual wages;²² while the nonprofit arts and culture sector expanded by about 12% in terms of expenditure, and decreased by about 2% in terms of revenue.²³ Thus, the imbalance between the for-profit and nonprofit sectors seems to be increasing, with the for-profit share of Los Angeles' cultural economy growing at a faster rate than its nonprofit sector.

Yet it is not only the cultural economy that has expanded more than the nonprofit arts and culture sector. The nonprofit sector as a whole has outpaced this set of organizations as well. Overall, the nonprofit sector in LA consists of nearly 50,000 organizations, of which approximately 30,000 are registered as 501(c)(3) charities. These 501(c)(3) charities represent \$28 billion in terms of annual expenditure.²⁴ Of these organizations, 6% are in the field of arts and culture (source: IRS BMF 2006 files), representing \$800 million in expenditures in 2004. This is an increase of 9% over 2000, when adjusting for inflation. Nonetheless, as the nonprofit sector as a whole has expanded by about 20% during the same period of time, the relative share of arts and culture nonprofits has declined from 3.7 to 3.3% during that period.

Looking at a longer time horizon, as seen in Figure 2, the size of the nonprofit arts and culture sector in the region has grown between 1998 and 2004, with a 35% increase in revenue, 19% in number of organizations, and a 30% increase in expenditure. This increase, however, is below that for the nonprofit sector as a whole, and also below that of the cultural economy.

Table 1. Nonprofit Arts and Culture Organizations in LA County, by NTEE Classification, in Percent, 2004 (a)

Organization Type (b)	Los Angeles		
	Number of Organizations	Total Revenue (millions)	Total Expenditures (millions)
(A51) Art Museums	15	\$ 191.79	\$ 106.73
(A65) Theater	127	103.12	95.21
(A69) Symphony Orchestras	28	103.12	86.92
(A50) Museums	16	59.30	39.96
(A32) Television	15	58.68	54.41
(A31) Film & Video	34	53.21	50.74
(A23) Cultural & Ethnic Awareness	67	47.43	41.86
(A61) Performing Arts Centers	9	46.71	44.53
(A6A) Opera	11	45.01	44.41
(A54) History Museums	19	42.52	43.96

²² Source: California Economic Development Department, Labor Market Information Division (Available at <http://www.labormarketinfo.edd.ca.gov>).

²³ Source: NCCS IRS Core Files 1998 – 2004 (See Appendix for further explanation of NCCS IRS Core Files).

²⁴ Anheier, H.K., Lam, M., Mosley, J.E., Garrow, E. & Guihama, J. (2006) *New Horizons: The State of the Nonprofit Sector in Los Angeles*. Los Angeles, CA: UCLA Center for Civil Society.

Final Report

(A57) Science & Technology Museums	3	33.64	11.50
(A80) Historical Societies & Related Historical Activities	44	23.00	24.10
(A99) Arts, Culture & Humanities N.E.C. (c)	102	21.54	23.90
(A34) Radio	5	20.28	19.74
(A6E) Performing Arts Schools	12	16.19	9.27
(A70) Humanities	27	13.92	12.32
(A82) Historical Societies & Historic Preservation	14	13.36	1.85
(A53) Museums Misc.	8	11.53	17.90
(A68) Music	32	11.44	11.18
(A20) Arts & Culture	22	8.33	8.96
(A6B) Singing & Choral Groups	25	7.36	6.60
(A30) Media & Communications	12	6.16	6.24
(A52) Children's Museums	3	5.78	2.67
(A26) Arts Councils & Agencies	9	5.52	3.77
(A33) Printing & Publishing	21	4.91	4.93
(A25) Arts Education	18	3.77	4.02
(A62) Dance	31	3.72	3.88
(A60) Performing Arts	22	3.61	3.03
(A6C) Bands & Ensembles	12	3.40	3.42
(A40) Visual Arts	14	2.52	2.60
(A90) Arts Services	3	1.74	2.66
(A63) Ballet	11	1.58	1.57
(A24) Folk Arts	12	1.10	1.03
(A56) Natural History & Natural Science Museums	3	1.07	2.09
(A27) Community Celebrations	3	0.54	0.55
(A84) Commemorative Events	5	0.33	0.28
Total: Nonprofit Arts & Culture Organizations	814	\$ 977.25	\$ 798.79
Total: all nonprofit organizations	7,766	\$ 29,583.13	\$ 27,573.74
Nonprofit Arts & Culture as Share of All Nonprofit Organizations	10%	3.3%	2.9%

Source: IRS CORE Files 2004

(a) Includes only nonprofits with gross receipts of \$25,000 or more

(b) Determined by National Taxonomy of Exempt Entities Core Code (NTEE-CC)

(c) NEC=Not Elsewhere Classified

Table 1 shows that the 814 nonprofit arts and culture organizations in Los Angeles make up about 10% of all nonprofit organizations with annual gross receipts of \$25,000 or more. At the same time, arts and culture organizations account for only 3% of both total revenue and expenditure, suggesting that arts and culture nonprofits are generally smaller than nonprofit organizations in fields like health, education or social services.

Theater organizations represent the largest share of arts and culture organizations (127); this is followed by Arts, Culture, and Humanities organizations (102), and then Cultural and Ethnic Awareness organizations (67). The 15 nonprofit Art Museums in Los

Final Report

Angeles County rank first in terms of revenue and expenditure (\$192 million and \$107 million, respectively). This is followed by Theater organizations with \$103 million in annual revenue and \$95 million in expenditure; and Symphony Orchestras, with \$103 million in revenue and \$87 million in expenditure. Of the 814 nonprofit arts and culture organizations in 2004, only 198 had paid employment, with 5,173 staff, and an annual payroll of \$176 million, based on second quarter data for 2005.

What is special about the LA arts and culture nonprofit sector? To answer this question, we compare the scale and composition of the region's arts and culture nonprofit sector to four of the largest metropolitan areas in the country in terms of population size. As Table 2 shows, arts and culture nonprofits in the Los Angeles metropolitan region account for 10% of all nonprofits in the region, 3.2% of revenues, and 2.9% of expenditures. According to these figures, the Los Angeles nonprofit arts and culture sector is the second largest in the country after New York.

Final Report

Table 2. Arts and Culture Nonprofit Organizations as a Percentage of All Nonprofit Organizations by Top Five Metropolitan Statistical Area (MSA), 2004 (a)

Metropolitan Statistical Area(b)	Population(c)	Number of Organizations			Total Revenue (millions)			Total Expenditure (millions)		
		All NPOs	Arts and Culture NPOs	Arts and Culture NPOs as Percentage of Total	All NPOs	Arts and Culture NPOs	Arts and Culture NPOs as Percentage of Total	All NPOs	Arts and Culture NPOs	Arts and Culture NPOs as Percentage of Total
New York-Northern New Jersey-Long Island (NY-NJ-PA)	18,709,802	18,737	2,427	13%	\$ 95,182	\$ 3,607	3.8%	\$ 91,146	\$ 3,184	3.5%
Los Angeles-Long Beach-Santa Ana (LA-LB-SA)	12,925,330	10,139	1,006	10%	\$ 35,014	\$ 1,133	3.2%	\$ 32,435	\$ 935	2.9%
Chicago-Naperville-Joliet (IL-IN-WI)	9,391,515	8,065	828	10%	\$ 37,540	\$ 732	2.0%	\$ 35,488	\$ 664	1.9%
Philadelphia-Camden-Wilmington (PA-NJ-DE-MD)	5,800,614	6,211	574	9%	\$ 32,893	\$ 625	1.9%	\$ 31,124	\$ 492	1.6%
Dallas-Fort Worth-Arlington (DA, FW, AR)	5,700,256	2,192	159	7%	\$ 4,632	\$ 107	2.3%	\$ 4,306	\$ 102	2.4%

(a) Source: Core 2004, organizations with revenue of \$25,000 only; total number of organizations would be greater if those with less than \$25,000 in annual revenue were included; based on NTEECC categories A20-A99 (Available at <http://www.nccsdataweb.urban.org>); MSA defined by U.S. Census Bureau Population Division (Available at http://www.census.gov/population/estimates/metro_general/List1.txt)

(b) Counties in the NY-NJ-PA MSA are: Kings, Queens, New York, Bronx, Westchester, Bergen, Hudson, Passaic, Richmond, Rockland, Putnam, Suffolk, Nassau, Middlesex, Monmouth, Ocean, Somerset, Essex, Union, Morris, Sussex, Hunterdon, Pike

Counties in the LA-LB-SA MSA are: Los Angeles, Orange

Counties in the IL-IN-WI MSA are: Cook, Dekalb, Dupage, Grundy, Kane, Kendall, McHenry, Will, Jasper, Lake, Newton, Porter, Lake, Kenosha

Counties in the PA-NJ-DE-MD MSA are: Burlington, Camden, Gloucester, Bucks, Chester, Delaware, Montgomery, Philadelphia, New Castle, Cecil, Salem

Counties in the DA, FW, AR MSA are: Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise

(c) Source: US Census, 2004 estimates from 2000 decennial census

Final Report

Table 3. Comparison of Number of Organizations, Revenue, and Expenditure of Nonprofit Arts and Culture Organizations Between Los Angeles County and Top Five US MSA Average (per 1 Million Population), 2004

Organization Type (a)	Top 5 MSA Average (b)			Los Angeles County (c)		
	# of Orgs per 1 Million Pop.	Revenue per 1 Million Pop.	Expenditure per 1 Million Pop.	# of Orgs per 1 Million Pop.	Revenue per 1 Million Pop.	Expenditure per 1 Million Pop.
(A51) Art Museums	1.24	\$ 17,958,326	\$ 12,228,372	1.48	\$ 18,931,436	\$ 10,535,623
(A65) Theater	11.89	9,654,903	9,077,608	12.54	10,179,284	9,398,655
(A69) Symphony Orchestras	2.71	8,227,501	6,273,204	2.76	10,178,749	8,579,989
(A32) Television	1.10	6,173,278	6,399,865	1.48	5,791,971	5,370,877
(A61) Performing Arts Centers	1.73	5,676,325	4,927,772	0.89	4,610,980	4,395,798
(A6A) Opera	0.77	4,926,312	4,642,610	1.09	4,443,159	4,383,770
(A56) Natural History & Natural Science Museums	0.20	4,121,041	4,202,111	0.30	105,228	206,436
(A50) Museums	2.35	3,908,507	3,141,087	1.58	5,853,343	3,944,317
(A60) Performing Arts	2.41	3,434,500	3,521,468	2.17	355,999	299,466
(A6E) Performing Arts Schools	1.79	3,339,338	2,834,760	1.18	1,597,865	914,951
(A54) History Museums	1.77	2,938,235	2,547,573	1.88	4,197,256	4,339,017
(A57) Science & Technology Museums	0.27	2,898,373	2,036,479	0.30	3,320,638	1,135,123
(A80) Historical Societies & Related Historical Activities	6.13	2,460,544	2,420,957	4.34	2,270,018	2,378,833
(A68) Music	4.03	2,427,310	1,303,242	3.16	1,129,278	1,103,822
(A23) Cultural & Ethnic Awareness	5.26	1,977,138	1,804,910	6.61	4,681,816	4,132,448
(A63) Ballet	1.64	1,815,917	1,757,499	1.09	156,105	155,127
(A82) Historical Societies & Historic Preservation	4.51	1,715,117	1,712,981	1.38	1,319,012	(d)
(A31) Film & Video	1.85	1,677,087	1,601,945	3.36	5,252,620	5,008,133
(A62) Dance	3.91	1,654,839	1,292,216	3.06	367,360	382,876
(A33) Printing & Publishing	2.39	1,519,610	1,606,954	2.07	485,010	486,872
(A70) Humanities	2.33	1,500,100	1,302,558	2.67	1,374,538	1,216,498
(A25) Arts Education	2.40	1,463,452	1,365,071	1.78	372,546	396,361
(A99) Arts, Culture & Humanities N.E.C.	7.40	1,338,294	1,343,975	10.07	2,126,529	2,359,656
(A34) Radio	0.59	1,065,222	1,051,993	0.49	2,001,552	1,948,097
(A52) Children's Museums	0.49	998,045	756,190	0.30	570,853	263,184
(A40) Visual Arts	2.16	932,049	824,061	1.38	249,114	256,414

Final Report

(A53) Museums Misc.	0.58	923,394	1,093,142	0.79	1,138,485	1,767,306
(A6B) Singing & Choral Groups	3.61	905,069	979,469	2.47	726,118	651,254
(A20) Arts & Culture	1.91	888,034	808,515	2.17	822,279	884,022
(A26) Arts Councils & Agencies	1.63	848,822	766,081	0.89	545,072	371,700
(A6C) Bands & Ensembles	2.07	590,379	600,729	1.18	335,206	337,542
(A30) Media & Communications	0.86	408,067	354,539	1.18	608,016	616,085
(A90) Arts Services	0.81	314,582	299,043	0.30	172,021	262,103
(A27) Community Celebrations	0.40	262,936	255,768	0.30	53,756	53,999
(A84) Commemorative Events	0.56	219,901	172,410	0.49	32,435	27,442
(A24) Folk Arts	0.90	188,108	191,591	1.18	108,823	101,576

Source: National Center for Charitable Statistics; U.S Census Bureau

(a) Determined by National Taxonomy of Exempt Entities Core Code (NTEE-CC)

(b) Top five counties by population (2004 Census Bureau estimates); MSAs are: (1) New York-Northern New Jersey-Long Island, NY-NJ-PA; (2) Los Angeles-Long Beach-Santa Ana, CA; (3) Chicago-Naperville-Joliet, IL-IN-WI; (4) Philadelphia-Camden-Wilmington, PA-NJ-DE-MD; (5) Dallas-Fort Worth-Arlington, TX; MSA defined by U.S. Census Bureau Population Division (Available at http://www.census.gov/population/estimates/metro_general/List1.txt).

(c) Population estimate for 2004: 10,130,668; Source: State of California, Department of Finance, California County Population Estimates and Components of Change by Year, July 1, 2000–2005. Sacramento, California, March 2006.

(d) Expenditure figure not included due to incomplete data.

Comparing the composition of LA’s nonprofit arts and culture sector to those of the top five MSAs, similarities and differences emerge, reflecting the relative newness of the region’s development, the diversity of the population, and the impact of the for-profit entertainment industry (see Table 3). Focusing on major National Taxonomy of Exempt Entities Core Code (NTEE-CC) groups primarily, the relative share in number of organizations, revenue and expenditures across per 1 million of population in LA is:

- Similar for art museums, theaters, symphony orchestras, television, performing arts centers, operas; in these areas, LA’s profile is close to that of the other metropolitan regions;
- More pronounced for cultural and ethnic awareness, film and video, radio, and communications and media; and
- Less pronounced for natural history, science and technology museums, history museums, performing arts, performing arts schools, ballet, historical societies and historic preservation, dance, printing and publishing, arts education, arts councils and agencies, bands and ensembles, arts services, commemorative organizations, and community arts groups.

In other words, relative to the top five MSAs, LA’s arts and culture nonprofit sector has a major, though not disproportionate, component of art museums and major performing art institutions, a higher than average share of entertainment and communication-related

activities, and a substantially higher share of cultural and ethnic awareness organizations. By contrast, it is less developed in the historical and technical fields, arts service organizations, and community-based arts and cultural organizations (the fields with large discrepancies between Los Angeles County and the five MSA average are highlighted in Table 3). We will return to these characteristics after having looked at funding patterns to see if we can find a correspondence between the sector's composition and the flow of grant dollars.

Arts Funding

Total public and private arts funding amounted to \$158 million in 2004. Expressed in constant dollars, these funding flows are about the same as they were in 2000, even though, as we have seen, the nonprofit arts and culture sector has expanded significantly.

The six public funders in the select comparison group provided \$8.27 million of arts funding in 2004, down from over \$12.95 million in 2000.²⁵ If we relate public arts support to the total operating expenditure of \$800 million for LA nonprofit arts and culture sector (see above), we find that this share of about 1% is well below the national average of 10%, as estimates by the National Endowment for the Arts.²⁶ In other words, whereas for the nation as a whole, government funding accounts for one of every 10 dollars spent by arts nonprofits, the comparable sum in LA would be 10 cents.²⁷

Moreover, we find that overall public funding levels are 21% lower in 2004/5 than they were six years earlier, providing further evidence that funding levels are not keeping pace with the growth of the local nonprofit arts and culture sector. This downward trend in public support reflects national giving patterns between 2001 and 2004/5 in which nationwide state government funding decreased 37% and local government funding decreased 6%.²⁸ Much of the drop in public funding of LA arts nonprofits, however, was caused by the California Arts Council's elimination of its grants budget after 2002, although public funders like the Los Angeles County Arts Commission have increased their giving substantially since then.

Looking at all private foundation giving to LA County arts and culture organizations, we find that 2004 funding levels are close to where they were in 2000, even though the nonprofit arts community has expanded. Specifically, taken together, private foundations, adjusted to 2000 dollars, provided the following to arts and culture nonprofits:

²⁵ Unadjusted dollars based on Figure 12.

²⁶ National Endowment for the Arts. (2004) *How the United States Funds the Arts*, Washington, DC: pp. 2. Available at <http://www.nea.gov/pub/how.pdf>.

²⁷ However, we need to keep in mind that we failed to track all public funding flows into LA's nonprofit arts sector (as not all contacted municipalities responded to our survey), so the actual share may well be somewhat higher but in all likelihood remain significantly below the national figure as the major public funders are indeed included in our data.

²⁸ Source: Americans for the Arts, 2006. Available at http://www.americansforthearts.org/pdf/get_involved/advocacy/research/govtfunding06.pdf#search=%20government%20support%20for%20the%20arts%22.

Final Report

2000	\$114,375,261
2002	\$117,948,009
2003	\$131,545,528
2004	\$112,251,690

Foundations based in Los Angeles County, adjusted to 2000 dollars, provided:

2000	\$55,756,358
2002	\$68,873,852
2003	\$80,157,647
2004	\$67,391,285

Local foundation funding held up more than foundation funding from outside LA County, thereby increasing the share of local grant dollars to local arts organizations.

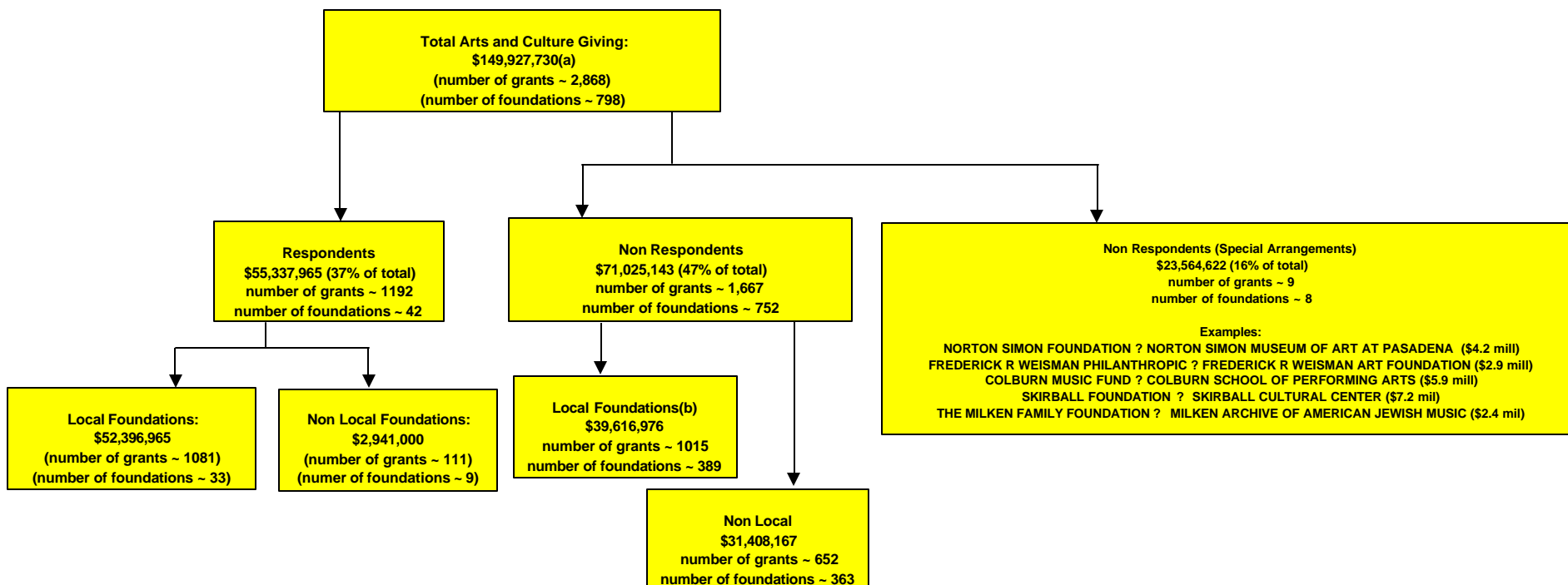
Figure 3 breaks down the flow of money from local and non-local private foundations to nonprofit arts and culture organizations for 2004 in more detail²⁹. The estimated \$150 million dollars in arts and culture giving by local and non-local private foundations account for approximately 13% of total nonprofit arts and culture sector revenue in the Los Angeles MSA (see Table 2). This share is the same as for the nation as a whole, where foundations provide 13% of the revenue of nonprofit arts organizations, according to estimates by the National Endowment for the Arts.³⁰

Figure 3 also shows that the reported \$55 million in giving by survey respondents (see Table 5) account for only about 37% of total arts and culture giving to Los Angeles County; an additional \$23.6 million (16%) of total giving fall into what is similar to an operating foundation with a separate endowment. We refer to such flows as ‘special arrangements,’ whereby a holding-assets private foundation supports a dedicated operating foundation (i.e., the Colburn Music Fund giving \$5.9 million to the Colburn School of Performing Arts). However, the majority of funding—approximately \$71 million or 47% of total arts giving—comes from grantmaking organizations that did not respond to the survey. Of these nonrespondents, \$40 million came from local foundations and \$31 million from non-local foundations. Later in the report, we take a brief look at nonrespondents using Form 990-PFs data and compare them to our survey respondents in terms of their giving patterns. First, we turn to a discussion of survey respondents.

²⁹ We make the distinction between local and non-local foundations because it allows us to compare the giving patterns between the two groups and to assess the capacity and importance of local grant dollars. It also allows us to assess the sophistication of recipient nonprofit organizations, as those who receive grant dollars from both local and non-local foundations have more complex fund raising methods. The local and non-local distinction is also consistent with previous Southern California Grantmakers reports (1998, 2000, 2002) where this distinction was first made. We define "local" foundations as those with home offices within Los Angeles County, and "non-local" foundations as those with home offices outside of Los Angeles County."

³⁰ National Endowment for the Arts. (2004) *How the United States Funds the Arts*, Washington, DC: pp. 2.

Figure 3. Arts Funding to Los Angeles County, by Local and Non-local Private Foundations, by number of organizations and grant amounts, 2004



Source: Foundation Search 2004, giving in the arts and culture category by all foundations, local and nonlocal to recipients in Los Angeles County; UCLA Center for Civil Society Arts Funders Survey 2005.

