
*Arts Funding
in North Carolina:
Trends in Public and
Private Support*

BY TOM MATHER



Karen Tam, detail from "North Carolina Belongs to Children," by James Biggers



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Summary

Public funding for the arts has come under increasing scrutiny in recent years, particularly at the national level, due to the federal budget deficit and the controversial nature of some artwork funded by federal grants. Such concerns led Congress to cut funding for the National Endowment for the Arts (NEA) by nearly 40 percent in FY 1996, and Republican leaders in the U.S. House of Representatives have pledged to eliminate all NEA funding by 1998. To assess the impact of these cuts in North Carolina, the N.C. Center for Public Policy Research studied trends in public and private support for the arts since 1980, focusing particularly on the past five years. This report also builds on the Center's 1983 study of the arts in North Carolina, its look at the impact of 1981–82 federal budget cutbacks in the state, and its 1985 directory to corporate and foundation giving.

*The Center's new study found differing trends in government funding for the arts. **Federal** support for the arts has declined steadily in North Carolina since peaking in FY 1990. NEA grants in the state for FY 1995 totaled \$1.3 million, less than half the amount in FY 1990 — even before the latest cuts. State and local government funds for the arts in North Carolina have increased substantially in the 1990s, more than making up for cuts in federal funding. **State** funding for the arts totaled \$14.1 million in FY 1996, a 40-percent increase from FY 1991 (22 percent when the dollars are adjusted for inflation). Most of the growth in state funding has been from special appropriations — or direct legislative grants to local arts groups, rather than to state arts agencies (which also fund local arts groups). **Local government** support grew even faster, with funding in FY 1995 totaling \$7.1 million — more than double the amount in FY 1990. But much of the increase in local funding has occurred in a few metropolitan areas, such as Charlotte, Raleigh, and Fayetteville.*

*Private giving to the arts in North Carolina has increased modestly since the early 1990s. Arts grants from **private foundations** in 1994 totaled \$12.9 million, a 14-percent increase from 1991 (5 percent when the dollars are adjusted for inflation). Independent foundations accounted for nearly two-thirds (63 percent) of those foundation grants to the arts in 1994, but corporate foundation giving has been growing at a faster rate. Local arts groups face differing funding trends. Funding for 10 **united arts funds** in North Carolina's larger metropolitan areas totaled \$15.4 million in FY 1994, a 37-percent increase since FY 1991 (26 percent when the dollars are adjusted for inflation). But support for **local arts councils**, based on a sample of 15 groups in smaller communities across the state, has been less steady — growing just 7 percent from FY 1991 to FY 1994 (but a 2-percent drop in inflation-adjusted dollars). Private support increased by 20 percent (10 percent when adjusted for inflation) at the larger united arts funds during that period and 14 percent (5 percent when adjusted for inflation) at the smaller local arts councils.*

So, you say you want a devolution? Well, that's what has been going on with public support for the arts over the past five years. North Carolina's share of federal grants from the embattled National Endowment for the Arts (NEA) has declined steadily since 1990 — particularly in budgets for the last two fiscal years. Meanwhile, the state and local governments have steadily increased their support for the arts. That, along with growing support from private sources, has resulted in a substantial increase in total funding for the arts in the state since 1990 — despite well-publicized cuts in federal funding.

Yet trouble is looming for the arts. Led by conservatives such as Sen. Jesse Helms (R-N.C.), the U.S. Congress cut funding for the National Endowment for the Arts by \$62.5 million (39 percent) in its budget for the 1996 fiscal year. Leaders in the U.S. House of Representatives say they want to eliminate *all* NEA funding by FY 1998, and Senate leaders — although not seeking to eliminate the agency — would like to cut funding dramatically.¹ The loss of NEA funding could have far-reaching effects on the arts because:

- NEA funding totaled \$162 million nationwide in FY 1995, about 15 percent of the \$1.1 billion in total funding for the arts from federal, state, and local governments in the United States. Although government funding is small compared to private donations to the arts (estimated at \$9.96 billion in 1995), the NEA has been the *largest single* donor to the arts since 1976.²
- NEA grants play a big role in leveraging additional contributions from states, local governments, and private donors. That's because the federal agency requires that its grants be matched by funds from other sources. Plus, NEA grants often function as seals-of-approval for proposed art projects, stimulating donations from other sources.
- Private giving to the arts in the United States has leveled off since 1990, after rising substantially during the 1970s and 1980s. Estimated private donations actually dropped — when numbers are adjusted for inflation — from an estimated \$10.23 billion in 1992 to \$9.96 billion in 1995, the latest year for which nationwide data are available.³ (See Table 1 on p. 7.)

Tom Mather is the associate editor of North Carolina Insight. Former Center interns Jennifer Lehman and John Charles Bradbury helped compile data for this report.

■ Cutbacks in NEA funding could be causing a ripple effect in funding at other levels of government. From FY 1991 to FY 1996, 28 state legislatures — including the N.C. General Assembly — decreased their funding for the lead arts agencies in their states.⁴ (See Table 2 on p. 15.) Total legislative funding for state arts agencies dropped 12 percent during that period, or 23 percent when adjusted for inflation. Funding cutbacks exceeded 30 percent in 11 states — Alaska, Hawaii, Illinois, Maine, Montana, New York, Rhode Island, Tennessee, Utah, Virginia, and West Virginia. Similar cutbacks have extended to some local governments in North Carolina as well, such as the cities of Burlington, Gastonia, Wilmington, and Winston-Salem and the counties of Forsyth, Guilford, Moore, and New Hanover.

The ripple effect from NEA cutbacks already may have begun in North Carolina. In 1995, the N.C. General Assembly — although increasing its overall funding for the arts — repealed a 1988 law that had required the state to set aside funds (0.5 percent of construction costs) for the acquisition of public art for new buildings.⁵ House Speaker Harold Brubaker (R-Randolph) says the repeal of the public arts program was the first step in a review of legislative funding for all arts programs in the state. “That kind of shows the direction that this assembly is heading,” Brubaker says. “I think the whole area will be closely scrutinized in terms of cutting back.

“When we have other pressing needs, such as funding for text books and the construction of school buildings, this whole area has to be re-examined. . . . We just have to prioritize. In our minds, it's more important to make sure that there are supplies in the classrooms.” (See related article, “Troubled Times for Art in Public Buildings,” on p. 8.)

Has North Carolina Followed the National Trends in Funding for the Arts?

What are the potential impacts in North Carolina from cutbacks in federal spending on the arts? Have state and local governments followed the federal government's lead in scaling back their support for their arts? Are donations from private foundations, corporations, and individuals likely to make up for any shortfalls in public funding for the arts? The N.C. Center for Public Policy Research tried to answer such questions in this



Rob Amberg, for *HandMade in America*

Nobie Brachens of Mars Hills making a hooked rug.

study, "Arts Funding in North Carolina: Trends in Public and Private Support."

In conducting this study, the Center set five goals: (1) to assess the likely impact of federal budget cuts in North Carolina; (2) to get a total picture of funding for the arts in the state, including both public and private sources; (3) to examine arts funding from all levels of government — local, state, and federal; (4) to show trends in funding for the arts over time, while focusing particularly on the past five years; and (5) to follow up on the Center's previous studies of the arts, the impact of federal budget cuts, and corporate and foundation giving. This report updates the Center's previous study, "North Carolina: State of the Arts," published in the February 1983 edition of *North Carolina Insight*,⁶ with the new study emphasizing funding issues. It also builds on the Center's previous study of the effects of federal budget cuts in 1982 and its directory of foundation and corporate giving in 1985.⁷

The Center obtained information on *national* trends by reviewing published studies on arts funding, but used original sources to compile much of its data on funding for the arts in North Carolina. Center staff analyzed public funding for the arts by

obtaining records on spending by the National Endowment for the Arts, the N.C. Department of Cultural Resources, and city and county governments. Although information on private funding is less readily available, the Center obtained reliable estimates of private support for the arts by examining tax records filed by independent, corporate, and community foundations in North Carolina. The Center compiled additional estimates of private giving by examining financial records for the N.C. Museum of Art, the N.C. Symphony, and local arts councils and united arts funds across the state.

Overall, the Center's research reveals some significant trends regarding support for the arts in North Carolina:

- **The National Endowment for the Arts** has cut its annual funding for the arts in North Carolina by more than half since 1990, not including the most recent round of budget cuts in Washington. Total NEA grants in the state dropped from \$2.8 million in FY 1990 to \$1.3 million in FY 1995 — a decline of 54 percent, or 61 percent when the dollars are adjusted for inflation.⁸ (See Table 3 on p. 18.) The latest budget adopted by Congress for FY 1996 cut the NEA's total

funding by 39 percent, which is likely to reduce grants to the state by a similar amount. Meanwhile, the NEA's share of *total* government funding for the arts in North Carolina declined from about 18 percent in FY 1990 to 6 percent in FY 1995, the most recent year for which data are available for all levels of government. (See Table 4 on p. 19.)

- **North Carolina's state government** increased its total annual support for the arts by more than \$4 million over the past five years. Total legislative appropriations for the arts grew from \$10.1 million in FY 1991 to \$14.1 million in FY 1996 — an increase of 40 percent, or 22 percent in inflation-adjusted dollars. (See Table 5 on pp. 24–25.) Meanwhile, the state's share of *total* government funding for the arts was virtually unchanged from FY 1990 to FY 1995, at 62 percent.
- **Special appropriations** — that is, direct legislative grants to local arts groups or projects — accounted for most of the increase in state funding over the past five years. Funding for the N.C. Arts Council, the state's lead agency for promoting the arts, actually declined by 1.2 per-

cent from FY 1991 to FY 1996, or 13.6 percent when dollars are adjusted for inflation. Meanwhile, the N.C. General Assembly increased its special appropriations to local arts groups from \$48,500 in FY 1991 to \$3,048,500 in FY 1996 — an increase of 6,186 percent, or 5,494 percent in inflation-adjusted dollars. (See Table 5 on pp. 24–25.)

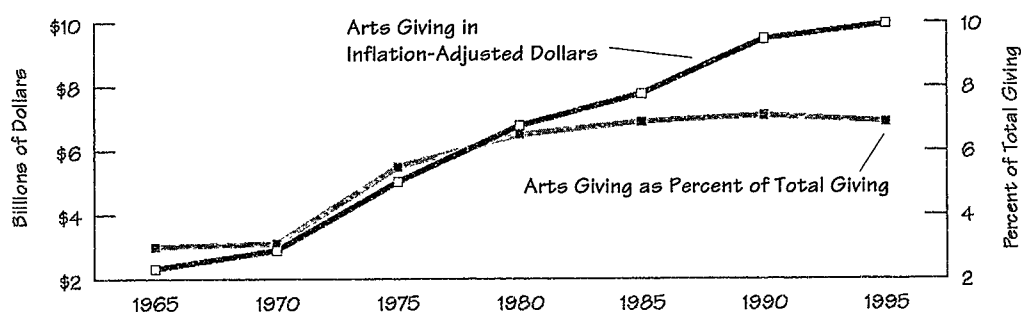
- **Local governments** in North Carolina have more than doubled their support for the arts since 1990. Cities and counties increased their funding for local arts councils from \$3.1 million in FY 1990 to \$7.1 million in FY 1995, an increase of 123 percent, or 88 percent when dollars are adjusted for inflation. (See Table 4 on p. 19.) Local governments' share of *total* government funding for the arts in North Carolina also increased substantially, from 20 percent in FY 1991 to 32 percent in FY 1995. However, much of the growth in local support for the arts has been concentrated in a few metropolitan areas — with Charlotte and Mecklenburg County accounting for more than half (56 percent) of the city and county spending on the arts in the state in FY 1995. (See Table 6 on p. 26.)

"Green," a mural in glazed ceramic tile by artist Tom Spleth, was commissioned by the Artworks for State Buildings Program that the state legislature killed in 1995. The mural is located in the Albemarle Building in Raleigh.



Karen Tam

**Table 1. Private Donations to the Arts and Culture,
Nationwide, 1965-95**
(Billions of Inflation-Adjusted Dollars)



Year	1965	1970	1975	1980	1985	1990	1995
Arts Giving	\$2.31	\$2.89	\$5.03	\$6.78	\$7.78	\$9.49	\$9.96
% of Total Giving	3.0%	3.1%	5.5%	6.5%	6.9%	7.1%	6.9%

Source: Ann E. Kaplan, ed., *Giving USA*, American Association of Fund-Raising Counsel (AAFRC) Trust for Philanthropy, New York, N.Y., 1995, p. 24.

■ **Private contributions** account for perhaps the largest source of support for the arts in North Carolina, although precise numbers are hard to compile. Nevertheless, private giving apparently has not increased as much as funding from the state and local governments in recent years. Private foundations (independent, corporate, and community) boosted their grants to arts groups in the state from nearly \$11.3 million in 1991 to more than \$12.8 million in 1994, the most recent year for which data are available. That amounted to a 14-percent increase, or 5 percent when the dollars are adjusted for inflation. (See Table 7 on p. 37.) During that same period, estimated private support at 10 local united arts funds in North Carolina cities grew 35 percent, or 23 percent in inflation-adjusted dollars. Meanwhile, private support at 15 selected local arts councils increased by 14 percent, or 5 percent when dollars are adjusted for inflation. (See Table 8 on p. 38 and Table 9 on p. 39.)

Public Support for the Arts in the United States

Public support for the arts in the United States dates back to at least the early 1800s, and it

was controversial even then. A loud uproar ensued in 1818, after Congress paid artist John Trumbull \$32,000 for four paintings depicting scenes from the American Revolution. President Franklin D. Roosevelt raised federal support for the arts to new levels during the Depression years, when his Works Progress Administration hired numerous artists.⁹ The WPA provided jobs for writers, performers, and visual artists — who did work such as painting murals in public buildings.¹⁰ Another factor to consider, when evaluating federal support for the arts, is the importance of tax policies — which let taxpayers deduct their contributions to nonprofit organizations, including many arts groups.¹¹ (See the related article, “The Nonprofit Sector in North Carolina: Trends and Key Public Policy Challenges,” on p. 66 of this issue.)

Nevertheless, most observers would agree that the turning point in the nation’s public support for the arts was in 1965 — when Congress established the National Endowment for the Arts and the National Endowment for the Humanities (NEH). The creation of the NEA and NEH institutionalized direct, ongoing federal support for the arts and humanities for the first time.¹² Congressional appropriations for the NEA grew from an initial \$2.5

— continues on page 14

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million in FY 1965 to a peak of \$188 million in FY 1980, but have declined steadily since that time. NEA funding in FY 1995 totaled \$162 million—which was 14 percent lower than the 1980 level in actual dollars and about 50 percent lower in inflation-adjusted dollars.¹³ Congress further reduced the agency's funding to \$99.5 million in its FY 1996 budget, and Republican leaders in the U.S. House of Representatives have pledged to eliminate all funding by FY 1998.¹⁴

The recent declines in federal funding for the NEA have been prompted by two key factors: concerns over the federal budget deficit, which has called into question spending on all government programs; and heightened criticism from conservative religious groups, which view certain NEA-funded projects as immoral. Many conservatives, in particular, have characterized federal arts programs as nonessential frills that cannot be justified when tough decisions must be made about balancing the budget. "Congress has created a

nearly \$5 trillion national debt," says Rep. Philip Crane (R-Ill.). "How can we rationalize spending millions on the NEA when we don't even have enough money to effectively deal with the illegal

immigration crisis or crime in our streets?"¹⁵

Much of the organized opposition to the NEA has come from conservative Christian groups that have accused the agency of spending federal funds on artwork that is pornographic or against their religious beliefs.¹⁶ Such criticisms have focused on NEA grants that indirectly funded exhibitions of con-

troversial artists who offended mainstream tastes, in particular the late Robert Mapplethorpe, whose work includes photographs depicting explicit homosexual acts; and Andres Serrano, whose "Piss Christ" photo shows a crucifix immersed in a jar of urine.¹⁷ Republican Sen. Jesse Helms of North Carolina has been one of the leading critics of federal arts and humanities programs on such grounds.

