

**Mapping Foundation Engagement:
Music Philanthropy in New York City
A Case Study**

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2008

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Executive Summary

The Study

Between the 1980s and 2005 the number of American foundations skyrocketed from 22,000 to over 70,000, growth that was particularly pronounced in New York. This study examines funding by 1,231 New York City foundations, both large and small, for local music initiatives between 1985 and 2005, providing a window onto the evolving roles of one city's grantmaking community.

Collectively, these institutions contributed more than \$1 billion (in inflation-adjusted dollars) for music initiatives, including an accelerating number of million dollar grants. Most of the foundations in this study were founded after 1990, and while most were small, they were increasingly important to music initiatives in the city. Indeed, our data underscore the fact that asset size is not a reliable measure of a grantmaker's contributions to the local community

For example, in 2004, 43% of New York City foundation dollars contributed for local music initiatives came from foundations with assets of \$100 million or less, and 21% of that was given by the smallest grantmakers, with less than \$20 million in assets. By contrast, 19% of the funds were donated by mid-sized foundations with \$100 million to \$500 million in assets, and 36% by foundations capitalized at \$500 million or more.

A Foundation Typology

Far more needs to be known about the ways in which a wide array of foundations interacts with their communities and on the national stage. We also need to refocus discussions about the role of foundations in American life to include the sprawling universe of new and smaller foundations in more sophisticated ways.

As a first step in that direction, our research revealed a local typology of foundation activity.

National Donors: The Big Foundations

Staffing was often a key determinant of how widely these foundations spread their generosity, and how intricately they crafted their grants. Backed by sizable professional staffs, the city's biggest foundations generally emphasized national and international, rather than purely local agendas. Although many donated significant sums to institutions such as Lincoln Center and the Brooklyn Academy of Music, the bulk of their funding was earmarked for research, capacity building, new models, new works and new actors via national programmatic initiatives.

Rather than ongoing sources of local operating support, these grantmakers were agents of change and catalysts for new ideas and techniques.

Civic Leaders: Mid-Sized Foundations

While the big foundations looked to the nation as a whole, mid-sized foundations (with assets in the \$100 million to \$500 million range) had a strong focus on New York City. Backed by more modest professional staffs, they offered both project and operating grants, and were the most likely to fund the city's small and mid-sized nonprofits. They left a significant imprint on the local cultural sphere. For example, the Aaron Diamond Foundation helped to leverage millions of dollars in additional funding for a more comprehensive arts curriculum in New York's public schools, and the Mary Cary Flagler Charitable Trust and the Fan Fox and Leslie R. Samuels Foundation played a vitally important roles in funding the small and mid-sized music nonprofits that add to the city's diversity and creativity. Mid-sized foundations also figured prominently in showcasing new works.

Loyal Patrons: Smaller Foundations

Foundations with assets of less than \$100 million provided operating, capital and endowment support to local institutions on an ongoing basis, cutting checks that reflected their donors' personal interests. Many were also run by donors, their families and advisors, rather than professional staffs. Jazz at Lincoln Center's Rose Hall and the renovations at Alice Tully Hall exemplify the important contributions of small foundations to the city's major music venues.

Moreover, even the smallest grantmakers were often extremely generous, providing sums that far exceeded the levels that their limited assets might suggest: 95% of the music grantmakers with assets of under \$20 million paid out far more than five percent of their assets in grants in 1997, and 84% in 2004, despite the lingering post-9/11 recession.

Thus, in addition to their deceptively modest endowments, many small New York foundations were pass-through organizations or holding bins for year-end, practices that may be jeopardized by the recent economic downturn and the reorganization of Wall Street.

Other Notable Findings

One of the most surprising findings of this study was that music grants from New York City foundations peaked after the terrorist attacks of September 11th, as revenues from every other income stream plummeted. Because foundations are required to pay out at least 5% of their asset base each year, and because they generally outlive their donors, they can provide insurance for the future and a margin of ease in times of need.

Another striking finding was the unusually high mortality rate among the city's most generous mid-sized music donors, which may have significant consequences for the city's small and mid-sized nonprofits.

This is particularly important given the looming deficits and the worsening economic situation, since these fragile music groups may be further imperiled as the full implications of the country's financial situation hit home. Wall Street's woes do not bode well for the development of new and pass-through foundations, at least in the short-term.

If so, finding a way to ensure that the city's music organizations will continue to flourish and perform will be an ongoing challenge, inevitably raising hard questions about the long-term sustainability of New York's teeming cultural nonprofit universe in its present form.

The implications of the seeding of the new generation of grantmakers are just beginning to be felt, and the full measure of their potential may not become clear until their donors' deaths, when the decisions about whether to staff professionally or go out of business often come to a head. How many of these small donors will survive and eventually fill the gaps left by the departures of some of the city's most influential music grantmakers remains to be seen.

Mapping Foundation Engagement: Music Philanthropy in New York City A Case Study

I. Introduction

On September 25, 2006 opera went up in lights in Times Square. Anthony Minghella's new opening night production of *Madame Butterfly* was a stunning success, as tourists and New Yorkers jostled for seats in one of the city's busiest intersections. Certainly, not every opera production is a sellout success – far from it – but the airing in Times Square emphasized the central role that music organizations play in the city's public life, and its reputation both at home and overseas. Like the opera performances in the city's parks each summer, the Times Square production of *Madame Butterfly* proclaimed to the world that musical creativity, broadly defined, is one of the things that make New York what it is.

The performance also underscored the vibrancy of New York's cultural landscape. Music organizations and other arts nonprofits are a vitally important part of New York City's identity and its economy. They celebrate the city's creativity and its diversity. After September 11th, they helped its citizens to grieve, and to heal. They also play important economic roles. In 2005 the city's cultural nonprofits accounted for an estimated \$5.8 billion in tourism expenditures. The sector provides 40,000 jobs and \$170 million in tax revenues. The music and arts help to lure and retain a vibrant workforce as well, ranking just below job considerations in newcomers' reasons for relocating to New York.¹

Despite their importance, arts organizations have had a rocky time over the past two decades. Funding for both from government sources has been in decline. Overall, funds from the NEA dropped by 40% between 1989 and 1996 alone, plummeting from \$169 million to \$99 million. New York City's arts groups — including music organizations— were hit hard by the cutbacks. Between 1982 and

¹ Mayor Bloomberg estimated the city's additional income from a single artistic event, Christo's Gates in Central Park, at \$250 million. "Arts as an Industry: Their Economic Impact on New York City and New York State" (New York: Alliance for the Arts, 2007): 24. Louis Harris and Associates, Inc., "Why People Move To and Away from New York City," Study No. 192034 (New York, 1993), cited in "The Arts as an Industry: Their Economic Importance to the New York- New Jersey Metropolitan Region," (New York: Alliance for the Arts, 1993): 9; Mayor Bloomberg quoted in "Transcript of Creative New York Conference, April 4, 2006" (New York: Center for an Urban Future, 2006): 3. See also, the Port Authority of NY & NJ and Alliance for the Arts, "The Arts as an Industry; "The Economic Impact of the Arts on New York City and New York State," (New York: Alliance for the Arts, 1997): 4.

2004, federal funding for the city's arts organizations declined from 10% to 2% of their income.²

State and city funding declined as well. The budget of the New York State Council on the Arts (NYSCA) fluctuated considerably, falling from a high of \$59.1 million in 1989 to \$42.7 million in 2006. Funding from the city's Department of Cultural Affairs (DCA) followed suit, particularly after September 11th, when deep cuts were made as part of a city-wide effort to reduce expenditures during the recession that followed the terrorist attacks. DCA funding lagged well behind the city's economic recovery, with continuing cuts in 2005 despite substantial municipal surpluses, a situation that was finally reversed with substantial increases in 2007.³

New York's real estate values have soared in recent years, raising rents on office and performance spaces, while corporate donors – once a major source of operating and project support – increasingly focused their attention on the bottom line. For musical venues, subscription sales began to drop as loyal audiences aged, and the baby boomers failed to replenish their ranks.

In the face of these challenges, the support for music and the arts by private foundations and donors has become all the more important. All signs suggest that the investments of government are not likely to increase in any substantial way. So what about private philanthropy? This paper examines the role of local foundations in supporting music in New York City. Our interest is in both how grant makers interact with performance groups and venues and support organizations in their own communities and, even more, how grant-making around music in New York City provides a lens on trends in philanthropy more generally.

Between the 1980s and today, some of the largest and most important music donors began phasing out their programs of support, trends that may have profound implications for the city's music organizations. At the same time, many groups were forced to cut into endowments, and to search for new ways to increase audiences amid growing competition from new technologies that enable consumers to download music gratis from the web. Some nonprofit representatives have described the combination of 9/11 and increasing technological competition as a "double whammy," cutting into budgets and audience development simultaneously.

Organizations that concentrate on older, European art forms such as Bellini operas or medieval polyphony are also challenged by the city's changing demographics.

² "Arts as an Industry" (2007): 36.

³ For the 2008 Cultural Development Fund, see <http://www.nyc.gov/html/dcla/html/home/home.shtml>

“What’s your market?’ one nonprofit representative rhetorically asked. “If you are a European classical organization, who is your audience?”⁴

In this challenging environment, what difference has the presence of a sizable foundation community made in the city’s musical life over the past twenty years? What impact did foundations have in the aftermath of the September 11th terrorist attacks? How has the influx of small donors shaped the city’s philanthropic ecosystem? Finally, how can New York’s experiences illuminate the changing role of foundations in American life, as well as in one of the country’s largest cities?

This brief develops a typology for understanding the role of foundations in supporting music in New York City. It is a typology ripe for testing in other environments and against other issues, in order to develop a sense of its generalizability. With respect to music, our findings suggest that not just large foundations – but, in fact, especially smaller foundations – have been crucial to the health and support of music organizations in New York City. Smaller foundations are more often likely to provide general operating support and funds for local projects, making them crucial to the health and direction of music, despite the far greater attention that is usually offered to the largest foundations investing in music.

Study Design

Between 1980 and 2005, the number of foundations grew exponentially both locally and nationally. In 1980, there were 22,000 foundations in the United States; by 2005 there were over 70,000, with New York’s roster topping the 6,000 mark. This study examines funding by 1231 New York City’s foundations, both large and small, for local music initiatives between 1985 and 2005. A few statistics illustrate the magnitude of their donations:

- **1,231 New York City grant makers collectively contributed more than \$1 billion [in inflation-adjusted dollars] to local music initiatives over the past two decades;**
- **Between 1985 and 1989, 5 foundation gifts of a million dollars or more were given to the city’s locally-based music performance groups, venues, and support organizations;**
- **That number climbed to 44 in the 1990s;**

⁴ Center on Philanthropy and Civil Society, CUNY (hereafter cited as CPCS), focus group interviews with representatives of medium-sized music nonprofits (with \$1 million to \$5 million budgets), December 14, 2006. For more information on the interviews, see footnote 8. For an excellent overview of the challenges facing arts organizations more generally, see “Critical Issues Facing the Arts in California” (Los Angeles: The James Irvine Foundation, 2006).

- **More than 92 more were added between 2000 and 2005;**
- **The number of grantees more than doubled, from 102 to 220 between 1989 and 2002, signaling both the widening breadth of foundation giving, and the proliferation in the number of local cultural organizations.**

Although individuals have historically been the mainstay of cultural philanthropy, these figures underscore the fact that foundations have come to play an increasingly important role as well. In 2004, \$103 million in grants were made by New York City-based foundations to music nonprofits, which constitute 11 percent of the income of New York-based music nonprofits that year. Only grants from New York City donors are included in this calculation; the percentage of foundation support would actually be higher if grant makers from outside New York are included as well. For example, in 1990, New York City funders donated almost \$38 million to local music initiatives, which also received \$2.6 million from 27 additional donors outside New York. In 2004, the \$104 million donated by New York City grantmakers was complemented by an additional \$12.8 million from foundations outside the city.⁵

The data that follow are drawn from a database of more than 18,000 local music grants constructed from Foundation Center [FC] records and the electronic records of FoundationSearch [FS], as well as websites, annual reports and IRS reports of both the foundations and their grantees.⁶

One of our goals in doing this study was to test the value of a variety of sources for assessing foundation impact. Toward that end, both qualitative and quantitative sources were tapped, including statistical databases, tax information, interviews, focus groups, published reports, archival records, and journalistic accounts.

Every effort was made to record every music grant that was listed in the FC and FS databases to yield a comprehensive picture. Grantee online reports were also checked to ensure that they were based in New York, and that they did, indeed, focus on music.⁷

⁵ The figures are drawn from our database for New York City and a Foundation Center search for grants from foundations outside New York.

⁶ IRS data were drawn from www.foundationsearch.com and www.guidestar.org.

⁷ However, like any statistical survey, these data have limitations, and need to be used with care. For example, they are not comparable to the Foundation Center's statistical surveys of arts funding, which are based on grants of \$10,000 or more from large grantmakers to arts organizations of all varieties across the US. Nor do they correlate to national reports on specific sub-fields, such as the American Symphony Orchestra League's national surveys of symphony funding because of their local focus. Instead, this study captures donations of \$5,000 or more by donors of all sizes in a single city for a variety of organizations within a single field of cultural endeavor. Moreover, it is possible that New York City's funding patterns are unique, since: 1) many of the city's performing arts groups – especially highly visible venues such as Lincoln Center

Detailed information was available for 474 foundations that made multiple music grants in 1997, 2000 and/or 2004 from a total universe of 1231 grantmakers, ranging from established giants like Rockefeller and Ford to newly-minted grant makers capitalized at less than \$100,000. Together, they represent a significant segment of foundation activity that is roughly equivalent to half the number of grantmakers in Boston or Cleveland; more than half of those in Dallas or San Francisco; and more than two-thirds of those in Atlanta.⁸

In addition to the database, individual interviews and focus groups were conducted with 48 New York foundation representatives, nonprofit organizations, attorneys and music critics, and the archival records of the *New York Times* were searched for approximately a third of the grant makers, including all of the largest donors.⁹

Additional contextual material was supplied through an examination of: 1) local and national policy studies; 2) scholarly articles; 3) foundation and grantee materials; 4) historical studies, and 5) limited archival research for selected foundations.