Note: Foundations listed on Foundation Search (www.foundationsearch.com) are updated on a daily basis and fluctuates slightly; therefore data represents a "snapshot" of as of July 2006. Also note that Foundation Search has its internal criteria of categorizing "arts and culture" grants as listed on a foundation's PF 990 form. Therefore, a grant considered by a foundation as "arts and culture" on its PF 990 may not necessarily be categorized as such in Foundation Search. Therefore there is a degree of discrepancy between categories of grants listed on a foundations PF 990 and the Foundation Search Categorizations.

(a) Total arts and culture giving was determined by matching our 42 survey respondents that gave responses to question 16 "Of that sum, what was to total arts givign in LA County?" with the Foundation Search list (we were only able to match up 30 foundations; 12 of our survey respondents were not listed on Foundation Search). We then added the total giving for our 30 survey respondents as reported in the FS list, and the total was approximately \$26 million as opposed to the \$55 million self reported in the UCLA survey 2005 survey dataset. There are a few possibilities for this discrepancy: (1) we searched only 2004 in FS, and our survey respondents may have reported 04 and 05 giving; (2) FS is constantly adding grants to their database, so their list is incomplete; (3) as noted above, FS has different categorization schemes for grants than individual foundations, therefore differences arise when we try to compare total giving based on our survey data and the FS totals. The total giving figure of \$152 million, then was determined by adding the amount reported by our respondents (\$55 million, we determined that this reflects a more accurate amount then the \$26 million in the FS list) with the nonrespondent amount of \$84 million and finally the amount given through "special arrangements" of \$13.5 million.

(b) Based on the city where a foundation's home office is located, only cities within LA county were considered local foundation, with the exception of the Irvine Foudnation and Annenberg Foundation, where they have local brances in Los Angeles County.

Survey Respondents

Table 4 presents a summary of total giving by all public and private survey respondents to arts organizations, arts education, and individual artists in Los Angeles County. Total giving in all categories, including the arts, amounted to about \$1.8 billion dollars across 19,700 grants; total arts and culture funding about \$194 million with some 5,000 grants, and \$62 million in local arts funding and 1,873 grants.

Table 4. Summary of Total Arts and Culture Giving, 2004/5

	TOTAL GIVING AMOUNT IN \$1,000s	NUMBER OF GRANTS FUNDED	NUMBER OF APPLICATIONS RECEIVED
Total giving:			
	\$1,823,273	19,742	(total)
	mean: \$32,558	mean: 380	13,397
	median: \$2,000	median: 81	N=35
	N=56	N=52	
Of that sum, what was the total of giving to the arts?	\$193,678	4,957	(total for the arts)
	mean: \$3,587	mean: 115	14,125
	median: \$387	median: 26	N = 24
	N = 54	N = 43	
Of that sum, what was to total arts giving in LA County?	\$62,053	1,873	(total from LA County)
	mean: \$1,217	mean: 37	2,170
	median: \$225	median: 11	N = 28
	N = 51	N = 51	
Of that sum, how much was directed toward capital projects for the arts in LA County?	\$17,487	42	(total from LA County)
	mean: \$1,943	mean: 5	18
	median: \$45	median: 1	N = 5
	N = 9	N = 9	
Arts education giving:			
Total giving to arts education nationally	\$48,747	417	(total)
	mean: \$1,393	mean: 14	320
	median: \$200	median: 6	N = 16
	N = 31	N = 30	
Of that sum, what was to total giving for arts education in LA County?	\$11,420	392	(total from LA County)
	mean: \$368	mean: 13	415
	median: \$215	median: 6	N = 20
	N = 31	N = 30	
Giving to individual artists:			

Final Report

Total giving to individual artists nationally	\$4,503 mean: \$375 median: \$223 N = 12	982 mean: 109 median: 5 N = 9	(total) 2,014 N = 7
Of that sum, what was to total giving to individual artists in LA County?	\$2,543 mean: \$254 median: \$137 N = 10	559 mean: 56 median: 6 N = 10	(total from LA County) 1,314 N = 8

As Table 4 shows, survey respondents awarded approximately \$194 million to the arts, with about \$132 million of this amount going to arts and culture organizations outside of Los Angeles County and \$62 million going to arts organizations within Los Angeles County. Local foundations made up about 44% and non-local foundations 56% of the \$132 million in grant money flowing out of Los Angeles County. Table 5 shows a breakdown of total giving to LA County by local, non-local, and public funders. Of the \$62 million given to LA arts organizations, approximately 84% was given by local foundations, 5% by non-local foundations, and about 11% by public agencies³¹.

Table 5. Total Giving to the Arts in Los Angeles County, by Type of Funder, 2004

	Private		Public	All
	Local	Non-local		
Total	\$52,400,000	\$2,941,000	\$6,715,000	\$62,100,000
Mean	\$1,587,787	\$326,778	\$746,111	\$1,216,725
Median	\$225,000	\$270,000	\$194,000	\$225,000
SD (a)	\$4,015,837	\$316,984	\$1,204,711	\$3,292,846
N	33	9	9	51

(a) The standard deviation is a measure of variance or the “spread” of a dataset. It is an indicator of the distance of each data point from the mean. In general, a large standard deviation indicates greater dispersion of the data, and a small standard deviation indicates clustering around the mean (For a fuller discussion, see Moore, David S. and George P. McCabe. 2002. *Introduction to the Practice of Statistics* (Fourth Edition). New York: W.H. Freeman).

Table 6 presents a breakdown of the number of grants funded by survey respondents in Los Angeles County. Fifty-one respondents gave 1,862 grants, with local private foundations contributing the majority (58%) of grants.

³¹ While the James Irvine Foundation and the Annenberg Foundation have home offices outside of Los Angeles County, they have “satellite” offices within Los Angeles County and the survey was completed by representatives from these local branches. Therefore, we consider both the Irvine and Annenberg foundations as local foundations in this report on the advice of our Advisory committee, and also to remain consistent with the previous SCG reports (1998, 2000, 2002). We also acknowledge that this may not be consistent with other studies in which these foundations were considered non-local (see Ferris, J. M., Potter, R., & Turepe, M. (2005) *Foundations for Los Angeles? An Analysis of the Scale, Scope, and Reach of Foundation Philanthropy in Los Angeles County*. Los Angeles, CA: The Center on Philanthropy and Public Policy, University of Southern California).

Final Report

Table 6. Total Number of Grants Funded for the Arts in Los Angeles County, by Type of Funder, 2004

	Private		Public	All
	Local	Non-local		
Total	1081	111	681	1862
Mean	32.4	11.1	85.1	36.5
Median	11	3.5	25.5	11
SD	76.3	24	117.2	79.2
N	33	10	8	51

Among respondents that provided information about their support of capital projects, only private foundations reported that they gave support in this area. Funding for capital projects represented close to 30% (\$17.5 million) of total arts giving to LA County. Local foundations provided nearly all funding for capital projects (99%).

Table 7. Range of Funding Support Provided to Arts Organizations, by Field, 2004

WE SUPPORT: ↓	BY GIVING AND PROVIDING: →							
	General operating costs (core costs)	Specific project/event support	General endowment support	General capital support	Specific capital campaign support	Technical assistance	Internships	Other (specify)(a)
Arts education	25	47	3	6	7	9	4	8
Arts policy and advocacy	6	21	2	2	3	4	2	4
Dance	21	32	1	4	5	9	2	6
Design, architecture	6	14	1	2	4	4	2	2
Film/media	12	24	1	1	1	7	2	6
Folk and traditional arts	12	22	1	2	2	8	3	3
Historic Preservation	13	24	1	5	3	2	2	6
Humanities	9	21	3	1	2	3	2	6
Literature	9	24	1	3	1	7	3	4
Multidisciplinary, multi-genres	14	29	2	2	1	9	3	5
Museums, galleries, visual arts	22	43	6	7	12	13	6	8
Music	22	40	3	5	8	10	3	8
Theatre	26	42	5	6	8	11	2	7

Final Report

(a) There was a wide range of responses to this category, but in general respondents reported also supporting: special grants to nonprofit leaders in the arts, marketing, capital equipment, travel costs, etc. (see Appendix for complete list of responses).

Table 7 suggests that funding goes primarily to “Specific project/event support” with most funders supporting the fields of Arts Education (47); Museums, Galleries, Visual Arts (43); Music (40); and Theater (42). The next major type of support is for “General Operating costs (core costs)” in the same fields as mentioned above. In addition, a substantial number of respondents answered that “We do not provide support” for “Design, Architecture” (47), “Arts Policy and Advocacy” (39), “Humanities” (39), “Literature” and “Folk and Traditional Arts” (38).

Figure 4 shows which fields/activities private and public funders support. When compared to public agencies, a slightly larger share of private foundations supported Multidisciplinary, Multi-genre organizations and the Humanities, while a larger share of public agencies supported the remaining subfields. Only about a third of private foundations funded Folk and Traditional Arts, while over 80% of public agencies funded this subfield. Public agencies were also more likely to support Dance, Design and Architecture, Literature and Museums, Galleries and Visual Arts.

Figure 4. Organizational Support by Field and Type of Funder, in Percent

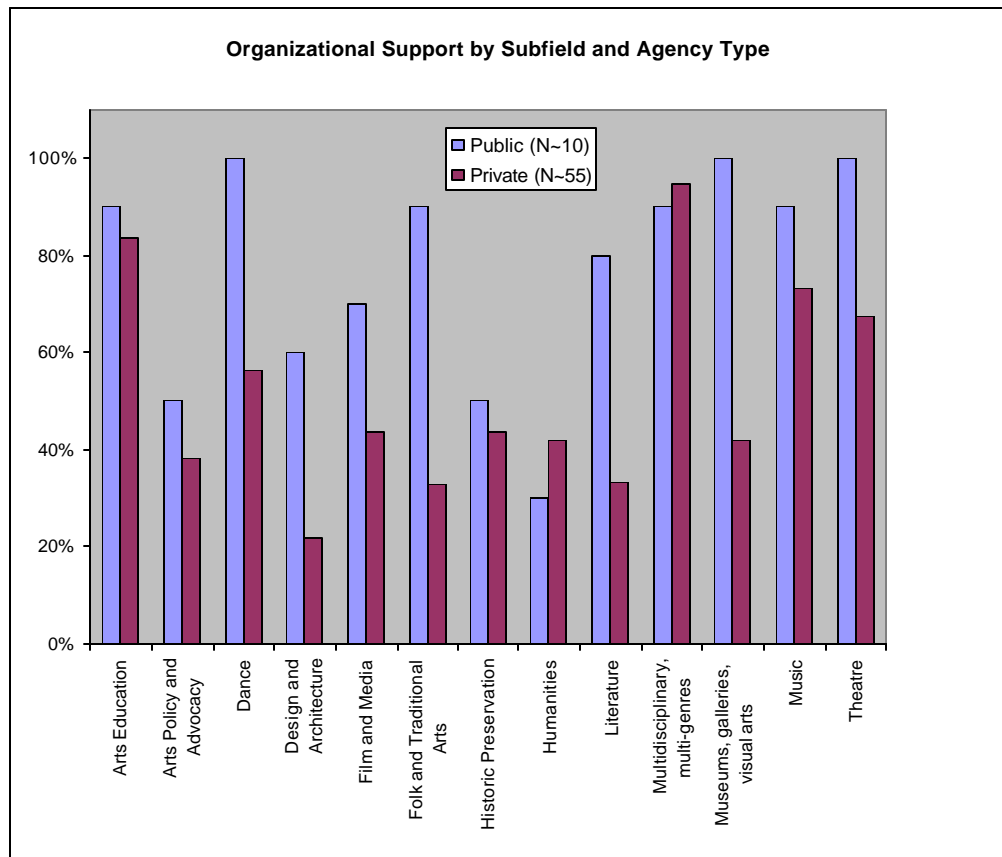
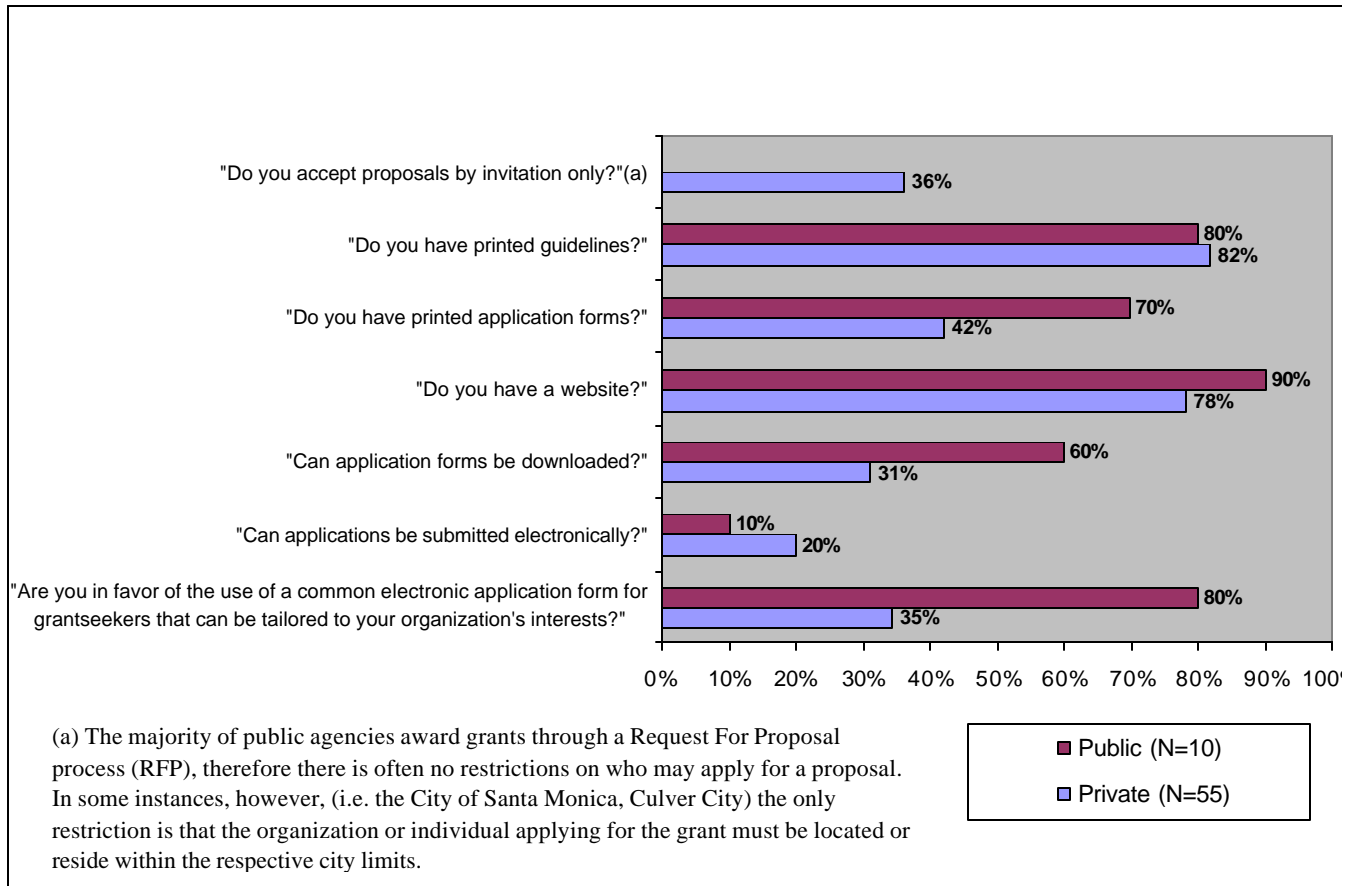


Figure 5. “Yes” Responses to Questions Regarding Application Process, by Type of Funder, in Percent



How open and accessible is the application process? Figure 5 shows that about a third of all private funders in our survey accept proposals by invitation only (45% for local foundations and 13% for non-local foundations); and the great majority of all funders have printed guidelines. While it appears that most funders disseminate funding information electronically, a smaller percentage allow for electronic application submission (only 20% for private funders and one of the public funders). Finally, all but two of the public funders versus one third of the private funders are in favor of a common electronic application form. To gauge how these issues have changed since 2002, we turn to Table 8, which shows the change in responses for a smaller group of 34 funders who responded to these questions in both 2002 and 2004.

Table 8. Percentage Distribution of “Yes” Responses to Questions Regarding Application Process, 2002 and 2004 Comparison (N in Parenthesis), by Type of Funder, 2002 and 2004

	2002			2004			Total (N) (a)
	Private		Public	Private		Public	
	Local	Non-local		Local	Non-local		
Do you accept proposals by invitation only?	36% (22)	50% (6)	14% (7)(c)	50% (22)	0% (6)	0% (7)	(35)
Do you have printed guidelines?(b)	76% (21)	100% (6)	100% (7)	86% (21)	100% (6)	71% (7)	(34)
Do you have printed application forms?(b)	76% (21)	100% (6)	100% (7)	47% (21)	33% (6)	57% (7)	(34)
Do you have a website?	59% (22)	100% (6)	85% (7)	73% (22)	100% (6)	86% (7)	(35)
Can application forms be downloaded?	54% (13)	67% (6)	83% (6)	54% (13)	17% (6)	50% (6)	(25)
Can applications be submitted electronically?	25% (12)	17% (6)	17% (6)	33% (12)	33% (6)	17% (6)	(24)
Are you in favor of the use of a common electronic application form for grantseekers that can be tailored to your organization's interests?	29% (21)	17% (6)	86% (7)	43% (21)	0% (6)	86% (7)	(34)

(a) Only the same organizations who answered these questions for both 2002 and 2004 can be compared, therefore the N is necessarily smaller than the Table 11 above.

(b) These two questions were combined in the 2002 survey

(c) City of Glendale Arts & Culture Commission responded “Yes” to this question in the 2002 survey.

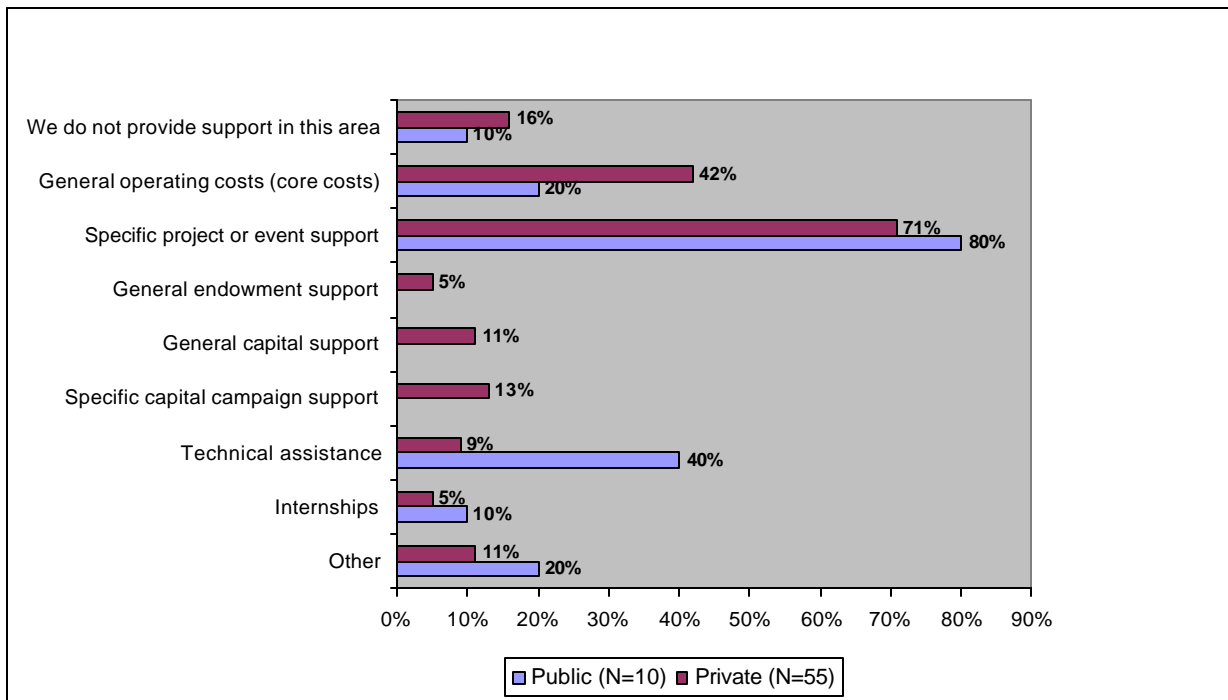
It appears from Table 8 that the application process has in some ways become more restrictive, at least for local private funders—36% in 2002 versus 50% in 2004 say that they accept proposals by invitation only. At the same time, there is an increase in the accessibility of application materials, as the percentage of foundations who say they have printed guidelines and a website has also increased since 2002. Likewise, the share of local private funders who are in favor of a common electronic application form increased from 29% in 2002 to 43% in 2004.

Arts Education

Despite an up-and-down economy between 1999 and 2003, national funding for arts education rose 24%.³² Such investment in arts education is critical for building artistic skills and instilling a broad and grounded appreciation of the arts. The arts and culture community in San Diego, for example, has identified arts education as the most effective means for increasing cultural patronage and has recently placed high priority on funding in this field.³³ To what extent do LA County funders support arts education? How much do they give and to whom?

Figure 6 shows that both private and public funders mostly support “specific project or event support” (80% for public and 71% for private) followed by “general operating costs (core costs)” for private funders (42%) and “technical assistance” for public funders (40%). With the exception of a few categories, private local and non-local funders are fairly consistent in the type of support they give to arts education. For example, a higher percentage of local as opposed to non-local private funders give to general operating costs (48% vs. 27%) as well as to capital campaign support (18% vs. 0%).

Figure 6. Support of Arts Education, by Type of Funder, in Percent

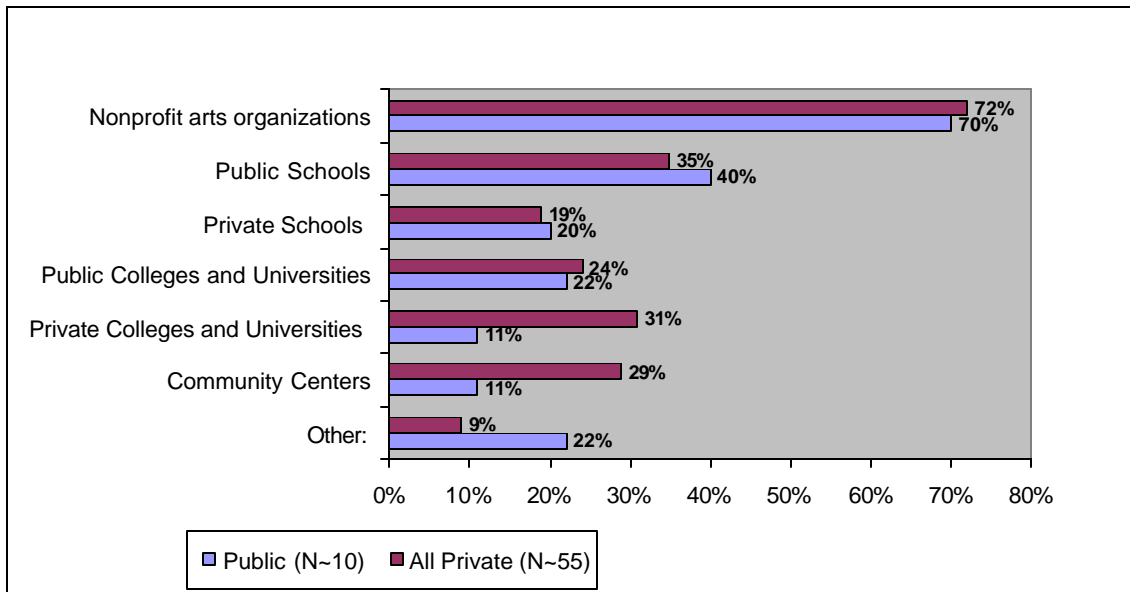


³² Renz, L. & Atienza, J. (2005) *Foundation Funding for Arts Education: An Overview of Recent Trends*. New York, NY: The Foundation Center.