"[T]he sky will not fall if the Congress votes to cut funding of the NEA and the NEH, as the arts

"The aim of art is to represent not the outward appearance of things, but their inward significance; for this, and not the external mannerism and detail, is true reality."

—ARISTOTLE



Karen Tam

**Table 2. Legislative Appropriations for State Arts Agencies,
FY 1991-96**

State	FY 1991	FY 1996	Percent Change, 1991-96	Inflation Adjusted Change, 1991-96	State Per Capita Spending, 1996	Rank in Per Capita Spending, 1996
Alabama	\$1,578,774	\$2,008,432	27.2%	11.2%	\$0.48	39
Alaska	1,431,800	564,000	-60.6	-65.6	0.93	18
Arizona	2,067,800	2,590,000	25.3	9.5	0.61	30
Arkansas	972,702	1,275,532	31.1	14.6	0.51	36
California	15,736,000	12,496,000	-20.6	-30.6	0.40	48
Colorado	1,536,172	1,691,077	10.1	-3.8	0.45	42
Connecticut	2,197,217	3,150,185	43.4	25.3	0.96	15
Delaware	1,361,390	1,307,900	-3.9	-16.0	1.82	5
Florida	26,528,509	26,293,366	-0.9	-13.4	1.86	4
Georgia	3,385,294	4,396,670	29.9	13.5	0.61	31
Hawaii	19,600,963	6,122,649	-68.8	-72.7	5.16	1
Idaho	665,400	836,500	25.7	9.9	0.72	25
Illinois	11,233,100	5,543,200	-50.7	-56.9	0.47	40
Indiana	2,811,820	3,002,971	6.8	-6.7	0.52	35
Iowa	1,249,273	1,407,124	12.6	-1.6	0.50	37
Kansas	1,071,659	1,343,043	25.3	9.5	0.52	34
Kentucky	3,367,200	3,308,100	-1.8	-14.1	0.86	20
Louisiana	936,328	4,176,000	346.0	289.8	0.96	16
Maine	755,125	513,389	-32.0	-40.6	0.41	46
Maryland	8,522,216	7,625,642	-10.5	-21.8	1.51	10
Massachusetts	15,224,000	14,162,525	-7.0	-18.7	2.33	2
Michigan	11,520,300	21,734,700	88.7	64.9	2.23	3
Minnesota	5,553,107	7,155,000	28.8	12.6	1.55	9
Mississippi	514,437	1,323,295	157.2	124.8	0.49	38
Missouri	4,480,026	8,522,600	90.2	66.3	1.60	8
Montana	781,129	540,731	-30.8	-39.5	0.62	28
Nebraska	1,047,932	1,272,450	21.4	6.1	0.78	21
Nevada	359,308	701,027	95.1	70.5	0.46	41
New Hampshire	518,539	486,093	-6.3	-18.1	0.42	44
New Jersey	11,703,000	13,657,000	16.7	2.0	1.72	7
New Mexico	1,119,000	1,760,167	57.3	37.5	1.04	13
New York	50,980,900	31,687,000	-37.8	-45.7	1.75	6
North Carolina	5,427,589	5,410,954	-0.3	-12.9	0.75	23
North Dakota	274,185	288,309	5.2	-8.1	0.45	43
Ohio	12,129,849	11,536,596	-4.9	-16.9	1.03	14
Oklahoma	3,195,455	3,138,037	-1.8	-14.2	0.96	17
Oregon	1,536,549	1,142,323	-25.7	-35.0	0.36	49
Pennsylvania	11,704,000	9,100,000	-22.2	-32.0	0.75	22
Rhode Island	1,021,732	626,562	-38.7	-46.4	0.63	27
South Carolina	3,932,925	3,361,661	-14.5	-25.3	0.92	19
South Dakota	404,527	450,116	11.3	-2.8	0.62	29
Tennessee	5,804,300	3,009,850	-48.1	-54.7	0.57	32
Texas	3,386,072	3,316,170	-2.1	-14.4	0.18	50
Utah	6,583,600	2,442,500	-62.9	-67.6	1.25	11
Vermont	479,153	430,000	-10.3	-21.6	0.74	24
Virginia	4,016,007	2,668,552	-33.6	-41.9	0.40	47
Washington	2,396,322	2,264,373	-5.5	-17.4	0.42	45
West Virginia	3,693,180	2,060,475	-44.2	-51.2	1.13	12
Wisconsin	2,436,800	2,693,300	10.5	-3.4	0.53	33
Wyoming	350,705	331,562	-5.5	-17.4	0.69	26
National Totals	\$279,583,370	\$246,925,708	-11.7%	-22.8%	\$0.99	n/a

Source: National Assembly of State Arts Agencies, "State Arts Legislative Appropriations—Annual Survey," NASAA, Washington, D.C., 1991-1996 editions, (page number varies).

Note: Legislative appropriations are for designated state art agencies only, such as the N.C. Arts Council. Thus, the total for North Carolina does not include special legislative appropriations for arts groups, which totaled \$3.05 million in FY 1996.

and humanities already swim in an ocean of private funds — more than \$9.5 billion annually,” Helms says. “It may be possible to come up with a compromise that will be reasonable to most citizens. However, in all honesty, if the compromise should include giving the taxpayers’ money to people who produce rotten, filthy material under the pretext that it can somehow be considered ‘art’ — count me among those who would prefer to terminate the entire function, and start over.”¹⁸

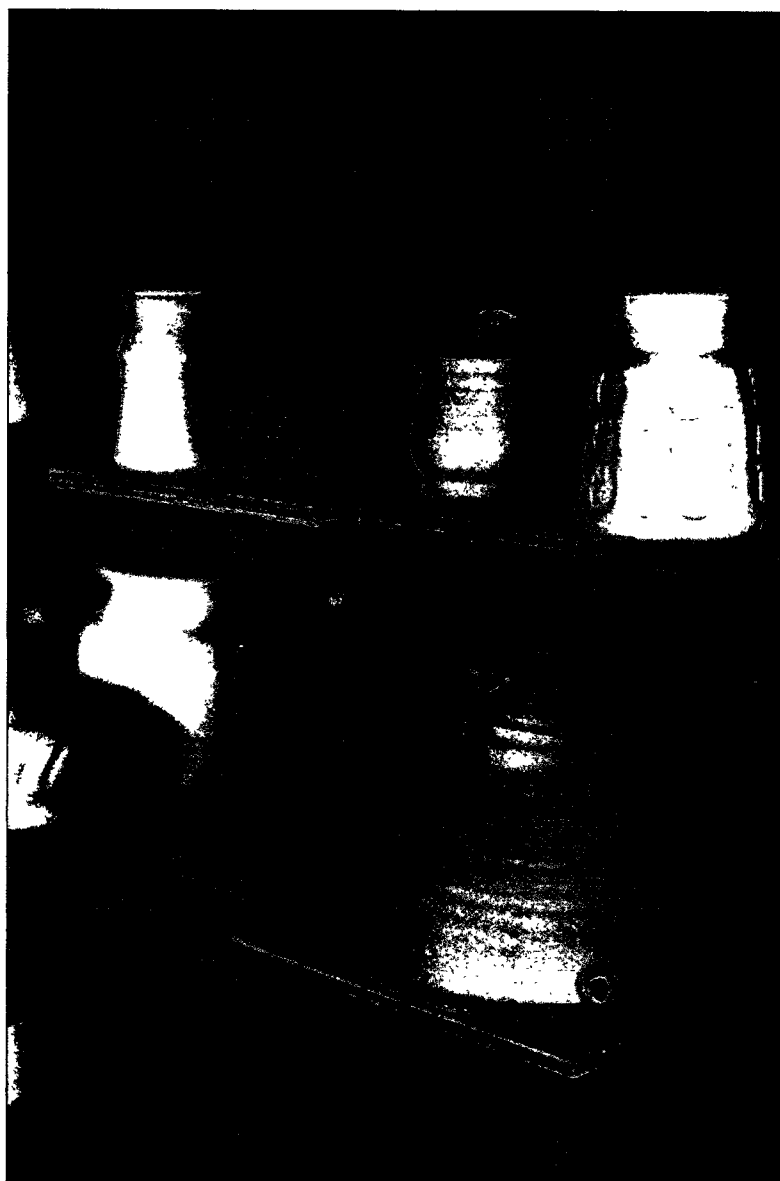
Public funding for the arts also has some strong supporters. Such sentiments were expressed perhaps most visibly when Michael Greene, president of the National Academy of Recording Arts and Sciences, criticized proposals to slash NEA funding. “We must not allow the arts to be politicized, commercialized, sanitized, neutralized, or zeroed out,” Greene said in a speech during the national television broadcast of the Grammy Awards in March 1995.¹⁹ Proponents cite a number of reasons justifying public support for the arts:

- Federal spending on the arts and humanities represents a minuscule portion of the national budget and the federal deficit. In FY 1995, federal funding for various arts programs totaled about \$1 billion, representing about .06 percent of the \$1.564-trillion budget for the United States.²⁰
- Many nations spend far greater portions of their budgets on the arts than the United States. Public expenditures on the arts, per person, range from 5 to 15 times higher in European nations than in the United States.²¹
- Only a handful of NEA grants have spurred controversies. The endowment has awarded more than 100,000 grants to artists and art groups since 1965, supporting projects in all 50 states.²²
- Federal funding is needed to support artwork of nationwide interest, such as statues

and monuments on public property and priceless collections of art, such as the National Gallery.

- The matching requirements of grants from the National Endowment for the Arts help leverage additional donations from individuals, corporations, foundations, states, and local governments. The NEA estimates that for every \$1 it spends, it generates \$11 in state, local, and private matching grants. “That’s a pretty incredible return on a small investment,” says NEA Chair Jane Alexander, an award-winning actress who is the first professional artist to direct the agency.²³

The National Assembly of Local Arts Agencies, a Washington-based group that represents local arts councils around the country, says NEA grants play



Christine Alexander, for the N.C. Arts Council

"[T]he sky will not fall if the Congress votes to cut funding of the NEA and the NEH, as the arts and humanities already swim in an ocean of private funds — more than \$9.5 billion annually. It may be possible to come up with a compromise that will be reasonable to most citizens. However, in all honesty, if the compromise should include giving the taxpayers' money to people who produce rotten, filthy material under the pretext that it can somehow be considered 'art' — count me among those who would prefer to terminate the entire function, and start over."

—U.S. SEN. JESSE HELMS (R-NC)

a critical role in generating funds for the nonprofit arts industry. This industry, in turn, contributes \$36.8 billion a year in expenditures to the nation's economy; provides 1.3 million jobs with compensation totaling \$25.2 billion; and generates annual taxes totaling \$3.4 billion for the federal government, \$1.2 billion for state governments, and \$790 million for local governments.²⁴ (See the related article, "Arts for Money's Sake: Cultural Spending Can Spur Economic Growth," on p. 56.)

"The NEA has a pretty profound impact on the arts industry," says Randy Cohen, director of research and information for the assembly. "They provide leadership to the field, and it's a statement from the United States saying that culture is important to the people of our country. . . . If you've got an NEA grant, people who know about what you're doing, say: 'Hey, this is a quality project. These people know what they're doing. This project is going to be completed, and completed well.'"

Despite such endorsements, recent nationwide surveys have shown that public opinion is mixed regarding federal funding for the arts. For instance, a July 1995 poll for Time/CNN found that public support for the National Endowment for the Arts is lukewarm at best. The survey found that about one-third (30 percent) of the respondents supported continued funding of the NEA at existing levels. One-fifth (21 percent) of the respondents favored eliminating all funding for the NEA within two years, and 37 percent favored cutting back NEA funding by 5 percent a year over the next five years.²⁵ However, a more recent survey by pollster Louis Harris found broader support for government funding of the arts. The poll, released in June 1996, found that: more than half (57 percent) of the re-

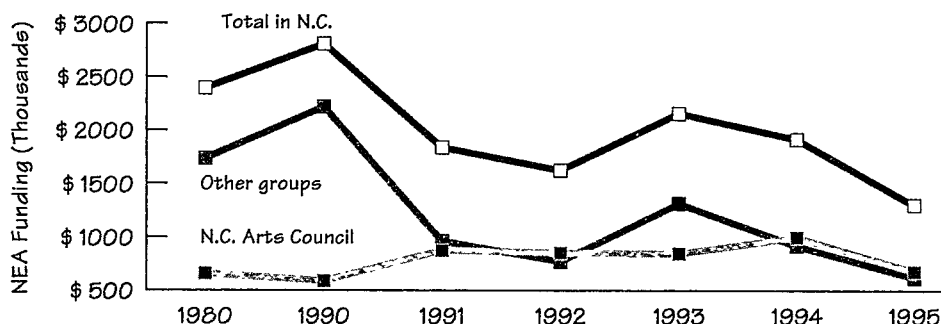
spondents favored federal funding for the arts: two-thirds (67 percent) of the respondents believed that local governments should help finance arts groups; and nearly two-thirds (63 percent) supported state government funding of the arts.²⁶

The Impact of Federal Funding for the Arts in North Carolina

Cuts in federal funding for the arts are nothing new in North Carolina, despite all of the publicity regarding Republican Congressional leaders' plans to slash funding for the National Endowment for the Arts. NEA grants in North Carolina dropped by more than half over the past five years — even before the \$62.5-million cut in the federal agency's total budget for FY 1996. From a peak of \$2.8 million in FY 1990, NEA grants in the state dropped to \$1.3 million in FY 1995 — a decline of 54 percent, or 61 percent when dollars are adjusted for inflation. (See Table 3 on p. 18.)

The recent decline in NEA support has mirrored trends in the early 1980s, when President Ronald Reagan's administration pushed for substantial cuts in federal spending for the arts and other areas. Total NEA grants in North Carolina dropped 50 percent during that period, from \$2.4 million in FY 1980 to \$1.2 million in FY 1982.²⁷ The recent cuts, however, are even more severe than those during the early 1980s — when the effects of inflation are considered. The state's \$1.3-million share of NEA grants in FY 1995 had the same purchasing power as \$670,000 in FY 1980, based on changes in the Consumer Price Index. Plus, the full impact of the recent budget cuts has not yet been felt. Federal funding for the arts in North Carolina for FY 1996

**Table 3. National Endowment for the Arts (NEA) Grants
in North Carolina, FY 1980–1995**



NEA Grants in N.C.	Fiscal Year End							Percent Change 1990-95	Inflation Adjusted Change
	1980	1990	1991	1992	1993	1994	1995		
TOTAL	\$2,394,785	\$2,810,253	\$1,838,775	\$1,624,150	\$2,158,564	\$1,916,789	\$1,299,286	-53.8%	-61.0%
N.C. Arts Council	\$658,860	\$589,450	\$876,200	\$853,500	\$845,300	\$998,400	\$679,520	15.3%	-2.7%
Other Groups	\$1,735,925	\$2,220,803	\$962,575	\$770,650	\$1,313,264	\$918,389	\$619,766	-72.1%	-76.4%

Notes: Total grants includes all National Endowment for the Arts (NEA) funding for artists and art groups in N.C., including state agencies. Other groups include grant recipients other than the N.C. Arts Council, including such state-supported agencies as the N.C. Symphony and N.C. Museum of Arts as well as public schools and universities, including the N.C. School of the Arts, N.C. State University and UNC-Chapel Hill. The distinction between grants to the N.C. Arts Council and to other groups is somewhat artificial because the council re-grants much of the NEA money it receives to arts organizations across the state.