II. Historical Overview

In the Beginning: Before the 1970s

The geography of American music philanthropy has changed dramatically over the past fifty years. In the mid-1950s, individual largesse was paramount; foundation giving was sporadic and limited; and government funding almost

and Carnegie Hall – attract national and international donors, as well as local patrons; 2) the city houses a number of national regranteeing agencies, such as Meet the Composer, which cast their funding nets beyond the city's borders, as do 3) several national professional organizations, such as Chamber Music America, that also make their home here. New York's music groups may therefore attract a higher percentage of donated income than music organizations in other cities. For the Foundation Center's methodology, see Loren Renz and Steven Lawrence, *Arts Funding IV: An Update on Foundation Trends* (New York: The Foundation Center in Cooperation with Grantmakers in the Arts, 2003): xi. For the American Symphony Orchestra League, see their *Quick Orchestra Facts*, at http://www.americanorchestras.org/knowledge_center/quick_orchestra_facts.html (accessed September 15, 2008; formerly accessed at <http://www.symphony.org/>).

⁸ Over the twenty-one year period of the study over 1,200 NYC-based foundations made music related grants; the study has gathered financial information only on those that made grants to music organizations in either 1997, 2000, or 2004.

⁹ This included two focus groups with representatives from small and mid-sized music nonprofits on December 7, 2006 and December 14, 2006. Informal interviews were also conducted with additional foundation and nonprofit representatives, consultants, music critics and attorneys. Quotations from the interviews are included in the text, but not attributed. The interviews were conducted on a confidential basis in order to ensure a high level of candor, and to adhere to the City University's Institutional Review Board's (IRB) guidelines for dealing with human subjects. These guidelines insure are designed to protect research subject and interviewees, confidentiality.

nonexistent. Even individuals rendered modest sums: an American Symphony Orchestra League study placed 85% of all orchestra contributions under \$100 in the early 1960s.¹⁰

The changes in individual patterns of wealth holding over the past forty years are staggering. In 1962, only 342 Americans filed *million* dollar tax returns. By 2005, there were 371 American *billionaires*, a trend which helped to spark the recent upsurge in foundations, as well as multi-million dollar windfalls for the city's cultural organizations.¹¹

The pool of foundations and major donors for all causes was far more limited at mid-century. A few local grant makers developed modest music programs before the 1950s, such as the Juilliard Foundation's support for the Metropolitan Opera and the music school that bore its name. But giving by the big foundations was more intermittent. Rockefeller occasionally made music grants, but Ford was the first to take the lead in developing a significant national arts program on the heels of its transition from a local Detroit grantmaker into New York's -- and the world's - largest foundation in 1950.¹²

Ford left an indelible imprint on American arts organizations. Backed by an unparalleled budget that siphoned millions of dollars into the nation's arts organizations between 1957 and 1976, as the program's director, W. McNeil Lowry, lobbied for the creation of the National Endowment for the Arts and increased private donations; leveraged funds through matching grants; and bolstered the country's symphonies, operas and conservatories on a new scale.

The high point of Lowry's grantmaking came in the mid-1960s, when Ford granted \$80.2 million to 61 symphony orchestras (four of which were in New York), funds that today would be worth \$500 million. The program's ambition was stunning.

The 1970s: The Heyday of Government Support

The most notable trend in the 1970s was the upsurge in government support for music and the arts. Founded as the country's pioneering state arts council in 1960, NYSCA's [the New York State Council for the Arts] budget ballooned from \$50,000 in its first year to \$35 million by 1976. The state's music organizations netted a

¹⁰ William J. Baumol and William G. Bowen, *Performing Arts – The Economic Dilemma: A Study of Problems Common to Theater, Opera, Music and Dance* (New York: Twentieth Century Fund, 1966):319.

¹¹ Ibid., 320; CNN Money, "Number of Billionaires Surges" (March 6, 2006).
http://money.cnn.com/2006/03/09/news/newsmakers/billionaires_forbes/index.htm

¹² For an excellent overview of Ford's early work, see Francis X. Sutton, "The Ford Foundation: The Early Years." *Daedalus* 116 (1987): 41–91.

hefty share of the increased revenues, claiming \$11.2 million between 1971 and 1974.¹³

The National Endowment for the Arts' impact was equally pronounced, rising from \$184,000 in music grants out of a \$2.5 million budget in 1966, to \$16.1 million from its \$65.8 million budget in 1974. Music projects accounted for 26% of the Endowment's grants budget between 1971 and 1974. Although orchestras were initially slow to apply for support for fear of government control, public support quickly became a mainstay of their funding portfolios.¹⁴

Ford downsized its grantmaking portfolio after Lowry's departure in the mid-1970s, a decision keyed to the foundation's declining asset base. At the same time, a major new player appeared on the national scene. Born of a merger of the Avalon and Old Dominion Foundations in 1969, the Andrew W. Mellon Foundation quickly became one of the largest national cultural patrons, with a \$7.3 million budget in 1979. It also became a major music patron by 1977, pouring millions of dollars in grants into orchestras and opera companies such as the New York Philharmonic and the Metropolitan Opera to offset their growing deficits.

The 1980s: Reshuffling the Funding Deck

Several shifts occurred in the funding mosaic in the 1980s, as government funding was challenged by the Reagan administration and foundation and corporate funding increased. Rockefeller, Ford and Mellon remained among the most prominent national donors, adding the Lila Wallace-Reader's Digest Fund to their ranks by decade's end.

After languishing for a decade following the passage of the 1969 Tax Reform Act, which regulated foundation activities, the number of newly created grant makers began to accelerate with over 3,000 new million-dollar-plus foundations by decade's end. As of 1985 almost 70 foundations reported \$1 million or more in music and arts grants nationally. Moreover, the share of national music and arts funding contributed by the top 25 foundations fell from 50% in 1983 to 39% in 1989 as the ranks of grant makers expanded.¹⁵

¹³ Dick Netzer, *The Subsidized Muse: Public Support for the Arts in the United States* (New York: Cambridge University Press, 1978): 81, 83.

¹⁴ Ibid., Tables 4-2 and 4-3, p. 65.

¹⁵ Loren Renz and Nathan Weber, *Arts Funding: A Report on Foundation and Corporate Grantmaking Trends* (New York: Foundation Center, 1993): 35, 44; Paul J. DiMaggio, "Support for the Arts from Independent Foundations," in DiMaggio, ed., *Nonprofit Enterprise in the Arts: Studies in Mission and Constraint* (New York: Oxford University Press, 1986): 126.

Nonetheless, the big foundations continued to exercise an importance well beyond their limited numbers. In New York, for example, Mellon, Rockefeller Ford and Wallace “provided 41 percent of arts grants dollars” in 1989, despite their national focus. And foundations collectively continued to overshadow government music and arts funding. In 1989, for example, the top 25 foundations contributed nearly \$70 million more in arts funding than the NEA.¹⁶

While the foundation community grew, the NEA stagnated, with total budgets hovering around \$155 million for the first half of the 1980s, which pegged them at mid-1970s levels in inflation-adjusted dollars.

At the same time, corporate giving hit its stride. Business donations for the arts began to accelerate in the mid-1970s, and by the mid-1980s, corporate logos graced the major blockbuster exhibits and high priced musical ventures such as the *Great Performances* and *Live from Lincoln Center* broadcasts on PBS. Surprisingly, only one New York-based corporate foundation, AT&T, made the list of the country’s ten largest business music and arts grant makers, with a \$3.5 million budget for these efforts in 1989.¹⁷

The number of nonprofits in the U.S. proliferated as well, backed by growing pools of public and private funds. By 1989, an estimated 40,000 arts and humanities groups were listed with the IRS. Most were small, with only 6,000 claiming budgets upwards of \$100,000.¹⁸ Foundation support also rose, with music organizations netting \$55 million from grant makers in 1989, up from \$29 million six years earlier. In 1981 alone, corporate contributions to orchestras jumped by 23%; foundation giving by 22%; and funds from individuals by 43%.¹⁹

The 1990s: The Growth of the Foundation Community

During the 1990s, both government and corporate funding sharply declined while the number of foundations skyrocketed: approximately half of the country’s current crop of donors with \$100,000 or more in assets or budgets of at least \$1 million appeared in this decade, with 37% dating from 1998 and 1999 alone. At the same time, many corporate foundations were sidelined by mergers, acquisitions, and declining profits, paring their cultural portfolios and shedding responsibility for even highly visible programs like *Great Performances*.

¹⁶ Renz and Weber, *Arts Funding*, 52, 36.

¹⁷ Ibid., 47.

¹⁸ Andrew W. Mellon Foundation, *Annual Report* (1991): 17.

¹⁹ Renz and Weber, 58; *Giving USA* (New York: American Association of Fund-Raising Counsel, 1981): 69.

Foundations and individuals took up the slack. Fueled by the soaring ranks of new grantmakers, inflation adjusted foundation arts giving more than doubled between 1995 and 2001. Grant makers' budgets also grew. The Lila Wallace-Reader's Digest Fund's ascent was particularly striking, moving from 92nd among the nation's arts funders in 1983, to the country's top cultural grantmaker a decade later as its annual arts budget topped the \$40 million mark.²⁰

Smaller foundations became increasingly important as well. For example, the Mary Flagler Cary Charitable Trust emerged as one of New York's most influential music patrons, underscoring the significance of mid-sized donors.

While foundation funding grew, corporate and government giving shrank during the recession at the beginning of the decade, and business priorities changed, shifting additional funding to social welfare. By 1993, NYSCA cut its budget by 16%, and NEA funding took a nosedive three years later as its budget was slashed by a Republican congress from \$162 million to \$99 million, sliding it back in current dollars to its 1977 plateau.

Although some corporate donors such as the AT&T Foundation maintained sizable arts budgets (\$4.8 million in 1991), as well as adventurous programs that sometimes included contemporary music, there was a noticeable shift on the part of companies away from philanthropic support for the arts to marketing sponsorships linked to advertising budgets.

While the estimated percentage of total income that New York City's nonprofits received from corporations slipped by 5.6% between 1982 and 1998, the percentage from foundations rose from 6% to 11%, aided by the influx of new donors.²¹ Music nonprofits had an experience that followed this trajectory.

Among the larger grant makers, Mellon retained its interest in strengthening key institutions through partnerships, professional training, the development of new works, better financial training, and increased artist compensation and earned and contributed income. Toward that end, it offered matching grants to symphony, chamber and period instrument orchestras.²²

Other grantmakers emphasized diversity, rather than institutional development *per se*. Multiculturalism remained a constant theme throughout the 1990s via programs such as Rockefeller's Multi-Arts Production Fund and Ford's Alternative

²⁰ Loren Renz and Steven Lawrence, *Arts Funding IV: An Update on Foundation Trends* (New York: The Foundation Center in Cooperation with Grantmakers in the Arts, 2003): 3; Renz and Weber, 47; *Giving USA* (New York: American Association of Fund-Raising Counsel), 19920: 137.

²¹ "Trends in Income Sources for New York City Cultural Organizations" (New York: Alliance for the Arts, 1999): 2. <http://www.allianceforarts.org/research/incmrpt.html>.

²² Andrew W. Mellon Foundation, *Annual Report* (1991): 23.

Arts Organizations Commissioning Program, and Wallace joined Rockefeller and Ford in commissioning new works – including those by minority artists -- while the Doris Duke Charitable Foundation emerged as a major music patron through its funding for jazz networks, audience expansion, and generous gifts to Jazz at Lincoln Center.

Education also became a major theme as observers traced the graying of American audiences to the “Sputnik effect” – the eclipse of arts education by science and math in the nation’s schools in the 1950s. As the baby boomers who filled these classrooms matured, they shed their parents’ concert going habits, becoming unreliable donors and subscribers. Moreover, their children seemed even less inclined to attend live performances, preferring the solitary comforts of their computers and i-Pods instead.²³

Arts education was suddenly imbued with a range of virtues, from the ability to sensitize youngsters to other cultures to serving as the wellspring of lifelong cultural engagement and the Rosetta stone for audience development. Although many performing arts groups shunned educational programs and community work as “the ugly step-sister of performance,” funders flocked to arts education programs in increasing numbers.²⁴

For example, while Rockefeller launched its CHART (Collaborations for Humanities and Arts Teaching) program, the MetLife Foundation promoted collaborations between the schools and arts organizations, and the Morgan Guaranty Trust Company of New York Charitable Trust created an Arts-in-Education Program for children in low income areas.

2000 and Beyond: Recession and Recovery

All of these developments were briefly derailed by the terrorist attacks and the recession of 2001, as grant makers’ holdings dwindled and many redirected their grantmaking to relief efforts for the victims’ families and New York’s firemen and police.

²³ A 1997 NEA study clearly heralded the alarm, noting that those in the 17-26 age group in 1992 were the least likely to attend classical music performances (although, on the positive side, those in the under 46 group were the most likely to listen to live jazz). Richard A. Peterson, Pamela C. Hull, Roger M. Kern, *Age and Arts Participation, 1982-1997*, (Washington, D.C.: National Endowment for the Arts, 2000): 3. Research Division Report #42.