³³ The San Diego Foundation. (2006) *pARTicipate San Diego*, San Diego, CA: pp. 4.

Figure 7 shows the distribution of Arts Education funding by recipient type. For both private and public funders, nonprofit arts organizations are the primary recipients of funding for arts education (72% and 70%, respectively), followed by public schools (35% and 40%), private colleges and universities (31% for private funders) and public colleges and universities (22% for public funders). Again, there is not much difference between local and non-local private funders, although local private funders provide more support to some types of smaller community-based entities, such as private schools and community centers, than non-local private funders.

Figure 7. Arts Education Support for Specific Organization Type, by Type of Funder, in Percent



As Table 4 shows, total giving to arts education by all funders was close to \$49 million across 417 grants. Tables 9 and 10 show that funding within LA County comes primarily from local private foundations, which awarded nearly \$9.5 million across 250 grants, followed by public funding agencies, which awarded approximately \$1.5 million across 133 grants. All of the approximately \$37 million in grant dollars given to organizations outside of LA County were made by private funders. Local private funders awarded approximately \$31 million in grants, and non-local funders gave almost \$6 million. The average total giving amount for local private funders was 26% higher than average total giving for non-local private funders.

Table 9. Total Giving for Arts Education in Los Angeles County, by Type of Funder, 2004

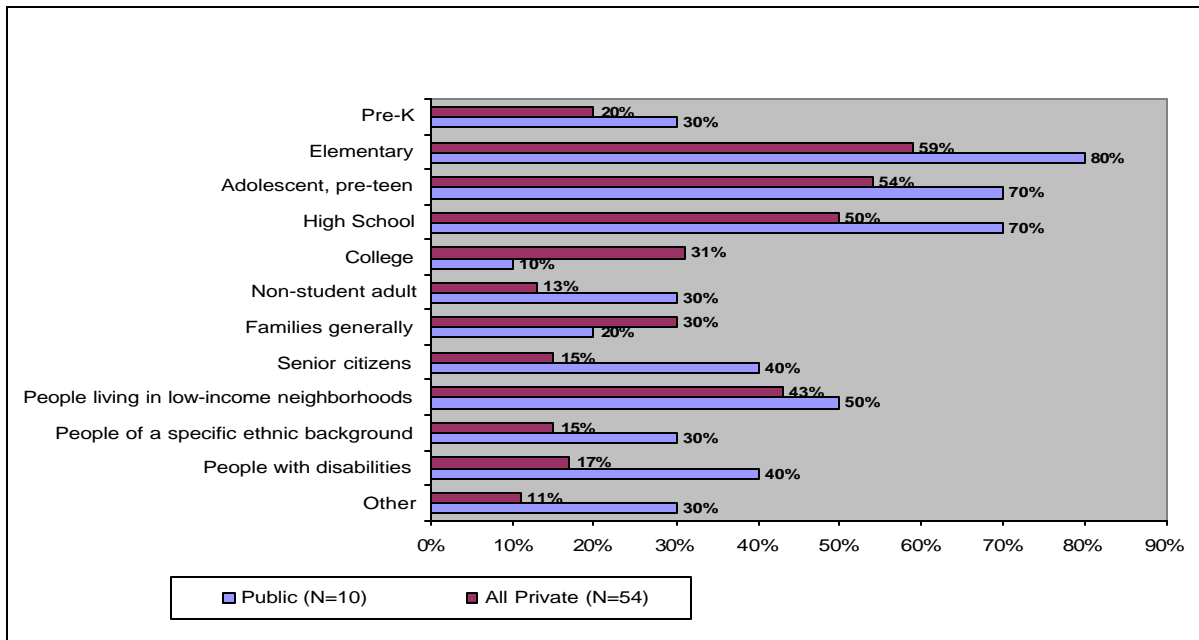
	Private		Public	All
	Local	Non-local		
Total	\$9,437,677	\$466,000	\$1,516,000	\$11,419,677
Mean	\$471,884	\$116,500	\$216,571	\$368,377
Median	\$337,500	\$115,000	\$67,000	\$215,000
SD	\$609,267	\$119,592	\$300,216	\$524,911
N	20	4	7	31

Table 10. Total Number of Grants Funded for Arts Education in Los Angeles County, by Type of Funder, 2004

	Private		Public	All
	Local	Non-local		
Total	249	10	133	392
Mean	13.1	2.5	19.0	13.1
Median	6.0	2.5	10.0	6.0
SD	14.9	1.3	21.2	15.9
N	19	4	7	30

Figure 8 shows that, for both private and public funders, elementary, adolescent, pre-teen, and high school students are the largest target groups. Private funders are also close to public funders in their support for people living in low-income neighborhoods, but it appears that a larger percentage of public funders support people with disabilities.

Figure 8. Arts Education Support for Specific Target Groups, by Type of Funder, in Percent



When asked, “If you support arts education, do your grants for activities that take place in schools during school days require matching funds from the school in which the funded programs is implemented?” 33% of non-local private respondents answered “No;” 43% of local private respondents answered “No;” and 40% of public funding agencies answered “No.”

When asked, “If you support arts education, do you require that the arts education programs you fund in California meet the Visual and Performing Arts Content Standards for California Public Schools, as adopted by the California State Board of Education?” 33% of non-local private respondents answered “No;” 45% of local private respondents answered “No;” and only 10% of public funders answered “No.” A much higher percentage of public funders responded “Yes, in all or most cases;” compared to 20% of non-local private and only 13% of local private funders who responded “Yes, in all or most cases.” (See appendix for the full tables for these two questions)

Individual Artists

The majority of funders do not provide support for individual artists and of the ones who do, funding is provided mostly for specific project/event support³⁴. Funders also provide some support for commissions, technical assistance, and residences, studio and exhibition space. In terms of specific fields, Dance, Multidisciplinary, Multi-genres, Music, and Visual Arts are the most commonly supported areas. Public funders are much more likely than private foundations to support individual artists (the City of Los Angeles Department of Culture Affairs in particular), with 70% of public funders as compared to only 18% of private funders reporting that they provide support in this area.

Total giving to individual artists by all funders was about \$4.5 million across about 1,000 grants (see Table 4 above). Within LA County, Tables 11 and 12 show that funding comes primarily from local private foundations, which gave just over \$1.7 million across 496 grants, followed by public funding agencies awarding approximately \$570,000 across 55 grants. Among public agencies, however, it should be noted that the City of Los Angeles is the largest supporter of individual artists, accounting for 85% or \$485,000 of total dollars given to individual artists by all public agencies and 82% or 45 of the 55 grants given to individual artists by public agencies. Approximately \$1.9 million was awarded to individual artists outside of LA County (493 grants), exclusively by private funders and primarily by non-local private foundations.

³⁴ It should be noted that private foundations are often restricted from giving to individual artists; however, some, like the James Irvine Foundation, fund intermediary groups that re-grant to individual artists through fellowships.

Table 11. Total Giving to Individual Artists in Los Angeles County, by Type of Funder, 2004

	Private		Public	All
	Local	Non-local		
Total	\$1,712,442	\$262,000	\$569,000	\$2,543,442
Mean	\$428,111	\$262,000	\$113,800	\$254,344
Median	\$242,221	\$262,000	\$15,500	\$136,500
SD	\$488,969	-	\$208,673	\$351,354
N	4	1	5	10

Table 12. Total Number of Grants Funded for Individual Artists in Los Angeles County, by Type of Funder, 2004

	Private		Public	All
	Local	Non-local		
Total	496	8	55	559
Mean	124	8	11	56
Median	35	8	3	6
SD	202	-	19	131
N	4	1	5	10

The Nonrespondents

Figure 3 above shows that of the \$150 million dollars given to arts and culture nonprofits in Los Angeles County by private foundations in 2004, approximately 47% or \$71 million of this total was not captured by our survey. Approximately 752 local and non-local foundations make up this group of “nonrespondents.” Taken together, their combined contribution of \$71 million was given across approximately 1,667 grants. Who are these foundations, where are they located, and how do their grantmaking activities differ from our group of survey respondents?

Tables 13 and 14 compare respondents and nonrespondents in terms of grant dollars and number of grants made. Of the 752 nonrespondents, 389 are headquartered within and 363 are located outside of Los Angeles County. Considering only local foundations, nonrespondents give fewer total dollars than respondents (about three-quarters of what is given by respondents), but account for over 10 times as many foundations. Not surprisingly, then, among local foundations, the average grant amount given by our respondent group is also much higher than the nonrespondent group (\$1.6 million vs. \$40,000)³⁵. In terms of the number of grants, and among local foundations, the

³⁵ It is no surprise that the average grant size as well as the number of grants among nonrespondents is smaller as we deliberately limited our sampling frame to foundations giving two or more grants equal to or greater than \$25,000 (see Methodology section). In addition, the average grant size for our respondent group among local foundations is high due to a small number of foundations giving large grants (i.e., Ahmanson, Annenberg, James Irvine, Ralph M. Parsons, etc.)

respondent group appears to have given out more grants (1,081 vs. 1,015) and also has a much higher average (32 vs. 3) than the nonrespondent group

Table 13. Giving to Los Angeles County Arts and Culture Nonprofit Organizations (Grant Dollars), by Survey Respondents and Nonrespondents, and Location, 2004

	Respondents		Nonrespondents	
	Local	Non-local	Local	Non-local
Total	\$52,400,000	\$2,941,000	\$39,616,976	\$31,408,167
Mean	\$1,587,787	\$326,778	\$39,070	\$48,098
Median	\$225,000	\$270,000	\$10,000	\$10,000
SD	\$4,015,837	\$316,984	\$187,505	\$170,237
N	33	9	389	363

Table 14. Giving to Los Angeles County Arts and Culture Nonprofit Organizations (Number of Grants), by Survey Respondents and Nonrespondents, and Location, 2004

	Respondents		Nonrespondents	
	Local	Non-local	Local	Non-local
Total	1081	111	1015	652
Mean	32	11	3	2
Median	11	3.5	2	1
SD	76	24	5	2
N	33	10	389	363

In sum, what Tables 13 and 14 suggest is that while nonrespondents make up a greater percentage of total giving to arts and culture nonprofits in Los Angeles County (47% vs. 37%), most of this giving is by non-local foundations. Among local foundations, the respondent group captures a greater share, in terms of dollars given and number of grants, despite the fact that survey respondents as a group, are less than 10% of nonrespondents (33 foundations vs. 389 foundations). When compared to our respondent group, then, the nonrespondents, both local and non-local, give larger numbers of grants that are smaller in size.

Tables 15 and 16 compare the giving patterns of respondent and nonrespondent foundations to top recipient organizations (defined as recipients receiving ten or more grants or receiving an average grant size of \$100,000 or higher). As shown in Table 15 giving by the nonrespondent group to top recipients (defined as recipients receiving 10 or more grants) accounts for about 57% of total grant dollars; while the amount given by the respondent group accounts for 48% of total grant dollars. However, those receiving ten or more grants account for about 48% of the total number of grants given in the nonrespondent group (1,667 total grants) compared to only 15% of the total number of grants giving by the respondent group (1,112 total grants).

In terms of the range of subfields funded, 69% of top recipients in the respondent group are Museums or Performing Arts organizations (i.e., Los Angeles Opera, Cornerstone Theatre Company, Museum of Contemporary Art, etc.); and 15% are in Arts Education

(i.e., Art Center College of Design). For the nonrespondent group, about 56% of recipients are either Museums or Performing Arts organizations and about 6% are Arts Education organizations³⁶.

From Table 16, we see that if the average grant size is taken as the measure, the amount given to top recipients is about 63% of total grant dollars for respondents; and about 35% of total grant dollars for nonrespondents. In terms of the range of subfields funded, 52% of top recipients in the respondent group are Museums or Performing Arts organizations, and 22% are in the Arts Education or Cultural/Ethnic Awareness fields. For the nonrespondent group, about 60% of recipients are Museums or Performing Arts organizations, while only 12% are in the Arts Education and Culture/Ethnic Awareness fields.

³⁶ Recipient types were determined using NTEE categories. See APPENDIX for further discussion of NTEE classification schemes.

Table 15. Foundation Giving to Top Recipients by Number of Grants, by Respondents and Nonrespondents, 2004, (for Organizations Receiving at Least 10 Grants)

Respondents				Nonrespondents			
	# of Grants	Average Grant Size	% of Total Grant dollars \$ Given by Respondents		# of Grants	Average Grant Size	% of Total Grant Dollars Given by Nonrespondents
Los Angeles County Museum of Art	22	\$ 299,447	12.60%	LOS ANGELES OPERA	75	\$ 69,928	7.39%
Los Angeles Opera Company	14	\$ 35,117	0.94%	LOS ANGELES PHILHARMONIC ASSOCIATION	60	39,286	3.32%
California Institute of the Arts	14	\$ 97,814	2.62%	LOS ANGELES COUNTY MUSEUM OF ART	54	131,497	10.00%
Museum of Contemporary Art	13	\$ 77,605	1.93%	KCET	40	78,222	4.41%
Art Center College of Design	13	\$ 104,154	2.59%	MUSIC CENTER Foundation	37	64,562	3.36%
Los Angeles Philharmonic Association	13	\$ 641,077	15.93%	CENTER THEATER GROUP	36	27,813	1.41%
Performing Arts Center of Los Angeles County	13	\$ 56,973	1.42%	MUSEUM OF CONTEMPORARY ART	30	45,550	1.92%
Music Center Foundation	12	\$ 17,203	0.39%	SKIRBALL CULTURAL CENTER	28	33,648	1.33%
Robertson Productions	11	\$ 6,768	0.14%	LOS ANGELES PHILHARMONIC	27	50,943	1.94%
Cornerstone Theater Company	11	\$ 54,455	1.15%	CALIFORNIA INSTITUTE OF THE ARTS	26	74,960	2.75%
KCET Community Television of Southern California	11	\$ 279,478	5.88%	SUNDANCE INSTITUTE	23	40,070	1.30%
Long Beach Museum of Art	10	\$ 29,684	0.57%	INNER CITY ARTS	23	13,944	0.45%
Los Angeles County Museum of Natural History Foundation	10	\$ 94,412	1.81%	WEINGART CENTER	22	19,318	0.60%
				YOUNG MUSICIANS FOUNDATION	21	15,193	0.45%
				PARENTS TELEVISION COUNCIL	20	25,226	0.71%
				AMERICAN FILM INSTITUTE	20	21,716	0.61%
				GEFFEN PLAYHOUSE	19	152,353	4.08%
				CENTER FOR THE STUDY OF POPULAR CULTURE	19	42,237	1.13%
				ART CENTER COLLEGE OF DESIGN	19	21,600	0.58%
				LOS ANGELES MASTER CHORALE	18	22,784	0.58%
				JAPANESE AMERICAN NATIONAL MUSEUM	18	23,944	0.61%
				PACIFIC ASIA MUSEUM	17	27,423	0.66%
				UNION STATION FOUNDATION	17	17,614	0.42%
				MOTION PICTURE AND TELEVISION FUND	17	62,853	1.50%
				PERFORMING ARTS CENTER OF LOS ANGELES COUNTY	16	98,609	2.22%
				AMERICAN YOUTH SYMPHONY	13	13,777	0.25%
				AUTRY MUSEUM OF WESTERN HERITAGE	13	59,404	1.09%
				ARMORY CENTER FOR THE ARTS	13	14,923	0.27%
				PASADENA SYMPHONY ASSOCIATION	12	11,417	0.19%
				AUTRY NATIONAL CENTER OF THE AMERICAN WEST	12	21,425	0.36%
				INTERNATIONAL DOCUMENTARY ASSOCIATION	10	25,450	0.36%
				PASADENA CONSERVATORY OF MUSIC	10	12,550	0.18%
				MUSIC CENTER FOUNDATION	10	19,895	0.28%
				MUSEUM OF TELEVISION & RADIO	10	22,179	0.31%
Subtotal	167	\$ 150,189	47.96%		805	\$ 50,287	57.01%
Respondent Total to all recipients by non-local foundations, 1112 grants, \$52,300,000							
Nonrespondent Total to all recipients by non-local foundations, 1667 grants, \$71,000,000							

Final Report

Table 16. Foundation Giving to Top Recipients by Average Grant Size, by Respondents and Nonrespondents, 2004 (for Organizations Receiving Average Grants of at Least \$100,000)

Respondents				Nonrespondents			
	# of Grants	Average Grant Size	% of Total Grant Dollars Given by Respondents		# of Grants	Average Grant Size	% of Total Grant Dollars Given by Nonrespondents
California Science Center Foundation	1	\$ 1,500,000	2.87%	Music Center Foundation	1	\$ 1,000,000	1.41%
Los Angeles Philharmonic Association	13	641,077	15.93%	SUNDANCE INSTITUTE FOR FILM AND TELEVISION	1	800,000	1.13%
Autry Museum of Western Heritage	9	523,556	9.01%	KCET COMMUNITY TELEVISION OF SOUTHERN CALIFORNIA	9	560,111	7.10%
Debbie Allen Dance	2	376,500	1.44%	URBI-CULTURE INCORPORATED	2	417,500	1.18%
Armand Hammer Museum of Art and Cultural Center	3	357,667	2.05%	NORTON SIMON MUSEUM OF ART AT PASADENA	1	400,000	0.56%
Sundance Institute	5	320,020	3.06%	LOS ANGELES PERFORMING ARTS CENTER	1	333,000	0.47%
I Am Your Child Foundation	1	300,000	0.57%	PETERSON AUTOMOTIVE MUSEUM	1	332,360	0.47%
Los Angeles County Museum of Art	22	299,447	12.60%	APOLLO AMUSED (MUSICA ANGELICA)	1	288,933	0.41%
KCET Community Television of Southern California	11	279,478	5.88%	NATURAL HISTORY MUSEUM	3	264,224	1.12%
Santa Monica Museum of Art	5	215,479	2.06%	LOS ANGELES PHILHARMONIC/WALT DISNEY CONCERT HALL	1	250,000	0.35%
Center Theatre Group of Los Angeles	6	194,722	2.23%	CHILDREN'S MUSEUM OF LOS ANGELES	8	220,852	2.49%
Geffen Playhouse	2	172,750	0.66%	CULTURAL HERITAGE FOUNDATION	1	180,000	0.25%
Center for Cultural Innovation	2	140,500	0.54%	PASADENA HISTORICAL SOCIETY	1	172,156	0.24%
Dreammakers Center for the Aspiring Performing Artist	1	136,000	0.26%	KIDSPACE MUSEUM	5	164,091	1.16%
Beverly Hills Cultural Center Foundation	2	112,500	0.43%	GEFFEN PLAYHOUSE	19	152,353	4.08%
Art Center College of Design	13	104,154	2.59%	IN THE LIFE	5	136,700	0.96%
Foundation for World Arts	1	100,000	0.19%	LOS ANGELES COUNTY MUSEUM OF ART	54	131,497	10.00%
California International Arts Foundation	1	100,000	0.19%	HUNTINGTON LIBRARY AND ART GALLERY	2	126,500	0.36%
Los Angeles Philharmonic Association	1	100,000	0.19%	MOTION PICTURE AND TELEVISION	1	125,000	0.18%
				ONE GENERATION	3	109,047	0.46%
				USC THORNTON SCHOOL OF MUSIC	1	100,000	0.14%
				CREATIVE VISIONS FOUNDATION	1	100,000	0.14%
				SKIRBALL CULTURAL MUSEUM	1	100,000	0.14%
				RUSSIAN ARTS FOUNDATION	1	100,000	0.14%
				CHINESE AMERICAN MUSEUM	1	100,000	0.14%
Subtotal	101	\$ 324,965	62.76%		125	\$ 199,173	35.07%

Respondent Total to all recipients by non-local foundations, 1112 grants, \$52,300,000

Nonrespondent Total to all recipients by non-local foundations, 1667 grants, \$71,000,000

This closer look at the nonrespondent group reveals that, while there are only 33 local respondents as compared to 389 local nonrespondents (less than 10%), the respondent group makes up the majority of local grant dollars (\$52.4 million versus \$39.6 million) as well as the number of grants given (1,081 versus 1,015) (see Tables 13 and 14). When top recipients are defined as arts organizations that receive ten or more grants, giving by the nonrespondent group is slightly more concentrated among top recipients (57% of total grant dollars for nonrespondents versus 48% of total grant dollars for respondents). However, if we take the average grant size as the measure, giving by respondents is more concentrated among top recipients. Finally, while the majority of support from respondents and nonrespondents is to museums and performing arts organizations, the respondent group supports a higher percentage of arts education organizations.

The Grantees³⁷

Size and Age

This section examines the distribution of grants and grant dollars among local arts and culture nonprofits as determined by their budget size category.³⁸ Overall, organizations tended to receive very few grants. Indeed, a little over half of the organizations (53%) received only one grant. Twenty percent of organizations received two grants, 8% received three grants, 10% received four or five grants, and 9% received six or more grants. Table 17 shows that organizations with larger budget sizes were more likely to receive a higher number of total grants. Of all of the organizations with budgets less than \$10,000, 88% received only one grant. Of all of the organizations with budgets greater than \$800,000, 29% received six or more grants. All organizations that received more than 11 grants have budgets over \$800,000.

³⁷ We collected data on the grant recipients for 59 of the 66 funders in the sample. Fifty-one of the funders were private foundations and 8 were public grantmakers.

³⁸ Size is operationalized as the total revenue of the organization

Table 17. Number of Grants per Recipient Organization, by Budget Size, 2004

	Number of Grants Received				
	1	2	3	4 or 5	6+
Budget Less than \$10,000	88%	13%	0%	0%	0%
Budget \$10,000 to \$99,999	69%	20%	2%	6%	2%
Budget \$100,000 to \$799,999	41%	25%	15%	14%	4%
Budget \$800,000 and over	35%	15%	8%	13%	29%
Total	245	93	38	47	40

Overall, organizations received an average of around 2.4 grants (Table 18). On average, public funders gave more grants per organization than private foundations (1.4 grants and 1 grant, respectively). Although both public and private funders gave more grants to large organizations than to small organizations, public agencies gave relatively more grants to smaller organizations and relatively fewer grants to larger organizations.