The Center's analysis of funding by the National Endowment for the Arts was based on grant distributions under the federal fiscal calendar (Oct. 1–Sept. 30), using NEA records. However, the state tracks grants to the N.C. Arts Council based on the state fiscal year (July 1–June 30) in which the money is spent. Under the state method for tracking NEA grants, federal funding grew from \$641,326 in FY 1990 to \$883,700 in FY 1995—an increase of 37.8 percent. But NEA funding dropped to \$794,220 in FY 1996 and \$462,400 in FY 1997—a decline of 51.7 percent over the past two fiscal years, according to state records.

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our streets?"*

—REP. PHILIP M. CRANE (R-ILL.)

could drop as low as \$780,000 — about one-fourth of the level in FY 1990 — if the 39-percent cut in the NEA's budget for FY 1996 results in a similar drop in funding for the states. Likewise, federal support for the arts in North Carolina could drop to zero if Congress eliminates all funding for the National Endowment for the Arts — as some Congressional leaders have proposed.

NEA funding for the N.C. Arts Council — the state's lead agency for promoting the arts — actually grew modestly over the past five years, from \$589,450 in FY 1990 to \$679,520 in FY 1995. (See Table 3 above.) That was an increase of 15 percent in absolute terms, but a *decline* of 3

percent when dollars are adjusted for inflation. The long-term increase also masks a sharp decline in NEA support to the Arts Council from FY 1994 to FY 1995, when funding fell by \$318,880 or 32 percent.²⁸

The recent decline in NEA funding has had the most impact on artists and arts groups outside of state government, such as the numerous museums, theatre groups, and dance companies across North Carolina. Total NEA grants to arts groups other than the N.C. Arts Council dropped 72 percent over the past five years, from \$2.2 million in FY 1990 to \$619,766 in FY 1995.²⁹ (See Table 3 on p. 18.) That decline has been felt both in the *numbers* of grants as well as the *size* of grants. From 1990 to 1995, the total *number* of NEA grants awarded in North Carolina dropped by a third, from 63 to 42. Meanwhile, the *average* grant amount declined from \$44,607 to \$30,935 during that time span.

"The NEA has a pretty profound impact on the arts industry. They provide leadership to the field, and it's a statement from the United States saying that culture is important to the people of our country."

—RANDY COHEN,
DIRECTOR OF RESEARCH AND INFORMATION,
NATIONAL ASSEMBLY OF
LOCAL ARTS AGENCIES,
WASHINGTON, D.C.

Table 4. Total Government Funding for the Arts in North Carolina, FY 1990–1995



Level of Government	Fiscal Year End						Percent of Total in 1995	Percent Change 1990-95	Inflation Adjusted Change
	1990	1991	1992	1993	1994	1995			
Local	\$3,164,427	\$3,437,730	\$4,615,256	\$5,932,879	\$6,087,138	\$7,064,861	32.2%	123.3%	88.5%
State	9,770,227	10,128,155	9,452,875	9,708,015	12,922,295	13,590,329	61.9	39.1	17.5
Federal	2,810,253	1,838,775	1,624,150	2,158,564	1,916,789	1,299,286	5.9	-53.8	-61.0
TOTAL	\$15,744,907	\$15,404,660	\$15,692,281	\$17,799,458	\$20,926,222	\$21,954,476	100.0%	39.4%	17.7%

Note: **Local** includes all funding of local arts councils by counties and municipalities in N.C. **State** includes legislative appropriations for the N.C. Arts Council, Museum of Art, Symphony, and special funding for local art groups in N.C. **Federal** includes all National Endowment for the Arts grants to artists and art groups in N.C.

"The NEA money has never been a large source of money for local arts councils. But a little bit of NEA money triggers a lot of other money."

—ROBERT BUSH, EXECUTIVE DIRECTOR
UNITED ARTS COUNCIL OF RALEIGH AND WAKE COUNTY

Although some arts organizations saw increases in the amount of NEA money they received over that period, a larger number of groups experienced cutbacks or the total elimination of NEA funding.³⁰ Some groups that experienced substantial cuts in NEA funding from FY 1990 to FY 1995 include: in Charlotte, the Afro-American Cultural Center, N.C. Dance Theater, and Opera Carolina; in Durham, the American Dance Festival, Duke University, and the Durham Arts Council; in Greensboro, the Eastern Music Festival and the Greensboro Symphony Society; in Raleigh, the N.C. Symphony Society; and in Winston-Salem, the N.C. Black Repertory Company, Reynolda House, and Southeastern Center for Contemporary Art. (See the related article, "Dancing to a Different Donor — Arts Groups Adapt to Federal Cutbacks," on p. 28.)

The Center's study of local united arts funds and local arts councils found differing effects from the NEA cuts. NEA funding for 10 of the state's united arts funds dropped from \$166,500 in FY 1991 to \$99,725 in FY 1995 — a decline of 40 percent, or 47 percent when dollars are adjusted for inflation. However, NEA grants to 15 selected local arts councils more than tripled over that period, from \$20,300 in FY 1991 to \$74,256 in FY 1995. Nevertheless, in both cases, NEA grants accounted for very small percentages of the groups' total budgets. In FY 1994, NEA grants represented 0.6 percent of the total income for the united arts funds and 1.4 percent of the total income for the local arts councils. (See Table 8 on p. 38 and Table 9 on p. 39.)

"The National Endowment for the Arts has limited impacts, as far as funding goes, for the local arts councils," says Rob Maddrey, president of Arts North Carolina, a group that represents local arts councils and united arts funds across the state. "It [NEA funding] was small to begin with. So, when you cut back on something that small, it's not going to have much of an impact." But Maddrey and other arts administrators say that NEA support, although only a small share of the total budgets for

local arts groups, has had a larger-than-expected impact on their operations. That's because NEA grants require recipients to match the federal money with grants from the state, local governments, and private sources.

"The NEA money has never been a large source of money for local arts councils," says Robert Bush, executive director of the United Arts Council of Raleigh and Wake County. "But a little bit of NEA money triggers a lot of other money." NEA grants also have helped provide the seed money for many local arts programs that later gained support from other funders. "In many cases, what has happened is that local governments and the state have picked up the NEA share," Bush says.

Many arts groups feel that this shift in funding can't go on forever. The National Assembly of Local Arts Agencies, in a survey of nonprofit arts groups across the nation, found that most groups think the loss of NEA funds would eventually lead to cutbacks in local support.³¹ "If the NEA were eliminated, 83 percent of the local arts agencies we surveyed said it would have a negative impact on their local government support for the arts," says Randy Cohen of the assembly. "Meaning, that if the NEA takes away its support for the arts, it will take away some of the local government support for the arts. They might just say, 'Let's put this money elsewhere.'"

Public Support for the Arts in North Carolina

North Carolina has a long history of supporting the arts and a nationwide reputation that continues to this day. In 1815, the state legislature spent \$10,000 to commission a statue of George Washington for the State Capitol Building. In the 1920s and 1930s, private citizens established groups that eventually led to the creation of the state art museum and state symphony. Since then, the state can claim a number of "firsts" that show its support for the arts:

- In 1943, the N.C. Symphony, although formed with private money in 1932, became the nation's first state-supported symphony orchestra.
- In 1947, North Carolina became the first state to fund a public collection of art — now the N.C. Museum of Art.
- In 1949, private citizens founded the Arts Council of Winston-Salem, the first organization of its kind in the nation.
- In 1963, the state legislature established the N.C. School of the Arts, the first state-supported residential school for the performing arts in the nation.

- In 1971, the legislature created the nation's first cabinet-level state agency for arts and culture, now known as the Department of Cultural Resources.
- In 1977, the legislature funded the N.C. Arts Council's Grassroots Arts Program, the nation's first program for funding local arts initiatives on a per-capita basis.³²

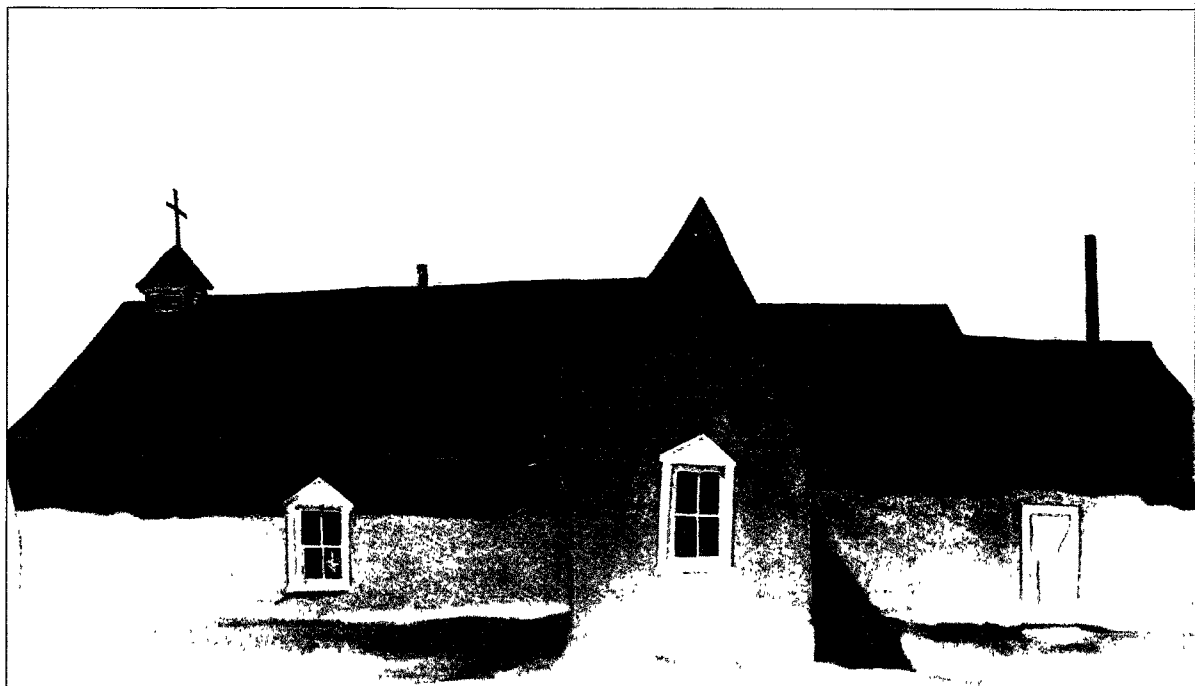
North Carolina also was among the first states to establish a statewide agency for promoting the arts. Former Gov. Terry Sanford established the N.C. Arts Council by executive order in 1964, and the state legislature made it a statutory agency in 1967. In 1971, the Council became part of the

newly created Department of Art, Culture, and History — now known as the Department of Cultural Resources — and it became a full division of the department in 1981.³³

As the state's lead arts agency, the N.C. Arts Council is the primary vehicle for routing state funds to artists and arts organizations. More than three-fourths (75.5 percent) of the council's \$6.3-million total budget in FY 1995 went toward grants to artists and arts groups across the state. The council also distributes a substantial portion (52 percent in FY 1995) of the National Endowment for the Arts' grants in North Carolina. Primary responsibilities of the N.C. Arts Council include awarding grants, providing arts-related services and information, developing support for artists and arts organizations in the state, and administering the Artworks for State Buildings Program that the state legislature repealed in 1995.



Christine Alexander, for the N.C. Arts Council



"Cebolla Church," oil on canvas by Georgia O'Keeffe (1945)

In FY 1996, the N.C. Arts Council received \$5.4 million in state appropriations, or 38 percent of the state's total funding for arts programs. Other arts programs that received major appropriations from the state in FY 1996 included: the N.C. Museum of Art, \$3.3 million, or 23 percent of total arts funding; the N.C. Symphony, \$2.4 million, 17 percent of the total; and special legislative appropriations to local arts groups, \$3 million, or 22 percent of the total. (See Table 5 on pp. 24–25.)

A key factor contributing to North Carolina's traditionally strong support for the arts is the network of **local arts councils** in most of the state's counties and larger cities. Local arts councils function as clearinghouses for the arts in local communities, doing everything from sponsoring workshops to running museums and theater companies. Some of these local councils, generally in the state's larger cities, have taken on additional fundraising responsibilities. These councils, known as **united arts funds**, conduct annual fundraising drives that generate financial support for a range of other arts organizations in their communities. These funds function like the United Way campaigns in their communities, serving as central collection points for private donations and distributing that money to a range of arts organizations. For example, the Arts & Science Council of Charlotte/Mecklenburg raised \$8.9 million in revenues in FY 1995, while distributing an equivalent amount in grants to 21 affiliated

arts organizations as well as a number of local schools.³⁴

"North Carolina as a state has a wonderful local arts agency infrastructure," says Randy Cohen of the National Assembly of Local Arts Agencies in Washington, D.C. "They really are just model agencies, and they have very supportive communities for the arts."

After Winston-Salem formed the nation's first local arts council in 1949, other local groups were established in the 1950s and early 1960s in a number of the state's larger cities, including Charlotte, Greensboro, High Point, and Raleigh. The state had seven local councils when Gov. Sanford created the N.C. Arts Council in 1964, but the state council has played a key role in establishing a network of other local councils across the state. "We noticed that whenever there was a good local arts council in a county, good things happened across the board," says Mary Regan, the director of the state council. The state now has 106 local arts councils, located in 90 of the state's 100 counties, and 11 of those councils function as united arts funds. (See Table 10 on p. 41.)

"North Carolina has the most united arts funds of any state in the country," says Oscar E. Marin, director of the National Coalition of United Arts Funds in New York. "North Carolina has some of the most successful funds too, especially for the Southeastern U.S." In 1994, the Arts & Science

Council of Charlotte/Mecklenburg was the nation's 8th largest united arts fund in money-raising, and funds in Winston-Salem and Raleigh ranked among the top 25.³⁵ "North Carolina certainly has the most going on with the arts, outside of the major centers such as New York and California," Marin says.

State Maintains Its Support for the Arts

The Center's study of funding trends found that state government has continued its strong financial support for the arts in recent years. The N.C. General Assembly increased its total funding for the arts substantially from FY 1990 to FY 1995, during the same time span that the National Endowment for the Arts slashed its grants in North Carolina. Total state legislative appropriations for the arts grew from \$9.8 million in FY 1990 to \$13.6 million in FY 1995 — an increase of 39 percent, or 18 percent when adjusted for inflation. (See Table 4 on p. 19.) Legislative funding increased again in FY 1996, to \$14.1 million. Meanwhile, the state's share of *total* government funding for the arts was virtually unchanged, from 62.1 percent in FY 1990 to 61.9 percent in FY 1995.