²⁴ Wichterman, “The Orchestra Forum,” 41; Loren Renz and Josefina Atienza, *Foundation Funding for Arts Education: An Overview of Recent Trends* (New York: The Foundation Center in Cooperation with Grantmakers in the Arts, 2005).

Foundation growth slowed, and arts and humanities funding dropped 3.5% from a high of \$4.2 billion in 2001. Nonetheless, foundation music and arts funding still was three times greater than all combined public outlays in 2001, and by 2004 music and arts giving began to rebound, with a 12.2% increase over the previous year. Foundation growth occurred as well, with the creation of 3300 new institutional donors nationwide the following year. By 2005, foundations accounted for roughly 13% of music and arts funding nationwide, corporations 7%, government 11%, and individuals 20%, with earned income completing the portfolio.²⁵

Mellon made the era's most stunning contribution, allocating an unprecedented \$50 million for a broad array of local cultural institutions in the wake of the September 11th terrorist attacks, making it the nation's most generous donor of relief funds, while many other big foundations focused on capacity building, multiculturalism, contemporary works, artists and transnationalism.

By mid-decade, the city was hovering on the threshold of a constellation of major changes. It had a stellar new cultural venue in Jazz at Lincoln Center. A number of ambitious capital campaigns were underway at Lincoln Center and Carnegie Hall. Several of the city's major performing arts groups had new directors, including Peter Gelb at the Metropolitan Opera. And the scars of September 11th had begun to heal.

At the local level, the major headline was the outcrop of new foundations and the ways in which these organizations were reshaping the New York's cultural sphere.

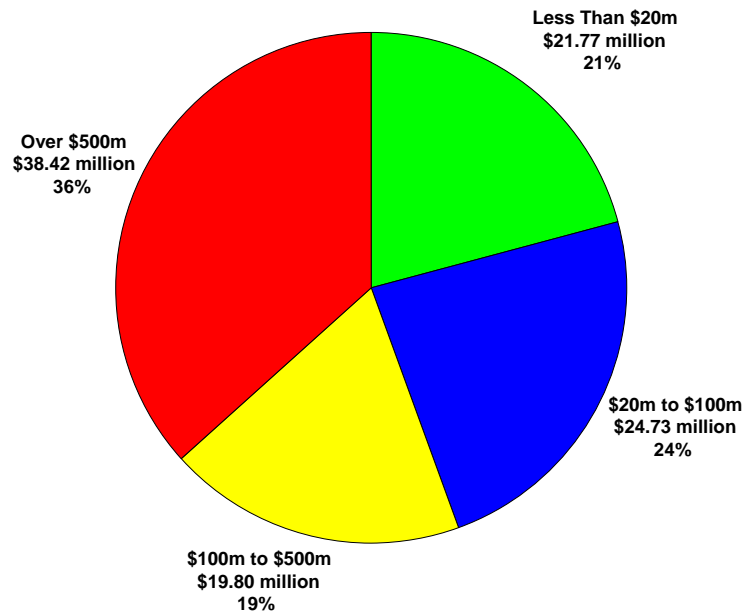
Despite the prominence of the city's big foundations – including Rockefeller, Mellon, Ford, Wallace, Duke and Starr -- by 2004 the overwhelming majority of New York's music grant makers were small. Sixty-one percent of music funders had endowments of less than \$20 million while only 2% had holdings in excess of \$500 million. Most of these small foundations were also quite new, founded after 1991. And they were making a substantial impact. As illustrated in Chart 1, foundations endowed with less than \$20 million accounted for 21% of grants to music nonprofits in 2004. This is less than the 36% contributed by the largest foundations, but it – in combination with the 24% of funding supplied by foundations with endowments between \$20 and \$100 million –represents a substantial investment from a set of actors about which we know little.

²⁵ Renz and Lawrence, x; *Giving USA* (Indianapolis: AAFRC, 2006); Highlights of the Foundation Yearbook, 2007 (New York: Foundation Center, 2007): 2; *Growth and Giving Estimates: Current Outlook* (New York: Foundation Center, 2006): 11; Renz and Lawrence, *Foundation Grants to Arts and Culture*, 2004 (New York: Foundation Center, 2004): xiii.

²⁵ *Highlights of the Foundation Center's Foundation Yearbook* (New York: Foundation Center, 2004): 4; Renz and Lawrence, 14.

CHART 1

**Grant Dollars from NYC Foundations to NYC Music Nonprofits
by Asset Size of Foundations, 2004**
(Total Grants= \$103.56 million in 2005 dollars)



Small and mid-sized foundations were becoming increasingly important. Overall, as Table 1 illustrates, only about half of the city's most generous music grant makers between 1985 and 2005 were the biggest foundations. This scenario was shaped by the influx of new donors, particularly at the local level, coupling some of the nation's largest foundations coupled with far more modestly capitalized donors.

Our analysis suggests that the importance of these smaller funders is not just that they have provided significant support to music causes but also that they support different kinds of efforts in different kinds of ways than the larger foundations. A typology of differences in behaviors begins to emerge.

TABLE 1**Twenty Largest Donors Based on Total Amount of Gifts, 1985 – 2005**

	Name of Foundation	Total Amount (Millions, in current \$s)
1	Starr Foundation	\$70.64
2	Andrew W. Mellon Foundation	\$49.77
3	Ford Foundation	\$49.66
6	Wallace Foundation	\$49.23
4	Aaron Diamond Foundation and Irene Diamond Fund (combined)	\$48.14
5	Fan Fox And Leslie R. Samuels Foundation Inc.	\$45.37
7	Peter Jay Sharp Foundation	\$41.27
8	Horace W. Goldsmith Foundation	\$35.11
9	Rockefeller Foundation	\$31.81
10	Alice Tully Foundation	\$30.53
11	Hearst Foundations	\$27.79
12	Mary Flagler Cary Charitable Trust	\$27.27
13	New York Community Trust	\$26.37
14	Edward John Noble Foundation Inc.	\$23.66
15	Frederick P. & Sandra P. Rose Foundation	\$23.13
16	Doris Duke Charitable Foundation	\$14.66
17	Booth Ferris Foundation	\$13.11
18	Carnegie Corporation of New York	\$12.97
19	MetLife Foundation	\$10.49
20	Ambrose Monell Foundation	\$9.79

III. Foundation Typology

National Donors: The Biggest Foundations

New York houses an unusual number of the country's largest foundations, including eight of New York's most generous music patrons: Ford [capitalized at \$12.2 billion in 2005-2006, with a \$530 million grants budget and over 500 staff worldwide]; Mellon [\$5.6 billion in assets]; Rockefeller [\$3.4 billion]; Starr [\$3.3 billion]; Duke [\$1.9 billion]; Wallace [\$1.4 billion] and Hearst [\$624 million].

Eight of New York's most generous music patrons fall into this category. Each has approached this role in distinctive ways:²⁶

- Ford played a leading role in capacity-building and promoting professional parity for women and minority artists and their institutions.
- Mellon worked to strengthen the managerial and artistic capacities of orchestras, chamber groups and operas, and invested millions in the city's cultural institutions in the wake of 9/11.
- Rockefeller promoted individual creativity and helped to spearhead a post-9/11 emergency fund for local music and arts groups.
- Starr gave a number of hefty grants of \$1 million or more to prominent institutions such as Juilliard, Lincoln Center and Carnegie Hall.
- Duke emerged as a major player on the city's cultural scene at the turn of the century with multimillion dollar grants for jazz.
- Wallace emphasized arts participation, research, education and commissioning new works.
- Hearst was a generous patron of music and arts education.
- Carnegie served as a conduit for Mayor Michael Bloomberg's donations for local arts organizations, with a particular focus on small and mid-sized groups across the city's boroughs (efforts discussed more fully in the next section).

Rather than looking inward to their local communities, the largest foundations pursued national and international agendas. New York City's organizations often receive substantial grants from the city's largest founders, but generally as part of larger, national initiatives. And while some grants underscore foundations' roles as local citizens, such as Ford's \$15 million pledge to Lincoln Center in 2006, many of these grant makers donated their local cultural gifts through other institutions. Thus, the Rockefeller Foundation siphoned its local arts outlays through a regrant

²⁶ Big foundations like Rockefeller, Mellon and Ford have tended to capture the most attention by virtue of the breadth of their budgets and programs, and their efforts to:

1) serve as venture capitalists for new ideas; 2) build and nurture institutions and professional communities; 3) Shape public policymaking through advocacy and research; 4) create new institutions; and 5) forge partnerships with governments, individual donors and corporations to bring their projects to scale. All of these techniques were wielded by Ford and other leading grantmakers when cultural philanthropy was shifting from the once exclusive province of local individuals to national backing on previously unimagined scale. And many continue to be used by grantmakers today. See, for example, Joel L. Fleishman, *The Foundation: A Great American Secret: How Private Wealth is Changing the World* (New York: Public Affairs, 2007) and Kathleen D. McCarthy, "Anonymous Donor," *Democracy* 4 (Spring, 2007): 100-107.

program at New York Foundation for the Arts, while Wallace created a special fund at the New York Community Trust to continue Lila Acheson Wallace's gifts.²⁷

In addition to national aspirations, the big foundations are characterized by substantial professional staffs; formal application procedures; written guidelines; external proposal reviews; formal evaluations of completed projects; an emphasis on research, and on project vs. operating support (although there are notable exceptions, particularly in terms of seed money for new ventures and Starr's and Mellon's programs) – which sets them apart from many smaller grant makers. Their goal is generally to promote new approaches, rather than sustaining organizations in perpetuity.

To quote a Ford report, “the special niche of national foundations” is “creative and flexible project support....they cannot allow particular institutions to become dependent upon them for operating income.” Rather than operating funds, many provide seed money to “nurture an innovative activity through the period of its infancy, after which it can be left to fend for itself.”²⁸

Many of the city's biggest grantmakers approach their arts funding as catalysts for new ideas and improved techniques, rather than as an ongoing source of operating support for local institutions.

Civic Leaders: Mid-Sized Foundations

While big foundations look to the nation as a whole, mid-sized donors tend to focus on New York. Endowed in the \$100 million to \$500 million asset range, these funders blend the techniques of both big and small foundations, often coupling professional staffs and special projects with operating funds.

Foundations among New York's most generous music patrons that fall into this category include Goldsmith [\$428 million in assets in 2005], Booth Ferris [\$227 million]; Samuels [\$211 million], Sharp [\$189 million], Noble [\$134 million], Diamond [\$131 million] and Cary [\$108 million].

Some of these foundations professionalized after their founder's death; others still have living donors. Rather than scattering their grants in all directions, many concentrate on well defined objectives or single fields, including music. There are also substantial differences in how they promote the cause of music in New York, including:

²⁷ Interestingly, this pattern as national donors may be far more common among New York's largest foundations than those in other states such as Texas, Indiana, or California.

²⁸ *Ford Foundation Support for the Arts*, 19; Baumol and Bowen, 345.

1. Minority Education and Building New Audiences: The Aaron Diamond Foundation.

The Aaron Diamond Foundation burst on the scene as a notable civic leader in 1986, backed by \$150 million in assets and a vow to spend its funds in ten years, which increased its grantmaking clout well beyond the 5% payout rate (of assets) required by law. Its grants focused on New York, and three areas: 1) minority education; 2) biomedical research; and 3) cultural institutions (which later shared the stage with human rights).

Backed by both a living donor and a professional staff headed by the former Executive Director of the Hunt Alternatives Fund, Vincent McGee, Diamond invested \$220 million before closing its doors at the end of 1996. Many of its most notable donations funded AIDS research, but the arts – including music – were also important, with an emphasis on: 1) aiding young minority artists; 2) outreach to new audiences; and 3) making the arts more accessible to public school children and the disadvantaged.²⁹ Diamond was an early supporter of Jazz at Lincoln Center. It also provided project support to diversify the student body at Juilliard through its minority recruitment and scholarship program beginning in the late 1980s; and enabled Juilliard to provide “a model music program” of free training for minority children.³⁰

Diamond also supported both large and small nonprofits, and influential projects such as the research that netted the city a \$12 million Annenberg challenge grant to enhance arts education in the city’s schools (described in Section IV).

²⁹ After the Foundation closed its doors in 1996, Mrs. Diamond continued many of the programs through the Irene Diamond Fund, including a \$20 million gift to Juilliard’s capital campaign, part of over \$40 million donated in her name since 1985. Juilliard’s Irene Diamond Building, their Music Advancement Program, and the Juilliard American Music Recording Institute are among the many programs that flowed from Mrs. Diamond’s generosity and that of her foundations. By the time of her death in 2003, almost 90% of the couple’s net worth had been invested in foundations and local nonprofit organizations. “Irene Diamond, Philanthropist and Longtime Juilliard Benefactor, Dies,” *Juilliard Journal Online*, 18:5 (February, 2003): 1. http://www.juilliard.edu/update/journal/903journal_story_0302.asp; “Juilliard Doubles Its Capital Campaign Goal to \$300 Million,” Press Release (October 7, 2005): 1. http://www.juilliard.edu/update/press/archive_2005_2006.html. Asked why she embarked on a second foundation career in her eighties, she replied, “I am certainly not young, but I decided that there were still things that I wanted to do.” Casting the rationale in highly personal terms, she added that “if I stopped tomorrow in a very short time I’d be sitting in a wheelchair.” Irene Diamond, *Oral History*. (Unpublished Ms., Center on Philanthropy and Civil Society, The Graduate Center, NY, 1997): 29, 42.