Table 18. Average Number of Public and Private Grants Received by Recipient Organization, by Budget Size, 2004

Budget Size	# Public Grants	# Private Grants	# Grants (total)
Less than \$10,000	1.0	0.1	1.1
\$10,000-\$99,999	1.2	0.4	1.6
\$100,000-\$799,999	1.5	0.8	2.3
\$800,000 and over	1.7	2.6	4.3
Total	1.4	1.0	2.4

Not surprisingly then, small organizations tended to depend more heavily on public giving and large organizations on private foundation giving (Table 19). Organizations with budgets under \$10,000 received 89% of all grant dollars and grants from public agencies, while those with budgets between \$10,000 and \$100,000 received 59% of all grant dollars and 78% of all grants from public agencies. Midsize organizations—those with budgets between \$100,000 and \$800,000—received 39% of their grant dollars and 64% of all grants from public organizations. The largest organizations—those with budgets of \$800,000 and over—received only 9% of all grant dollars and 39% of all grants from public agencies.

Table 19. Grant Value, Share of Grant Dollars, Number of Grants from Public and Private Grantmakers, and Average Grant Size Received by Recipient Organization, by Budget Size, 2004 (a)

Size	Grant Value				Number of Grants				Average Grant Size				
	Public	%	Private	%	Total	Public	%	Private	%	Total	Public	Private	Total
Less than \$10,000	\$239,434	89%	\$29,500	11%	\$268,934	56	89%	7	11%	63	\$4,276	\$4,214	\$4,269
\$10,000-\$99,999	\$987,600	59%	\$697,105	41%	\$1,684,705	159	78%	46	22%	205	\$6,211	\$15,155	\$8,218
\$100,000-\$799,999	\$2,108,706	39%	\$3,263,450	61%	\$5,372,156	256	64%	144	36%	400	\$8,237	\$22,663	\$13,430
\$800,000 and over	\$3,923,434	9%	\$41,100,000	91%	\$45,000,000	174	39%	270	61%	444	\$22,549	\$152,222	\$101,351
Total	\$7,259,174		\$45,000,000		\$52,300,000	645		467		1112	\$11,255	\$96,360	\$47,032

(a) Size is measured as total revenue of the organization

Large organizations received a disproportionately large share of grants and grant dollars relative to their representation in the sample, as shown in Table 20. The smallest organizations (budgets under \$10,000) represent 12% of all recipient organizations and received only 6% of all grants and less than 1% of all grant dollars. Organizations with budgets between \$10,000 and \$99,999 in revenue represent 28% of all recipient organizations and received 18% of all grants and 3% of all grant dollars. Organizations with budgets between \$100,000 and \$799,999 received a share of grants roughly proportional to their share of all organizations, representing 38% of all recipient organizations and 36% of all grants. However, these midsize organizations received only 10% of all grant dollars. Finally, the largest organizations (those with budgets over \$800,000) comprise only 22% of all recipient organizations but received 40% of all grants and 86% of all grant dollars.

It should be noted, however, that when the distribution of grants and grant dollars across categories of size is compared to the share of total revenues represented by each size category—a measure of organizational capacity—a different picture emerges. As shown in Table 20, the smallest organizations represent less than 1% of all revenue but 6% of grants and less than 1% of grant dollars. At the other end of the spectrum, the largest organizations represent 97% of all revenues, 40% of grants, and 86% of grant dollars. In other words, grants and grant dollars are more evenly distributed in terms of share of revenue than in terms of share of organizations.

When looking at these patterns of distribution, how do public and private funders compare? As shown in Table 20, public agencies gave a larger share of all grants to small agencies than did private foundations. Nine percent of all grants from public agencies as compared to 1% of grants from private foundations went to organizations with budgets under \$10,000. On the other end of the spectrum, 27% of public grants as compared to 58% of private grants went to organizations with budgets of \$800,000 and over.

Public agencies gave a larger share of their total dollars to small organizations and a smaller share to large organizations, as compared to private foundations. As shown in Table 20, public agencies gave 3% of all dollars and private foundations gave less than 1% of all dollars to organizations with budgets under \$10,000. Public agencies gave 14%

and private foundations gave 2% of all dollars to organizations with budgets from \$10,000 to \$99,999. Meanwhile, public agencies gave 54% and private foundations gave 91% of all dollars to the largest organizations—those with budgets of \$800,000 and over.

Table 20. Share of Organizations, Revenues and Grants Given to Recipient Organization, by Budget Size, 2004

Size Category	Share of Organizations	Share of Revenues	Share of Public Grants	Share of Private Grants	Share of All Grants	Share of Public Grant \$	Share of Private Grant \$	Share of All Grant \$
Less than \$10,000	12%	<1%	9%	1%	6%	3%	<1%	<1%
\$10,000-\$99,999	28%	<1%	25%	10%	18%	14%	2%	3%
\$100,000-\$799,999	38%	3%	40%	31%	36%	29%	7%	10%
\$800,000 and over	22%	97%	27%	58%	40%	54%	91%	86%
Total	100%	100%	101%	100%	100%	100%	100%	100%
Total Amount	463		645	467	1112	\$7,259,174	\$45,000,000	\$52,300,000

Table 21 shows the grant value and number of grants given by public and private grantmakers, by the age of the recipient organization.³⁹

Table 21. Grant Value, Number of Grants, and Average Grant Size, Public and Private Grantmakers, by Age of Recipient Organization, 2004

Age	Grant Value			Number of Grants			Average Grant Size		
	Total	Public	Private	Total	Public	Private	Total	Public	Private
<=5	\$4,433,490	\$518,190	\$3,915,300	124	75	49	\$35,754	\$6,909	\$79,904
6 - 10	\$2,872,236	\$1,036,976	\$1,835,260	202	138	64	\$14,219	\$7,514	\$28,676
11 - 15	\$5,604,280	\$1,440,908	\$4,163,372	237	153	84	\$23,647	\$9,418	\$49,564
16-30	\$10,100,000	\$1,724,180	\$8,368,713	242	154	88	\$41,736	\$11,196	\$95,099
>30	\$29,200,000	\$2,457,730	\$26,700,000	297	118	179	\$98,316	\$20,828	\$149,162
Total	\$52,200,000	\$7,177,984	\$45,000,000	1102	638	464	\$47,368	\$11,251	\$96,983

As shown in Table 22, younger organizations received a disproportionately small share of grants and grant dollars, while older, well-established organizations received a disproportionately large share of grants and grant dollars. Relatively new organizations (5 years or younger), for example, represent 16% of all recipients but only 11% of all grants and 8% of all grant dollars given. By contrast, older, well-established organizations (over 30 years old) represent 19% of all recipients but 27% of all grants and 56% of all grant dollars given. In part, this pattern could reflect the greater capacity

³⁹ The age of the organization is determined by the year of the Internal Revenue Service ruling recognizing the organization's tax-exempt status.

and experience of well-established organizations. Older organizations are more likely to have developed structures and specialized staff to apply for grants and to have cultivated continuing relationships with funders.

Table 22 also shows that public and private funders were about equally likely to allocate grants to very young organizations (those with tax-exempt status for less than or equal to 5 years). However, public agencies gave a larger share of all grants to organizations that have been in existence between 6-30 years, as compared to private funders. Private funders gave a larger share of all grants to the oldest organizations.

Table 22. Share of Organizations, Public and Private Grants Given, and Grant Dollars Given, by Age of Recipient Organization, 2004

Age	Share of Organizations	Share of Grant Dollars	Share of Grants (Public)	Share of Grants (Private)	Share of Grants (All)
<=5	16%	8%	12%	11%	11%
6 - 10	24%	6%	22%	14%	18%
11 - 15	20%	11%	24%	18%	22%
16 - 30	21%	19%	24%	19%	22%
>30	19%	56%	18%	39%	27%
Total	100%	100%	100%	100%	100%
N	463		638	464	1,102

Table 23 underscores the above finding, showing that as organizations grow older, they are more likely to receive a larger number of grants. Only 1% of organizations five years old or under received six or more grants, while 20% of organizations older than 30 received six or more. Of the organizations five years old or less, 65% received only one grant while only 14% received three or more.

Table 23. Number of Grants Received, by Age of Recipient Organization, 2004

Age	Number of Grants Received				
	1	2	3	4 or 5	6 +
<=5	65%	21%	6%	7%	1%
6 - 10	56%	28%	4%	9%	4%
11 - 15	44%	23%	12%	11%	11%
16 - 30	51%	15%	12%	13%	8%
>30	50%	14%	7%	9%	20%
Total	242	93	37	46	40

Field

In this section, we take a look at the distribution of grants and grant dollars by field based on the National Taxonomy of Exempt Entities Core Codes (NTEE-CC) classification. We were unable to determine the NTEE-CC for roughly 5% of the grant recipients in the sample. Although the grants in the study reflect arts funding, the recipient organizations

Final Report

are not all classified as arts organizations. Sixty-nine percent of recipients were classified as Arts, Culture, and Humanities, 8% as Education, 4% as Human Services, 2% as Youth Development, 2% as Philanthropy, Voluntarism & Grantmaking Foundations, and 2% as Community Improvement and Capacity Building (see Table A in Appendix). Apparently, a substantial number of non-arts organizations are adding an arts component to their programs either to obtain arts funding or perhaps to address emerging community needs.

Table 24 shows that arts organizations, while representing 69% of all recipients, garnered 91% of grant dollars and 80% of all grants. Education represented 8% of all organizations and garnered 6% of all grant dollars and 6% of all grants, while Human Services represented 4% of all recipients and garnered 1% of all grant dollars and 5% of all grants. Grants given to Arts organizations were on average much larger than those given to Health and Human Services—almost 10 times larger than grants to Health organizations and around six times larger than grants to Human Service organizations.

Table 24. Grants and Grant Dollars Received by Recipient Organizations, by NTEE Classification Code, 2004

NTEE Code	Grant Dollars			Grants			Average Grant Size
	Total Value	Average Value	Share of Total	Number	Average Number	Share of Total	
Arts	\$47,600,000	\$148,394	91.07%	889	2.8	79.95%	\$53,543
Education	\$3,241,190	\$85,294	6.20%	72	1.9	6.47%	\$45,017
Health	\$17,000	\$5,667	0.03%	3	1.0	0.27%	\$5,667
Human Services	\$510,165	\$13,081	0.98%	57	1.5	5.13%	\$8,950
Other	\$706,802	\$19,103	1.35%	62	1.7	5.58%	\$11,400
Unknown	\$194,950	\$7,798	0.37%	29	1.2	2.61%	\$6,722
Total	\$52,270,107	\$112,969	100%	1112	2.4	100%	\$47,005

Table 25 shows that, among recipient organizations that are classified as Arts, Culture, and Humanities, the slight majority of recipients (52%) are classified as Performing Arts. Theater (20% of all grantees), Music (17%), and Dance (7.5%) comprise the bulk of this category. Arts and Culture organizations represent 14%, Museums 8%, and Media and Communications 5% of Arts, Culture, and Humanities recipients. Given the broad support for arts education by both public funders and private foundations in Los Angeles County, it is interesting that organizations coded as “Arts Education” represent only 3% of arts recipients.

Table 25. Recipient Organizations by NTEE-CC Classification Code, Organizations Coded as Arts, Culture and Humanities, 2004

NTEE-CC			
Code	Classification	Frequency	Percent
A	Arts, Culture, & Humanities		
A01	Alliances & Advocacy	1	0.3%
A03	Professional Societies & Associations	1	0.3%
A05	Research Institutes & Public Policy Analysis	1	0.3%
A11	Single Organization Support	11	3.4%
A12	Fund Raising & Fund Distribution	2	0.6%
A19	Support NEC (a)	3	0.9%
Subtotal		19	5.9%
A20	Arts & Culture	11	3.4%
A23	Cultural & Ethnic Awareness	12	3.7%
A24	Folk Arts	3	0.9%
A25	Arts Education	11	3.4%
A26	Arts & Humanities Councils & Agencies	7	2.2%
Subtotal		44	13.7%
A30	Media & Communications		
A31	Film & Video	9	2.8%
A32	Television	2	0.6%
A33	Printing & Publishing	3	0.9%
A34	Radio	2	0.6%
Subtotal		16	5.0%
A40	Visual Arts	6	1.9%
A50	Museums	4	1.2%
A51	Art Museums	7	2.2%
A52	Children's Museums	3	0.9%
A53		3	0.9%
A54	History Museums	6	1.9%
A56	Natural History & Natural Science Museums	1	0.3%
A57	Science & Technology Museums	1	0.3%
Subtotal		25	7.8%
A60	Performing Arts	13	4.0%
A61	Performing Arts Centers	5	1.6%
A62	Dance	20	6.2%
A63	Ballet	4	1.2%
	Dance Subtotal	24	7.5%
A65	Theater	65	20.2%
A68	Music	13	4.0%
A69	Symphony Orchestras	19	5.9%

Final Report

A6A	Opera	7	2.2%
A6B	Singing & Choral Groups	11	3.4%
A6C	Bands & Ensembles	4	1.2%
	Music Subtotal	54	16.8%
A6E	Performing Arts Schools	7	2.2%
	Subtotal	168	52.3%
A70	Humanities	1	0.3%
A80	Historical Organizations	9	2.8%
A84	Commemorative Events	1	0.3%
	Subtotal	10	3.1%
A90	Arts Services	2	0.6%
A99	Arts, Culture, & Humanities NEC	30	9.3%
	Total	321	100%

(a) NEC=Not Elsewhere Classified

Among Arts, Culture, and Humanities organizations, Museums (40%) and Performing Arts (31%) garner the largest share of grant dollars (Table 26). Among Performing Arts organizations, large shares of all grant dollars are allocated to Theater (9%) and Music (15%). Performing Arts garners over half of all grants to Arts organizations (54%), while Arts and Culture organizations (15%) and Museums (11%) also garner substantial shares of the total number of grants awarded.

Out of the major Performing Arts categories, funding for Dance is substantially lower than Theater and Music in terms of share of grant dollars and number of grants, a finding that is reflected in other parts of the country. For example, a 2002 Minnesota arts funding report found that dance was viewed by grantmakers as the most poorly funded arts discipline in the state.⁴⁰ The Minnesota report also showed that Museums, Music and Theater were the top three arts disciplines in Minnesota grant dollars awarded in 2001, a finding that is consistent with patterns of giving for our survey recipients. As shown in Table 26, museums receive grants that are on average much larger than grants awarded to other types of arts organizations. This is in large part due to a small number of relatively large grants awarded to LACMA.

⁴⁰ Minnesota Council on Foundations. (2002) *Minnesota Arts Funding: Observations and Reflections*, Minneapolis, MN: pp. 2.

Final Report

Table 26. Total Grants and Total Grant Value for Recipient Organizations in the Fields of Arts, Culture, and Humanities (a), 2004

	Grant Value	% Grant Dollars	Number of Grants	% Grants	Average Grant Size
Arts & Culture	\$5,135,557	11.4%	148	14.7%	\$34,699.71
Media & Communication	\$3,634,010	8.1%	47	4.7%	\$77,319.36
Visual Arts	\$271,500	0.6%	20	2.0%	\$13,575.00
Museums	\$17,900,000	39.8%	111	11.0%	\$161,261.26
Performing Arts					
Performing Arts	\$460,000	1.0%	24	2.4%	\$19,166.67
Performing Arts Centers	\$860,450	1.9%	23	2.3%	\$37,410.87
Dance (b)	\$1,320,450	2.9%	47	4.7%	\$28,094.68
Theater	\$4,240,206	9.4%	174	17.3%	\$24,369.00
Music (c)	\$6,881,106	15.3%	268	26.6%	\$25,675.77
Performing Arts Schools	\$345,340	0.8%	12	1.2%	\$28,778.33
Subtotal	\$14,107,552	31%	548	54.4%	\$25,743.71
Humanities	\$113,000	0.3%	3	0.3%	\$37,666.67
Historical Organizations	\$146,500	0.3%	14	1.4%	\$10,464.29
Arts Services	\$26,500	0.1%	3	0.3%	\$8,833.33
Arts, Culture, & Humanities, Other Support (d)	\$3,392,503	7.5%	68	6.8%	\$49,889.75
Not Elsewhere Classified	\$270,140	0.6%	45	4.5%	\$6,003.11
Total	\$44,997,262	100.0%	1007	100.0%	\$44,684.47

(a) As determined by the National Taxonomy of Exempt Entities

(b) This category includes Dance and Ballet.

(c) This category includes Music, Symphony Orchestras, Opera, Singing and Choral Groups, and Bands and Ensembles.

(d) This category includes Alliances and Advocacy, Management and Technical Assistance, Fundraising and Distribution, and other forms of support

Table 27 shows that Museums mostly receive grants from private foundations. By contrast, Performing Arts organizations mostly receive grants from public grantmakers, with Dance (88% of all grants), Miscellaneous Performing Arts (83% of all grants) and Theater (70% of all grants) relying particularly heavily on public giving.

Table 27. Share of Public and Private Grants Received by Recipient Organizations in the Fields of Arts, Culture, and Humanities (a), in Percent, 2004

	Public	Private	Total	N
Arts & Culture	57.43%	42.57%	100%	148
Media & Communications	53.19%	46.81%	100%	47
Visual Arts	55.00%	45.00%	100%	20
Museums	28.83%	71.17%	100%	111
Performing Arts				
Performing Arts	83.33%	16.67%	100%	24
Performing Arts Centers	39.13%	60.87%	100%	23
Dance (b)	88.37%	11.63%	100%	43
Theater	69.54%	30.46%	100%	174
Music (c)	63.64%	36.36%	100%	154
Performing Arts Schools	41.67%	58.33%	100%	12
Subtotal	67.67%	32.33%	100%	430
Humanities	66.67%	33.33%	100%	3
Historical Organizations	35.71%	64.29%	100%	14
Arts Services	66.67%	33.33%	100%	3
Arts, Culture, & Humanities, other support (d)	41.18%	58.82%	100%	68
Not Elsewhere Classified	80.00%	20.00%	100%	45

(a) As determined by the National Taxonomy of Exempt Entities

(b) This category includes Dance and Ballet.

(c) This category includes Music, Symphony Orchestras, Opera, Singing and Choral groups, and Bands and Ensembles.

(d) This category includes Alliances and Advocacy, Management and Technical Assistance, Fundraising and Distribution, and other forms of support

As shown in Table 28, most categories of arts organizations received the majority of their total grant dollars from private foundations. Indeed, only Arts Services and Arts Organizations Not Elsewhere Classified received less than half of all grant dollars from private foundations. Museums received a striking 96% of all grant dollars from private foundations, while Media and Communications received 91% from private foundations. Interestingly, Performing Arts received 80% of all grant dollars from private organizations, although these organizations received around two-thirds of all grants from public funders—an indication that a small number of large private grants make up the bulk of grant dollars given to performing arts. Among the performing arts, Performing Arts Centers, Theater, Music, and Performing Arts Schools all received over half of all grant dollars from private foundations. Dance, by contrast, receives 87% of all grant dollars from public sources.

Table 28. Share of Public and Private Grant Dollars Received by Recipient Organizations in the Fields of Arts, Culture, and Humanities (a), 2004

	Public	Private	Total	Total Grant Value
Arts & Culture	17.35%	82.65%	100%	\$5,135,557
Media & Communication	9.40%	90.60%	100%	\$3,634,010
Visual Arts	42.17%	57.83%	100%	\$271,500
Museums	4.61%	95.53%	100%	\$17,900,000
Performing Arts				
Performing Arts	37.28%	62.72%	100%	\$460,000
Performing Arts Centers	13.37%	86.63%	100%	\$860,450
Dance (b)	86.67%	13.33%	100%	\$1,320,450
Theater	35.91%	64.09%	100%	\$4,240,206
Music (c)	12.09%	87.91%	100%	\$6,881,106
Performing Arts Schools	13.71%	86.29%	100%	\$345,340
Subtotal	20.38%	79.64%	100%	\$16,700,000
Humanities	11.50%	88.50%	100%	\$113,000
Historical Organizations	19.11%	80.89%	100%	\$146,500
Arts Services	66.04%	33.96%	100%	\$26,500
Arts, Culture, & Humanities, other support (d)	11.40%	88.60%	100%	\$3,392,503
Not Elsewhere Classified	63.09%	36.91%	100%	\$270,140

(a) As determined by the National Taxonomy of Exempt Entities

(b) This category includes Dance and Ballet.

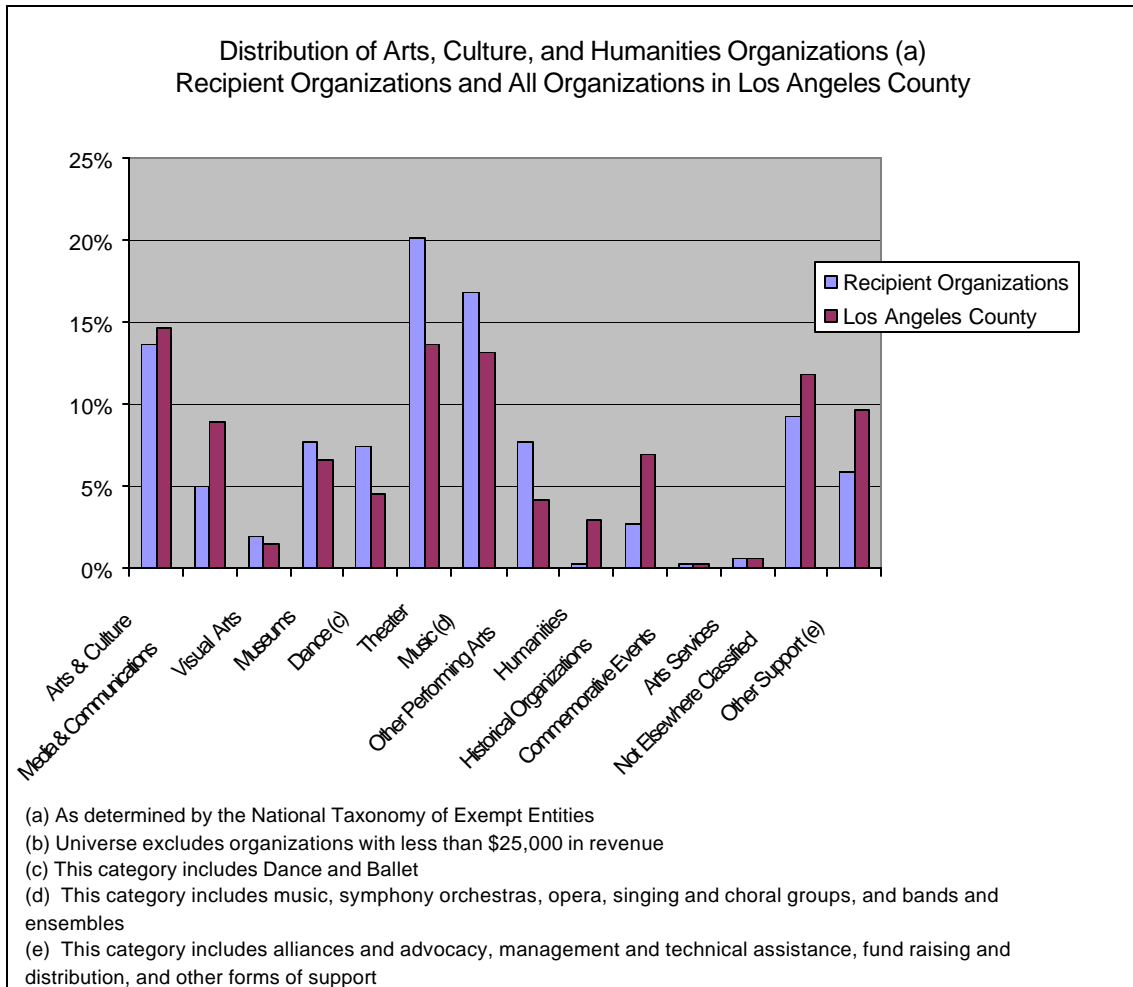
(c) This category includes Music, Symphony Orchestras, Op era, Singing and Choral groups, and Bands and Ensembles.