But just looking at the state's total funding for the arts does not tell the whole story. Most of the growth in state arts funding in recent years has come from huge increases in **special appropriations**, or direct non-recurring grants to specific arts groups or projects from the state legislature. With these special appropriations, also known as "pork barrel" funding, legislators can earmark funds for arts groups in their districts — thus bypassing the administrative screening process established by the N.C. Arts Council to distribute grants to arts organi-

zations around the state. For example, in FY 1995 legislators approved special appropriations ranging from \$2,000 for the Burnsville Playhouse in Yancey County to \$100,000 for the Brevard Music Center in Transylvania County. The N.C. General Assembly increased its special appropriations to local arts groups by more than 6,000 percent, from \$48,500 in FY 1991 to \$3,048,500 in FY 1996. Meanwhile, legislative funding for the N.C. Arts Council — the state's lead agency for promoting the arts — actually declined by 1.2 percent from FY 1991 to FY 1996, or 13.6 percent in inflation-adjusted dollars. During that same period, state funding for the N.C. Symphony increased by 40 percent, or 22.3 percent when adjusted for inflation. Meanwhile, state funding for the N.C. Museum of Art increased 13.5 percent in absolute terms, but declined slightly (-0.8 percent) when adjusted for inflation. (See Table 5 on pp. 24–25.)

Looked at another way, special appropriations as a share of the state's total spending on the arts grew from 0.5 percent in FY 1991 to 21.6 percent in FY 1996. By contrast, the N.C. Arts Council's share of the total state arts spending declined from 54.1 percent in FY 1991 to 38.3 percent in FY 1996. This shift in funding mechanisms has several implications:

- State funding for the arts has become more of a political process as the state legislature has come to exert more control over the allocation of state money to local arts organizations, programs, and events.
- Much of the state funding for local arts groups is now bypassing the review process of the N.C. Arts Council, which was established to insure

"When we teach a child to sing or play an instrument, we teach her to listen. When we teach a child to draw, we teach her to see. When we teach a child to dance, we teach him about his body and about space. When we teach a child design, we teach the geometry of the world. When we teach children about the folk and traditional arts and the great masterpieces, we teach them to celebrate their roots and find their place in history."

—JANE ALEXANDER, CHAIR
NATIONAL ENDOWMENT FOR THE ARTS
AND AWARD-WINNING ACTRESS

a fair and accountable distribution of the state's arts dollars.

- State funding for arts has become more dependent on non-recurring, annual legislative appropriations, rather than on long-term financial commitments to statewide arts programs.
- Special appropriations do not stimulate as much giving from other sources as do grants from the N.C. Arts Council, which generally requires grant recipients to obtain matching funds from other contributors.

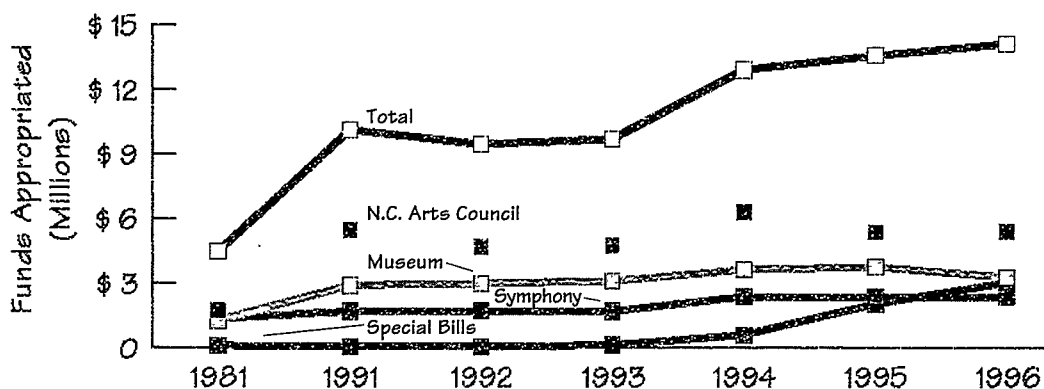
"We try not to look a gift horse in the mouth," Mary Cook, director of public affairs for the N.C. Department of Cultural Resources, says of the special appropriations. "Whatever hassles come along the way, we're grateful to have this money." Nevertheless, Cook says planning has become more difficult for the administrators of state art

agencies because of the growth in special appropriations. "We prefer to call it one-time special money, with a huge emphasis on the 'one-time,'" she says. "Yes, we have some extra money. But we have no idea from year to year whether we're going to get it again."

Others in the arts community are more critical of the shift in funding priorities. Rob Maddrey, president of Arts North Carolina, says many administrators of local arts groups feel that the N.C. Arts Council spends funds more fairly than does the legislature in its "pork barrel" appropriations. "You can't dispute that the state has increased its support for the arts, including at the local level," Maddrey says. "But the amount of money is largely dependent on who you know and how it's doled out by the legislature."

Elizabeth Taylor, director of Arts Advocates of N.C., a nonprofit group that lobbies for the arts in the state, says arts groups have mixed feelings about

Table 5. Legislative Funding for State Arts Programs in North Carolina, FY 1981-96



State Arts Programs	1981	1991	1992	1993	1994	1995	1996
N.C. Arts Council	\$1,744,822	\$5,476,590	\$4,705,816	\$4,765,494	\$6,303,256	\$5,396,381	\$5,410,954
N.C. Museum of Art	1,286,322	2,902,146	2,988,124	3,106,349	3,636,982	3,763,488	3,295,070
N.C. Symphony	1,353,310	1,700,920	1,710,435	1,707,673	2,383,557	2,381,960	2,380,973
Special Bills	112,405	48,500	48,500	128,500	598,500	2,048,500	3,048,500
TOTAL	\$4,496,859	\$10,128,156	\$9,452,875	\$9,708,015	\$12,922,295	\$13,590,329	\$14,135,497

Source: N.C. Department of Cultural Resources. Special Bills include all legislative special appropriations for local art groups in the state.

"The general perception of the General Assembly is that we don't want any more sound sculptures or any more graffiti on public buildings. This is an example of the arts community being totally out of touch with the average taxpayer."

— JOHN BALDWIN, AIDE TO HOUSE
SPEAKER HAROLD BRUBAKER

the increase in special appropriations. "There are two sides to that issue," Taylor says. "If this means that the legislators see the need to put more money into arts groups, that's a wonderful indicator. However, we have a state agency whose purpose is to distribute state arts money, and that is the state Arts Council. So why shouldn't that money go directly through the state arts agency?"

"A system that produces \$2 million to \$3 million a year for arts organizations can't be all bad. But the distribution of money could be done more equitably."

AL ADAMS, LOBBYIST FOR ARTS
ADVOCATES OF N.C. AND FORMER WAKE
COUNTY STATE REPRESENTATIVE

Percent of Total in 1996	Percent Change, 1991-96	Inflation Adjusted Change, 1991-96	State Arts Programs
38.3%	-1.2%	-13.6%	N.C. Arts Council
23.3	13.5	-0.8	N.C. Museum of Art
16.8	40.0	22.3	N.C. Symphony
21.6	6185.6	5493.6	Special Bills
100.0%	39.6%	22.0%	TOTAL

"That's why this [special appropriations] money is a source of concern. I'm not saying it's bad, because it's \$3 million that's sprinkled across the state for arts groups. . . . But as special appropriations, nobody knows what they need to do to get the money. So it pits arts groups against themselves, and it promotes discord."

Margaret "Tog" Newman, chair of the board of directors for the N.C. Arts Council, points out that the council's grants — unlike special appropriations — generally require recipients to obtain additional matching grants from individuals, corporations, foundations, and local governments. "Every dollar granted in '94-95 was matched by \$8 from other sources," Newman says of the Arts Council's grants programs.

House Speaker Harold Brubaker says the increase in special appropriations was, in part, a message to the N.C. Arts Council. Some legislators feel that the council has awarded too many grants to individual artists, he says, rather than to local arts groups around the state. "What it's showing the Arts Council is that they should broaden their scope and look more at arts groups rather than individuals, which they have been doing," Brubaker says. "The whole question is: Where do you direct your support, to individuals or to groups? In this case, I don't think there's any question. We should be looking at groups."

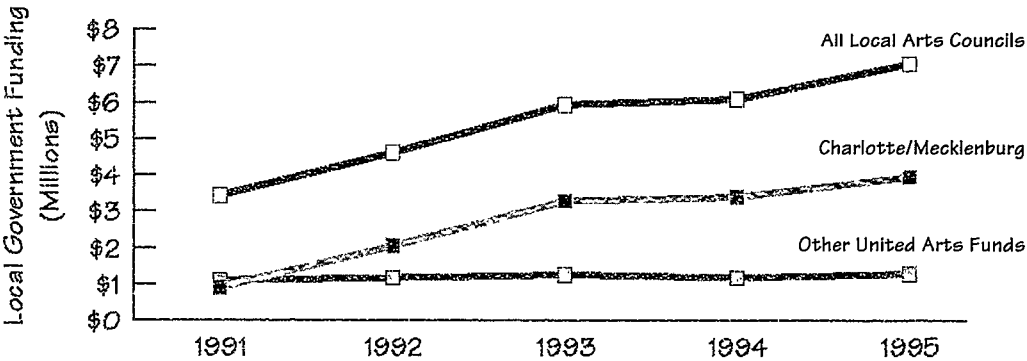
Budget information from the state, however, shows that the N.C. Arts Council distributes a relatively small proportion of its grants to individual artists. In FY 1994-95, the Arts Council gave \$342,447 to individual artists, or 7.9 percent of its total grants. That same year, the council gave \$3.7 million to arts groups (78.2 percent of its total grants) and \$659,677 to community organizations (13.9 percent of its total grants).³⁶ In total, the Arts Council distributed \$4.7 million in grants to 855 organizations in FY 1994-95 — compared to legislature's distribution of \$2 million in special appropriations to 94 organizations that year.

Lobbyist and former legislator Al Adams, who represents Arts Advocates of North Carolina, has a simpler explanation for the recent increase in special appropriations for the arts. Adams, who represented Wake County in the N.C. House from 1975 to 1984, says the increase is more of a return to the status quo than an aberration. The N.C. General Assembly, Adams says, routinely earmarked several millions of dollars a year in special appropriations to local arts groups up until the late 1980s, when House Speaker Joe Mavretic (1989–90) led an effort to scale back “pork barrel” spending. “A system that produces \$2 million to \$3 mil-

lion a year for arts organizations can’t be all bad,” Adams says. “But the distribution of money could be done more equitably.” Legislators created the Arts Council to establish a fairer system for distributing arts funds, he says, but appear to be backing away from that goal.

Compared to similar agencies in other states, the N.C. Arts Council has fared better than most in recent years. Nationwide, state legislative appropriations to state arts agencies declined 23 percent in inflation-adjusted dollars from FY 1991 to FY 1996.³⁷ (See Table 2 on p. 15.) That compares with a 13-percent decline in inflation-adjusted funding

Table 6. Local Government Funding for the Arts in Charlotte vs. Other Areas in North Carolina
(Millions of Dollars)



Local Government Funding	1991	1992	1993	1994	1995
Charlotte/Mecklenburg	\$0.905	\$2.050	\$3.284	\$3.397	\$3.956
Other United Arts Funds	1.104	1.172	1.255	1.180	1.286
All Local Arts Councils	3.438	4.615	5.933	6.087	7.065
Charlotte/Mecklenburg % of Total Local Funding for Arts Councils	26.3%	44.4%	55.4%	55.8%	56.0%

Source: N.C. Arts Council, surveys of local government funding of community arts councils and commissions in North Carolina, 1991–95.

Note: The increase in local government support for the arts in Charlotte is not as large as suggested by the growth in funding for the Arts & Science Council from FY 1991–95. That’s because the Charlotte City Council shifted from directly funding a number of local groups, such as the Mint Museum, to indirectly funding those groups through the Arts & Science Council starting in FY 1992. Thus, the city shifted about \$1.6 million a year to the Arts & Science Council from a number of arts groups that previously had received direct funding. The arts groups still receive funding, however, but it comes through the Arts & Science Council rather than the city council.



Artist Connie Bostic paints scenes for a mural in the Thomas Wolfe Memorial Visitor Center in Asheville. The painting was funded through the Artworks for State Buildings Program.

in North Carolina during that same time span. In 1996, North Carolina ranked 23rd among the states in per capita funding for state arts agencies. But the state's per capita funding of 75 cents was lower than the national average of 99 cents.

Local Governments Boost Their Funding for the Arts

One of the most significant findings of the Center's study of funding for the arts in North Carolina is the large increase in support from local governments. This finding was revealed in the Center's examination of the financial reports of united arts funds and local arts councils as well as in data collected by the state. The N.C. Arts Council has surveyed local arts councils across the state since the late 1980s on the amount of funding they receive from city and county governments. These surveys show that local governments have more than doubled their funding for local arts councils over the past five years, from \$3.1 million in FY 1990 to \$7.1 million in FY 1995.³⁸ That amounts to an increase of 123 percent, or 88 percent when dollars are adjusted for inflation. (See Table 4 on

p. 19.) Local governments also increased substantially their share of *total* government funding for the arts in North Carolina, from 20 percent in FY 1990 to 32 percent in FY 1995.

The Center found similar trends in its examination of financial reports for 10 of the state's united arts funds and 15 selected local arts councils.³⁹ This research shows that local governments increased their funding of *united arts funds* from \$2.0 million in FY 1991 to \$5.2 million FY 1995 — an increase of 161 percent, or 132 percent when adjusted for inflation. (See Table 8 on p. 38.) Local government support grew more modestly during the same time span at the 15 *local arts councils*, from \$546,074 in FY 1991 to \$841,948 in FY 1995. That was an increase of 54 percent, or 37 percent when adjusted for inflation. (See Table 9 on p. 39.)

These data show that local governments have shouldered a large share of the increases in funding for local arts groups across the state. Arts administrators credit much of that increase to improving relations between arts groups and local governments. "It's easier to find champions for your local arts groups in local governments because they're your

—continues on page 33

—continued from page 27

next-door neighbors in many cases," says Rob Maddrey of Arts North Carolina. "So, I am not at all surprised that there is increasing support from local government to arts groups in the state."

The N.C. Arts Council also deserves some of the credit for the increase in funding for the arts from cities and counties. The state council has played an instrumental role in the establishment of many local arts councils across North Carolina and has provided information, staff support, and technical assistance to hundreds of local arts groups. The state Arts Council also established a challenge grant program in the mid-1970s that provides matching funds for grants from local governments to arts groups. As a result, the number of local governments contributing to the arts jumped from 16 in FY 1975 to 96 in FY 1977. By FY 1995, that number had grown to 198.

"We didn't just put the money out and sit back," says Mary Regan, director of the N.C. Arts Council. "Instead, as we were developing the concept of the [challenge grant] program, we met with the League of Municipalities and the Association of County Commissioners and got support for the program from the leadership. Both organizations ran articles about the program in their newsletters and feature stories on successful local programs."

The increasing support from local governments is part of a nationwide trend, says Randy Cohen of the National Assembly of Local Arts Agencies. "We found that nationally, the average local arts agency has received a 5 percent increase in local government support during each of the past five years," Cohen says. "I think local arts agencies have been especially successful, compared to the NEA or the state arts agencies, because part of their mission

is to integrate the arts into the fabric of daily living for the residents of a given community."