³⁰ Letter, Joseph W. Polisi to Irene Diamond and Vincent McGee (April 2, 1993), Aaron Diamond Ms., Manuscripts Division, New York Public Library. Box 319; Juilliard Files, Diamond Mss., Boxes 26, 59, 105, 160.

2. Focusing on Music: The Mary Flagler Cary Trust

While Diamond maximized its impact by spending down quickly, the Mary Flagler Cary Charitable Trust targeted its cultural grants on a single field. Cary consistently topped the lists of effective grant makers in peer reviews and was repeatedly cited in the press for its music initiatives. By limiting its grants to music, it became a considerable presence, despite its relatively modest annual arts budget.

The Trust's goals are twofold: to strengthen New York's musical life and to enhance opportunities for talented musicians. Mary Flagler Cary's bequest created the Trust in 1968, with a dual focus on her lifelong passions: music and conservation. Between its inception and 1987, when the foundation was reorganized with a professional staff, the National Orchestral Association (which Mrs. Cary founded) was its largest music grantee, along with prominent organizations such as Juilliard, the Metropolitan Opera and the New York Philharmonic.

Adding a program officer for their music grants enabled the foundation to reach out to a broader array of institutions, and to develop a varied program for commissioning new works, recording them, and supporting performances of chamber, orchestral, contemporary and vocal music, and jazz.³¹

Cary is held in particularly high esteem among local nonprofits because of its willingness to provide multi-year and operating support, and the generosity and intelligence with which it is exiting the field. The Trust provides long-term commitments, funding many grantees for five to ten years or more, and much of this consists of operating support. Nonprofit leaders of organizations of every size – from the largest Lincoln Center groups to those with budgets of less than \$100,000 – underscored the importance of operating support and multi-year grants, which enable them to pursue their core missions and plan ahead.

Mrs. Cary placed a term limit of 50 years on her Trust, which required that the assets be paid out by 2018. However, the Trustees decided to shorten that period. Rather than spending down, they will maintain the Trust's asset base until 2009, when final grants will be paid to many of the grantees, and the remaining funds will be transferred to the Cary Arboretum. The Trust's annual grantmaking will end in 2008.

Cary has a commitment to "going out gracefully." Toward that end, it is providing closing grants of \$50,000 to \$500,000, including endowment funds for the larger

³¹ Arts also consultants helped to design their new focus, but Cary also sought feedback from the nonprofits themselves. New grantees were identified through a variety of means: 1) exploration of proposals received; 2) attendance at performances; 3) site visits; 4) identifying groups with solid production values; 5) reputational "buzz" about rising stars; and 6) reviews in papers like the *Times*.

institutions, and discretionary grants for smaller groups for reserve funds to tide them over emergencies and cash flow crises.

The endowment and larger discretionary grants have matching requirements to help grantees attract new donors to take Cary's place, with several years to raise the funds. Only the smaller closing grants of \$100,000 or less were given without matching requirements.

3. Capacity Building: Booth Ferris

Booth Ferris provides a different model. Community foundations and banks collectively manage foundations, providing staffing and professional expertise. The Booth Ferris Foundation is operated under the aegis of the Philanthropic Services division of JP Morgan Private Banking.

Willis Booth launched his foundation a year before he died, bequeathing it \$30 million in 1958; approximately one-third of the foundation's grants go to the arts including music. While Wallace is distinguished by its research, and Cary by its focus on music, Booth Ferris promotes capacity building with an eye toward yielding long-term, institution-wide benefits through such things as enhanced website design, audience research, and efforts to boost institutional visibility and ticket sales.

4. Supporting Smaller Organizations: The Bloomberg Funds

Cary is a major supporter of the city's smallest music groups, as are the Fan Fox and Leslie R. Samuels Foundation and the designated fund that Mayor Michael Bloomberg created through his annual gifts to the Carnegie Corporation.

Since 2003, Bloomberg has channeled millions of dollars through Carnegie for distribution to the city's small and medium sized cultural nonprofits, outlays that counterpointed sharp cuts in the city's Cultural Affairs budget, the largest source of public funding for New York arts organizations.

In 2003, for example, 162 groups received \$25,000 to \$100,000 grants from Bloomberg's funds from Carnegie, while the Cultural Affairs budget dropped 6.2 percent in an effort to cope with the city's \$3.8 billion deficit in the wake of 9/11. In 2004, the Mayor reported giving \$140 million to 843 organizations, including \$15 million via Carnegie (sums equivalent to the budget of a mid-sized foundation) that helped to rank him as America's seventh most generous donor.

Much of this funding made its way into the coffers of music and arts organizations, particularly smaller and mid-sized groups. For Bloomberg, the arts are "our city's heart and soul," providing a "strategic advantage and competitive edge in succeeding in a global economy." As he explained, the city's cultural industry

“creates jobs, it attracts students, it retains businesses, and transforms neighborhoods,” and its influence “is extraordinary.”³²

Loyal Patrons: Small Foundations

If the big foundations provide project support to meet broadly-etched national objectives, and mid-sized foundations are local civic leaders, affording both project and operating support, small foundations with assets of less than \$100 million tend to be loyal patrons, rendering operating, capital and endowment support to local institutions on an ongoing basis. Many also create named awards and other programs that reflect the donor’s personal interests.³³

One of the keys to how widely they will spread their generosity, and how intricately they craft the purposes of their grants is professional staffing, particularly the addition of program officers. Without a professional staff, there is a tendency to favor grant-making to the largest organizations and to simply systematize the donor’s giving by sending checks. Monitoring grants, reading proposals, identifying new candidates, doing background research and evaluating the results all take time and training; cutting checks requires loyalty and trust in familiar institutions.

Some are extremely generous, providing sums that far exceed the levels that their limited assets might suggest. For example, if a foundation capitalized at \$1 million only donated the equivalent of 5% of those assets as required by law, its annual grantmaking budget would be \$50,000.

However, our analysis suggests that the vast majority of the city’s modestly capitalized grant makers with assets of under \$20 million paid out far more than that formula would require: 95% of the music donors contributed more than five

³² “Transcript of Creative New York Conference, April 4, 2006” (New York: Center for an Urban Future, 2006): 3.

³³ One initiative that is not included because of its recent vintage, but which nonetheless merits inclusion here because of its focus and size, is the New York State Music Fund. Created in 2006, the Fund is managed by Rockefeller Philanthropy Advisors [RPA], a nonprofit advisory firm that provides philanthropic services for donors interested in national and international grantmaking. The Fund grew out of a payola scandal, built from settlements from the recording industry following on the heels of an investigation by the state’s Attorney General. The companies were accused of violations of state and federal laws prohibiting ‘pay for play’ (payola) or bribing disc jockeys to play certain works at the expense of others. Since disc jockeys stand as gatekeepers over one of the primary ways in which music is sold, payola payments “crowd out” the fair access of other artists to potential markets, and deprive potential audiences of access to their work. Designed to ensure “that people of all ages, backgrounds and institutions have an opportunity to discover new and less familiar performers and artists,” the resulting Fund placed a special emphasis “on reaching underserved populations and broadening awareness of artists, genres and styles, with limited access to commercial broadcast or other mass distribution vehicles,” many of which were located in New York City. RPA, “\$19 Million in Music Grants Awarded by Fund Created by ‘Payola’ Settlement,” Press Release, December 16, 2006, p.1.

percent of their assets in 1997, and 84% in 2004, despite the lingering effects of the post-9/11 recession.

Many of these small donors appear to be either holding bins for year-end bonuses, that earn tax deductions while buying time for the donor to consider his or her gifts, or pass-through organizations that subsist on annual contributions rather than endowment earnings alone.

Moreover, while many simply cut checks to systematize their donor's contributions some couple their donors' interests and skills in unique ways, a model exemplified by the Frederick P. and Sandra P. Rose Foundation.

Rose is a pass-through foundation with a penchant for building the city's cultural and philanthropic infrastructure. The Frederick Phineas and Sandra Priest Rose Center for Earth and Space at the Museum of Natural History; the Rose reading room at the New York Public Library; and Jazz at Lincoln Center's Frederick P. Rose Hall all trace their genesis to Frederick Rose and his wife, coupling her passion for education with his appreciation for the value of capital projects.

Mr. Rose was a partner in Rose Associates, one of New York's largest real estate firms, and a member of one of the city's most generous philanthropic families. He devoted his philanthropic career to helping nonprofits build new structures, because "he understood the ways in which a new building could be transformational."

In addition to helping to underwrite projects, Rose often oversaw the construction of the buildings himself. To quote a friend, he liked to "kick the bricks." He also tended to give anonymously in the early stages of a project, in order to play a more effective advocacy role on the projects' behalf.³⁴

The *New York Times* estimated that Frederick Rose donated more than \$95 million during his lifetime. However, if the foundation is factored in, the figure would be considerably higher. In 1999, the year of his death, the family donated \$5 million to

³⁴ His love of music was nurtured by early excursions to the New York Philharmonic and his stint in the Yale Glee Club. He also had a commitment to broadening the audiences for the performing arts. The Roses funded the Live from Lincoln Center broadcasts, and he joined the Lincoln Center board in 1984, chairing its \$150 million capital campaign. He and his wife donated \$15 million for the Samuel B. and David Rose Building, and later provided a \$10 million pledge through the foundation that ultimately resulted in "the world's first performing arts facility designed specifically for jazz performance, education and broadcasts," Jazz at Lincoln Center's Rose Hall. Beverly Sills and Nathan Leventhal, sponsored obituary for Frederick P. Rose, *The New York Times* (September 19, 1999); Jazz at Lincoln Center, "Frederick P. Rose Hall Fact Sheet," (October 18, 2004), www.jlc.org.

its foundation, bringing its asset base to \$21 million, \$18.7 million of which was distributed in grants, patterns typified by pass-through foundations.³⁵

The foundation also bridged generations. Frederick's son, Jonathan, oversaw the design and construction of Rose Hall. It was a logical succession. In addition to his own environmentally conscious real estate development and investment company, Jonathan Rose is an officer in the Foundation, a trustee of Jazz at Lincoln Center, and the founder of Gramavision Records, which specializes in jazz.

The Rose Foundation also exemplifies the power of leveraging. Its initial \$10 million pledge attracted a windfall of public and private donations for the new jazz hall from foundations and corporate donors, adding arcades, a jazz club, an educational center, recording studios, and rehearsal rooms, a multiplier effect well beyond the foundation's ostensibly limited means.

The Alice Tully Foundation (with \$40 million in assets in 2005) is another loyal Lincoln Center patron. An heiress to the Corning Glass Works fortune, Mrs. Tully was a professional singer in the 1930s and 1940s. Later, when she turned to philanthropy, she underwrote the construction of Lincoln Center's Alice Tully Hall and joined the boards of the Chamber Music Society, Juilliard, the Metropolitan Opera and the New York Philharmonic, interests that continue to be funded through her foundation. Most of the Foundation's gifts are less than \$10,000, but the City Opera, Juilliard and the New York Philharmonic received contributions of over \$100,000 in 2005. Lincoln Center netted a succession of windfalls, including \$3.2 million in 2005, and a hefty \$9.6 million pledge, and Juilliard was pledged \$1.6 million.

Similarly, the Jerome L. Greene Foundation (capitalized at \$72.3 million in 2005) is a loyal supporter of Juilliard, contributing nearly \$10 million between 2002 and 2005, and a prominent backer of the Mostly Mozart Festival.

Some small foundations are collectively managed by banks, attorneys, and community foundations such as the New York Community Trust. Although the New York Community Trust technically is a big foundation (capitalized at \$1.9 billion in 2005), it is included here because many of its music donations come from very small trusts.

The Kirsten Flagstad, Anna E. Schoen-Rene and Edward and Sally Van Lier funds exemplify the differing philosophies and aims of these modest grant makers, as well as the aims of artist-inspired trusts.

³⁵ "Frederick P. Rose, 2nd -Generation Builder and a Major Philanthropist, is Dead at 75," *New York Times*, (September 16, 1999); Frederick P. and Sandra P. Rose Foundation IRS data, 990 PF, 2000, available on www.FoundationSearch.com.

Named in honor of one of the greatest Wagnerian sopranos of the twentieth century, the Kirsten Flagstad Memorial Fund was created by the Metropolitan Opera Guild in 1964, after the star's death at the age of 67.

The fund provides \$6,000 to \$8,000 in income per annum to help vocalists to continue their careers. Since 1994, the money has been awarded to Wagnerians selected at the annual audition of the George London Foundation, the legacy of another prominent Wagnerian singer.

Anna E. Schoen-René, another opera singer and a respected singing teacher, left a bequest that provides revolving emergency loans for voice majors at Juilliard, as well as loans to cover living expenses for young vocalists and their coaches at the Metropolitan opera. The fund currently yields slightly over \$100,000 per annum.

The Edward and Sally Van Lier Fund blended his real estate fortune with her professional interests (she appeared in the original production of *Showboat* in the 1920s). Mrs. Van Lier's 1991 bequest was capitalized at \$7.6 million in 2000, providing funds to enable culturally diverse students to train for professional careers, with an emphasis on minorities and the disadvantaged. Grants are given to local arts organizations such as the Harlem Boys Choir, Juilliard and Jazz at Lincoln Center for pre-and post-collegiate scholarships of up to \$10,000.

These vignettes underscore the importance of the donor's first-hand performance experience in shaping their donations. The examples from the New York Community Trust also exemplify the ways in which even very small foundations may shift to project support with professional staffing.