(d) This category includes Alliances and Advocacy, Management and Technical Assistance, Fundraising and Distribution, and other forms of support

Who Gets Funded?

Next, we compare the distribution of arts organizations that received grants to the overall distribution of nonprofit arts organizations in Los Angeles County, shown in Figure 9. Performing arts—Dance, Theater, Music, and Other Performing Arts—are overrepresented among recipient organizations relative to their share of all nonprofit arts organizations in Los Angeles County. By contrast, Media and Communications and Historical Organizations are underrepresented among grant recipients, relative to their overall distribution in Los Angeles County.

Figure 9. Comparison of Arts, Culture, and Humanities Organizations (a): Recipient Organizations versus Total Number of Arts and Culture Organizations in Los Angeles County, in Percent, 2004



When we consider only organizations coded as Performing Arts, grant recipients are distributed in roughly the same proportions as the overall nonprofit arts community in Los Angeles, as shown in Figure 10.

Figure 10. Comparison of Arts, Culture, and Humanities Organizations Coded as Performing Arts (a): Recipient Organizations versus Total Number of Arts and Culture Organizations in Los Angeles County (b), in Percent, 2004

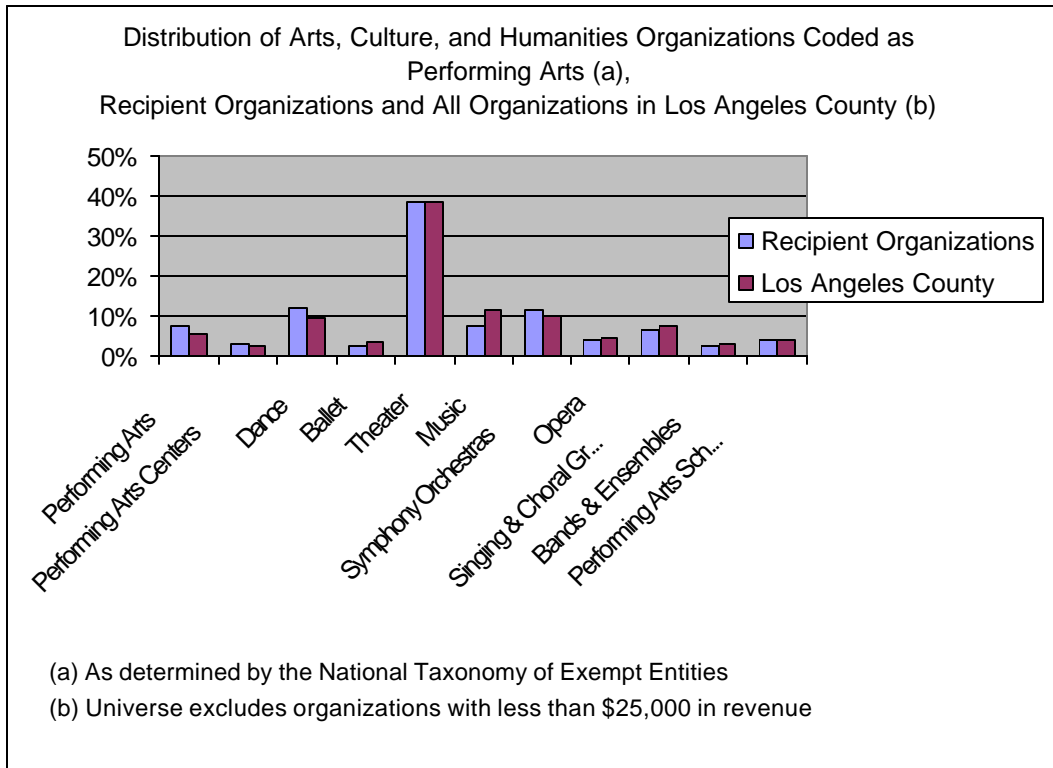
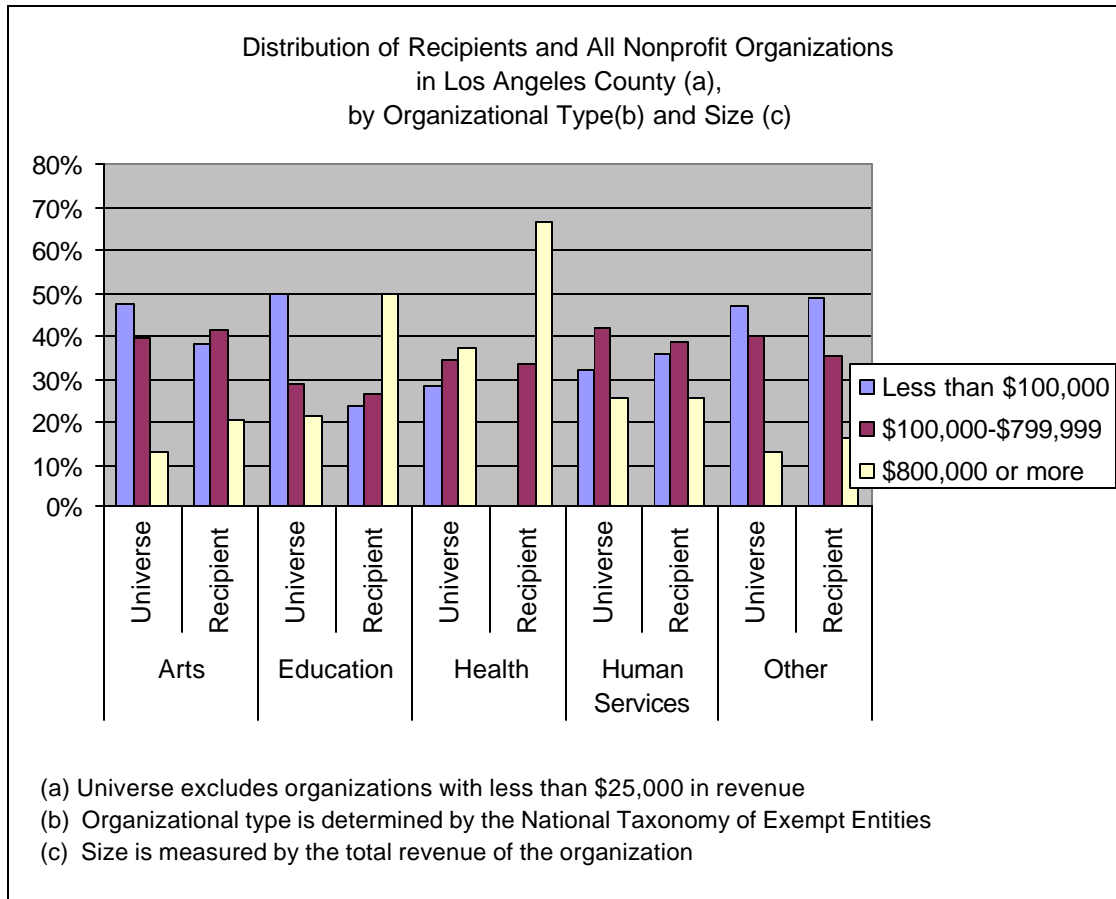


Figure 11 compares all nonprofit organizations in Los Angeles County (the universe) to grant recipients, showing the distribution of organizations by categories of size and organizational type. For arts, education, and health organizations, recipient organizations are less likely than non-recipient organizations to be small and more likely to be large. A full 47% of all nonprofit arts organizations in Los Angeles County, as compared to 38% of recipient arts organizations, have budgets of less than \$100,000. By contrast, only 13% of all arts organizations in Los Angeles County, as compared to 20% of recipient arts organizations, have budgets of \$800,000 or over.

Figure 11. Comparison of Total Nonprofit Organizations in Los Angeles and Grant Recipients, by NTEE Classification and Budget Size, 2004



Overall, our findings suggest that particular types of organizations—those that are larger and older, and those that focus on the performing arts (especially theater and music)—receive the greater share of grants and grant dollars. Public funding, however, is concentrated on smaller and younger organizations to a greater degree than private foundation funding, and focuses more on certain categories of the arts, such as dance, that tend to be overlooked by private funders. It seems, then, that organizational size and age place arts organizations into distinct funding environments.

It is important to note that small and midsize arts organizations represent a majority of all arts organizations in the Los Angeles area—around 90% of all arts organizations are either small or midsize, with small organizations (those with budgets of less than \$100,000) comprising almost 50% of all arts organizations and midsize organizations (those with budgets from \$100,000 to \$799,999) comprising around 40% of all arts organizations. This relative abundance of small and midsize arts organizations is not unique to the Los Angeles area—looking at the broader picture, in 2001, 94% of the 30,939 nonprofit arts organizations in the U.S. were categorized as small and midsize arts

groups.⁴¹ As such, it is particularly important to pay attention to these smaller organizations and the funding environments in which they exist. This said, we note that funding patterns are a reflection of a combination of factors, including the number of organizations included in each study, the fundraising efforts of those organizations, and the missions, preferences, and outreach efforts of funders.

Major findings of this section are summarized below:

- Public funders represented only 14% (8) of all funders and gave 58% (645) of all grants.
- Most categories of arts organizations receive the majority of their total grant dollars from private foundations.
- Small organizations tended to depend more heavily on public funders and large organizations drew more heavily from private foundations.
- Although large organizations comprise only 22% of all organizations they received 40% of all grants and 87% of all grant dollars.
- However, large organizations receive a disproportionately small share of grants and grant dollars relative to their share of total revenues (a measure of organizational capacity).
- Younger organizations received a disproportionately small share of grants and grant dollars, when compared to older, well-established organizations.
- Private foundations allocate a larger share of grants to the oldest organizations (those over 30 years old) as compared to public funders.
- Using the National Taxonomy of Exempt Entities classification system, almost 70% of all recipients are classified as Arts, Culture, and Humanities. Eight percent are classified as Education, and 4% as Human Services.
- Arts organizations, while representing 69% of all recipients, garnered 91% of grant dollars and 80% of all grants from arts funders.
- Grants given to Arts organizations were on average much larger than those given to other categories of recipients—for example, 26 times larger than grants to Health organizations and 11 times larger than grants to Human Service organizations by arts funders.
- Among Arts organizations, Museums and the Performing Arts garner the largest share of grant dollars.
- Dance organizations receive 87% of their grant funding from public sources.
- Performing Arts are over-represented among recipient organizations, and Media and Communications are underrepresented.

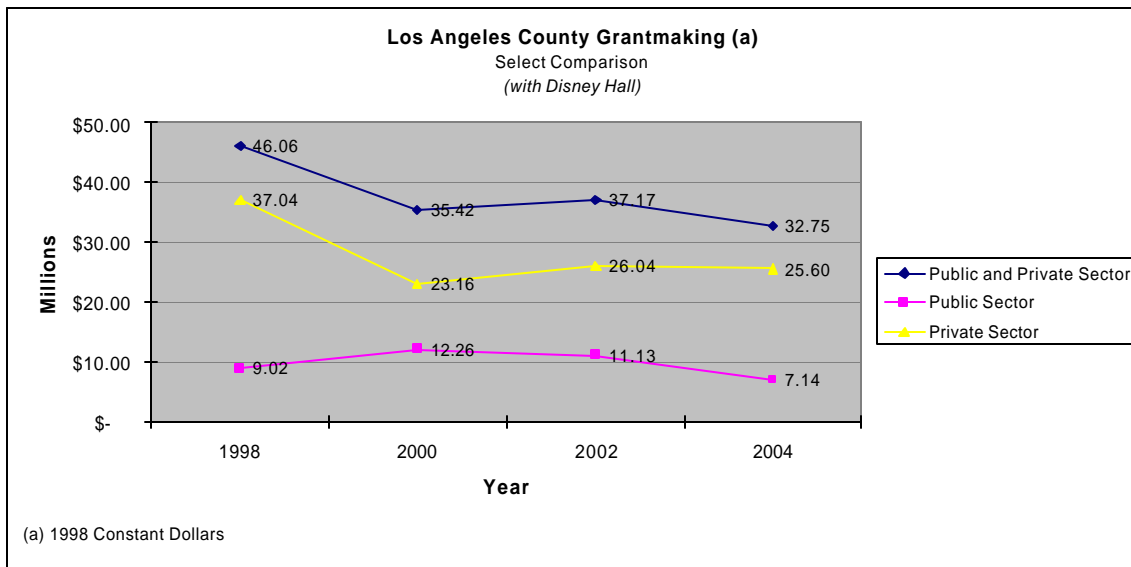
⁴¹ Americans for the Arts. (2006) Growing Culture through Smaller Arts Groups, *Artslink*, Washington, DC: pp. 1. Note: Seventy-six percent of the 30,939 nonprofit arts organizations were classified as “small” (annual operating budgets of less than \$500,000) and the remaining 18% were “midsized” (annual operating budgets between \$500,000 and \$5 million).

The Select Comparison Group

The “select comparison group” consists of 17 private and 6 public funders that responded to the 1998, 2000, 2002, and 2004 surveys. We excluded 7 organizations from that group: ASK Theater Projects was excluded because it is defunct, and the Times Mirror Foundation and Walt Disney Company Foundation because they did not respond to the 2004 survey. Further, four organizations headquartered outside of Los Angeles County—the Lila Wallace-Readers Digest Fund, the Maurer Family Foundation, the Ford Foundation, and the William Randolph Hearst Foundation—responded to previous surveys but were excluded from the current analysis.⁴²

Total giving to Los Angeles by the select comparison group decreased by 29% from 1998 to 2004 in inflation adjusted dollars, as shown in Figure 12. Private giving dropped by almost a third (31%) from 1998 to 2004, while public giving declined around 21% during this time period: at first increasing from \$9 million to about \$12 million until 2000, and then declining to about \$11 million in 2002 and \$7 million by 2004. During the same period, the nonprofit arts organizations have increased by 19% in terms of numbers, 30% in terms of expenditures, and 35% in revenue (see Figure 2). This implies fewer public and private dollars in relative terms. In other words, while funding by the select comparison group decreased during this time period, LA’s nonprofit sector expanded.

Figure 12. Select Comparison Group Grantmaking (a), by Type of Funder, in 1998 Constant Dollars, Including Disney Hall, 1998-2004



With this said, we must mention that the trend in total giving to the arts in Los Angeles County from 1998 to 2004 is influenced considerably by the massive influx of foundation

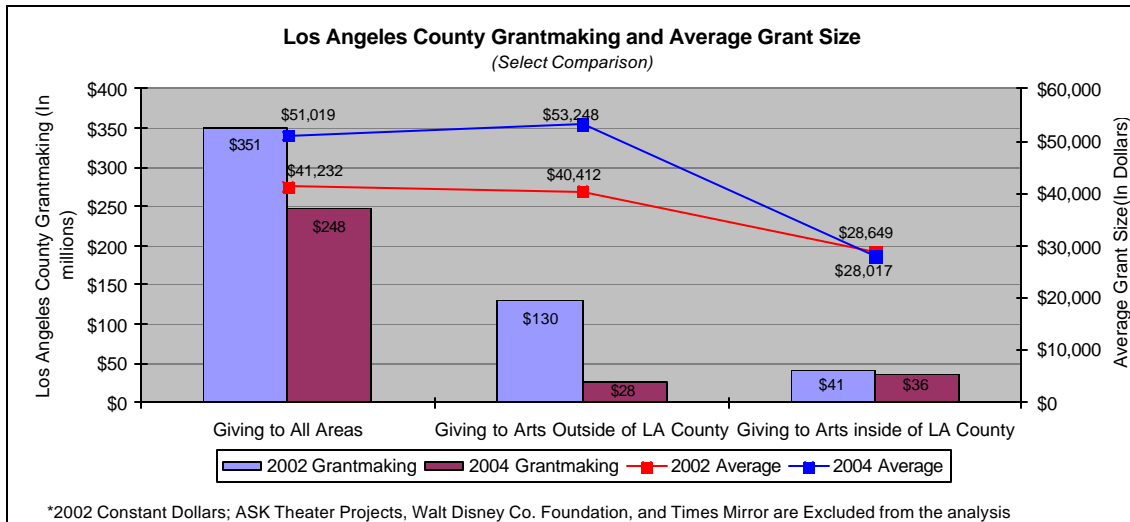
⁴² Private foundations not located within Los Angeles County (non-local funders) were excluded from the “Select Comparison Group” analysis, as their small numbers would have introduced too many sample specifics.

dollars for a single project—the construction of Walt Disney Concert Hall. Indeed, when excluding giving to Disney Hall,⁴³ total giving to the arts in Los Angeles increased by 2% from 1998 to 2004 in inflation adjusted dollars, with private funding increasing 11% and public funding decreasing by 21%.

In terms of total grant value, giving by the select comparison group to arts organizations located inside of Los Angeles County remained fairly stable from 2002 to 2004 (Figure 13). However, giving to all areas and to the arts outside of Los Angeles County declined during this period. In 2002, arts funders in the select comparison group gave more dollars to non-local arts organizations than to arts organizations located in Los Angeles County, a pattern that reversed in 2004.

The average size of grants given to all subject categories increased by 24% between 2002 and 2004 (Figure 13). The average size of grants given to the arts outside of Los Angeles County increased by about 32%, while the average size of grants given to the arts in Los Angeles County remained essentially unchanged.

Figure 13. Average Grant Size of Select Comparison Group Grantmaking, by Area, in 2002 Constant Dollars, 2002-2004



The total number of grants given to recipients in all subject categories decreased by 43% from 2002 to 2004 (Figure 14). The number of grants given to the arts outside of Los Angeles County decreased by 84%, while the number of grants given to the arts within the County decreased by only 10%.

⁴³ In 1998, a large proportion of arts funding in Los Angeles was centered on the building of Walt Disney Concert Hall. The surveys included a total of \$20 million in funding for this one capital project in 1998 and 2002.

Figure 14. Number of Grants Made by Select Comparison Group, by Area, in 2002 Constant Dollars, 2002-2004

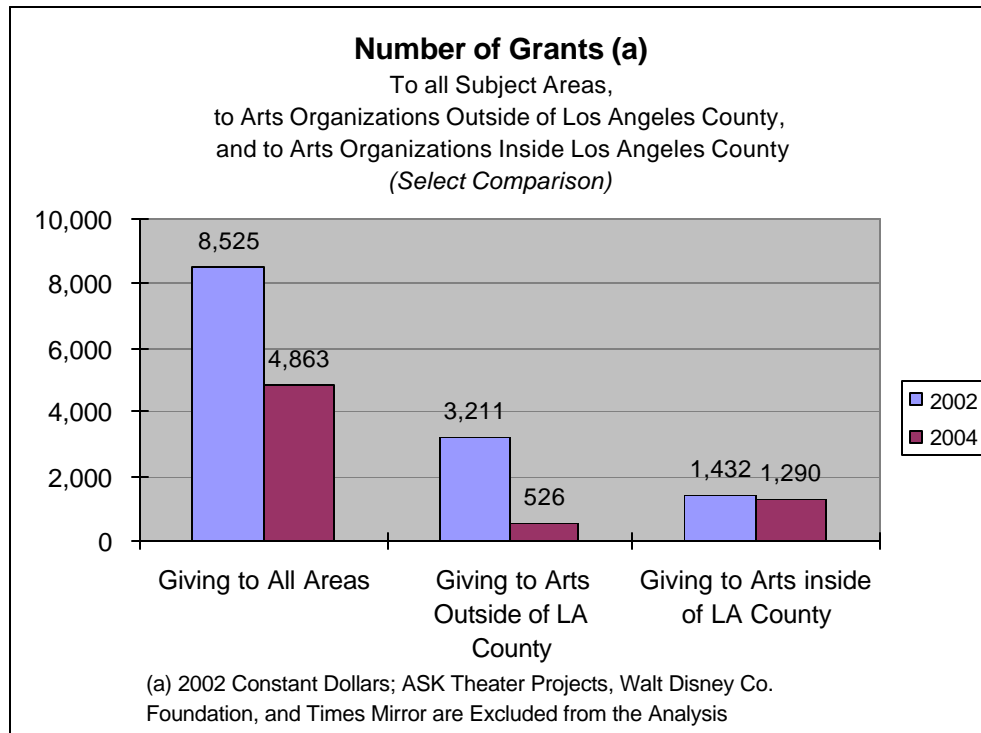


Table 29 presents the relative share of funding provided by the select comparison group over time. For each wave of the survey, five funders provided at least half of the total funding (listed by share of giving):

- 1998: Ahmanson Foundation, W.M. Keck Foundation, Ralph M. Parsons Foundation, California Arts Council, and City of Los Angeles Cultural Affairs Department⁴⁴ (75%).
- 2000: Ahmanson Foundation, California Arts Council, Getty Foundation, Ralph M. Parsons Foundation, Los Angeles County Arts Commission (67%).
- 2002: Weingart Foundation, Ahmanson Foundation, California Arts Council, City of Los Angeles Cultural Affairs Department, and Getty Foundation (62%).
- 2004: Ahmanson Foundation, James Irvine Foundation, City of Los Angeles Cultural Affairs Department, Getty Foundation, and Los Angeles County Arts Commission (67%).

⁴⁴ Subsequent to 2004, the City of Los Angeles Cultural Affairs Department is renamed the City of Los Angeles Department of Cultural Affairs.

Final Report

Looking at the share of grant dollars awarded by each grantmaker to the arts in Los Angeles among the select comparison group (Table 29), we find that some funders have increased their position significantly, most notably the James Irvine Foundation (from 3% in 1998 to 9% in 2004), followed by the Getty Foundation (3% in 1998 to 8% in 2004), the Los Angeles County Arts Commission (from 3% in 1998 to 6.5% in 2004), and the City of Los Angeles Cultural Affairs Department (from 6% in 1998 to 8.5% in 2004), while others suffered severe drops (e.g., the W.M. Keck Foundation went from 14% to 3%). The share of all grant dollars given by public grantmakers increased from 19.6% in 1998 to 21.8% in 2004, while the share of dollars given by private foundations decreased from 80.4% in 1998 to 78.2% in 2004.