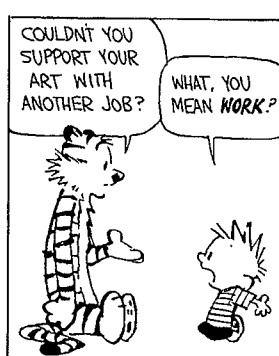
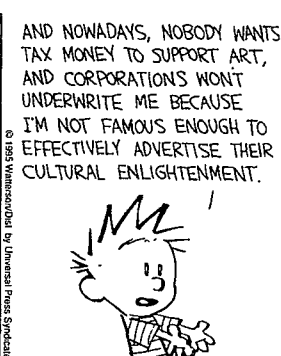
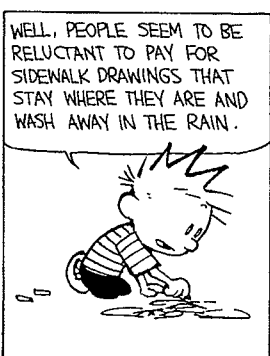
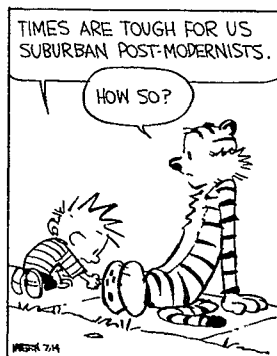
Nevertheless, Cohen predicts that further cutbacks in NEA grants will cause local governments to scale back their support for the arts. "The NEA grants leverage additional money for those communities," he says, adding that many local governments will find other ways to spend their money without such incentives.

Some local governments already appear to be trimming their support for the arts. Despite the overall growth in local support, the Center's research found that a number of cities and counties reduced their funding for local arts councils from FY 1991 to FY 1995. More than half (13 of 25) of the united arts funds and local arts councils that the Center studied received less support from local governments in 1995 than they did in 1991. Groups that had declines in local government funding during that period (in absolute terms) include the: United Arts Council of Gaston County (-75 percent), United Arts Council of Greensboro (-60 percent), Moore County Arts Council (-40 percent), Caldwell Arts Council (-22 percent), Alamance County Arts Council (-21 percent), Stanly County Arts Council (-20 percent), Union County Arts Council (-17 percent), Arts Council of Winston-Salem (-17 percent), Arts Council of Wilson (-16 percent), High Point Arts Council (-9 percent), Toe River Arts Council (-8 percent), and Craven Arts Council (-4 percent).

At least some of the declines in local government support can be attributed to changing political makeups on county boards of commissioners and town councils. For example, the Guilford County Board of Commissioners totally cut its funding for the United Arts Council of Greensboro and the High Point Arts Council after conservative Republicans

Calvin and Hobbes

by Bill Watterson



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***"Commerce,"
by sculptor Raymond Kaskey,
located on the Square in Charlotte.***

ment funding for the arts in Charlotte/Mecklenburg grew from \$904,700 in FY 1991 to \$3.96 million in FY 1995 — an increase of 337 percent, or 289 percent when adjusted for inflation.⁴⁰ By contrast, local government support for *all other* local arts councils and united arts funds in the state grew from \$2.5 million in FY 1991 to \$3.1 million in FY 1995 — an increase of 23 percent, or 9 percent when adjusted for inflation.

In addition to Charlotte/Mecklenburg, other arts councils that had increases in local government support (in absolute terms) from FY 1991 to FY 1995 include the: Arts Council of Fayetteville and Cumberland County (391 percent), United Arts Council of Raleigh and Wake County (325 percent), Catawba County Council for the Arts (49 percent), Chowan Arts Council of Edenton (25 percent), McDowell Arts & Crafts Association (24 percent), Arts Council of Macon County (21 percent), Ashe County Arts Council (21 percent), United Arts Council of Rowan (19 percent), Randolph Arts Guild (7 percent), Durham Arts Council (5 percent), and the Arts Alliance of Asheville (3 percent).

The big increase in support for the Arts Council of Fayetteville/Cumberland County resulted from a combined effort by local arts groups to seek increased local government funding for the arts, says Council President Libby Seymour. The arts council asked the city and county to increase their funding for the arts to \$1 million a year (compared to \$90,000 in 1993) to bring the community closer to the average for metropolitan areas in the state, she says. The council also tied local funding for the arts to Fayetteville's ongoing effort to revitalize its downtown. "We didn't get \$1 million, but we did get \$450,000 — which wasn't as much as we had asked for, but it was a significant increase over what we had been getting," Seymour says. "I think our local elected officials are seeing the value of a healthy cultural community to the city and county."

The moderate increase in local government spending in Durham does not reflect the city council's recent decision to dedicate 1 percent of the city's local property tax for the arts. "In one year, FY 1996, it generated almost \$62,000 of new money" for the arts, says E'Vonne Coleman, direc-

captured a majority of seats on the board in the early 1990s. The Guilford commissioners cut their combined funding for the two arts councils from \$80,000 in FY 1991 to zero dollars in FY 1992, before partially restoring its funding to \$30,000 in FY 1993.

"When I came here, the county was giving us no money at all," says John Santuccio, president of the Greensboro arts council. "One of the county commissioners told me that funding for the arts was unconstitutional."

Much of the growth in local government support has been concentrated in a few metropolitan areas. The Arts & Science Council of Charlotte and Mecklenburg County, in particular, accounted for more than half (56 percent) of the *total* city and county funding for all local art councils in the state in FY 1995. (See Table 6 on p. 26.) Local govern-

tor of the Durham Arts Council. "In a community of 200,000 people, that ain't bad."

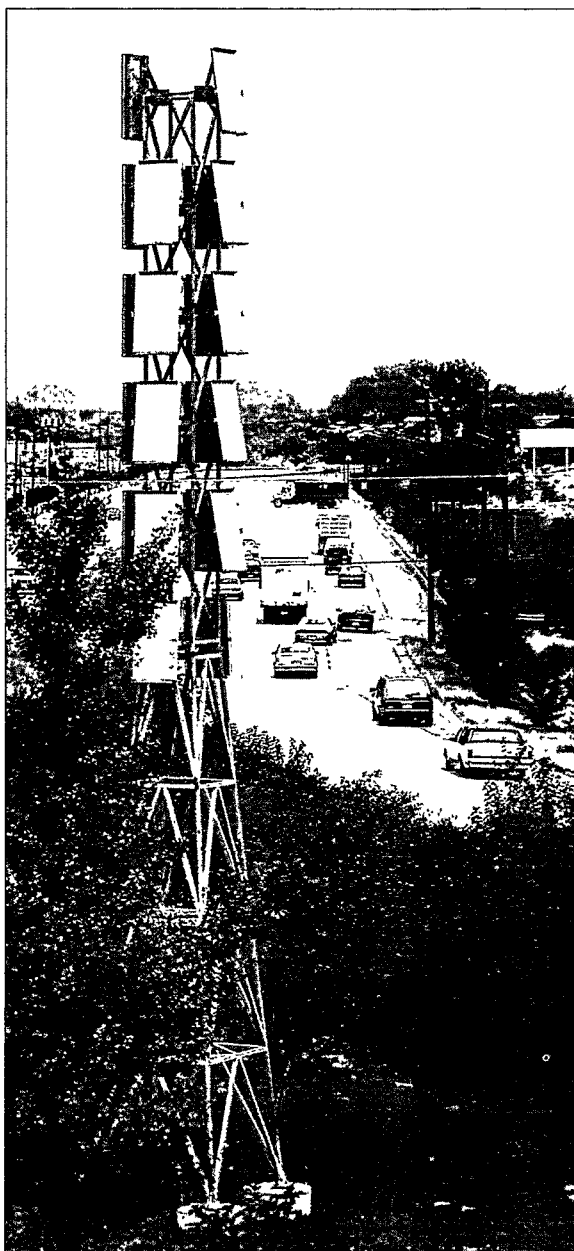
Despite the overall increase in local government support for the arts, cities and counties are not immune to the kind of criticisms that have been leveled at the federal government for funding controversial artwork. For instance, Raleigh Mayor Tom Fetzter, as one of the key issues in his 1995 re-election campaign, attacked the city council for funding a public art project along one of the city's major thoroughfares. Fetzter — who won the race — got a lot of mileage from political ads opposing the "Light + Time Tower," a \$51,100 sculpture that was supported by his opponent, Councilmember Mary Watson Nooe. "I'm not trying to be an arbiter of public taste," Fetzter said. "What I'm trying to be is a careful steward of tax dollars."⁴¹ Earlier in the year, the Raleigh City Council had attempted to pressure a city-funded gallery, ArtSpace, into canceling an exhibit containing paintings that dealt with sexual themes.⁴² (See related article, "Troubled Times for Art in Public Buildings," on p. 8.)

Such controversies have erupted even in the Charlotte/Mecklenburg area, which leads the state in local government support for the arts. In May 1996, a group of religious conservatives asked the Charlotte City Council to cut all funding for the Charlotte Repertory Theatre after the theater staged a production of "Angels in America," a Pulitzer Prize-winning play that includes material about homosexuality and the AIDS epidemic.⁴³ "That has raised the whole issue of taxpayers' money going to the arts, and it has called into question the city's support for the Arts & Science Council," says Lauren Batten, director of annual giving for the Arts & Science Council of Charlotte and Mecklenburg County.

Despite the controversy, the Charlotte City Council renewed its funding support for the Arts & Science Council in its budget for FY 1997. But Michael Marsicano, president of the Arts & Science Council, says the incident shows that arts groups may need to do a better job of marketing themselves or demonstrating their value to their communities. "What I find is that if you ask someone on the street, 'Do you support government funding for the arts?,' many people will tell you no," Marsicano says. "But if you ask them, 'Do you support government funding for Discovery Place, the Mint Museum, or the North Carolina Blumenthal Performing Arts Center?,' they almost all say yes. That tells me we have a marketing issue."

Not all of the controversy over public art, however, is motivated by conservative politics. In Chapel Hill, which is not known as a hotbed of conservatism, many local residents have objected to a public art project planned for the town's main street. The series of sculptures, titled "621 yards/.69 seconds," would show the trajectory of a bullet passing westward along Franklin Street. But at a public hearing in November 1995, a majority of the citizens

The "Light + Time Tower," by artist Dale Eldred, became a campaign issue in the Raleigh mayor's race after it was erected on a major thoroughfare.



Karen Tam



Don Davis, potter from Asheville

said they were uncomfortable with such a graphic reminder of gun violence — in the aftermath of several violent shootings that occurred in the town that year. “Why would anyone want to put a sculpture up on Franklin Street that commemorates these kinds of events?” Dr. Vincent Kopp of Chapel Hill asked at the hearing. The artist who designed the sculptures, Thomas Sayre, told the council: “I hope the town will have the guts to do something that won’t please everyone, but will be a kind of rallying point.”⁴⁴ In March 1996, the Chapel Hill Town Council agreed to go forward with the project after the artist agreed to rename and redesign the sculpture based on public input.⁴⁵

Private Support for the Arts in the United States

Private giving to the arts, although harder to quantify, greatly surpasses government funding.⁴⁶ Nationwide, private donations to the arts, culture, and humanities totaled about \$9.96 billion in 1995, according to estimates by the AAFRC Trust for Philanthropy, which has studied giving patterns

in the United States for more than 30 years.⁴⁷ By contrast, total funding for the arts from federal, state, and local governments in the United States amounted to about \$1.1 billion in 1995.⁴⁸ In other words, private sources donate about \$9 to the arts for every \$1 in government funding. The role of private donations is generally much bigger for arts groups than for other charitable causes, except for religious groups — which typically receive no government funding. As a whole, charities receive about one-third of their funding from government sources.⁴⁹

Long-term trends show that private donations to the arts have been increasing, both in absolute terms and relative to other causes. Total arts giving has quadrupled over the past 30 years, even when numbers are adjusted for inflation. (See Table 1 on p. 7.) But the growth rate for private contributions to the arts has slowed in recent years. Private donations increased 135 percent from 1970 to 1980, and 38 percent from 1980 to 1990, but only 5 percent from 1990 to 1994.⁵⁰

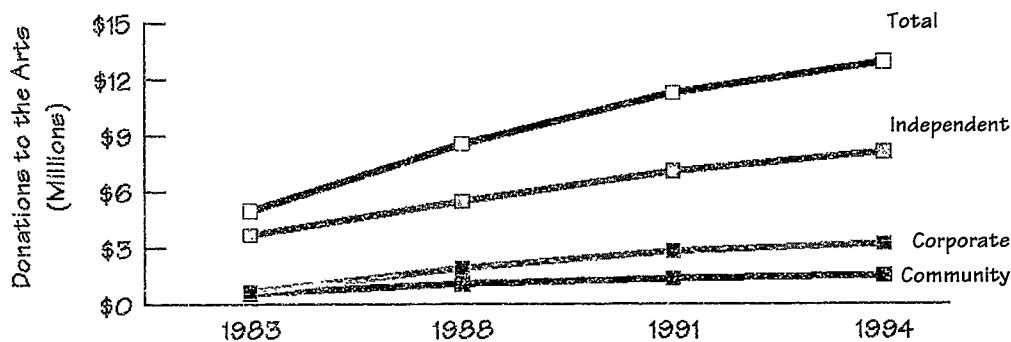
Arts contributions also have increased in relation to other philanthropic causes. Donations to the

arts accounted for 7.5 percent of all private giving in 1994 — up from 6.7 percent in 1980 and 3.1 percent in 1970. Nevertheless, private donations to the arts are small compared to some other causes. (See Table 11 on p. 43.) Private donors give the most money to religious causes, which attracted 45 percent of the \$130 billion in total estimated private giving in 1994. Other causes that attract more donations than the arts include: education (13 percent of total giving in 1994), human services (9 percent), and health (9 percent).⁵¹

Another way to look at private donations is to break them down by source — individuals, foundations, and corporations. **Individual** giving is by far the largest source of contributions for *all* charitable

causes, accounting for nearly \$9 out of every \$10 dollars in donations in 1994. (See Table 12 on p. 44.) Donations from individuals (including bequests) totaled \$113.9 billion in 1994, or 87.7 percent of total private giving. By contrast, **foundation** giving amounted to \$9.9 billion (7.6 percent of the total in 1994), and **corporate** giving totaled \$6.1 billion (4.7 percent).⁵² These patterns might not hold true for arts organizations, however. For instance, a nationwide survey of united arts funds found that they raised the most money in their 1994 campaigns from corporations (55.8 percent of the total, including matching gifts), followed by individuals (27.9 percent), government (7.6 percent), private foundations (7.3 percent), and special events

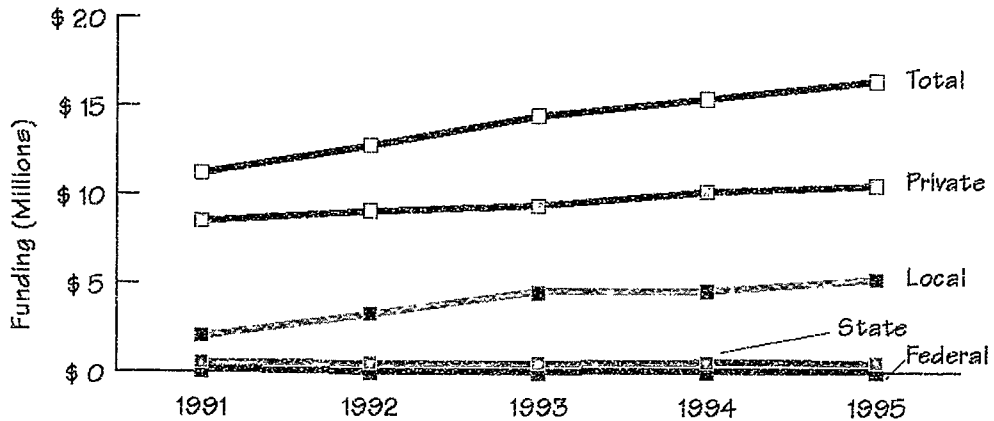
Table 7. Foundation Giving to the Arts
in North Carolina, 1983–94



Type of Foundation	1983	1988	1991	1994	Percent of Total in 1994	Percent Change, 1991–94	Inflation Adjusted Change, 1991–94
Corporate	\$686,155	\$1,943,123	\$2,828,714	\$3,226,280	25.1%	14.1%	4.8%
Independent	3,704,776	5,508,285	7,088,661	8,123,242	62.9	14.6	5.3
Community	594,860	1,109,338	1,359,528	1,551,580	12.1	14.1	4.9
Total Arts Grants	\$4,985,791	\$8,560,746	\$11,276,903	\$12,901,102	100.0%	14.4%	5.1%

Notes: Data compiled from publicly available 990-PF tax forms and annual reports of independent, corporate, and community foundations in North Carolina. Donations to the arts include grants to artists, arts groups, museums, art festivals, performing arts, film, historic societies, historic preservation, arts education, and minority cultural events. Data for 1988 and 1991 adapted from Anita G. Shirley, *North Carolina Giving*, 1990 and 1993 Editions, Capital Consortium, Raleigh, N.C. Data for 1983 and 1994 compiled by the N.C. Center for Public Policy Research.