Overall, one of the most striking aspects of this brief list is the number of major donors that are leaving the field, either by closing their arts programs (as in the case of the Rockefeller Foundation) or by closing their doors. Cary, Tully, Sharp, Aaron Diamond, and other influential donors that are not on the top 20 list such as the Eleanor Naylor Dana Charitable Trust and Altria – have all left or are leaving the scene. Even the Bloomberg grants are given annually on a pass through basis, with no guarantees that they will continue over the long term.³⁶

³⁶ The Foundation Center data suggest that terminations may be a growing phenomenon. In 2005, for example, 842 grantmakers closed their operations or transferred their assets to community foundations; in 2004 the number was 777. Moreover, while 8% of the foundations created between 1970 and 1989 terminated their operations, and 8.1% of those founded before 1970, 10.7% of the current foundation representatives surveyed by the Foundation Center said they planned to spend down. The authors attributed this phenomenon to younger donors who may not opt for perpetuity. *Foundation Growth and Giving Estimates: Current Outlook* (2007): 10-11. However, Table I includes well-established foundations, and the fact that they are clustered in such numbers among the city's most generous music patrons – up to six of them may be ultimately phased out – is particularly striking

These departures will leave a significant void, especially for the city's small and mid-sized nonprofits that have yet to capture the attention of the growing pool of small foundations. These are the city's most fragile institutions, and the most heavily dependent on contributions. They are also the least competitive for public funding. Many small foundations will doubtless cast their nets more widely as they mature and add professional staffs. But for now, there is cause for concern.

IV. "A Vibrant Musical Life": Measuring Donors by Their Own Criteria

Measuring foundation impact can be challenging, in part because funders rarely act alone. Occasionally, single grant makers create new institutions, but more often they are only one among several types of contributors. As a result, it is difficult to cleanly separate their contributions from those of government, individuals, and corporate donors – not to mention the market forces that generate earned income.

Moreover, different types of initiatives mature at different rates. Some can be measured over the course of a single year; others take decades to yield their full results. For example, the impact of emergency funding is quickly apparent. Either the money is given in a timely fashion and carries the victims over the short term, or it fails to materialize.

Funding for music education to build future audiences is a different matter. Concretely establishing results here would entail tracking the programs' alumni into their twenties, thirties and beyond to see if they became regular patrons – studies that remain to be written. Similarly, although significant progress has been made, infusing the classical repertoire with contemporary works is a slow process that may require decades to fully mature.³⁷

The task of evaluating music grantmaking is further muddled by the fact that one of the most significant benefits of the arts – the aesthetic and intellectual enrichment that they afford – is elusive, and difficult to document. As a result, any assessment of arts funding inevitably reveals only part of the picture, and of its value to a given city.³⁸

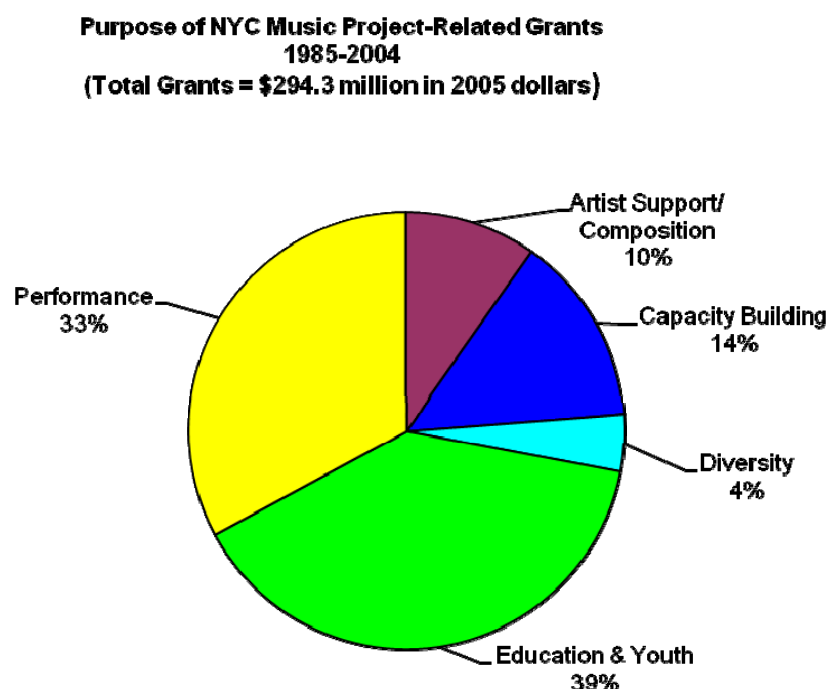
³⁷ The RAND study, "Gifts of the Muse," succinctly outlined the connection between art courses and audience building: "The most promising way to develop audiences for the arts would be to provide well-designed programs in the nation's schools." McCarthy et al., xviii.

³⁸ Kevin McCarthy, et.al., "Gifts of the Muse," 2.

What *can* be done is to step back from the grants themselves, to examine the extent to which the donors' objectives were achieved in the broader society, and how and how much foundations may have contributed to realizing these gains.

New York's foundations reported earmarking nearly 27% of their music grants for a variety of purposes other than operating support, endowments or capital campaigns over the past twenty years, with educational and youth-oriented ventures claiming almost 40% of the identifiable project support, followed by funding for performances, capacity building, and artists and composers.³⁹

CHART 2



Public/Private Partnerships: Arts Education

Goal: To provide access to arts education for the city's youngsters, and to re-introduce a comprehensive arts education curriculum into the city's schools.

Much of this project support was given to compensate for the lack of system-wide music programs in New York City's public schools after the city's fiscal crisis of the mid-1970s slashed funding for public school arts curricula. Offsetting these cuts,

³⁹ These efforts also paralleled national trends, as arts grantmakers moved into the educational arena in record numbers. See Loren Renz and Josefina Atienza, *Foundation Funding for Arts Education: An Overview of Recent Trends* (NY: The Foundation Center, 2005).

and helping to bring the arts back into the curriculum became a major focus for local grantmakers beginning in the 1990s, efforts encouraged in part by a thaw in local governmental policies.

Music projects for schoolchildren are particularly attractive because they promise to yield a host of benefits in addition to a keener appreciation of the arts. Studies such as the 42nd Street Fund's work on *Music and the Brain* link early music education to enhanced cognitive abilities, grades, test scores, and math and reading skills. Others suggest that the arts can help children learn about unrelated fields, such as social studies.⁴⁰

The authors of the Wallace-financed RAND study, *Gifts of the Muse*, challenged some of these ideas, but noted "strong evidence [that] cognitive, attitudinal and behavioral benefits" could be achieved through arts education, ideas corroborated by scientists such as Oliver Sacks. Moreover, early exposure is a key to "lifelong involvement in the arts," building audiences for the future.⁴¹

Local foundation initiatives to promote these aims took a variety of forms. The Mary Flagler Cary Charitable Trust sought to offset the budget cuts via community music school outreach programs and orchestral training for youngsters. Surdna created the Art Teaching Fellowship Program to strengthen arts teaching, and the MetLife Foundation invested millions of dollars in after school programs nationwide.

Activities drawn from a selected list of Hearst Foundation grantees in 2004-2005 illustrated the breadth of some of these programs, including:

- Professional development for New York City teachers
- School visits by musicians and concerts for students
- Institutional partnerships with specific schools, such as the Brooklyn High School of the Arts and Fiorello La Guardia High School of Music, Art, and the Performing Arts
- In-school master classes, coaching sessions, and after school programs
- Teacher workshops on integrating the arts into the academic curriculum
- Residencies for musicians and composers in city schools

In the process, the city's foundations worked with the local government and individual and corporate donors to cobble together a patchwork quilt of

⁴⁰ <http://www.musicandthebrain.org/>.

⁴¹ McCarthy, et. al., "Gifts of the Muse," ix, xviii; Oliver W. Sacks, *Musophilia: Tales of Music and the Brain* (New York: Alfred A. Knopf, 2008): 95.

public/private partnerships between music nonprofits, teachers and local schools to compensate for New York's lack of comprehensive arts courses.

Surprisingly few of the largest donors made arts education a focus, aside from Hearst and Wallace. Instead, the bulk of the earmarked project support for arts education (including funding for music schools) was donated by medium-sized foundations, which contributed 53% of the designated funds.

Some donors worked directly with city officials. For example, the Board of Education and the Department of Cultural Affairs approached the Aaron Diamond Foundation in 1994 for help in developing a proposal for the Pennsylvania-based Annenberg Foundation's \$500 million national public education challenge grant program. In response, Diamond contributed to the development of a report on "Institutionalizing Arts Education for New York City Public Schools: Educational Improvement and Reform through the Arts – A Five Year Plan of Implementation," helping the city to net a \$12 million matching grant from Annenberg in 1996.⁴²

The project brought together schools, artists and arts organizations to develop an integrated arts curriculum. Designed by the newly created Center for Arts Education, the Board of Education, the Department of Cultural Affairs and the United Federation of Teachers, and backed by \$17.8 million in planning and implementation grants from a variety of donors, the initiative forged partnerships between more than 80 public schools and 100 local cultural institutions. Over 1000 schools ultimately applied, capturing the attention of city officials, including Mayor Rudolph Guiliani.

In response, Guiliani and the Board of Education created a \$27.5 million Project Arts Program in 1997, "the first systemwide per capita funds for the arts since the cutbacks of the mid-seventies," which was also partially funded by the Annenberg grant. This marked a major turning point in the effort to reintegrate arts education into the core curriculum, signaling the Mayor's interest with a commitment of cash.⁴³

⁴² Hollis Headrick, Greg McCaslin and Terry Baker, "Evolution in Tandem: Development and Research in an Arts Education Program," in *Research Perspectives in School Reform* (Providence: Annenberg Institute for School Reform, 2003), p. 17.

<http://www.annenberginstitute.org/Challenge/pubs/researchreport/chapterone.pdf> (accessed September 9, 2008; formerly available at http://www.annenberginstitute.org/Challenge/pubs/pubs_order.html).

According to an undated press release (c. 1997), the Arts Education Initiative ultimately leveraged \$36 million in public and private support for a five year public/private partnership, including the Annenberg grant. Diamond Foundation Mss., *op. cit.*, Box 470, Folder 2 (which also contains a copy of "An Arts Education Needs and Resources Assessment of New York City: A Project Plan," submitted to the Board of Education and the New York City Department of Cultural Affairs by Artvision.)

⁴³ Headrick, et al., "Evolution in Tandem," 18. Initially designed as a 3-year, \$75 million initiative, the project was continued with additional public support.

Another watershed occurred in 2004 with the publication of Department of Education's "Blueprint for Teaching and Learning in the Arts," which included suggestions for music training and appreciation courses and benchmarks for student achievement. This in turn inspired the Wallace Foundation's \$1 million-plus grant to the Fund for Public Schools, the Department of Education's nonprofit arm, for a plan to increase the number of students in high quality arts education programs, and strengthen the ties between the schools and local arts organizations.⁴⁴

Wallace entered the field of arts education through its ongoing interest in audience development, with an emphasis on knitting together programs both inside and beyond the schools. Its planning grant to the city's Department of Education was given to strengthen the Blueprint's "comprehensive, rigorous, standards-based approach" by enhancing collaboration between local nonprofits and the schools, assessing the current state of arts education throughout the system, and identifying the most effective methods.⁴⁵

A second million-dollar-plus Wallace grant went to EMC Arts for backstopping research, planning, communication and convening activities, as well as documenting the lessons learned from the planning process.

At that point, the Blueprint was just that – a guide for course development without a formal mandate. That came in July, 2007, when Mayor Bloomberg and Chancellor Klein announced that the Department of Education would "require all schools to maintain arts programs." Moreover, "principals will be rated in their annual reviews on how well they run those programs." The city also launched ArtsCount, to provide yardsticks for measuring effectiveness.⁴⁶

This brief history illustrates the ways in which New York's foundations helped not just to fund but to shape the revival of arts education for the city's schoolchildren 1) by subsidizing the increasingly intricate webs of interdependence between the city, the schools, and local nonprofits; 2) by leveraging the Annenberg grant, which sparked Mayor Giuliani's commitment to renew city funding for arts curricula; and 3) by funding research to test and refine current offerings and to transform the city's complex array of public/private ventures into a more comprehensive system.

However, there are limits to how much foundations can accomplish in public programs of this magnitude. Some policymakers have floated the notion that

⁴⁴ Wallace Foundation *Annual Report* (2005): 9-10. The Blueprint can be found on <http://schools.nyc.gov/projectarts/Pages/a-blueprint.htm> (consulted September 2007).

⁴⁵ Wallace Foundation, *Annual Report* (2005): 27.

⁴⁶ "Bloomberg Announces Plan to Shore Up Arts in Schools," *New York Times* (July 24, 2007).

philanthropy could take up the slack as government programs are disbanded. But research has clearly demonstrated that private donors lack the resources to even begin to cover the shortfalls when government downsizes.

For example, foundations contributed just under \$9 million to all New York based arts education programs in 2004, as the city's Project Arts budget was edging toward \$70 million. Nonetheless, grant makers constitute a significant source for local arts education programs, subsidizing 72 % of the organizations surveyed in a 2005 study by the Alliance for the Arts.⁴⁷

As one of the interviewees for this study put it, "foundations and nonprofits can pick up some of the slack in providing music education, but they can't do it as comprehensively as the government could." Beyond partially filling gaps, funders have provided venture capital for research, promoted new ideas and change, leveraged additional funds, and fine tuned programs that the government could then bring to scale.