Table 29. Share of Grant Dollars Awarded to Arts in Los Angeles by Select Comparison Group, in Percent, 1998-2004

Public Grantmakers	1998	2000	2002	2004
Los Angeles, City of, Cultural Affairs Dept.	5.57%	5.97%	8.10%	8.46%
Los Angeles County Arts Commission	2.78%	6.50%	5.54%	6.47%
National Endowment for the Arts	3.22%	4.40%	6.12%	5.36%
Santa Monica Cultural Affairs Division, City of	0.38%	0.81%	0.92%	0.76%
California Arts Council	7.59%	16.79%	9.14%	0.61%
West Hollywood, City of	0.04%	0.15%	0.12%	0.16%
Subtotal	19.59%	34.62%	29.95%	21.81%
Private Grantmakers				
Ahmanson Foundation	37.29%	26.49%	16.81%	34.72%
James Irvine Foundation	3.19%	4.81%	3.31%	9.37%
Getty Foundation	3.10%	9.99%	7.89%	8.33%
Ralph M Parsons Foundation	10.28%	7.11%	6.25%	4.86%
Peter Norton Family Foundation	1.68%	1.90%	1.69%	4.08%
Weingart Foundation	1.28%	1.51%	20.13%	3.97%
California Community Foundation	1.38%	1.06%	0.64%	3.95%
W.M. Keck Foundation	14.00%	3.88%	5.00%	2.57%
Kenneth & Eileen Norris Foundation	2.26%	3.42%	2.63%	2.37%
Entertainment Industry Foundation	0.23%	0.60%	2.65%	1.33%
Durfee Foundation	0.41%	0.73%	0.72%	1.00%
Joseph Drown Foundation	0.26%	0.41%	0.79%	0.66%
Employees Community Fund of Boeing California	0.42%	0.64%	0.65%	0.59%
Flintridge Foundation	0.45%	0.71%	0.37%	0.32%
Nakamichi Foundation	0.36%	0.12%	0.14%	0.04%
Plum Foundation/Maurice Amado Foundation	0.24%	0.19%	0.06%	0.03%
Edison International Foundation	3.59%	1.79%	0.32%	—
Subtotal	80.41%	65.38%	70.05%	78.19%
Grand total	100.00%	100.00%	100.00%	100.00%

Final Report

Table 30 shows that among public grantmakers, funding to arts in Los Angeles County decreased by 21% from 1998 to 2004. However, it is important to note that this decrease is solely attributable to the precipitous decline in funding by the California Arts Council. Indeed, all other public funders increased funding during this time period. Private grantmakers cut funding to arts in Los Angeles County by 31% from 1998 to 2004. Overall, funding by both public grantmakers and private foundations decreased by 29% from 1998 to 2004.

Table 30. Grant Dollars Awarded to Arts in Los Angeles by Select Comparison Group, in 1998 Constant Dollars, and Percent Change, 1998-2004

	1998	2000	% Change	2002	% Change	2004	% Change	% change (1998-2004)
Public Grantmakers								
City of Los Angeles Dept. of Cultural Affairs	\$2,565,716	\$2,115,119	-17.56%	\$3,010,592	42.34%	\$2,769,878	-8.00%	7.96%
Los Angeles County Arts Commission	\$1,280,115	\$2,302,067	79.83%	\$2,060,378	-10.50%	\$2,118,396	2.82%	65.48%
National Endowment for the Arts	\$1,483,900	\$1,558,770	5.05%	\$2,275,021	45.95%	\$1,754,256	-22.89%	18.22%
City of Santa Monica Cultural Affairs Division	\$175,801	\$285,865	62.61%	\$342,826	19.93%	\$247,650	-27.76%	40.87%
California Arts Council	\$3,497,163	\$5,946,459	70.04%	\$3,397,042	-42.87%	\$201,166	-94.08%	-94.25%
City of West Hollywood	\$17,500	\$54,428	211.02%	\$45,303	-16.77%	\$50,911	12.38%	190.92%
Subtotal (All Public)	\$9,020,195	\$12,262,708	35.95%	\$11,131,162	-9.23%	\$7,142,257	-35.84%	-20.82%
Private Grantmakers								
Ahmanson Foundation	\$17,175,148	\$9,383,305	-0.4537	\$6,250,249	-0.3339	\$11,369,444	0.819	-0.338
James Irvine Foundation	\$1,468,000	\$1,703,833	0.1606	\$1,232,240	-0.2768	\$3,067,576	1.4894	1.0896
Getty Foundation	\$1,425,737	\$3,539,997	1.4829	\$2,932,188	-0.1717	\$2,727,728	-0.0697	0.9132
Ralph M. Parsons Foundation	\$4,733,700	\$2,518,113	-0.468	\$2,324,041	-0.0771	\$1,592,033	-0.315	-0.6637
Peter Norton Family Foundation	\$773,359	\$673,263	-0.1294	\$629,899	-0.0644	\$1,335,754	1.1206	0.7272
Weingart Foundation	\$588,000	\$534,814	-0.0905	\$7,482,180	12.9902	\$1,300,376	-0.8262	1.2115
California Community Foundation	\$634,000	\$377,136	-0.4051	\$236,126	-0.3739	\$1,294,336	4.4815	1.0415
W.M. Keck Foundation	\$6,450,000	\$1,372,532	-0.7872	\$1,857,421	0.3533	\$841,318	-0.5471	-0.8696
Kenneth & Eileen Norris Foundation	\$1,043,150	\$1,212,561	0.1624	\$977,638	-0.1937	\$775,997	-0.2063	-0.2561
Entertainment Industry Foundation	\$105,000	\$212,979	1.0284	\$986,245	3.6307	\$434,034	-0.5599	3.1337
Durfee Foundation	\$189,504	\$259,164	0.3676	\$267,934	0.0338	\$327,848	0.2236	0.73
Joseph Drown Foundation	\$120,000	\$146,719	0.2227	\$294,469	1.007	\$215,723	-0.2674	0.7977
Employees Community Fund of Boeing California	\$195,375	\$227,178	0.1628	\$242,099	0.0657	\$194,150	-0.1981	-0.0063
Flintridge Foundation	\$208,712	\$250,653	0.201	\$135,909	-0.4578	\$106,136	-0.2191	-0.4915
Nakamichi Foundation	\$163,941	\$43,893	-0.7323	\$53,457	0.2179	\$12,943	-0.7579	-0.9211
Plum Foundation/Maurice Amado Foundation	\$110,250	\$66,260	-0.399	\$21,292	-0.6787	\$8,629	-0.5947	-0.9217
Edison International Foundation	\$1,652,500	\$633,080	-0.6169	\$117,244	-0.8148	.	—	—
Subtotal	\$37,036,376	\$23,155,480	-37.48%	\$26,040,631	12.46%	\$25,604,025	-1.68%	-30.87%
Grand Total	\$46,056,571	\$35,418,188	-23.1%	\$37,171,793	4.95%	\$32,746,282	-11.91%	-28.9%

Among private funders, tables 29 and 30 show much variation over time. What stands out is the reduced engagement for eight of the private funders. Only the James Irvine

Foundation, the Durfee Foundation, the Weingart Foundation, the Peter Norton Family Foundation, the Entertainment Industry Foundation, the California Community Foundation, and the Joseph Drown Foundation have higher relative shares in 2004 than they did in 1998.

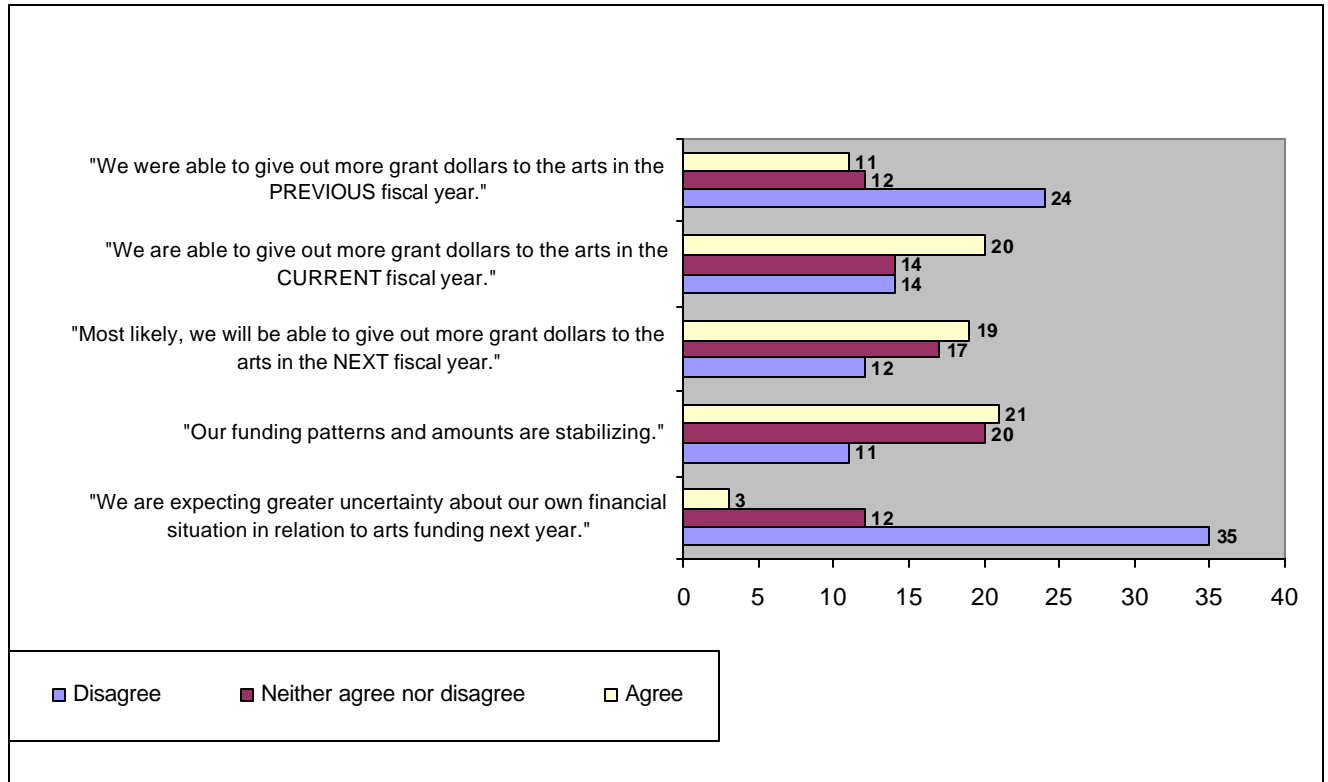
The tables also reveal the dominance of a few large funders. Among grantmakers in the select comparison group, the Ahmanson Foundation contributed the largest share of total grant dollars to the Los Angeles County arts in 1998, 2000, and 2004—at least a quarter of all grant dollars in these three years. In 2002, the share of grant dollars contributed by the Ahmanson Foundation was exceeded only by that of the Weingart Foundation, due to the Weingart Foundation’s large contribution to Disney Hall. Among public funders, The California Arts Council dominated in 1998 (8% of all dollars), 2000 (17% of all dollars), and 2002 (9% of all dollars). By 2004, however, this grantmaker was contributing less than 1% of all grant dollars.

What are the Issues?

In this section we will discuss the responses to a set of attitudinal questions covering the state of local arts and culture in Los Angeles. We have clustered these questions into five main themes: trends in funding; relationship with the state; attitudes towards grantees; views on 501(c)(3) structure; and the overall “art scene.”

The five questions in Figure 15 ask about how funders perceived their own financial situation. Therefore, we have grouped these five questions under what we refer to as “Funding Expectations.” In general, respondents feel confident about their financial situation, particularly for the current and next fiscal year. While the results by no means suggest an upcoming boom in arts spending, they do however indicate possible greater stability and an absence of great ‘ups and downs’ in funding patterns in the near future.

Figure 15. Funding Expectations, by Number of Respondents

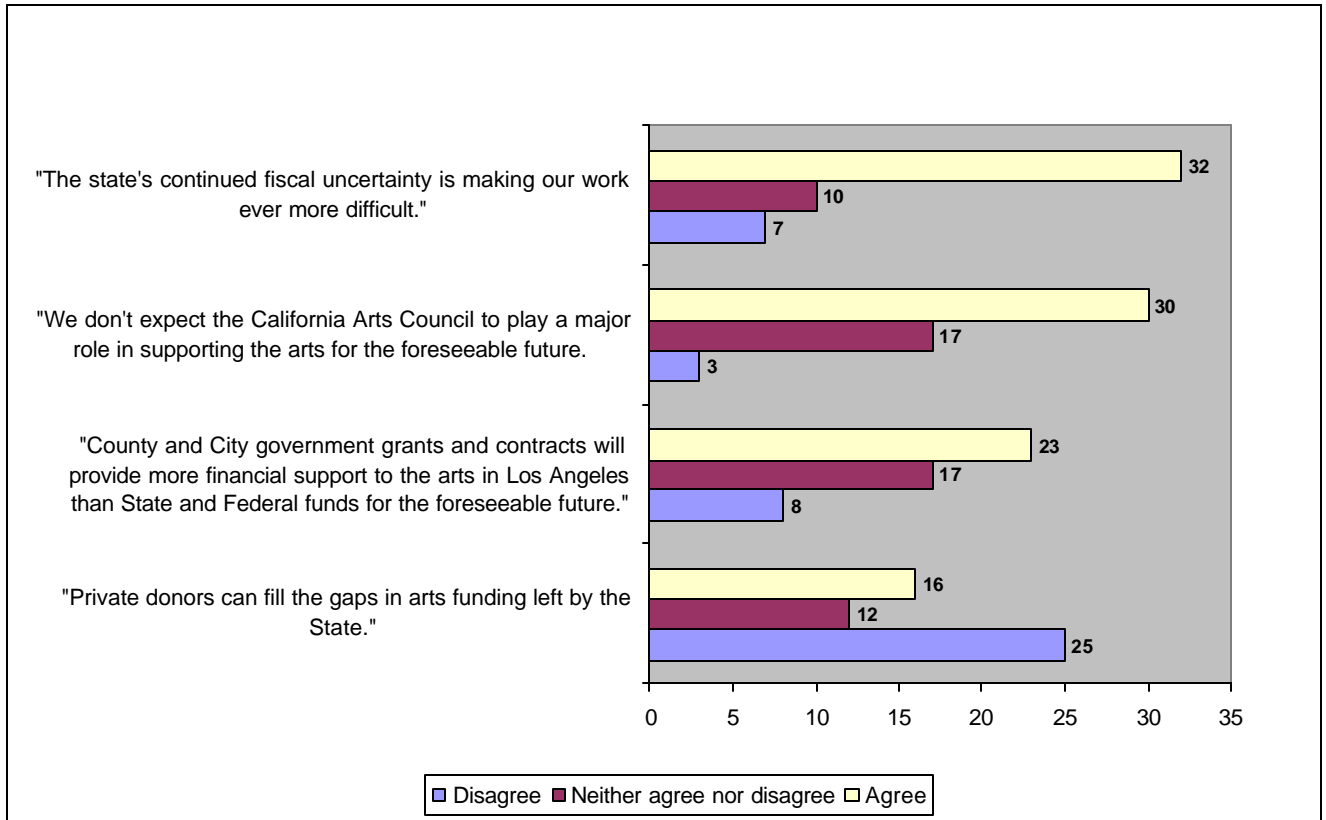


In Figure 16, responses reflect the uncertain nature of state funding for the arts. Almost all agree that the state's continued fiscal uncertainty is making their work more difficult. Similarly, almost all funders agree that the California Arts Council will not play a major role. Specifically, while not shown in Figure 16, we see that a larger majority of public versus private funders agree that county and city grants will provide more than state and federal funders. By contrast, a majority of private local funders disagree that private donors can fill in the gap of funding left by the state.

In a 2004 survey of Chicago arts and culture funders, the majority of respondents (52%) said that their arts and culture funding had increased during the past three years (compared to 51% of respondents in our survey who indicated that their funding had decreased in the previous fiscal year)⁴⁵. The Chicago funders also overwhelmingly (95%) stated that they expected arts and culture funding to increase or stay the same over the next three years, compared with only 40% of respondents in our survey who stated that they will likely be able to give out more grant dollars to the arts in the next fiscal year.

⁴⁵ The Chicago Community Trust. (2004) *Arts and Culture Funders Survey*, Chicago, IL. Available at: <http://www.cct.org/page28952.cfm>

Figure 16. Funder Relationship with State, by Number of Respondents



In Figure 17, responses illustrate funders' views about grant recipients. All respondents agree that they receive ever more high quality proposals that they are ultimately unable to fund *and* that there is no lack of high quality proposals to fund. Finally, a majority agrees that funding is focused too much on proven grantees.

Figure 17. Attitudes towards Grantees, by Number of Respondents

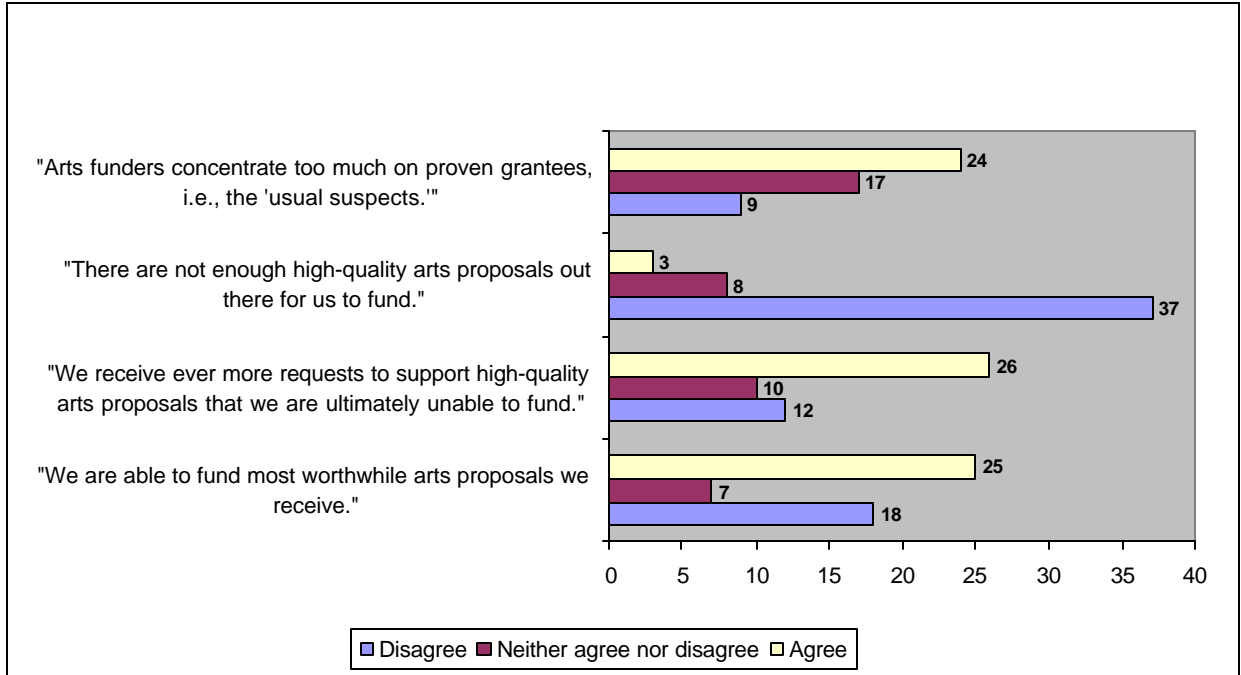
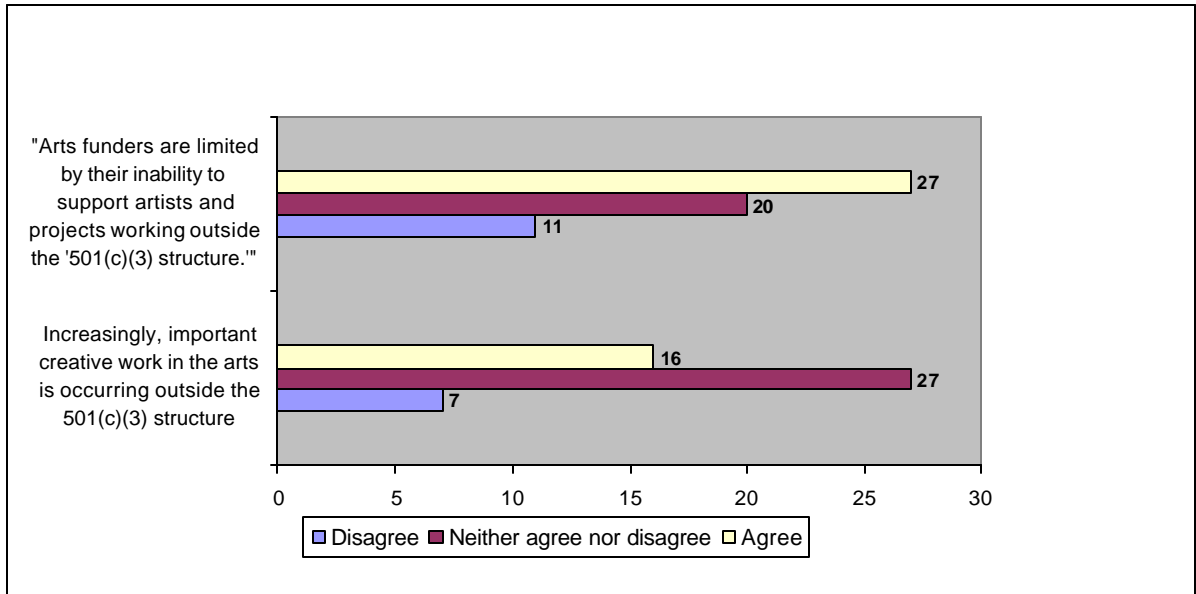


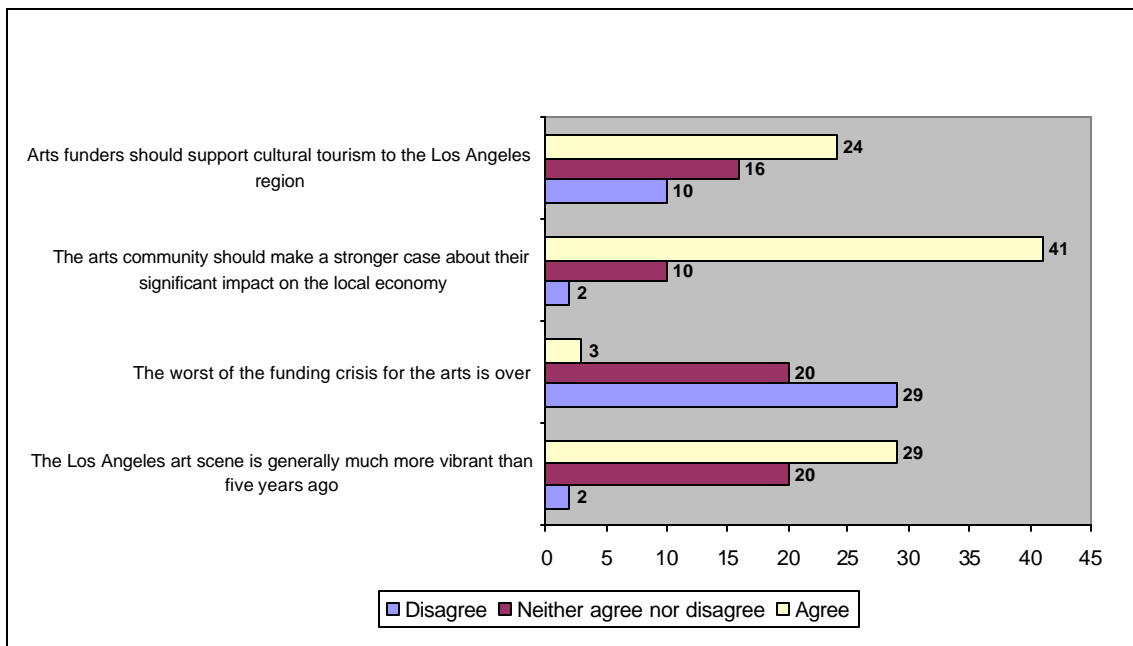
Figure 18 includes funders’ opinions about the relationship between creative work, arts programming and the 501(c)(3) structure. While some funders are neutral about the issue of work in the arts occurring outside the 501(c)(3) structure, over twice as many agree than disagree with the statement, “Arts funders are limited by their inability to support artists and projects working outside the ‘501(c)(3) structure.’” Indeed, we see the possibility of finding ways of funding artists directly through some charitable intermediary as a potential response of reaching outside the 501(c)(3) structure. We will return to this issue as part of our recommendations.