**Table 8. Sources of Funding for
10 Local United Arts Funds
in North Carolina, 1991-95**

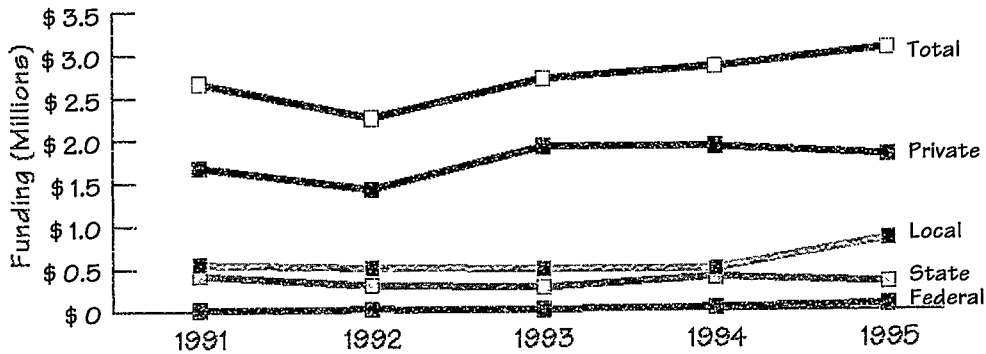


Source of Funds	1991	1992	1993	1994	1995	Inflation		
						Percent of Total, 1994	Percent Change, 1991-95	Percent Adjusted Change, 1991-95
Local Gov't	\$2,008,438	\$3,221,679	\$4,539,465	\$4,577,572	\$5,241,652	29.8%	161.0%	132.3%
State Gov't	535,036	469,878	466,555	562,306	551,667	3.7%	3.1%	-8.2%
Federal	166,500	4,927	26,680	92,800	99,725	0.6%	-40.1%	-46.7%
Private	8,482,027	9,008,301	9,350,160	10,147,987	10,498,476	66.0%	19.6%	9.6%
TOTAL	\$11,192,001	\$12,704,785	\$14,382,860	\$15,380,665	\$16,391,520	100.0%	37.4%	25.9%

Source: Compiled from information on government funding from the N.C. Arts Council, the National Endowment for the Arts, and budget reports from local arts councils. Groups examined included the following 10 local united arts funds: Arts Council of Winston-Salem, Art & Science Council of Charlotte/Mecklenburg, Catawba County Council for the Arts, Arts Alliance of Asheville, Durham Arts Council, High Point Arts Council, United Arts Council of Gaston County, United Arts Council of Greensboro, United Arts Council of Raleigh & Wake County, and United Arts Council of Rowan.

Data on private giving include all sources of revenue except government grants, including donations, memberships, fund drives, sales, interest income, and grants from corporations and foundations. Information on private and total giving for FY 1995 is based on budget projections rather than actual numbers, except for arts funds in Buncombe, Forsythe, Mecklenburg, Rowan, and Wake counties. Thus, the change in private and total giving is for the period FY 1991-1994.

**Table 9. Sources of Funding for
15 Local Arts Councils in
North Carolina, 1991-95**



Source of Funds	1991	1992	1993	1994	1995	Percent of Total in 1994	Inflation	
							Percent Change, 1991-95	Adjusted Change, 1991-95
Local Gov't	\$546,074	\$507,198	\$495,578	\$494,572	\$841,948	17.3%	54.2%	37.2%
State Gov't	416,508	302,228	277,547	398,763	330,887	14.0	-20.6	-29.3
Federal	20,300	25,689	20,950	40,770	74,256	1.4	265.8	225.6
Private	1,678,324	1,425,010	1,920,189	1,918,737	1,817,270	67.3	14.3	4.7
TOTAL	\$2,661,206	\$2,260,125	\$2,714,264	\$2,852,842	\$3,064,361	100.0%	7.2%	-1.8%

Source: Compiled from information on government funding from the N.C. Arts Council, the National Endowment for the Arts, and budget reports from local arts councils. Groups examined included 15 local councils: Caldwell Arts Council, Ashe County Arts Council, Arts Council of Macon County, Toe River Arts Council, McDowell Arts & Crafts Association, Alamance County Arts Council, Union County Arts Council, Randolph Arts Guild, Stanly County Arts Council, Moore County Arts Council, Chowan Arts Council, Craven Arts Council, Arts Council of the Lower Cape Fear, Arts Council of Fayetteville and Cumberland County, and Arts Council of Wilson.

Data on private giving include all sources of revenue except government grants, including donations, memberships, fund drives, sales, interest income, and grants from corporations and foundations. Information on private and total giving for FY 1995 is based on budget projections, rather than actual numbers. Thus, change in private and total giving is for the period FY 1991-94.

"The arts are not going to die in America because Congress turns its back on them — the artist is a weed that can survive in the cracks of a sidewalk. But in the act of supporting its arts, Congress demonstrates a pride in our arts which I know will move most American artists to tap their highest artistic ideals in return."

—ARTHUR MILLER, AUTHOR,
JUNE 6, 1995, IN A LETTER TO
U.S. REP. NEWT GINGRICH (R-GA.),
SPEAKER OF THE HOUSE

(1.4 percent).⁵³ (See Table 13 on p. 44.) Generally speaking, foundations and corporations tend to give larger percentages of their charitable contributions to the arts than do individuals. In 1993, the arts attracted about 15 percent of the grants from foundations⁵⁴ and 11 percent of the corporate donations⁵⁵ — compared to about 7.5 percent of the total for all private contributions.

Private Giving in North Carolina

The N.C. Center for Public Policy Research gathered data on private giving to the arts in North Carolina from four primary sources: publicly available 990-PF tax records from private foundations; financial records from the N.C. Museum of Art, N.C. Symphony, local arts councils, and local united arts funds; information voluntarily provided to the Center by corporations about their direct giving programs; and previously published studies. These sources, although not as complete as government funding records, show some significant trends in private giving patterns, as well as the relative importance of funding sources in the state. Overall, private giving to the arts in North Carolina has increased significantly over the past five years — although perhaps not as much as the growth in funding from state and local governments. Some key trends in private giving to the arts in North Carolina include:

- Private foundation giving to the arts in 1994 amounted to \$12.9 million, an increase of 14 percent (5 percent when adjusted for inflation) from 1991, and 51 percent (20 percent when adjusted for inflation) since 1988. Nearly two-thirds (63 percent) of that support came from private independent foundations, followed by corporate foundations (25 percent), and community foundations (12 percent). (See Table 7 on p. 37.)
- Corporations and individuals account for virtually all (98 percent) of the private contributions to the fundraising campaigns for the state's local united arts funds. In 1994, these fund drives raised \$6.9 million in private funds for arts organizations in their communities. Corporations accounted for 51.7 percent of those contributions, followed by individuals (46.6 percent), private foundations (1.1 percent), and special events (0.6 percent). From 1990 to 1994, total private giving increased by 24 percent at the state's united arts funds — or 7.6 percent when adjusted for inflation.⁵⁶ (See Table 14 on p. 45.)
- Private giving accounted for about one-sixth (17.6 percent) of the N.C. Museum of Art's income, which totaled \$6.2 million in FY 1995. Total private contributions grew from \$877,389 in FY 1991 to nearly \$1.1 million in FY 1995, an increase of 24.5 percent — or 10.8 percent when the dollars are adjusted for inflation. (See Table 15 on p. 48.)
- Private contributions accounted for about one-fifth (21.2 percent) of the N.C. Symphony's income, which totaled \$6.1 million in FY 1995. Private donations grew from \$1.1 million in FY 1991 to nearly \$1.3 million in FY 1995, an increase of 12.9 percent — but just 0.5 percent when the dollars are adjusted for inflation. (See Table 16 on p. 48.)

The Center obtained another measure of private contributions to the arts by examining the financial statements for 15 local arts councils and 10 united arts funds.⁵⁷ The Center estimated *total private support* for the arts funds and councils by subtracting the amount of public funding (from local, state, and federal governments) from the groups' total income by year. This measure of private support includes money the arts groups raised from private contributions (individual, foundation, and corporate donations) as well as their earnings from

sales, special events, performances, entrance fees, interest income, and other sources. Although not a perfect measure of individual giving, the Center's analysis of financial records for these arts groups found that:

- Total private support for 10 of the state's local united arts funds grew from \$8.5 million in FY 1991 to \$10.1 million in FY 1994 — an increase of 20 percent, or 10 percent when adjusted for inflation. Private sources also accounted for two-thirds (66 percent) of the united arts funds' total income in FY 1994 — nearly double the support from all levels of government. (See Table 8 on p. 38.)
- Total private support for the 15 local arts councils grew from \$1.7 million in FY 1991 to \$1.9 million in FY 1994 — an increase of 14 percent, or 5 percent when adjusted for inflation. As with the united arts funds, private sources accounted for two-thirds (67 percent) of the local arts coun-

cils' total income in FY 1994 — more than double the support from all government sources. (See Table 9 on p. 39.)

Foundation Giving Increases Moderately in North Carolina

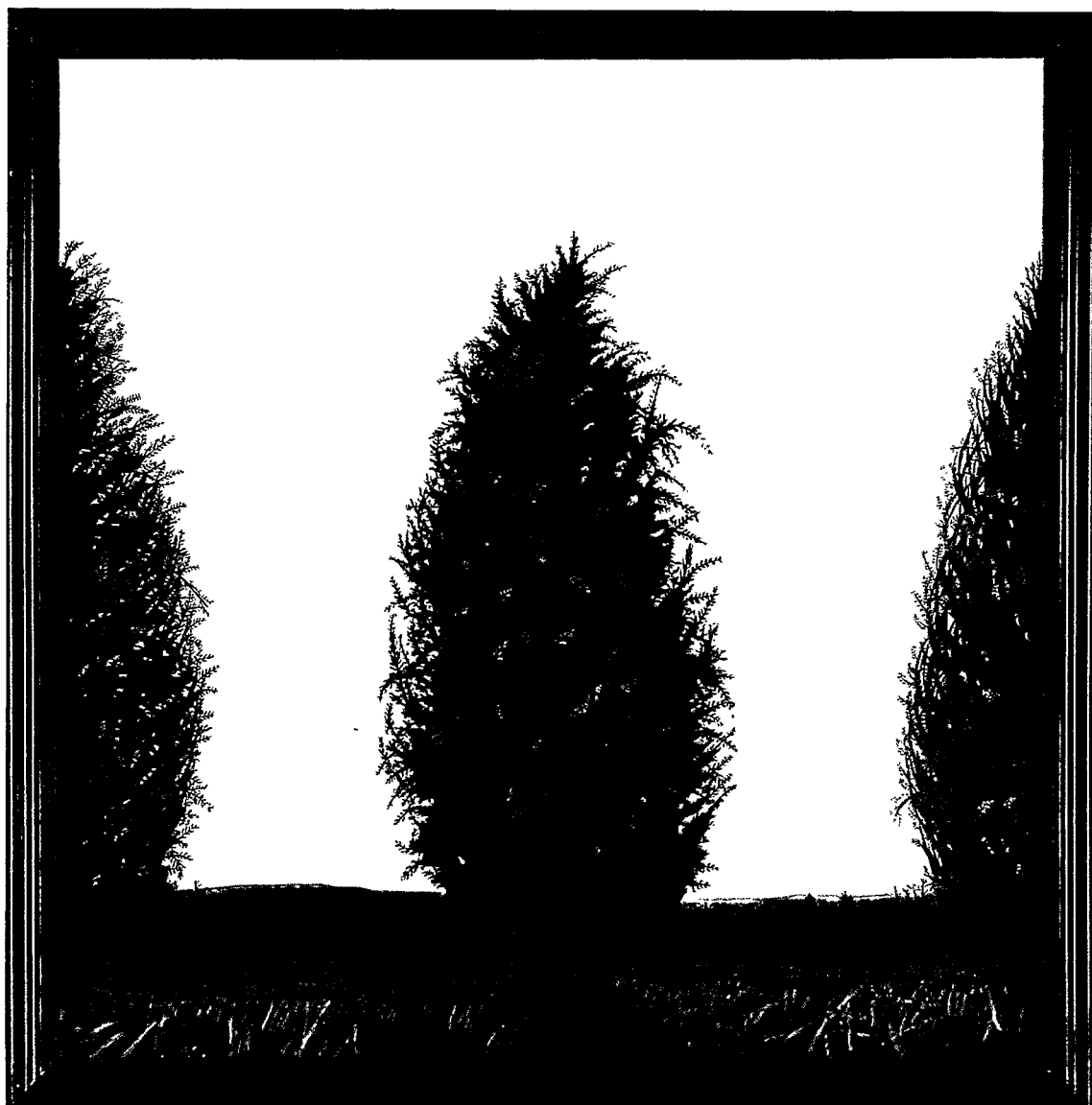
Although foundations account for a relatively small share of private giving (less than 8 percent of the nation's total charitable contributions in 1994), they provide the most reliable source of data on private donations in North Carolina. That's because private foundations are required by federal law to file statements on their charitable giving each year with the Internal Revenue Service and the state Attorney General's Office. These records, known as 990-PF forms, show the total assets and contributions for each foundation by year.⁵⁸ Additional data on foundation giving can be obtained from annual reports that are published by some foundations, such as many of the community foundations that function as charities in large cities across the state.