Bridging the Income Gap: Capacity Building

Goal: To build audiences, the donor base, cash reserves, and earned income.

Writing in the mid-1960s, William Bowen and William Baumol coined the term "income gap" to describe the annual deficits that continually send nonprofits scrambling for new donors and sources of revenue. Eight years later, the Ford Foundation's study of *The Finances of the Performing Arts* predicted that the country's cultural institutions would inevitably experience "an ever increasing gap between their operating costs and their earned income. The costs, principally wages, are set by the cost level of the economy; the earned income is limited by the inherent limit on the number of performances live performers can give and the number of seats in halls."⁴⁸ Earned income is also limited by how much the public is willing to pay for live performances, rather than simply buying CDs or downloading music from the web.

Ford's gloomy formula became a self-fulfilling prophecy. In the mid-1960s, earned income covered roughly 70% of the expenses of the country's largest orchestras; today, it accounts for less than 50%, making cultural nonprofits increasingly dependent on philanthropy to offset spiraling production costs.⁴⁹

⁴⁷ Alliance for the Arts, "Opening Young Minds to the Arts and Sciences: Establishing an Information Baseline about Arts Education Service Delivery in New York City," (New York, 2005): 7.

⁴⁸ Baumol and Bowen, 387; *The Finances of the Performing Arts* (New York: The Ford Foundation, 1974): I: 8.

⁴⁹ Baumol and Bowen, 387. For an overview of foundation-sponsored capacity building projects more generally, see Carol De Vita and Cory Fleming, *Building Capacity in Nonprofit Organizations* (Washington, DC: The Urban Institute, 2001).

Local foundations helped to stem some of the shortfalls via million dollar plus grants to the grande dames of the performing arts at Lincoln Center, Carnegie Hall, and the Brooklyn Academy of Music, as well as support for key regrantee organizations such as the New York Foundation for the Arts [NYFA], which also provides funding for artists.

Others focused on capacity building. Smaller donors such as Booth Ferris offer moderately sized grants to help with specific problems, such as redesigning a website to advertise programs and sell tickets more easily. Several of the city's largest donors launched national capacity building programs to reshape the organizational culture of orchestras [Mellon], provide loans for grantees [Ford], or promote comprehensive capacity building activities.⁵⁰

One of the most compelling challenges for the city's arts organizations is the need to continually increase their donor base, particularly given declining subscriptions and increased competition among the swelling ranks of cultural nonprofits.

Our interviews suggest that there is a great deal of hand wringing about new contributors. The dominant view is that younger patrons are far and few between, suggesting a looming generation gap among potential music patrons. There were also some interesting hypotheses about why this should be the case.

For example, there was a strong feeling that "younger philanthropists are using their foundations as venture capital to achieve social ends," rather than funding culture. One interviewee traced the problem to popular culture and the schools:

The schism between the generations began in the 1960s, when music split in two directions. Earlier pop music stars had some vocal training, which became irrelevant with the new music and pop culture. Popular culture today doesn't connect with classical music. We now have two generations with no familiarity with opera, and the schools aren't helping.

As a result, "the future of philanthropy will increasingly depend on individuals with no history of philanthropy and very little experience with the arts," underscoring again the importance of arts education.

⁵⁰ The best-funded example of the latter approach was the National Arts Stabilization Fund [NASF]. The initiative traced its origins to the cash reserve fund that Ford created for its grantees in 1971, providing five-year grants to liquidate 50% of their accumulated deficits, and restricted funds for a working capital reserves. Ford's goal was not only to improve managerial practices, but to curb the persistent pattern of crisis management that continually plagued the country's arts organizations. *Ford Foundation Support for the Arts in the US*, 16.

Some foundations have specifically targeted their grants to attracting new donors. Ford's symphony program of the mid-1960s was particularly successful in this respect. Each of the 61 grantees was given five years to raise approximately \$70 million in capital funds in order to fulfill the matching requirements. Most met their goals, and several exceeded them, collectively raising a total of \$84.4 million in new funds.⁵¹

Created in 1983 by the Mellon, Ford and Rockefeller Foundations, the New York-based National Arts Stabilization Fund [NASF] institutionalized Ford's "balance sheet" approach to good management via a freestanding initiative. The project was influenced, at least in part, by Mellon's symphony program, which had poured \$11 million into 31 orchestras, including endowment challenge grants, as well as Ford's \$80 million symphony initiative. The Stabilization Fund sought to forge a national consortium of donors, offering technical services through NASF to make capacity building grantmaking more inviting.⁵²

Orchestras faced a variety of challenges in maintaining the gains promoted by Mellon's and Ford's support. State and federal payments and pledges often came in at uncertain rates, causing cash flow crises. Deficits were hard to cover, and lines of credit difficult and expensive to secure. The end result was a treadmill of recurring financial crises that debilitated boards and staffs.

NASF was designed both to tide arts organizations over their short-term funding crunches, and improve their managerial skills. Grantees were required to raise at least 50% of the necessary funds to cover their deficits, beyond funding for operating expenses. Once they achieved that threshold, NASF provided the other half, putting them back in the black. Grantees were expected to maintain a clean balance sheet for at least four years after their debt was paid down; by 1994, 87% of the grantees were still in good standing after the first five years.⁵³

Working capital reserve funds of up to 25% of the organization's budget were also created to ensure liquidity. These were loan funds, enabling the organization to borrow from itself, with the proviso that the funds would be repaid within a year. The NASF program had a variety of goals: to attract new donors for capacity building; to leverage additional funds for grantees; to bolster managerial skills, and to increase organizational liquidity. It also sought to cast the funding net more widely, "forging new alliances between local and national donors, pooling

⁵¹ *The Finances of the Performing Arts*, 42.

⁵² The Lila Acheson Wallace Foundation Arts Stabilization Program also donated \$5 million in 1990 for minority arts organizations in New York City, including the Boys Choir of Harlem, the Harlem School for the Arts, and Jazzmobile.

⁵³ Business and Organizational Consulting, "National Arts Stabilization Fund Evaluation" (January, 1994): Section 3, p. 2, in National Arts Stabilization Fund RGA 94-1433, Ford Foundation Archives.

contributions from foundations, corporations and other donors, both public and private.”⁵⁴

In 2000, Ford’s New Directions/New Donors initiative offered challenge grants to 28 nonprofits across the nation to draw on new donors, including a 1:3 \$1 million grant to the Brooklyn Academy of Music, and a \$ 2 million match to Jazz at Lincoln Center. Challenge grants also featured prominently in Cary’s recent programs, as well as those of smaller donors such as Tully.

Attracting new donors is one way of bridging the income gap; building audiences is another. One method is to lower ticket prices. When Mac Lowry launched the Ford Foundation’s symphony program in the mid-1960s, the top ticket price for a seat at the Metropolitan Opera was \$13. Today that same seat would cost \$295, which makes subsidized ticket programs particularly appealing.⁵⁵

In 2006, both the Metropolitan Opera and the New York City Opera began offering cut-rate tickets. The Met’s Opera Rush tickets were priced at \$20 for main floor seats sold two hours before the performance, thus ensuring a full house, backed by a \$2 million grant from a board member, Agnes Varis. Two local foundations, Peter Jay Sharp and Samuels, were key donors to the City Opera’s “Opera for All” program, along with CIT and WQXR. To quote one funder, “when you remove the economic barriers the floodgates open and people come in, including young people. It’s the holy grail.”

One area in which foundations have not been significantly involved is in grappling with the implications of the new technologies. How people experience music is changing, as they sink into the solitary comforts of their iPods, computers and flat screen TVs. As one nonprofit leader explained, this is “radically changing the way that organizations need to think about their programming. Foundations have invested in upgrading nonprofit websites, but far less has been done in terms of “thinking outside the box” about how to capitalize on the new technologies.

Peter Gelb’s tenure as the Executive Director of the Metropolitan Opera illustrates some of the ways in which the new technologies can be harnessed to build audiences. The Times Square airing of *Madame Butterfly* used the latest computer technology, courtesy of Panasonic. Gelb has also begun airing high definition simulcasts to capacity audiences in movie theaters with state of the art sound

⁵⁴ “Education and Culture: Preliminary Program Outline,” (March, 1982), Part II: Stabilization Strategy, 2-9. Ford Foundation Manuscripts, The Ford Foundation, NY, Mss 006518; Ford Foundation Support for the Arts, 17. An “Arts Forward Fund” was also established in 1993 with gifts from Booth-Ferris, Samuels, Rockefeller and Wallace (among many others) to strengthen the capacities of local cultural institutions such as the American Music Center (which received \$75,000 for its computer network) and the Queens Symphony Orchestra (which received a like amount for audience development).

⁵⁵ The Performing Arts: Problems and Prospects, 31.

equipment in cities and towns in the US and Canada, efforts that are now being expanded to Europe as well. By the end of 2008, the number of participating theaters will have jumped from 113 to more than 700.

The benefits have been substantial. Virtual audiences for Metropolitan performances skyrocketed to a million paying viewers. Contracts are also under negotiation for pay-per-view TV screenings and DVDs. Ticket sales have been unusually brisk, and the Met's subscription base has risen by 10%, exploding conventional views that the audience for opera was limited and dwindling.⁵⁶

The nonprofit interviewees proffered a list of things that foundations could do to sharpen their competitive edge in our increasingly technologized society, from packaging existing recordings of performances in new formats, to virtual subscriptions via the web and more creative ways of managing rights issues. "We need to be in the game electronically, as well as internationally," noted one. "But shifting gears costs money."

Interestingly, Ford presaged these discussions in 1974, arguing that "live audiences cannot be enlarged for art works that cannot be technologized." This may become another potent prophecy.⁵⁷

Creative New York: Support for Artists, Commissioning and Performances

Goal: To foster creativity and to keep professional musicians in New York.

New York's foundations nurtured local and national creativity in two ways, by:

1) commissioning and artist awards; and 2) supporting performance opportunities.

Commissioning

Much of the artist support has been channeled through national re-granting organizations such as Meet the Composer [MTC], the American Music Center [AMC], and the Creative Capital Foundation. The New York Foundation for the Arts [NYFA], which focuses on New York State, has also played an important role, both as a re-granting organization and through its database, NYFA Source, which charts the availability of other awards.

⁵⁶ Anne Midgette, "Met Opera to Expand in Theaters Across the Globe," *New York Times* (August 9, 2007).

⁵⁷ *The Finances of the Performing Arts*, 115. Interestingly, the Duke Foundation identified technology as a future focus of its arts programming in their "2006-2007 Program Review." Doris Duke Charitable Foundation *Annual Report* (2006):1; <http://www.ddcf.org/page.asp?pageId=668>.

Foundation support for artists has a long history, stretching at least as far back as W. McNeil Lowry's program in 1958, when Ford invested \$800,000 in awards for creative individuals. This has been an ongoing theme, with substantial support for commissioning projects to aid composers and bolster the contemporary repertoire from Mellon, Cary, Ford, Rockefeller, and the JM Kaplan Fund, among others.⁵⁸

One of the largest ventures was the Wallace Foundation's partnership with the National Endowment for the Arts and Meet the Composer. Hailed as "the most ambitious commissioning project in the history of music," and "one of the longest-running public-private partnerships in the arts," it ran from 1988 to 1994, backed by \$150,000 to \$200,000 per annum from NEA, and \$500,000 or more each year from Wallace, for a total of \$3.8 million.⁵⁹

The project included a significant performance component, to ensure that the music would not only be written, but heard. Each of the 280 pieces was commissioned by consortia of at least 3 organizations, each of which then performed them. A testament to the quality of the works, beyond the confines of the project itself, was the fact that well over a third were recorded, including cuts on Chanticleer's Grammy Award winning "Colors of Love" album and the Kronos Quartet's "Pieces of Africa" CD, and several have made their way into the standard concert repertoire.

Other programs at Meet the Composer included funds for composer/choreographer collaborations; international collaboration; and for particular target populations such as the Van Lier Trust's fund for New York's African American and Hispanic composers.

The Rockefeller Foundation's early support for several leading twentieth century American composers such as Philip Glass helps to illustrate the impact of this type of grant making at the individual level.

Despite the fact that he was well on his way to becoming one of the country's premier composers, Glass supported himself by patching together commissions, performance fees, and work as a handyman and taxi driver both before and after the premier of *Einstein on the Beach* at the Metropolitan Opera left him \$90,000 in debt.⁶⁰ Several years of foundation funding beginning in the early 1980s allowed

⁵⁸ For much of the 20th century, foundations and other donors have worked to broaden the opportunities for American composers and performers, who often competed unsuccessfully for jobs and a place in the performance canon with their European counterparts, trends discussed more fully in Joseph Horowitz, *Classical Music in America: A History of Its Rise and Fall* (New York: W.W. Norton & Co., 2005).

⁵⁹ Meet the Composer, "Commissioning Music" (New York: Meet the Composer, 2003): 5, 8.

⁶⁰ Alex Ross, *The Rest is Noise: Listening to the Twentieth Century* (New York: Farrar, Straus and Giroux, 2007): 504, 506.

him to do research for another major opera, *Satyagraha*, covered rehearsal, copying and printing costs, and later supported his personal and staff costs as well, enabling him to focus on composing.

Similarly, Rockefeller's grants to Meet the Composer afforded orchestra residencies for Joan Tower and John Adams at key points in their careers, allowing them to compose major works.