Figure 18. Views on 501(c)(3) Structure, by Number of Respondents



Finally, in Figure 19, responses offer insight into funders' views of the overall art scene. Nearly all funders agree that the LA art scene is much more vibrant than it was five years ago. Nearly all funders agree that the arts community should build greater arts advocacy efforts. On the topic of cultural tourism, the majority of private funders feel neutral about the issue, while public funders all agree that cultural tourism should be supported.

Figure 19. Assessment of Overall Art Scene, by Number of Respondents



Overall, the survey respondents are in agreement on most issues, particularly issues concerning the vibrancy of the LA art scene and the creativity of grantee organizations. Views on the financial crisis are more mixed. Indeed, most respondents disagree that the “worst of the funding crisis for the arts is over;” they feel that state and federal funding is unreliable, and also agree that they cannot rely on private donors to fill the gap in funding. Finally, while all respondents are optimistic about the development of LA’s art scene, they indicate that there are many more worthwhile proposals than they are ultimately able to support.

In addition to the opinion questions above, survey respondents were given an opportunity to answer a set of questions about their views on the future of the local arts and culture community. The following section summarizes their responses:

When asked what kinds of proposals funders would like to receive that have not crossed their desks, individual responses included:

- cooperative programs or partnerships between grantees
- youth programs and youth education
- community participation and community representation
- cultural diversity, including ethnic groups and people with disabilities
- emerging art forms and practices: dance literature, new technologies (blogs, web, etc.)

In terms of the issues, activities or fields not being addressed by the nonprofit arts community in Los Angeles County, individual responses included:

- leadership transition and succession planning
- artist housing and affordable workspace
- collaboration and partnerships (between grantees)
- youth programs and youth education
- literary art
- traditional or craft programs
- board recruitment and training for board members

In relation to issues, activities or fields not being addressed by arts funders, individual responses included:

- leadership transition and succession planning
- capital projects
- general operating support
- networking and collaboration
- artist residencies and international exchange
- marketing support
- individual artist support

When asked to identify major challenges they see for their own organization over the next three years in relation to arts funding, common responses included:

- funding stability
- infrastructure challenges from staff to boards
- lack of understanding
- challenge of funding in large and diverse cultural sector

Respondents were also asked to identify major challenges facing the arts and culture community in Los Angeles County. The most common responses were (in order):

- instability of funding
- public perception of the arts
- artists' workspace affordability
- youth involvement in the arts
- diversity

Several respondents pointed to a need for collaboration among local nonprofits as they also highlighted competition for funding and other resources. Respondents also mentioned the issue of leadership, referencing a lack of staff and board development by the nonprofit arts community and local funders. Issues of youth and diversity were also raised, as several responses alluded to the need for more youth programs and strategies to promote and enhance support for culturally diverse communities and programs.

Listening to Nonprofit Arts Organizations⁴⁶

A number of attitudinal questions in the 2004 survey allowed us to hear what Los Angeles County arts funders think about a range of important issues, from the funding environment to the respective roles of public and private funders. What do nonprofit arts organizations in Los Angeles County think about these issues? To find out, we conducted two focus groups with local nonprofit arts organizations in the spring of 2006: One with large organizations and another with midsize organizations. The central themes that emerged from the focus groups are highlighted below.

Access to Funding

One purpose of the focus groups was to get an idea of how grantees experience and manage a shifting funding environment—their challenges, opportunities, and coping strategies. A theme that emerged was the issue of access, with participants noting several factors that limit their ability to gain access to funding from public and private funders. For one, participants agreed that a scarce funding environment has increased competition for funding from public grantmakers and private foundations. One participant said, “Each proposal is more competitive. You may go from a pool of 10 to a pool of 100.” Also, according to participants, public grants have been decreasing in size and thus

⁴⁶ We attempted to assemble directors of arts organizations that reflect the perspectives of the Los Angeles nonprofit arts community. Even so, we must emphasize that the findings in this section are based on the opinions and experiences of focus group participants only, and do not necessarily represent the views of the Los Angeles arts community at large. Similarly, views expressed by focus group participants may or may not reflect patterns that emerge from the empirical data. Nonetheless, the focus group findings add richness to the report, as they capture an orientation that differs from that of the arts funders that were surveyed for this report.

relevance, and private foundations have become more selective in their giving. In terms of access, participants also noted that private foundations are difficult to penetrate, with access based on “who you know” rather than on an open application procedure. They pointed out that public funders offer a competitive and transparent process, read each proposal, and are more likely to fund smaller organizations than are private foundations. Additionally, participants reported that private foundations—even small family foundations—lack transparency, and as a result it is difficult to determine what they are looking for. Finally, participants mentioned that application procedures are increasingly complex, a trend that prohibits many smaller or midsize organizations, which may not have professional grantwriters, from accessing foundation dollars.

New Business Models

In response to shifts in public grantmaking and private foundation giving, focus group participants reported that they are experimenting with new business models. Some participants, for example, have focused on earned income. One participant is touring nationally and internationally, and is using the profits to help fund other programs. Another generates revenue from poster sales. Although such strategies help organizations weather shifts in institutional giving, they also bring about new challenges. For example, some participants observed that the diversification of revenue base away from foundation support redirects administrative staff time. For organizations with limited capacity, this can mean asking staff to give more of their time for no extra pay. Several participants also noted that they lack a background in business, and are therefore unsure of how to implement new business models.

Participants noted that they are also relying more on private donations from individuals. Organizations are placing more emphasis on market strategies such as “branding” to generate revenue from private donors. Participants agreed that private donations are attractive because they allow organizations to avoid the bureaucratic complexity associated with institutional giving and because donors can respond rapidly to a changing art field.

The Cultural Industry: An Untapped Local Resource

Participants observed a ‘disconnect’ between the local nonprofit arts community and the for-profit entertainment industry. They regarded the film industry as an untapped resource—a local economic machine that ‘takes ideas from the arts community but doesn’t give back.’ Participants recommended partnerships between private foundations, public funders, the business community (especially the film industry), and arts organizations as a way to network with the local film industry and bridge the gap.

The issues raised in the focus groups underscore many of the findings in this report. We find that almost half (45%) of local private foundations reported that they accept proposals by invitation only, reflecting the exclusive nature of private institutional giving in the Los Angeles area. From our focus group participants, we heard that even large, well-known arts organizations have difficulty accessing private foundations if they are not already in the “inner circle.” Meanwhile, smaller organizations feel that large

foundations are unlikely to read their proposals and that family foundations are difficult to penetrate due to a lack of transparency.

We also report that foundation funding has not kept pace with the growth of the local nonprofit arts sector, and that about half of local private and public funders agree with the statement, “We receive ever more requests to support high-quality arts proposals that we are ultimately unable to fund.” Arts organizations are coping with a shift in the availability of funding by exploring new business models and relying on earned income and individual donations.

Conclusion and Recommendations

In this report, we have presented a descriptive analysis of major facets of arts funding in Los Angeles. While this analysis yielded much information about arts funding, and how flows and patterns have changed over time, there is one key diagnosis and several clusters of findings that summarize and crystallize what can be learned from this study. The implications flowing from this report point to a number of recommendations that we will suggest in the final part of this section.

Key Diagnosis

Let’s recall the central finding: current and future public and private funding flows are unlikely to meet the financial needs of LA’s arts and culture nonprofit sector. Total public and private arts funding amounted to \$158 million in 2004/5. Expressed in constant dollars, these funding flows are about the same as they were in 2000, even though the nonprofit arts and culture sector has since expanded by 12%. Although there are indications that funding flows are stabilizing, they are unlikely to increase to levels that could sustain the resource requirements of LA’s growing nonprofit arts community.

The key insight that emerges from the study is that of a trilemma between growing needs for arts funding, stagnating financial support, and limited accessibility to available private sources. While funding remains constant in actual dollars, it is diminishing relative to the operating budgets of a growing nonprofit arts sector in Los Angeles County. Arts organizations are doing more with less. The summary of the key findings all point to this conclusion.

Other Key Findings

1. In terms of expenditure, the nonprofit arts and culture nonprofit sector in 2004 was significantly larger than in 1998. However, the larger nonprofit sector in Los Angeles has expanded even more in terms of numbers of organizations, revenues and expenditures throughout much of this period. This relatively higher growth applies to the cultural economy in general, too.

Why has the nonprofit arts and culture sector grown less than both the nonprofit sector and the cultural economy as a whole? While there are certainly several

reasons for this trend, a major one might well be the conventional business model of nonprofits that relies too much on increasingly scarce grant dollars and too little on exploiting opportunities for earned income as well as cultural entrepreneurship generally.

2. Between 2000 and 2004/5, the expansion of the arts and culture nonprofit sector coincided with significant fluctuations of public and private arts funding that amounted to a decline in the overall significance of these funds relative to the size of the sector. In response, other funding mechanisms, in particular individual donations and earned income, are becoming more important. Larger organizations are turning more to high net worth individuals and both larger and smaller arts nonprofits are seeking ways of achieving sustainability without continued foundation support. Of course, arts funding from foundations and public sources are still vital, however there are indications that arts and culture nonprofits are diversifying their revenue base away from foundation support.
3. Critically, the revenue structure of LA arts nonprofits, in the aggregate, differs from the national average in terms of a lower reliance on public funding. They receive lower contributions across all level of government: local, state and federal. Moreover, the collapse of state arts funding has increased pressure on local sources. Indeed, local public funders in the select comparison group were the only ones to report an increase in support for arts and culture between 1998 and 2004. Nonetheless, with significantly lower funding by the California Arts Council, overall public funding is 21% lower in 2004/5 than in 1998 and 36% lower than in 2002.
4. Funding patterns suggest disproportionate support of larger and more established organizations, a tendency much less pronounced for public funders. Public funders are more likely to support smaller and younger organizations; by contrast, foundations are more likely to fund older and larger arts nonprofits.

Arts funders reported support for a wide range of organizations, with arts education, museums and galleries, theater, and music being the most common. According to our survey, most arts funding is for specific projects and events (about 78%), and far less support seems available for general operating costs, endowment build-up, and capital campaigns (22%).

Total funding to individual artists was about \$4.5 million in 2004/5, with 1,000 grants. Whereas most public funders tend to support individual artists, only one in five among private funders do, suggesting for the latter a near exclusive reliance on nonprofit organizations as vehicles of supporting the arts.

5. Compared to other major cultural capitals in the country, LA's nonprofit arts and cultural sector stands out in terms of its more pronounced emphasis on three fields: film and video, media and communications, and cultural and ethnic awareness. They account for almost a quarter of all nonprofit arts expenditure in

LA, but receive about 12% in terms of grant dollars. By contrast, funding patterns suggest an emphasis on the performing arts and museums, which receive 70% of total arts funding.

6. The process of private arts funding in LA, in particular among local foundations, is less open to potential grantees than public funding. The application process has in some ways become more restrictive: half of private funders (versus one-third in 2002) say that they accept proposals by invitation only. At the same time, there is an increase in the accessibility of information and application material on the Internet. Likewise, the share of local private funders who are in favor of a common electronic application form increased from about one-third in 2002 to just under half in 2004/5.
7. As for the nonprofit sector as a whole, there is an absence of common forums that bring funders (both public and private) and representatives of grantees and grantee organizations together, including cross-sector forums for different parts of LA's cultural economy.

The analysis also brought up open questions. The major one concerns the \$71 million of local and non-local foundation arts funding, about which we know little, and which in the aggregate amounts to a sum exceeding the grant flows tracked in previous surveys, including funding provided by the select comparison group. We need to find out more about these foundations, their objectives and the organizations they support, and how these compare to what has been reported here for the select comparison group and other funders.

Other open questions are the role of LA's many ethnic cultural organizations, many tied to constituencies and art communities abroad (e.g., Philippines, Mexico, Korea, etc.); and related to this, the relative prominence of cultural and ethnic awareness organizations that are much more common in LA than in other major metropolitan areas. We need to know more about these organizations, their objectives and funding patterns.

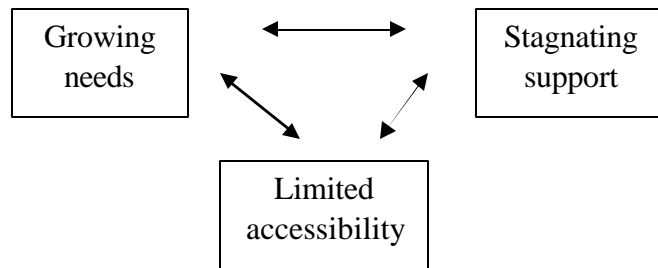
Recommendations

What recommendations flow from these findings and their implications? Previously, the 2004 Report Summary *Arts in the Balance* made a number of recommendations: the cultivation of new donors; encouraging public and private funders to communicate with each other, to conduct grantmaking in an accessible and systematic manner, and to be strategic in directing their support; nurturing small and midsize organizations; and developing and maintaining strong connections with the organizations and individuals of LA's arts community.

While building on those recommendations made two years ago, we take a different starting point. As a start, we assume that public and private funding flows are unlikely to meet the financial needs of LA's arts and culture nonprofit sector in the future, and ask: with arts funding either stagnating or continuing to decline relative to the overall scale of

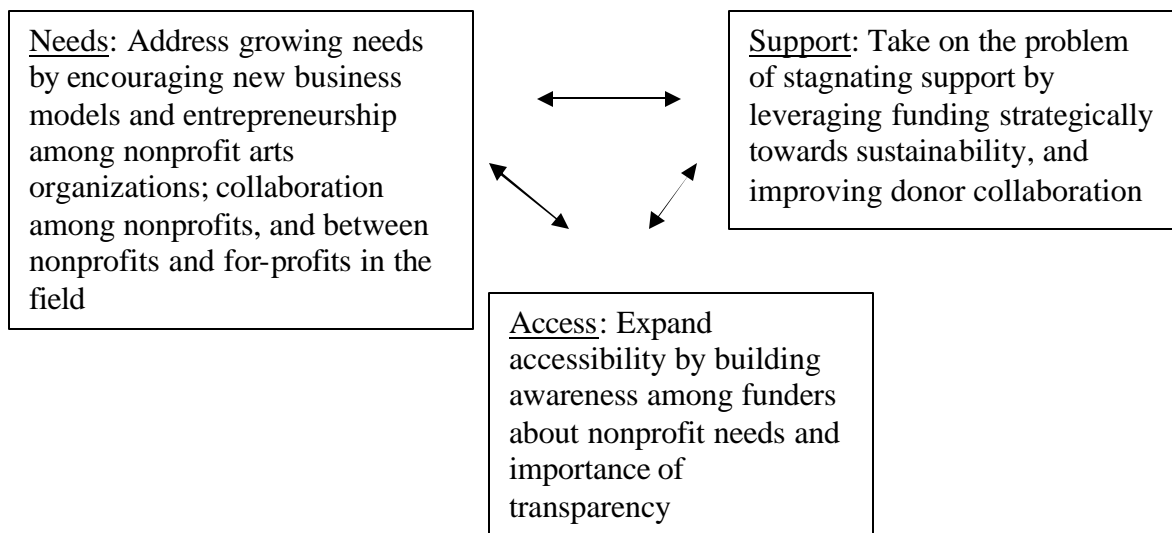
nonprofit arts and culture activities in the region, what could be done to address the trilemma many nonprofit arts organizations find themselves in (Figure 20)? Can arts funding help negotiate the triple challenge of growing needs, stagnating financial support, and limited accessibility? We suggest that the answer is affirmative, but arts funders must become more strategic and forward-looking in their grant-making.

Figure 20. The Nonprofit Arts Trilemma



Together, our recommendations imply first that private arts funders take steps towards increased accessibility to available sources of support (Figure 21). They should expand awareness and understanding about the needs of nonprofit arts organizations across the funding community. Second, funders should address the issue of stagnating support by working with the grantee community to find ways of leveraging philanthropic dollars strategically and with great effectiveness towards sustainability; better coordination among funders themselves is a prerequisite for this strategy to work. Third, funders should take on the issue of growing needs for support by encouraging new business models and entrepreneurship among nonprofit arts organizations. Funders should also encourage collaboration among nonprofits, including mergers, and between nonprofits and for-profits in the field, in particular the commercial entertainment industry.

Figure 21. Addressing the Nonprofit Arts Trilemma



Specifically, we add the following recommendations:

The cultivation of new donors remains relevant, but we suggest that the cultivation of existing private foundations appears as a more pressing task. In particular, there is a need to make the nearly 400 local and 400 non-local foundations that support arts and culture in LA a bigger part of the ‘funding community.’ Southern California Grantmakers could take on the role of reaching out to these foundations in particular.

We also agree that public and private funders should be encouraged to communicate with each other; while such communication seems to have improved among some (e.g., LA Arts Funders), it could still be strengthened and expanded to include others as well. At the same time we suggest that such a dialogue would be more fruitful in moving agendas forward if it were to include the arts and culture organizations themselves (specifically: grantees), including prominent artists, experts, and representatives of the cultural economy and the entertainment industry. Developing understandings and synergies across sectors is a critical task forward.

Indeed, developing and maintaining strong connections with the organizations and individuals of LA’s arts community, as the 2004 Report Summary recommended, should take on a decidedly cross-cutting and strategic approach of strengthening the connections nonprofit arts and cultural organizations have to the wider cultural economy, specifically the entertainment industry and the vast and expanding for-profit arts sector around it. Given the frequent call for new ‘nonprofit business models’ for local arts and cultural organizations, encouraging increased earned income and business-nonprofit partnerships through active networking emerges as critical task that funders could support.

Behind this push towards greater connectivity between for-profit and nonprofit art are funding models that move well beyond conventional grantmaking. Examples are program-related investments, funding individual artists to explore options for artistic/commercial endeavors in LA’s cultural economy, supporting partnerships and business-to-business relations among nonprofits and between for-profits and nonprofits. Given that current and future public and private funding is unlikely to meet the financial needs of LA’s arts and culture nonprofit sector, funding should be strategically directed to activities that move emerging and existing nonprofits to greater financial autonomy by encouraging cultural entrepreneurship.

Clearly, directing strategic support to cultural entrepreneurship and cross-sector approaches will not be the only way towards improved financial sustainability and continued cultural vitality of LA’s nonprofit arts and cultural community; however, we suggest that it will be a major step forward and, at the very least, increase options available to both funders and grantees.

Funding should be strategically directed to activities that move emerging and existing nonprofits to greater financial autonomy by encouraging ‘cultural entrepreneurship.’ It seems clear that nonprofit arts organizations need a new ‘business model’ to sustain themselves in the future. Such a model would move away from a reliance on private

grants and public subsidies and include a greater emphasis on business models and new practices for generating revenue.

Of course, not all arts nonprofits will be able to create these new models, but we can assume that the local arts and culture community harbors significant entrepreneurial talent. We encourage funders to revisit their funding patterns and explore how entrepreneurial approaches could be harvested and supported, and how organizational resources and capacities could be freed in order to achieve greater financial self-reliance. In other words, we anticipate a period of experimentation in business models for arts and culture in search of the creative, innovative, and sustainable arts organizations of the future.

In this respect, funders may revisit their funding patterns of midsize organizations with similar perspectives in mind. At present, midsize nonprofits tend to fall between a factual focus on small, new organizations on the one hand (primarily public agencies), and a pattern of supporting older, established ones on the other (primarily private foundations). Midsize organizations harbor significant potential for growth if more entrepreneurial approaches could be supported and capacities freed that encourage greater financial self-reliance. One option is for funders to consider the mix of core vs. project funding and ask, perhaps on a case by case basis, what balance of funding streams is likely to achieve results in terms of financial sustainability.

Few foundations fund individual artists, and virtually all rely on nonprofit organizations as vehicles, even mediators, to reach their key target audience. We suggest that foundations revisit this pattern and consider the funding of artists in more direct ways, also in an effort to free up entrepreneurial talent in LA's arts community. Several New York foundations have pooled resources and created a separate organization (i.e., United States Artists) for supporting individual artists with up to \$50,000 in unrestricted funds per year. A similar initiative tied to entrepreneurial development could make significant contributions to the artistic and economic vitality of LA's art community.

It is the pronounced presence of three rather loosely connected 'art worlds' that makes LA's arts and cultural sector so distinct. And it is also the weak nature of the links among them and the absence of systematic attempts to nurture them that accounts for one of the major deficits in the development of the local arts and culture scene generally. An increased focus on funding individual artists through innovative schemes that emphasize entrepreneurship is a way of bridging the gap between these art worlds.

Finally, we encourage funders and nonprofit arts organizations to widen the 'message' sent to policymakers and the general public about the importance of the arts. One part of the message (i.e., the economic importance of the arts) is already being made and could indeed be voiced even more confidently given the relative importance of nonprofits to the for-profit entertainment industry specifically and for cultural tourism generally. The search for new business models for arts organizations resonates well with economic rationale for arts funding. In a nutshell, that part of the message is 'art for our economy's sake.'