The Center examined all of the 990-PF forms on file with the state Attorney General's Office for the 1994 tax year or the foundations' 1993–94 fiscal year. Tax forms were missing for a few foundations with a history of supporting the arts in North Carolina, so the Center requested contributions data directly from these foundations. In addition, the Center requested 1994 annual reports from all of the community foundations in the state that did not file 990-PF forms.⁵⁹ Data on foundation giving for earlier years (1983, 1988, and 1991) were obtained from previous directories to foundation and corporate giving by the N.C. Center for Public Policy Research and Capital Consortium, a private consulting firm based in Raleigh.⁶⁰ The Center used all of these sources to compile a list of foundations' contributions to the arts in North Carolina. Donations to the arts were defined as contributions to individual artists, arts groups, arts events and festivals, arts education, music, film, museums, historical societies, historic preservation, minority cultural events and groups, and performing arts like ballet, symphonies, dance, and theatre. The Center

Table 10. Nonprofit Arts Organizations in North Carolina

Type of Group	Number in 1986	Number in 1996	Percent Change, 1986–96
Arts Councils	99	106	+7.1%
Arts Centers/Facilities	68	142	+108.8
Artist Organizations	132	331	+150.8
Arts Festivals/Concert Series	87	292	+235.6
Arts Service Organizations	61	83	+36.1
Arts Publications	—	13	—
Literary Magazines, Presses	44	52	+18.2
Cinemas	6	5	-16.7
Dance Companies	54	108	+100.0
Galleries and Museums	171	256	+49.7
Music Performing Groups	214	525	+145.3
Theater Performing Groups	196	311	+58.7
TOTAL	1,132	2,224	+96.5%

Source: N.C. Arts Council



"Three Trees, Two Clouds," oil on linen by artist John Beerman (1990)

did *not* include donations to media or communications-related groups, such as public radio or public television stations. The Center also excluded foundation grants to arts groups and events located outside of North Carolina.⁶¹

In 1991, the most recent year for which complete data are available, 749 private foundations with assets totaling \$4.1 billion were based in North Carolina. Those foundations awarded grants totaling \$222.6 million to all charitable causes in 1991, up from \$181.3 million in 1988, and \$95.7 million in 1982. More than one-third (289) of those foundations contributed to the arts in North Carolina in 1991, with those arts donations accounting for 5 percent of the total grant dollars awarded by foun-

dations that year. North Carolina foundations gave the largest share of their support to education (46 percent of the grant dollars in 1991), followed by health and hospitals (20 percent), social services (19 percent), religion (6 percent), and the environment (3 percent).⁶² The percentage of grant dollars donated to the arts by foundations in North Carolina is significantly lower than for foundations in the United States as a whole, which gave 15 percent of their grant dollars to the arts in 1993.⁶³

Foundation support for the arts apparently has not grown as much in North Carolina as for the nation as a whole. North Carolina foundations donated \$12.9 million to the arts in 1994 — which was an increase of 14 percent from 1991 (\$11.3 million), 51

percent from 1988 (\$8.6 million), and 159 percent from 1983 (\$5.0 million). (See Table 7 on p. 37.) By contrast, foundation support for the arts *nation-wide* totaled \$834.7 million in 1993, which was an increase of 22 percent from 1991 (\$682.5 million) and 84 percent from 1989 (\$454.2 million).⁶⁴

Foundation giving also varies by type of foundation. Private **independent foundations**, such as the Z. Smith Reynolds Foundation in Winston-Salem, are nonprofit grantmaking organizations that generally originate from gifts and bequests from a single individual or family. **Corporate foundations**, such as the Duke Power Company Foundation in Charlotte, are created by private companies that generally give portions of their profits to the foundations for grantmaking.⁶⁵ (Some corporations also have direct-giving programs separate from their foundations. For example, Glaxo Wellcome Inc. has a corporate foundation and a direct-giving program.) **Community foundations**, such as the Community Foundation of Western North Carolina in Asheville, are grantmaking organizations funded by multiple donors, generally for the purpose of sponsoring charitable activities in a particular region or community.⁶⁶

In 1994, independent foundations donated \$8.1 million to the arts in North Carolina, accounting for nearly two-thirds (63 percent) of all foundation giving. (See Table 7 on p. 37.) By contrast, corporate foundations gave \$3.2 million to the arts (25 percent of total foundation giving in the state), and community foundations gave \$1.6 million (12 percent). Arts donations from foundations as a whole, as well as from each type of foundation, increased by about 14 percent (5 percent when adjusted for inflation) from 1991 to 1994 in North Carolina. However, donations from corporate foundations have been growing faster than those from independent and community foundations over a longer time span. From 1988 to 1994, donations increased 66 percent from corporate foundations, 47 percent from independent foundations, and 40 percent from community foundations. When adjusted for

inflation, those increases totaled 32 percent, 18 percent, and 12 percent, respectively.

As with foundation giving as a whole, donations to the arts are dominated by a relatively small number of foundations that give away lots of money. In 1994, the top 25 foundation donors to the arts gave nearly \$10 million to arts groups and events in the state, accounting for more than three-fourths (77 percent) of the total donations to the arts from all of the foundations in North Carolina. The largest foundation contributors to the arts in 1994 were: among independent foundations, the A.J. Fletcher Foundation of Raleigh, which gave \$1,497,350; among corporate foundations, the Wachovia Foundation of Winston-Salem, which gave \$608,050; and among community foundations, the Foundation for the Carolinas in Charlotte, which gave \$679,471. (See Table 17 on p. 51 for a list of the top 20 independent foundation donors to the arts; Table 18 on p. 53 for the top 15 corporate foundation donors to the arts, and Table 19 on p. 62 for a list of community foundation donors to the arts.)

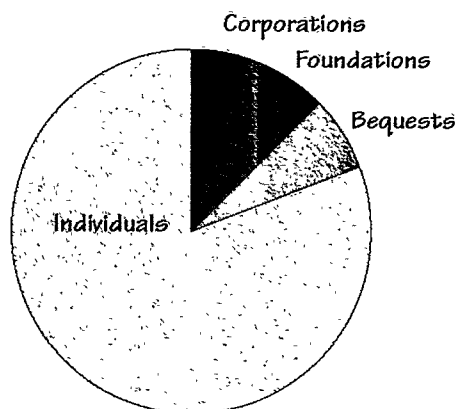
Table 11. Distribution of Private Donations by Charitable Causes, 1994
(Nationwide Contributions, in Billions of Dollars)

Charitable Causes, by Group	Contributions Received in 1994	Percent of Total
Religion	\$58.87	45.3%
Education	16.71	12.9
Health	11.53	8.9
Human Services	11.71	9.0
Arts, Culture & Humanities	9.68	7.5
Public/Society Benefit	6.05	4.7
Environment/Wildlife	3.53	2.7
International Affairs	2.21	1.7
Unclassified	9.59	7.4
TOTAL	\$129.88	100.0%

Source: Ann E. Kaplan, ed., *Giving USA*, American Association of Fund-Raising Counsel (AAFRC) Trust for Philanthropy, N.Y., 1994, p. 13.

**Table 12. Sources of
Total Private Giving in the United States, 1994**
(Billions of Dollars)

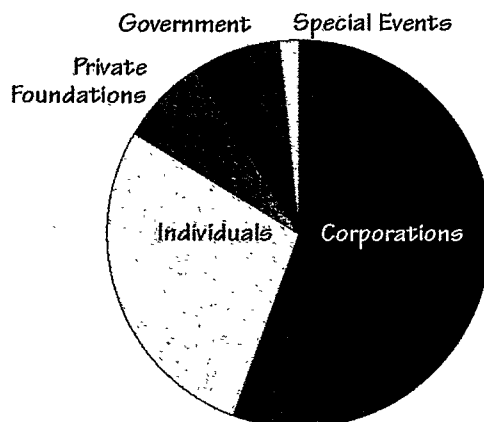
Sources of Giving	Total Giving	Percent of Total
Individuals	\$105.09	80.9%
Foundations	9.91	7.6
Bequests	8.77	6.8
Corporations	6.11	4.7
TOTAL	\$129.88	100.0%



Source: Ann E. Kaplan, ed., *Giving USA*, American Association of Fund-Raising Counsel, (AAFRC) Trust for Philanthropy, New York, N.Y., 1994, p. 12.

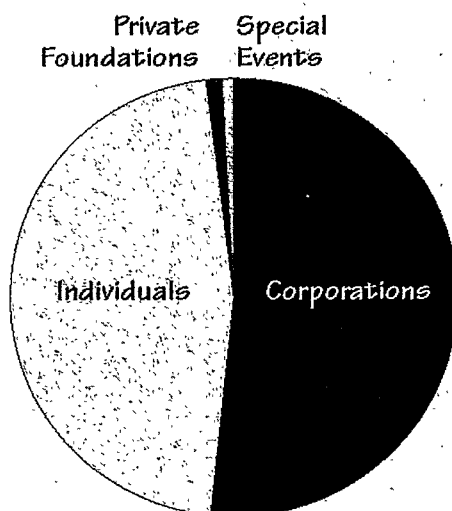
**Table 13. Sources of Funding
for Local United Arts Funds, Nationwide, 1994**

Sources of Funding	Total Giving	Percent of Total
Corporations	\$40,116,800	55.8%
Individuals	20,045,400	27.9
Government (All Levels)	5,497,300	7.6
Private Foundations	5,269,300	7.3
Special Events	978,400	1.4
TOTAL	\$71,907,200	100.0%



Source: Oscar E. Marin, ed., *United Arts Fundraising 1994*, National Coalition of United Arts Funds, American Council for the Arts, New York, N.Y., 1995, p. 2. Data based on a nationwide survey of 56 united arts funds, which raised a total of \$71.9 million in their 1994 fundraising campaigns.

Table 14. Sources of Private Funding for Local United Arts Fund Campaigns in North Carolina, 1990-94



Sources of Donations	1990	1991	1992	1993	1994	Percent of Total in 1994	Percent Change, 1990-94	Inflation Adjusted Change, 1990-94
Corporations	\$3,157,700	\$2,949,000	\$3,383,200	\$3,578,300	\$3,563,900	51.7%	12.9%	-1.9%
Individuals	2,325,100	2,556,700	3,078,100	3,119,700	3,214,000	46.6	38.2	16.7
Foundations	62,200	33,200	51,600	74,300	73,200	1.1	17.7	0.7
Special Events	18,000	17,100	11,500	48,200	41,100	0.6	128.3	92.7
TOTAL	\$5,563,000	\$5,556,000	\$6,524,400	\$6,820,500	\$6,892,200	100.0%	23.9%	4.6%

Source: Oscar E. Marin, ed., *United Arts Fundraising*, 1990 to 1994 editions, National Coalition of United Arts Funds, American Council for the Arts, New York, N.Y., 1991-95, Exhibit C-2. Based on surveys of 10 local united arts funds in North Carolina, including: Arts & Science Council of Charlotte/Mecklenburg, Arts Council of Winston-Salem and Forsyth County, United Arts Council of Raleigh & Wake County, United Arts Council of Greensboro, High Point Arts Council, Catawba County Council for the Arts, Arts Alliance of Asheville & Buncombe County, United Arts Council of Rowan, and the Arts Council of Davidson County. Survey also included data from the Durham Arts Council for 1990-93, and the United Arts Council of Gaston County for 1994.

Corporate Giving to the Arts in North Carolina

Although corporations account for only 5 percent of the *total charitable giving* in the United States, businesses play a bigger role in supporting the arts. For instance, corporations donated more than half (56 percent) of the money raised by

local united arts funds in their 1994 fund-raising campaigns, according to a nationwide survey by the American Council for the Arts.⁶⁷ Support for the arts from the nation's largest companies reached an all-time high of \$875 million in 1994, up from \$518 million in 1991, according to the Business Committee for the Arts, a national nonprofit group that has surveyed corporate donations since the late 1960s.⁶⁸

Data on corporate giving are hard to compile because companies are not required to divulge such information — unless they route their contributions through a foundation. Grants from corporate foundations account for about one-fourth of the total giving by corporations.⁶⁹ In other words, corporations give about \$3 in direct donations to charitable causes for every \$1 they donate through corporate foundations. Nevertheless, data on corporate foundation donations (as discussed above) should provide a good indication of trends in corporate giving as a whole. (See Table 18 on p. 53 for a list of the 15 largest corporate foundation donors to the arts in North Carolina.)

The Center tried to assess trends in *direct* corporate giving to the arts in North Carolina in several ways, including: surveying major corporations in the state on their direct donations to the arts; analyzing the financial records of local united arts funds and selected local arts councils; and analyzing the financial records for the N.C. Museum of Art, which receives substantial corporate support. (The N.C. Symphony also receives substantial corporate support, but could not provide an itemized breakdown of private giving by sources.)

Financial records from the N.C. Museum of Art Foundation provide some insight into direct corporate giving in North Carolina. As a quasi-public agency, the foundation was able to provide itemized breakdowns on the sources of the museum's funding over the past five years. Those records show that corporate donations have been a significant — although unsteady — source of income. The Museum of Art Foundation received \$418,024 from corporate grants and memberships in 1995 — an increase of 28 percent from 1991, or 14 percent when the dollars are adjusted for inflation. (See Table 15 on p. 48.) Corporate contributions accounted for relatively small portion (6.7

percent) of the museum's total income in 1995.

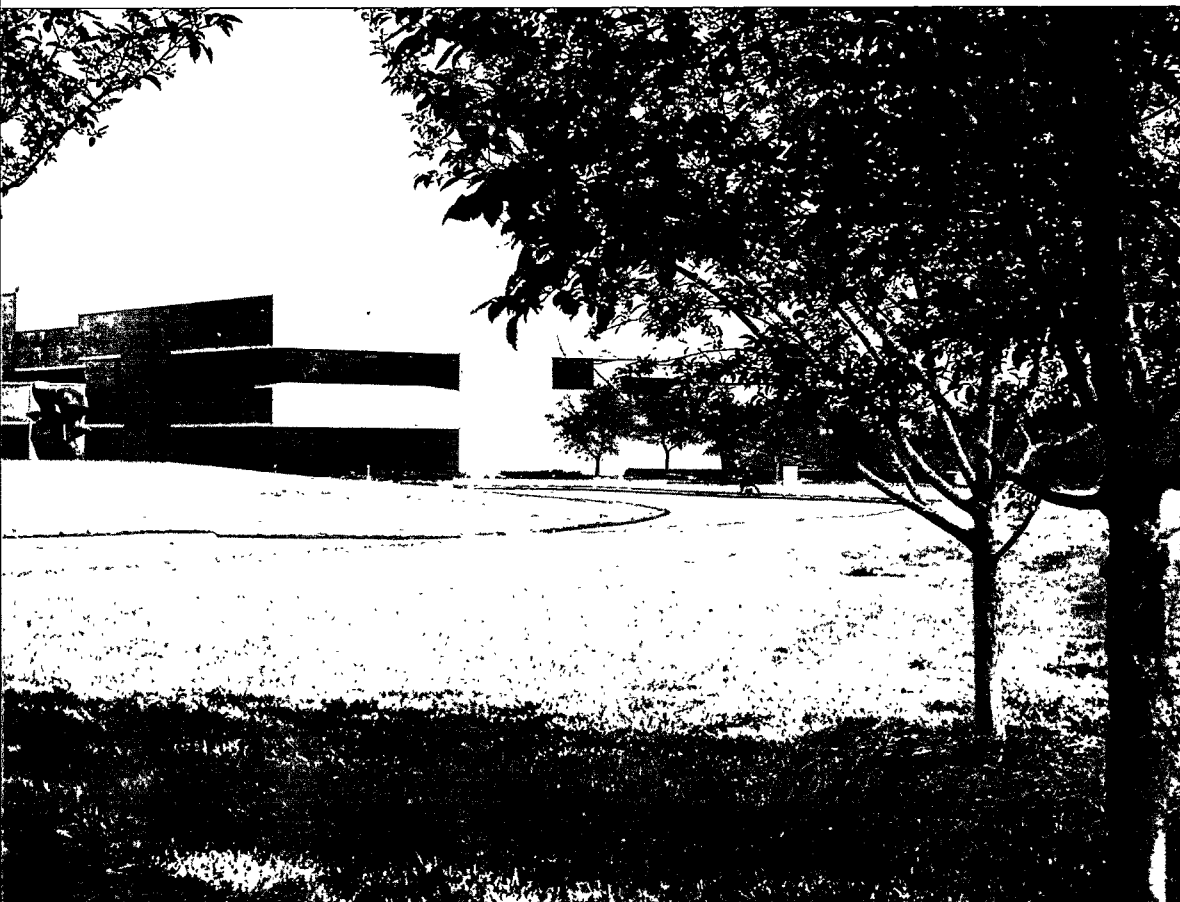
Three companies responded to the Center's survey requesting information on direct corporate giving to the arts by some 25 companies.⁷⁰ Although this sample is not large enough from which to draw conclusions, the results may be illustrative:

- **Glaxo Wellcome** reported that it donated \$440,800 to the arts in North Carolina in 1994 — an increase of 23 percent from 1991, or 13 percent when adjusted for inflation. The company's art donations accounted for about 8 percent of its total charitable contributions in 1994.
- **E.I. du Pont de Nemours & Co.** reported that it donated \$54,300 to the arts in the state in 1994 — an increase of 8 percent from 1991 but a decline of 1 percent when adjusted for inflation. Art donations accounted for 0.2 percent of DuPont's total charitable contributions in 1994.
- **Philip Morris USA** reported that it donated \$29,000 to the arts in North Carolina in 1994 — a decline of 3 percent from 1991, or a drop of 11.5 percent when adjusted for inflation. Arts donations accounted for 12 percent of the company's total charitable contributions in 1994.