Change sometimes moved at a glacial pace, but there has been a thaw in the acceptance of contemporary American music in recent years, particularly since the turn of the century. According to the American Symphony Orchestra League, there were almost 1100 performances of pieces composed since 1980 during the 2005-2006 season (14.3 % of the total), and 17 % of all performed works were by American composers. Moreover, the list of most frequently performed pieces included Joan Tower's *Made in America*, ranking it ahead of works by Mussorgsky, Handel, Rachmaninoff, Mahler and Dvorak.⁶¹

Performances

Foundation support for performances helped to make New York a beacon of creativity. Much of this funding has focused on building audiences for new works including Cary's operating grants for the city's small and medium-sized avant garde ensembles that employ younger artists, "perform adventurous repertoire and develop audiences outside the well-established music institutions."⁶²

Foundation subsidies are important, since these groups often attract limited audiences, and operate on shoestring budgets. Foundation support helps to overcome the market's failure to sustain them, underwriting the creation and performance of new material until it is incorporated into the mainstream.

When the city's contemporary music groups were reeling from government cutbacks in the early 1990s, Mellon, Cary, Kaplan, the Jerome Foundation and Meet the Composer supported them, and Cary has continued to help small and medium-sized dance companies to hire musicians for their performances.⁶³

Cary, Rockefeller and Mellon also funded projects to record new works through Composers Recordings, Inc. [CRI] and The Recorded Anthology of American Music [later renamed New World Records], making contemporary pieces available to enthusiasts and future generations. Commercial classical music sales plummeted

⁶¹ American Symphony Orchestra League, *Orchestra Repertoire Report: 2005-2006 Season*, http://www.americanorchestras.org/images/stories/knowledge_pdf/orr_05-06.pdf (accessed September 15, 2008; formerly accessed at <http://www.symphony.org/research/statis/index.shtml>).

⁶² Mary Flagler Cary Charitable Trust, "Program Guidelines" (1994): 4.

⁶³ "For Contemporary Music, Times are Hard," *New York Times* (January 8, 1991).

from 7% of worldwide profits in 1987 to less than 3 % ten years later, making the avant garde even harder to promote. CRI helped bridge the gap, recording performances by influential New York groups such as Bang on a Can and the American Composer's Orchestra. After CRI's operations folded, its stock was transferred to New World Records, backed by Cary, Mellon, Wallace and the Robert Sterling Clark Foundation.

Local foundations also subsidized performances of less popular works by the city's major opera companies, including 20th century productions, and a number of donors funded music festivals, enhancing the city's allure and employment opportunities for local musicians, while showcasing contemporary works. Selected examples include:

- BAM's Next Wave Festival, which highlighted a variety of new work, attracting substantial funds from the big foundations;
- The New Music Festival, which hosted performances by more than 100 ensembles working in experimental classical, jazz and rock traditions, with partial funding from Cary in 1989;
- The Serious Fun! Festival, which also featured new works between 1988 and 1991, backed by \$600,000 from the Samuels Foundation;
- The New York International Festival of the Arts, backed by funding from the Aaron Diamond Foundation, Samuels, Rockefeller, Goldsmith, and many others in the 1980s;
- The New York Consortium for New Music's Sonic Boom Festival, funded in part, by the Greenwall Foundation;
- Mostly Mozart, which received major backing from the Jerome Greene and Peter Jay Sharp Foundations.

Recent Support for Artists

Several recent foundation initiatives provided funding for artists, including Rockefeller's \$5.5 million grant to the multi-arts production fund at the Creative Capital Foundation in 2005, and Rockefeller and Ford were among the lead donors of the newly-created United States Artists, providing individual awards of up to \$50,000.

Funding for artists became particularly important after the NEA slashed its fellowship support by 40% in 1995. However, aside from United States Artists, many of the awards that are offered by nonprofits tend to be small. A 2003 Urban Institute survey of the New York Foundation for the Arts [NYFA] Source database estimated that half of the listed awards provided less than \$2,000, and "more than three-fourths of cash grants are less than \$10,000," findings that catalyzed the creation of United States Artists. NYFA's own awards for New York artists are

capped at \$7,000, while the American Music Center's Composer Assistance Program, which helps with performances and recordings, has a \$5,000 ceiling.⁶⁴

Only a limited percentage of these funds find their way into the pockets of New York City's composers and musicians. Although MTC has a few earmarked pots of money for New York, and NYFA's statewide focus increases the chances of local artists – 11 of the 15 composers who received NYFA grants in 2004 lived in the city – most of MTC's, AMC's, and Creative Capital's programs are national. None of the six musicians and composers in the first round of US Artists grantees hailed from New York City, and only 24 of the 2659 awards programs in NYFA Source's database were earmarked specifically for New York as of 2002.⁶⁵

And yet, timely support at a key interval can make a world of difference to individual musicians.

September 11th

Efforts to aid local artists and musicians assumed added urgency after 9/11. Despite the importance of the emergency relief efforts described below, the number of New York's professional musicians had dropped by more than 3,000 between 2003 and 2006, to fewer than 6,000.

The city's artists were hard hit by the terrorist attacks, which sent their often already marginal employment opportunities into a downward spiral. NYFA documented their plight in stark detail:

- 22% of the 700 artists they surveyed [34% of whom worked in music] became unemployed;
- Over half spent down their savings by 40%, while others tapped into their retirement savings or subsisted in credit card debt;
- 13% faced eviction;
- Many reported a mood of "exhaustion and abandonment."

To quote one respondent: "when the 9/11 disaster happened, an already shaky...industry imploded."⁶⁶

⁶⁴ Maria-Rosario Jackson, Florence Kabwasa-Green, Daniel Swenson, Joaquin Herranz, Jr., Kadija Ferryman, Caron Atlas, Eric Wallner, Carole Rosenstein. *Investing in Creativity: A Study of the Support Structure for U.S. Artists* (Washington, DC: Urban Institute, 2003): 42.

⁶⁵ Ibid., 34, 39.

⁶⁶ New York Foundation for the Arts: "Artists One Year Later: Survey of 9/11's Impact on Individual Artists in NYC (New York: NYFA, 2002): 13-15, 24.

Since 2001, a few initiatives have been put in place to offset some of the problems that sent musicians fleeing from New York. Backed by funds from Ford and the Nathan Cummings Foundation, for example, Leveraging Investments in Creativity has begun to explore ways to provide affordable insurance and space. But more remains to be done.

Capital Campaigns and Operating Support

Goal: To develop and maintain New York's cultural infrastructure.

The city's cultural infrastructure is laced with public/private partnerships, a template forged with the building of Lincoln Center in the 1960s. New York's Department of Cultural Affairs wielded a peak annual capital budget of \$261 million in 2007, funds used to bolster construction projects like Rose Hall for Jazz at Lincoln Center in tandem with private donors.⁶⁷

The quest for capital funding intensified in the 1990s, as many organizations marked major anniversaries, capitalized on upbeat markets, or repaired fraying performance halls. Lincoln Center, Juilliard, the Metropolitan Opera and Carnegie Hall all launched major capital campaigns since 1990.

Moreover, they did so amid a swelling tide of new fortunes. The number of New York millionaires trebled between the late 1980s and late 1990s alone, helping to fire the competition for big gifts. By the end of the 1990s, the New York Public Library launched a \$430 million capital campaign; the Metropolitan Museum of art was seeking \$300 million, and the Brooklyn Academy of Music announced a \$70 million campaign, backed by million dollar plus gifts from Wallace, Morgan Stanley and several others.⁶⁸

Foundations played an important role in these drives, both as magnets for new funds and as major donors. For example, four years after Lincoln Center launched a \$1.5 billion redevelopment plan in 1999, the Alice Tully Foundation offered a \$16 million matching grant for the renovations. If the match is met, it will generate a total of \$56 million. Similarly, when Juilliard upped the ceiling on its drive from \$100 million to \$300 million in 2005, \$45 million had already been contributed by the Peter Jay Sharp Foundation and the Irene Diamond Fund.⁶⁹

⁶⁷ <http://www.nyc.gov/html/dcla/html/news/news.shtml> (consulted September 2007). The estimated capital expenditures for New York's cultural institutions totaled an estimated \$1.8 billion between 1997 and 2002, generating another \$2.3 billion in economic impact via wages, taxes and sales; "Culture Builds New York" (New York: Alliance for the Arts. 2003): 1.

⁶⁸ Judith Miller, "Top Institutions Heat Up Drives for Arts Funds," *New York Times* (February 3, 1997).

⁶⁹ Robin Pogrebin, "16 Million is Pledged to Renovate Tully Hall," *New York Times* (October 1, 2003); Juilliard School, Press Release (October 7, 2005).

Moreover, despite perceptions to the contrary on the part of nonprofit representatives, the amount earmarked for operating support has also risen with the influx of new donors, from 33% (\$6,145,157.20) of the funds contributed by local donors in 1985 to 41% (\$30,618,126.20) in 2004.⁷⁰

Although less arresting than the sweeping projects of the big foundations, such as Ford's massive orchestra program of the 1960s, operating support is the life blood of nonprofit organizations. This is the funding that enables them to keep the lights on, their staffs employed, their buildings in good repair, and the music flowing, allowing them to pursue their missions on their own terms. The importance of this type of grantmaking is often missed or minimized in discussions of foundation activities, despite the fact that it is the most prized among most nonprofits.

An increasing share of this funding comes from small foundations. But mid-sized donors such as Cary and the Fan Fox and Leslie R. Samuels Foundations have played an important role as well. Indeed, one of the many reasons that the Samuels Foundation is held in particularly high regard by grantees is precisely because of their willingness to provide ongoing operating support. To quote a director of one of the city's leading music organizations, "Samuels identifies excellence. They see the big picture ...They support what you want to do, and as a result they are completely ideal."

Emergency Funding: 9/11

Goal: To support the city's cultural organizations in the wake of the terrorist attacks.

Foundations also played a distinctive role after September 11th.

The images of that day are seared into collective our imagination: the burning towers, the clouds of debris, the bent and shattered fragment of the World Trade Center that stood as mute testimony to a once thriving New York City hub. The attacks were fairly unique in the history of American disasters. Unlike a flood or an earthquake, the damage was contained in a small area; little housing was lost; and few victims needed medical care. They either walked away, or went to the morgue.

The other victims were harder to find. Downtown workers, many of them recent immigrants, lost their jobs in substantial numbers during the period when lower Manhattan was occupied by the military and cleanup crews. The city suffered financially, and spun into a deep recession. The psychic damage took months to assess as cases of post-traumatic stress syndrome surfaced, and the health consequences for the workers and volunteers who labored around the clock at Ground Zero may take years to be fully tallied.

⁷⁰ Figures are in 2005 adjusted dollars.

There were institutional victims as well, including the city's cultural organizations. Estimates pegged the losses from declines in tourism at \$5 billion by 2002, depriving the city's museums and performing arts groups of a significant segment of their income. The state had already trimmed its arts budget by 10%, and the city followed suit with across-the-board cuts to help balance the budget, including cuts at the Department of Cultural Affairs.⁷¹

As the recession deepened, some donors took their pledges off the table or postponed them, with the largest organizations reporting over a \$5 million drop in expected donations scarcely a month after the attacks.⁷²

Audience habits changed as well. To quote the head of a major vocal organization, September 11th "broke the pattern of subscribing." Concert goers no longer wanted to plan ahead, or to gather in large public places for fear of another attack. The recession cut into ticket sales, by reducing consumers' discretionary cash. Many organizations were forced to dip into their endowments in order to survive, sending the city's arts organizations into "their rockiest period in over 30 years."⁷³

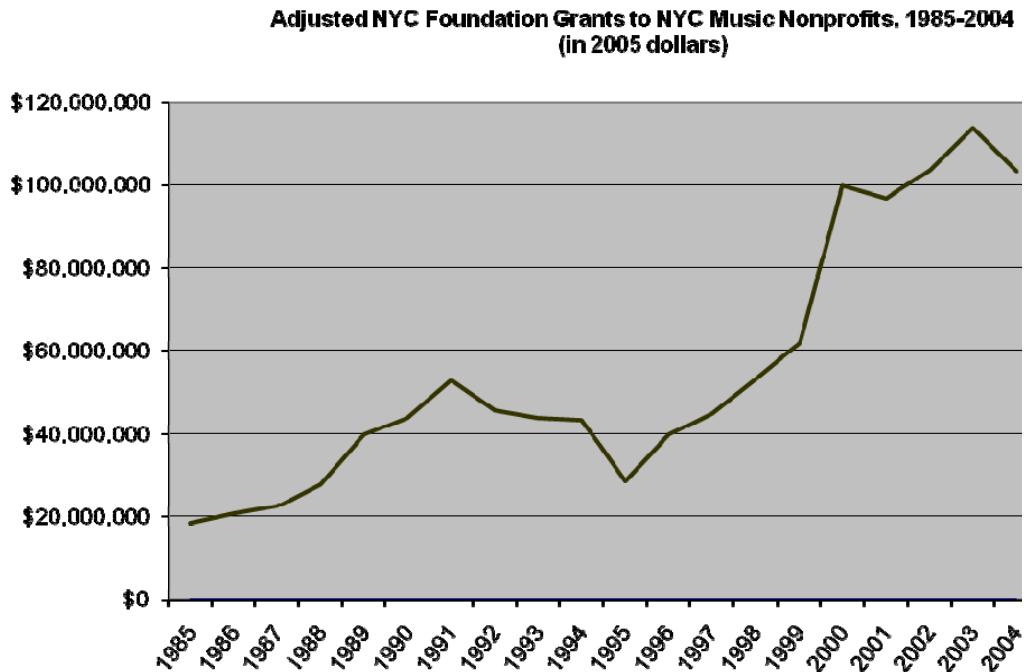
Foundations played a notable role in this setting, increasing their donations as other sources of funding dramatically declined. As the following makes clear, the donations from New York's grantmakers for the city's music institutions *peaked* in 2002-2003.