Final Report

The expanded message, however, would go beyond the economic rationale and emphasize the importance of intrinsic values that arise from having a vibrant arts and cultural sector. It would include the significant role that arts and cultural organizations play for the diverse communities of Los Angeles, and that make the region the ongoing cultural and social experiment others keenly write about. Having vibrant nonprofit arts and cultural organizations is an important way of giving voice to the increasing number of diverse communities across the region. Supporting the arts and culture sector thus becomes a way of creating and maintaining a wider sense of cohesion and achieving the social inclusion a community of diverse communities needs. The message is not ‘art for art’s sake’ but ‘art for our community’s sake.’

However, this part of the message implies a challenge, and requires arts funders and arts organizations to assume a more active role in voicing it. Indeed, in an era of continued funding uncertainty, we see the future of the region’s nonprofit art sector closely intertwined with its ability to advocate for its causes and needs, and to find voice for itself and for those it seeks to serve and represent. In sum, nonprofit arts organizations can and should be involved in advocacy and lobbying as a way to build strength not only in their own organizations but in the communities they serve as well.

Appendices

Arts Funders Survey

This survey was conducted between August 2005 and February 2006 of grants made in 2004. The sampling frame employed five criteria for identifying the set of organizations to be included in the survey⁴⁷:

1. all respondents to past surveys, including national and state public funders
2. private foundations based in LA County that made grants to recipients (organizations and individuals) located in the County;
3. private foundations located within LA County that made grants to recipients based outside of LA County;
4. private foundations located outside of LA County that made grants to recipients within LA County.
5. all incorporated cities within LA County with independent arts or cultural affairs departments (i.e., the City of Los Angeles Department of Cultural Affairs), in addition to LA County Arts Commission, the California Arts Council, and the National Endowment for the Arts.⁴⁸

These five criteria yielded a list of approximately 900 private and public funders. Respondents were given three options to complete our survey:

1. A hard copy of the survey sent via regular mail with prepaid return envelopes;
2. The survey sent as a PDF via email asking respondents to return the survey either by fax or mail;
3. An electronic version of the survey uploaded to a website (www.zoomerang.com) for respondents to complete and submit the survey online.

The initial round of surveys was sent to the list of 900 funders in August 2005. By October, due to a low response rate, we decided to limit the survey to *foundations that made at least two grants of \$25,000 or more in the past fiscal year*,⁴⁹ yielding a total sample of approximately 500 funders. Follow up postcards and emails were sent repeatedly to this revised list until February 2006.

⁴⁷ The sampling frame was created from foundations listed on Foundation Search (<http://www.foundationsearch.com>) for giving in the arts and culture field in 2003, the most comprehensive year available in terms of data coverage. This list was extracted from Foundation Search in July, 2005.

⁴⁸ There are nearly 90 independently incorporated cities within the County of Los Angeles; we enlisted the assistance of Dee McMillin of the City of Los Angeles Department of Cultural Affairs to help us identify cities with arts or cultural affairs departments. In addition, there are several unincorporated areas within the county, and administered by the County of Los Angeles, that are beyond the scope of this study.

⁴⁹ This selection criterion did not apply to public funders, given that there were less than 20 on our list; thus we included all public funders in our sampling frame.

Final Report

Of the 66 respondents, 22 had responded to the previous three surveys and 44 were new respondents in the sense that they replied to the 2004/5 wave only. A group of funders had responded to all three previous waves. However, for the current survey, we excluded three funders from this group: ASK Theater Projects; the Walt Disney Company; and the Times Mirror Foundation⁵⁰. What is more, five of the funders of this group did not respond to the 2004/5 wave and we used secondary data to compile basic information on their arts funding.⁵¹ Therefore, for the 2004 survey, the select comparison group consists of 27 funding organizations: 22 respondents and 5 nonrespondents.

⁵⁰ ASK Theater Projects, which had shut down operations, is no longer operating, and the Walt Disney Company and Times Mirror Foundation were excluded as nonrespondents.

⁵¹ The select comparison group's nonrespondents were: the California Arts Council, Edison International Foundation; National Endowment for the Arts; Nakamichi Foundation; and the Kenneth & Eileen Norris Foundation. We were able to gather data on their grantmaking activities for 2004/2005 through the Form 990-PFs for the three private foundations (Edison International Foundation, Nakamichi Foundation, and the Norris Foundation); and the respective websites for the California Arts Council (www.cac.ca.gov) and the National Endowment for the Arts (www.nea.gov).

Survey Form

The Grant Application Process

1. Do you accept proposals by invitation only? Yes No
2. Do you have printed guidelines? Yes No
3. Do you have printed application forms? Yes No
4. Do you have a website? Yes No
5. Can application forms be downloaded? Yes No
6. Can applications be submitted electronically? Yes No
7. Are you in favor of the use of a common electronic application form for grant seekers that can be tailored to your organization's interests? Yes No

Supporting Arts Organizations

8. What kind of support do you provide to arts organizations in the following arts and culture fields and areas?

Please check (✓ or X) all that apply, keeping in mind that the information requested is for giving to organizations only. We will ask about support for individual artists separately. Please note that grants can cover multiple fields and can include multiple forms of support, in which case you would check all that apply. You will also note that once completed the table below will indicate the support portfolio your organization provides in the field of arts and culture.

Do you support the following kinds of art organizations:

Arts education, arts policy and advocacy, dance, design/architecture, film/media, folk and traditional arts, historic preservation, humanities, literature, multidisciplinary/multi-genres, museums/galleries/visual arts, music, theater, other (specify)

For each type of organization that you support, do you do so by giving and providing the following:

General operating costs (core costs), Specific project/event support, General endowment support, General capital support, Specific capital campaign support, technical assistance, internships, other (specify)

Supporting Individual Artists

9. Do you support individual artists? Yes No
10. If yes, which of the following artistic fields and areas do you support, and what kind of support do you provide to individual artists?

Please check all that apply. Note that grants to individual artists can cover multiple fields and can include multiple forms of support, in which case you would check all that apply. You will also note that once completed the table below will indicate the support portfolio your organization provides to individual artists.

Is support given to artists in these individual fields:

Dance, Design/Architecture, Film/Media, Folk and traditional arts, Literature, Multidisciplinary/multi-genres, Music, Theater, Visual Arts, Other (please specify)

For each type, is it supported by giving and providing the following:

Final Report

General cost of living support or unrestricted support, commissions/commissioning, specific project/event support, prizes/awards, master/apprenticeship programs, technical assistance, residencies/studio and exhibitions space, other financial (please specify), other in-kind support (please specify)

11. If you support individual artists, what was the approximate range of grants made? From \$ _____ to \$ _____ Average grant amount \$ _____

Supporting Arts Education

12. If you support arts education (see Question 1), at what kinds of organizations do you direct your funding? (Please check all that apply).

- We do not fund arts education.
- Nonprofit arts organizations.
- Public schools.
- Private schools.
- Public colleges, universities.
- Private colleges, universities.
- Community centers.
- Other (please specify)
- N/A.

13. If you support arts education, what are the specific target groups you fund? (Please check all that apply)

- We do not fund arts education.
- Pre-K.
- Elementary.
- Adolescent, pre-teen.
- High school.
- College.
- Non-student adult.
- Families generally.
- Senior citizens.
- People living in low-income neighborhoods.
- People of a specific ethnic background.
- People with disabilities.
- Other (please specify): _____.

14. If you support arts education, do your grants for activities that take place in schools during school days require matching funds from the school in which the funded program is implemented?

- Not Applicable.
- Yes, in all or most cases.
- Yes, in some cases.
- No.

15. If you support arts education, do you require that the arts education programs you fund meet the Visual and Performing Arts Content Standards for California Public Schools, as adopted by the California State Board of Education?

- Not Applicable.
- Yes, in all or most cases.
- Yes, in some cases.
- No.

For our analysis of arts funding in LA County, it is very important to get a better understanding of what kinds of organizations and grantees are funded. For this purpose, please attach a grants list, with grantees and grant amounts, from your most recently completed fiscal year. Of course, we will treat this list confidentially.

Supporting the Arts in Los Angeles County vs. Overall Giving

16. Please complete this table which asks about your support to the arts in Los Angeles County in relation to your overall giving. Information should refer to the last completed fiscal year, which in your case would be: _____

(We requested information on total giving, the number of grants funded, and the number of applications received)

- What was your total giving (in \$1,000's); number of grants funded; and number of applications received in all categories combined? (this includes all grants in all fields, including the arts):

Final Report

- Of that sum, what was the total of giving (in \$1,000's); number of grants funded; and number of applications received to the arts? (this includes all types of support to the arts nationally):
- Of that sum, was the total arts giving in LA County? (this includes all types of support to the arts programs, activities, and artists in LA County) (state the total giving in \$1,000's; number of grants funded; and number of applications received):
- Of that sum, how much was directed toward capital projects for the arts in LA County? (capital projects include funds for buildings, endowments, acquisitions, and other non-operating support) (state the total giving in \$1,000's; number of grants funded; and number of applications received):
- What was your total giving to arts education nationally? (this includes all types of support to the arts education nationally) (state the total giving in \$1,000's; number of grants funded; and number of applications received):
- Of that sum, what was to total giving for arts education in LA County? (this includes all types of support for arts education locally within LA County) (state the total giving in \$1,000's; number of grants funded; and number of applications received):
- What was your total giving to individual artists nationally? (this includes all types of support to individual artists nationally) (state the total giving in \$1,000's; number of grants funded; and number of applications received):
- Of that sum, what was to total giving to individual artists in LA County? (this includes all types of support for individual artists locally within LA County)(state the total giving in \$1,000's; number of grants funded; and number of applications received):

Your Thoughts about the State of Arts and Culture Funding

17. To what extent do you agree with the following statements in relation to your arts funding? (Please circle the number that comes closest to your opinion) 1-Fully Disagree, 2-Disagree Somewhat, 3-Neither agree nor Disagree, 4-Agree Somewhat, 5-Fully Agree, N/A

- a. We were able to give out more grant dollars to the arts in the *previous* fiscal year.
- b. We are able to give out more grant dollars to the arts in the *current* fiscal year.
- c. Most likely, we will be able to give out more grant dollars to the arts in the *next* fiscal year.
- d. Our funding patterns and amounts are stabilizing.
- e. We are expecting greater uncertainty about our own financial situation in relation to arts funding next year.
- f. We are able to fund most worthwhile arts proposals we receive.
- g. We receive ever more requests to support high-quality proposals that we are ultimately unable to fund.
- h. There are not enough high-quality arts proposals out there for us to fund.
- i. Arts funders concentrate too much on proven grantees, i.e., the 'usual suspects.'
- j. Increasingly, important creative work in the arts is occurring outside the '501(c)(3) structure'.
- k. Arts funders are limited by their inability to support artists and projects working outside the '501(c)(3) structure'.
- l. The State's continued fiscal uncertainty is making our work ever more difficult.

Final Report

- m. We don't expect the California Arts Council to play a major role in supporting the arts for the foreseeable future.
 - n. County and City government grants and contracts will provide more financial support to the arts in Los Angeles than State and Federal funds for the foreseeable future.
 - o. Private donors can fill the gaps in arts funding left by the State.
 - p. The LA art scene is generally much more vibrant than five years ago.
 - q. The worst of the funding crisis for the arts is over.
 - r. The arts community should make a stronger case about their significant impact on the local economy.
 - s. Arts funders should support cultural tourism to the Los Angeles region.
18. Assuming a prospective grantee organization received funding from a governmental arts agency (Federal, State or local), would this influence your own decision to support that organization? Yes, we would be *more likely to fund* the organization. Yes, we would be *less likely to fund* the organization. No, we would be *neutral* about this aspect
19. What kinds of proposals would you like to receive that have not crossed your desk? What would be the topics, subjects or other key aspects of such proposals you would like to support? (*List up to three*):
20. Similarly, what issues, activities or fields do you see that are not being addressed by the nonprofit arts community in Los Angeles County? (*List up to three*):
21. What issues, activities or fields are not being addressed by arts funders? (*List up to three*):
22. In your opinion, what are the three major challenges you see for your own organization over the next three years in relation to arts funding?
23. What do you see as the three major challenges facing the arts and culture community in Los Angeles County?
24. Are there other aspects to which you would like to draw our attention, or are there any comments you would like to add? *If so, please state them here:*

Just a reminder: Please attach a grants list, with grantees and grant amounts, from your most recently completed fiscal year.

Focus Group Question Set

The following question set was sent to participants of the focus groups that met on May 17, 2006 and June 7, 2006:

1. Our initial results indicate that overall giving to arts organizations in Los Angeles County has been unstable and not keeping pace with the growth of the nonprofit arts community.
 - The data suggest increased competition and cost pressures. How do organizations cope with such a situation?
 - Are organizations cutting costs, and if so, how / what items?

Final Report

- Are organizations increasing other revenue streams?
 - How can arts organizations be sustained in the future? What models and approaches are being discussed, developed, and implemented?
 - What about ‘cultural entrepreneurship’?
 - Are there success stories (and failures) we could learn from?
2. Among the select comparison group, the top five funders (Ahmanson Foundation, Irvine Foundation, Los Angeles County Arts Commission; City of Los Angeles Cultural Affairs Department, and the Getty) account for about 65% of the grant dollars awarded in 2004, suggesting a very concentrated field (64% in 2000, although the composition was different).
- Is the high concentration a ‘problem’ for arts organizations?
 - Are there significant differences in approaching / dealing with the top funders?
 - What is the ‘message’ you would like funders to hear?
 - How could arts funding become more diversified?

The list of top funders includes a mix of private and public funding.

- Do you think that private and public funders are distinct in their funding policies and practices?
 - Do you sense that some form of a ‘public-private partnership’ exists for supporting the arts in LA County?
 - Do you think that private and public funders work together sufficiently to strengthen the overall funding situation for LA arts organizations?
 - What form could such a partnership or alliance take?
3. Our data (based on 65 questionnaires received) show that 45% of private local arts funders (as opposed to 13% of funders located outside LA County) accept proposals by invitation only, which suggests that the pool of ‘free money’ available from local may be severely limited.
- Do you experience such limitations and ‘patterns of exclusivity’ in your own fund-raising?
 - Why would LA Country funders (private foundations) be so different from other parts of the country?
 - What are the pluses and minuses of having a large share of funders accepting proposals by invitation only?

Only about 1 in 5 of arts funders surveyed disagreed with the following statement: “arts funders concentrate too much on proven grantees, i.e., the ‘usual suspects’.”

- What do you think about this result from a grantee’s perspective?

Final Report

- To what extent does organizational size factor in? Is it more difficult for smaller organizations to get funded than for medium-sized and larger ones?
 - Should funders ‘open up’ more, and if so, how and in what way?
4. About 60% of the local arts funders surveyed feel that the LA arts scene is generally more vibrant than 5 years ago; about the same portion thinks that the worst of the funding crisis of the arts is not over yet; and three-quarters want the arts community to make a stronger case about their impact on the local economy.
- Would you agree or disagree with these statements and the overall assessment they seem to suggest?
 - What do you think about the ‘message’ these three statements are making from a grantee perspective?
5. The 2004 Report *Arts in the Balance* made a number of recommendations. Among them were: the cultivation of new donors; encouraging public and private funders to communicate with each other, to conduct grant-making in an accessible and systematic manner, and to be strategic in directing their support; nurturing small and mid-sized organizations; and developing and maintaining strong connections with the organizations and individuals of LA’s arts community.
- Looking back, what progress has been made on these recommendations? Which ones, and in what way?
 - Are these recommendations still relevant? What could be done to promote / implement them?
 - If you had to come up with three recommendations yourself, what would they be?

Finally, in terms of policy implications and future developments in LA’s arts community, what are some of the emerging issues that we should take into account in writing the report?

Grantee Data

For the grantee analysis, we used grantee lists and information available from Foundation Search, Guidestar and other relevant sources. This resulted in a list of 463 organizations that received a total of 1,112 qualifying grants from 59 of the 66 funders that responded to the survey. In cases where respondents did not provide grantee lists, or provided grantee lists inconsistent with what was listed in their Form 990-PFs, we chose to use the information field with the Internal Revenue Service. Some of the lists provided by the funders contained grants that did not qualify for our study and were subsequently removed from the list. Once the list of organizations and grants was completed, we used the organizations’ Employee Identification Numbers (EIN) to extract organizational data from the 2003 IRS Core and Business Master Files (BMF). For those organizations not

Final Report

found in the Core or BMF, we extracted as much data as possible from Guidestar (mainly Form 990s).

We were unable to find detailed financial data for a number of organizations with annual revenue below \$25,000 (as they were not required to fill out a Form 990). To determine revenue and expense data for these organizations, we used the value of the grant(s) they received from the foundations captured in our survey. Those organizations without completed Form 990s do not have National Taxonomy of Exempt Entities (NTEE) codes, other organizational classifications, or data on assets and liabilities. We could not find rule dates for five organizations, and thus could not determine their age.

There were also instances where we were unable to match recipient names with an EIN, and therefore could not include them in our dataset. Many of these organizations fell outside of the parameters for qualification (e.g., public agencies such as city libraries).

Table A. Recipient Organizations, by NTEE-CC Classification Code

NTEE-CC Code	Classification	Frequency	Percent
Missing Data		25	5.40%
A	Arts, Culture, and Humanities		
A01	Alliances and Advocacy	1	0.22%
A03	Professional Societies and Associations	1	0.22%
A05	Research Institutes & Public Policy Analysis	1	0.22%
A11	Single Organization Support	11	2.38%
A12	Fund Raising and Fund Distribution	2	0.43%
A19	Support NEC	3	0.65%
A20	Arts and Culture	11	2.38%
A23	Cultural and Ethnic Awareness	12	2.59%
A24	Folk Arts	3	0.65%
A25	Arts Education ⁵²	11	2.38%
A26	Arts & Humanities Councils & Agencies	7	1.51%
A31	Film & Video	9	1.94%
A32	Television	2	0.43%
A33	Printing & Publishing	3	0.65%
A34	Radio	2	0.43%
A40	Visual Arts	6	1.30%
A50	Museums	4	0.86%
A51	Art Museums	7	1.51%
A52	Children's Museums	3	0.65%
A53	???	3	0.65%
A54	History Museums	6	1.30%

⁵² The City of Los Angeles Department of Cultural Affairs does not have an organizational grant category for arts education specifically. This may help to explain the small number of grants in our sample given to arts education.

Final Report

A56	Natural History & Natural Science Museums	1	0.22%
A57	Science & Technology Museums	1	0.22%
A60	Performing Arts	13	2.81%
A61	Performing Arts Centers	5	1.08%
A62	Dance	20	4.32%
A63	Ballet	4	0.86%
A65	Theater	65	14.04%
A68	Music	13	2.81%
A69	Symphony Orchestras	19	4.10%
A6A	Opera	7	1.51%
A6B	Singing and Choral Groups	11	2.38%
A6C	Bands & Ensembles	4	0.86%
A6E	Performing Arts Schools	7	1.51%
A70	Humanities	1	0.22%
A80	Historical Organizations	9	1.94%
A84	Commemorative Events	1	0.22%
A90	Arts Services	2	0.43%
A99	Arts, Culture, and Humanities NEC	30	6.48%
Subtotal		321	69.33%
B	Education		
B01	Alliances & Advocacy	1	0.22%
B05	Research Institutes & Public Policy Analysis	1	0.22%
B11	Single Organization Support	11	2.38%
B20	Elementary & Secondary Schools	1	0.22%
B24	Primary & Elementary Schools	1	0.22%
B28	Special Education	1	0.22%
B30	Vocational & Technical Schools	2	0.43%
B40	Higher Education	3	0.65%
B42	Undergraduate Colleges	2	0.43%
B43	Universities	2	0.43%
B70	Libraries	3	0.65%
B80	Student Services	1	0.22%
B82	Scholarships & Student Financial Aid	1	0.22%
B90	Educational Services	1	0.22%
B99	Education NEC	7	1.51%
Subtotal		38	8.21%
C	Environment		
C30	Natural Resources Conservation & Protection	2	0.43%
E	Health Care		
E24	Specialty Hospitals	1	0.22%
E99	Health Care NEC	1	0.22%
Subtotal		2	0.43%
F	Mental Health & Crisis Intervention		
F80	Mental Health Associations	1	0.22%
I	Crime & Legal-Related		

Final Report

I99	Crime & Legal-Related NEC	2	0.43%
J	Employment		
J20	Employment Preparation & Procurement	1	0.22%
L	Housing & Shelter		
L20	Housing Development, Construction, & Management	2	0.43%
N	Recreation & Sports		
N31	Community Recreational Centers	1	0.22%
N52	Fairs	2	0.43%
Subtotal		3	0.65%
O	Youth Development		
O20	Youth Centers & Clubs	1	0.22%
O23	Boys & Girls Clubs	2	0.43%
O33		1	0.22%
O40	Scouting Organizations	3	0.65%
O50	Youth Development Programs	2	0.43%
O53	Youth Development—Business	1	0.22%
O99	Youth Development NEC	1	0.22%
Subtotal		11	2.38%
P	Human Services		
P12	Fund Raising and Fund Distribution	1	0.22%
P20	Human Services	3	0.65%
P30	Children & Youth Services	1	0.22%
P33	Child Day Care	1	0.22%
P43	Family Violence Shelters	1	0.22%
P60	Emergency Assistance	1	0.22%
P80	Centers to Support the Independence of Specific Populations	3	0.65%
P82	Developmentally Disabled Centers	2	0.43%
P84	Ethnic & Immigration Centers	3	0.65%
P85	Homeless Centers	1	0.22%
P99	Human Services NEC	2	0.43%
Subtotal		19	4.10%
Q	International, Foreign Affairs & National Security		
Q01	Alliances and Advocacy	1	0.22%
Q20	Promotion of International Understanding	2	0.43%
Subtotal		3	0.65%
R	Civil Rights, Social Action & Advocacy		
R26	Lesbian & Gay Rights	1	0.22%
R30	Intergroup & Race Relations	1	0.22%
Subtotal		2	0.43%
S	Community Improvement & Capacity Building		
S20	Community & Neighborhood Development	1	0.22%
S50	Nonprofit Management	2	0.43%

Final Report

S80	Community Service Clubs	1	0.22%
S99	Community Improvement & Capacity Building NEC	3	0.65%
Subtotal		7	1.51%
T	Philanthropy, Voluntarism & Grantmaking Foundations		
T11	Single Organization Support	1	0.22%
T22	Private Independent Foundations	1	0.22%
T30	Public Foundations	1	0.22%
T31	Community Foundations	1	0.22%
T70	Federated Giving Programs	1	0.22%
T99	Philanthropy, Voluntarism & Grantmaking Foundations NEC	3	0.65%
Subtotal		8	1.73%
U	Science & Technology		
U21	Marine Science & Oceanography	1	0.22%
V	Social Science		
V20	Social Science	1	0.22%
V24	Political Science	1	0.22%
V31	Black Studies	1	0.22%
V35	International Studies	1	0.22%
Subtotal		4	0.86%
X	Religious-Related		
X20	Christianity	1	0.22%
X30	Judaism	1	0.22%
X82	Religious Television	1	0.22%
X99	Religious-Related NEC	1	0.22%
Subtotal		4	0.86%
Z	Unknown		
Z99	Unknown	7	1.51%
Total		463	100%