⁷¹ McKinsey, and Company "Cultural Capital: Investing in New York's Economic and Social Health" (New York: Alliance for the Arts, 2002): 24.

⁷² Robin Pogrebin, "Arts Groups are Reeling in the Wake of the Attacks," *New York Times* (November 18, 2001).

⁷³ Center for an Urban Future report quoted in Pogrebin, "Arts Groups are Reeling."

CHART 3



Three factors contributed to this pattern. First, local grantmakers continued to make contributions even as their assets declined. Foundations are required by law to pay out the equivalent of 5% of their asset base each year, which means that they have to make donations even in lean years such as 2002.

Second, some donors, such as the Fan Fox and Leslie R. Samuels Foundation, significantly increased their outlays to their grantees in the wake of the disaster.

Third, a few donors stepped up to the plate to create emergency funds for the city's cultural nonprofits. Several grantmakers were particularly important in this respect. As previously noted, the Mellon Foundation immediately set aside a \$50 million relief fund, \$37.5 million of which was ultimately spent on the city's museums, theaters, dance companies, and performing arts groups, including two \$2.65 million grants funneled through NYFA and the American Music Center to aid smaller arts groups, an area of particular concern.

Similarly, the Warhol Foundation created a \$600,000 Emergency Fund to provide operating support for arts organizations in the sequestered area below 14th Street, which was cut off from the rest of the city by military personnel and tanks.

The Rockefeller and Robert Sterling Clark Foundations helped to spearhead a \$4.6 million Arts Recovery Fund that aided 352 artists and 135 organizations, backed by

additional donations from Duke, Mellon, the Rockefeller Brothers Fund and other local donors.⁷⁴

All of the city's arts organizations suffered, and not all of them received foundation grants or regrants from groups like NYFA. But local foundations provided additional funds at a time when every other revenue source had precipitously declined. In the words of one representative of a small performing arts group, they "made the difference and bridged the gap."⁷⁵

V. Conclusions

New York's cultural institutions are a vitally important part of the city's persona and its appeal. Music celebrates its diversity, helps to educate its citizens, and underscores the richness of its cultural portfolio.

The Big Foundations

Foundations bolstered these activities in a variety of ways. Backed by sizable staffs, New York's largest donors folded local music programs into national initiatives such as the National Arts Stabilization Fund and Mellon's orchestra programs, efforts designed to build capacity and enrich artistic offerings.

Although many of the city's big foundations donated significant grants to institutions such as Lincoln Center and the Brooklyn Academy of Music, local programming and ongoing operating support were generally not their primary focus. Instead, they funded research, capacity building and new models, new works, and new actors in the cultural arena. Rather than sources of local stability, most of the big foundations were agents of change.

Whether this pattern is typical of the majority of the country's largest donors in other states such as Ohio, California or Texas remains to be seen, inviting further research.

The task is complicated, however, by the lack of data.

⁷⁴ Robin Pogrebin, "352 Artists and 135 Arts Groups Sharing \$4.6 million from Sept. 11 Fund," *New York Times* (August 12, 2002).

⁷⁵ Focus group, December 14, 2006.

Methodology

Foundation activities have been addressed in a variety of ways, from exposés in the press to quantitative analyses rooted in the records of the Foundation Center and Foundation Search. While useful, these studies either focus on immediate concerns (in the press), or provide insights into broad trends rather than assessing the intent and effect of grants in specific fields.

Moreover, while many foundations have become increasingly thoughtful and skilled in their approach to grant evaluations, these records are rarely open to scholarly inquiry.

As a result, most of what we currently know about foundations, aside from quantitative analyses and contemporary commentary in journals and the press, focuses on the handful of donors that have opened their archives to researchers. A small number of foundation holdings are currently open, most notably those at the Rockefeller Archive Center, and a few other donors allow scholars to examine their files. But even here, records from the past ten to twenty years are often sealed, making it difficult to assess the recent history of foundation activities in any depth.

Until more foundations open their historical records for research, it will be difficult to move beyond interviews, statistics, annual reports, foundation publications and press reports to adequately assess what specific grantmakers sought to achieve, how they measured that success, or the full value of their contributions to American life.

We also need different types of evaluations that can provide independent analyses of how – and how much – foundation funding helps to build careers, institutions and fields. What influence does a fellowship have in enhancing the trajectory of a career over the next twenty years? A great deal of foundation grant money was invested in commissions and fellowships for minorities in the arts, but it is currently extremely difficult to track the results in human terms. Not every recipient will become a star, but many will build and change their institutions and the lives of their students in ways that are currently invisible, but which collectively had a significant impact. Moreover, many outcomes take years to mature, and elude quantitative measurements. Simply stated, metrics alone are not enough.

Even something as simple as adding a question to audience surveys about whether concert goers participated in New York City arts education classes could help to document the extent to which one of the largest foundation-backed areas of investment ultimately paid off.

Finally, as this study has shown, size counts. We need to refocus discussions about the role of foundations in American life to include the sprawling universe of new and smaller foundations in more sophisticated ways. The typology in this study is a first step in that direction.

If we are to have reliable, sophisticated impact studies, far more needs to be known about the ways in which a wide array of foundations interact with their local communities and on the national stage. An initial step would be to encourage more grant makers to open their archives to scholarly inquiry, particularly their internal evaluations and reports, which would help to illuminate their own aims and indices for measuring success.

Mid-Sized Foundations

While the big foundations wove New York's music programs into national initiatives, the city's mid-sized music patrons focused closer to home, also leaving a significant imprint on the city's cultural scene.

For example, the Aaron Diamond Foundation helped to leverage additional funding to build a comprehensive arts curriculum in the New York's public schools, and the Mary Cary Flagler Charitable Trust and the Samuels Foundation played a vitally important role in funding the small and mid-sized music nonprofits that add to the city's diversity and creativity.

Mid-sized foundations also figured prominently in funding music festivals to showcase new works. And many increased their outlays to complement the emergency funds spearheaded by larger donors -- and the mid-sized Robert Sterling Clark Foundation -- after September 11th as revenues from every other income stream plummeted.

Because they are required to pay out a minimum amount in good times and bad, foundations can provide a buffer in times of stress when other sources of funding decline, as in the case of September 11th. Moreover, because they are endowed, they have the capacity to outlive their donors, providing resources for the future.

In effect, they afford an insurance policy for future generations, and for the health and growth of the nonprofit sector. Clearly, these institutions cannot take over for government. But they can provide a margin of ease in times of need, as they did after the terrorist attacks.

In addition to the extraordinary upsurge in the number of new foundations in recent years, foundation deaths have begun to capture increasing attention as well. One of the most striking findings of this study is the unusually high mortality rate among the city's most generous mid-sized music donors. As noted before, this may have significant consequences for the city's smallest nonprofits, which often have their best chance of securing foundation funds from these grantmakers.

This is particularly important given the looming deficits, since these fragile music groups may be further imperiled as the full implications of the country's financial

situation hit home. On the national level, the Center on Budget and Policy Priorities predicts a \$4.1 trillion budget deficit by 2015, while New York State expects to run significant deficits as well, both of which could jeopardize public arts funding.⁷⁶

Debates about the continuation of the NEA have reverberated through the halls of Congress since Reagan's election in 1980, and if the deficits begin to force hard choices between middle class entitlements and the arts, the NEA will be particularly vulnerable. NYSCA may also see deeper cuts in future if the state's debts begin to mount with the economic downturn and rising pension costs as the baby boomers retire.

If so, finding a way to ensure that music organizations will continue to flourish and perform will be an ongoing challenge, inevitably raising hard questions about the long-term sustainability of the city's teeming cultural nonprofit universe in its present form. And the city's small and mid-sized music groups may be among the most vulnerable in this scenario.

Small Foundations: Challenging the Paradigms

The most stunning recent development has been the extraordinary upsurge in the number of small foundations. Modestly capitalized grant makers are playing an increasingly important role in providing operating and capital funds for the growing universe of local institutions, particularly the most prominent music venues. They also played an outsized role in funding bricks and mortar projects, efforts exemplified by the Alice Tully Foundation's bid to leverage \$56 million with its \$16 million matching grant to renovate Lincoln Center's Tully Hall. Despite their ostensibly limited resources, the Rose, Tully, and Sharp Foundations and the Irene Diamond Fund provided tens of millions of dollars for capital campaigns at Lincoln Center.

They also forged webs of public/private partnerships through their operating grants, providing an alternative view of how foundations operate at the local level. One of the most enduring concepts is the notion that foundations address the root causes of social ills, developing and testing solutions, turning the best over to government, and then moving on to fresh challenges.

Certainly, Reagonomics and the conservative revolution challenged this idea. But the recent history of New York's smaller music grantmakers also belies that model.

⁷⁶ Richard Kogan, Matt Fiedler, Aviva Aron-Dine, and James Homey, "The Long-Term Fiscal Outlook is Bleak," Center on Budget and Policy Priorities, January 2007; 2007-2008 New York State Budget; "A letter from the Director," New York State website: <http://publications.budget.state.ny.us/fy0708littlebook/FrontMatter.html> –consulted June 4, 2007 (consulted September 2007).

Far from sponsoring grand and isolated ventures, the bulk of New York's growing ranks of foundations are deeply involved in sustaining local nonprofits, and deeply embedded in public/private alliances. And many will continue to do so after their donors pass from the scene.

Finding points of leverage where foundation funds can refine existing programs or kindle new ones at a key juncture in their development certainly heightens the donor's visibility, but a significant part of the value added by these institutions is their role in providing ballast – particularly in the form of operating support and multi-year grants in a volatile environment – that enable nonprofits to perform, pursue their missions and plan ahead. Small foundations often play a particularly important role in this respect.

All arts groups are vulnerable to an economic downturn and the looming possibilities of governmental declines in arts spending. Small organizations, which often fall below the radar of both the biggest and smallest foundations and have little in the way of endowments, are particularly at risk. Mid-sized music nonprofits face their own set of challenges, especially with the closing of loyal niche funders such as the Mary Flagler Cary Trust. Larger organizations are in the best position to weather any economic storm, but they too face challenges. Heavily reliant on revenues from ticket sales, they are vulnerable to the graying of their audiences, shifting musical tastes, and new technologies that have the potential to undercut the subscription bases of even the oldest and most established institutions. All of these organizations have increasingly turned to private donors to strengthen and maintain their programs, and one of the most positive corollaries of the spiraling numbers of new and small foundations has been the upsurge in operating support, particularly for the city's largest cultural organizations.

Accountability

The recent upsurge in the numbers of small donors has also generated calls for increased regulation. Some influential observers, from former Council on Foundations Chair Emmett Carson to the New York State Attorney General's office, have called for the creation of a floor on foundation development that would prohibit the development of independent foundations below a certain level, whether \$5 million or \$20 million in assets.

However, the data from this study demonstrate that asset size is not a reliable measure of a grantmaker's contributions to the local community. Even very small foundations can be important actors on the philanthropic scene. Because many are pass-throughs, and their annual budgets fluctuate dramatically from year to year, legislation based on either asset or budget size is unrealistic.

There have also been concerns about transparency. Reporting by foundations of all sizes is abysmally low, not just in New York but nationally. A Foundation Center

report found that only 7.8% (1,593) of the nation's largest grant makers published annual reports, and only 11.3% (2,317) posted websites in 2005.⁷⁷

New York's figures were somewhat better, with 25% percent of the music donors in this study reporting web-based reports in 2005, down from 38% six years earlier. Not surprisingly, the smallest foundations were the least responsible on this point, with only 11% reporting websites; mid-sized foundations were more responsible, with 60% posting reports; while 100% of the city's largest music grant makers had websites.

Foundation reporting could be strengthened by making online reporting mandatory as part of foundations' annual filing with the IRS, which would also make it easier for small and mid-sized nonprofits to identify potential donors, and to avoid those that will reject their proposals out of hand. Even the smallest donors should be encouraged to do more reporting, including – at minimum – the publication of online annual reports specifying their areas of interest, the purpose of their grants, and whether proposals are accepted, data that would also make it easier to study their activities.

The implications of the seeding of the new generation of grantmakers are just beginning to be felt, since many of these institutions will grow over time, and many will exist in perpetuity. The full measure of their potential may not become clear until their donors' deaths, when the decisions about whether to staff professionally or go out of business often come to a head. Whether these small donors will eventually fill the gaps left by the departures of some of the city's most influential mid-sized foundations remains to be seen.

Clearly, we are on the brink of a new and novel chapter in foundation history, one which can be introduced but not concluded with any resolution because the massive new crop of grantmakers is too young and too volatile to fully assess. Their collective presence will inevitably change the ways in which we think about the roles of foundations in American cities and American life, recasting how local communities present the arts and provide for their citizens for generations to come.

⁷⁷ FC Stats: The Foundation Center's Statistical Information Service, "Foundations Issuing Publications and Maintaining Web Sites, 1997-2007" (The Foundation Center, 2007). Percentages for 2005 are based on a total of 20,429 foundations surveyed, comprised of foundations with at least \$1 million in assets or grants of \$100,000 or more that also received the Foundation Center's annual survey of the largest U.S. foundations. The figures for 2007 show modest growth, particularly in the number of websites (8% of foundations issuing annual reports and 13.4% maintaining web sites, based on survey of 20,641 foundations).
http://foundationcenter.org/findfunders/statistics/pdf/12_fs_fr/2007/reporting/rpub_07.pdf

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