The Center's analysis of financial records from local united arts funds and local arts councils did not yield much information on direct corporate giving. Although many of these groups receive corporate donations, most of them do not itemize such contributions in their financial statements. However, the American Council for the Arts, in its nationwide survey of united arts funds, found that corporations donated 51.7 percent of the private money raised by North Carolina's local united arts funds in 1994.

"What I find is that if you ask someone on the street, 'Do you support government funding for the arts?', many people will tell you no. But if you ask them, 'Do you support government funding for Discovery Place, the Mint Museum, or the North Carolina Blumenthal Performing Arts Center?', they almost all say yes. That tells me we have a marketing issue."

—MICHAEL MARSICANO, PRESIDENT
ARTS & SCIENCE COUNCIL OF CHARLOTTE/MECKLENBURG



N.C. Museum of Art

***North Carolina was the first state to fund a public collection of art —
now the N.C. Museum of Art***

The council's survey found that total corporate giving (including direct and in-kind contributions) increased from \$5.6 million in 1990 to \$6.9 million in 1994 — an increase of 13 percent, but a decline of 2 percent when adjusted for inflation.⁷¹

In addition, four united arts funds in the state reported data to the Center on the amount of money they have received from corporate contributions over time. Although this sample is not large enough from which to draw definitive conclusions, these funds reported big jumps in corporate donations since 1980. Over the past five years, however, corporate giving has not kept up with inflation at three of the four funds.

- **The High Point Arts Council** reported that it received \$136,051 in corporate donations in 1995 — a decline of 4 percent since 1990, or a drop of 19 percent when adjusted for inflation. Corporate donations in 1995,

however, were nearly eight times higher in absolute dollars than in 1980 (\$17,929).

- **The United Arts Council of Raleigh and Wake County** reported that it received \$394,800 from corporate donations in 1995 — an increase of 6.3 percent since 1990, but a decline of 10 percent when adjusted for inflation. (The council did not exist in 1980.)
- **The United Arts Council of Rowan in Salisbury** reported that it received \$36,895 in corporate donations in 1995 — an increase of 3.3 percent since 1990, but a decline of 7 percent when adjusted for inflation. Corporate donations have tripled in absolute dollars since 1980 (\$11,451).
- **The Arts & Science Council of Charlotte/Mecklenburg** reported that it received \$1.5 million in corporate donations for

**Table 15. Sources of Funding for the
N.C. Museum of Art, FY 1991-95**

Funding Source	1991	1992	1993	1994	1995	Percent of Total, in 1995	Percent Change, 1991-95	Inflation Adjusted Change, 1991-95
State	\$3,009,002	\$2,988,124	\$3,106,349	\$3,636,982	\$3,763,488	60.7%	25.1%	11.3%
Federal	104,204	34,445	0	2,092	117,188	1.9	12.5	0.1
Corporations	325,723	181,888	244,526	368,478	418,024	6.7	28.3	14.2
Foundations	50,138	39,097	111,206	95,173	86,544	1.4	72.6	53.6
Individuals	501,528	549,327	633,368	612,188	588,008	9.5	17.2	4.3
Earned Income	698,805	826,200	824,326	1,209,332	1,221,798	19.7	74.8	55.6
TOTAL	\$4,689,400	\$4,619,081	\$4,919,775	\$5,924,245	\$6,195,570	100.0%	32.1%	17.6%
Total Private	\$877,389	\$770,312	\$989,100	\$1,075,839	\$1,092,576	17.6	24.5	10.8

Source: N.C. Museum of Art. Table includes funding directly to the N.C. Museum of Art as well as the Museum of Art Foundation. Federal includes grants from the National Endowment for the Arts and the Institute for Museum Services. Individual gifts include donations and membership fees. Corporate contributions include grants, membership fees, and in-kind donations. Earned income includes money from fees, sales, publications, interest, dividends, stock sales, and miscellaneous sources. Total private includes all donations from corporations, individuals, and foundations.

**Table 16. Sources of Funding for the
N. C. Symphony, FY 1991-95**

Funding Source	1991	1992	1993	1994	1995	Percent of Total in 1995	Percent Change, 1991-95	Inflation Adjusted Change, 1991-95
State	\$1,700,920	\$1,710,434	\$1,707,673	\$2,383,557	\$2,381,960	38.8%	40.0%	24.6%
Federal	105,000	96,000	101,300	80,000	77,800	1.3	-25.9	-34.1
Local Gov't	234,172	318,761	337,772	340,125	346,443	5.6	47.9	31.7
Private	1,148,766	1,092,835	970,203	1,204,024	1,297,258	21.2	12.9	0.5
Earned Income	1,964,558	1,663,473	1,636,659	1,852,001	2,029,369	33.1	3.3	-8.1
TOTAL	\$5,153,416	\$4,881,503	\$4,753,607	\$5,859,707	\$6,132,830	100.0%	19.0%	5.9%

Source: N.C. Symphony. Federal includes grants from the National Endowment for the Arts. Private includes donations from individuals, corporations, and foundations. Earned income includes money from ticket sales, special productions, interest, and miscellaneous sources. The symphony's earned income FY 1991 was unusually high because it held more performances and brought in a number of well-known artists.

distribution in FY 1995 — an increase of 48.9 percent since 1990 or 25.7 percent when adjusted for inflation.

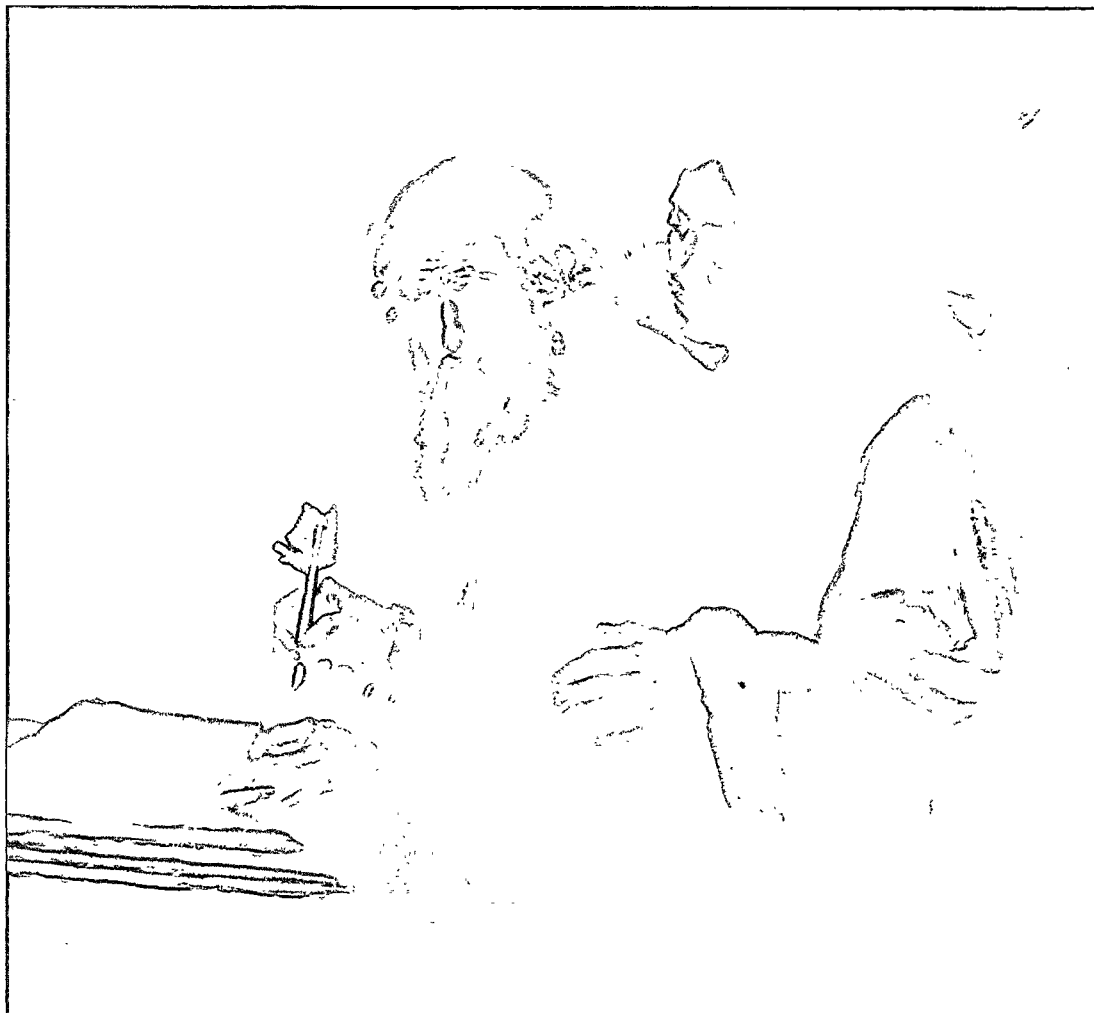
Individual Giving

*A*lthough individual giving is considered the largest source of charitable contributions, precise numbers are hard to come by. As stated previously, nationwide studies estimate that individual donations and bequests account for nearly 90 percent of the donations to *all* charitable causes, and much of this money is given to religious organizations. Several studies suggest, however, that individuals might not make up such a large percent-

age of the contributions to the arts. For instance, the American Council for the Arts found in its 1994 survey that individuals accounted for less than a third (28 percent) of the total money raised by united arts funds nationwide and less than half (42 percent) of the money raised by united arts funds in North Carolina.⁷² Data collected by that survey as well as the N.C. Center for Public Policy Research, however, suggest that individual giving has become a much more important source of funding for arts groups in recent years. The American Council for the Arts found that individual giving to North Carolina's local united arts fund campaigns increased from \$2.3 million in 1990 to \$3.2 million in 1994 — an increase of 38 percent or 17 percent

Detail, "Falcon Horus," stone, Egypt (663–525 B.C.)





"St. Matthew and the Angel," oil on canvas by Willem Drost (c.1660-65)

when adjusted for inflation. (See Table 14 on p. 45.)

The Center tried to assess trends in individual giving to the arts in North Carolina by analyzing the financial records of local united arts funds, local arts councils, the N.C. Museum of Art, and the N.C. Symphony. The income statements for these groups were examined in an attempt to identify contributions by individuals and other sources over the past five years. As with corporate contributions, the financial statements of most of the united arts funds and local arts councils do not itemize the sources of contributions in enough detail to determine individual giving patterns. However, four united arts funds in the state provided itemized data to the Center on the amount of money they have received from individual contributions over time. Although this sample is not large enough from

which to draw definitive conclusions, all four funds reported large increases in individual donations over the past five years.

- ❑ **The High Point Arts Council** reported that it received \$134,552 in individual donations in 1995 — an increase of 38 percent since 1990, or 17 percent when adjusted for inflation. Individual gifts in 1995 were more than 14 times higher in absolute terms than the amount raised in 1980 (\$9,464).
- ❑ **The United Arts Council of Raleigh and Wake County** reported that it received \$231,867 from individual donations in 1995, more than double the amount raised in 1990 — \$98,700. That was an increase of 135 percent, or 98 percent when adjusted for inflation. (The council did not exist in 1980.)

**Table 17. Largest Private
Independent Foundation Donors
to the Arts in North Carolina, 1988-94**

Name of Foundation	Arts Giving in N.C.				Percent Change, 1988-94	Arts as % Total Giving
	1988	1991	1994	3-Year Total		
1 A.J. Fletcher Fdn.	\$1,234,917	\$1,285,741	\$1,497,350	\$4,018,008	21.3%	54.7%
2 Mary Duke Biddle Fdn.	426,392	482,416	526,946	1,435,754	23.6	67.2
3 Alex Shuford Fdn.	224,502	137,450	934,500	1,296,452	316.3	100.0
4 C.D. Spangler Fdn.	0	214,800	605,000	819,800	N/A	12.5
5 Cannon Fdn.	370,046	371,000	76,000	817,046	-79.5	5.8
6 Kellenberger Historical Fdn.	201,065	243,270	359,633	803,968	78.9	83.8
7 J.G. Hanes Memorial Fdn.	383,250	403,000	N/A	786,250	N/A	88.2
8 Z. Smith Reynolds Fdn.	96,000	377,500	302,250	775,750	214.8	2.7
9 John W. & Anna H. Hanes Fdn.	140,000	253,834	244,274	638,108	74.5	30.2
10 J.G. Hanes Memorial Fund	80,000	14,000	540,000	634,000	575.0	42.5
11 Janirve Fdn.	207,205	407,500	N/A	614,705	N/A	15.9
12 W.R. Kenan Fund for the Arts	N/A	N/A	579,858	579,858	N/A	100.0
13 Mary Reynolds Babcock Fdn.	88,655	95,510	380,000	564,165	328.6	5.3
14 W.R. Kenan Charitable Trust	0	500,000	0	500,000	N/A	2.2
15 First Gaston Fdn.	324,500	8,125	59,500	392,125	-81.7	22.9
16 Blumenthal Fdn.	58,455	169,870	107,330	335,655	83.6	11.3
17 Hillsdale Fund	143,200	64,800	97,750	305,750	-31.7	11.1
18 The News & Observer Fdn.	131,204	93,956	62,517	287,677	-52.4	24.0
19 Kathleen Price Bryan Family Fdn.	0	236,100	47,500	283,600	N/A	6.5
20 Broyhill Family Fdn.	120,750	66,900	88,933	276,583	-26.3	6.6
TOTALS	\$2,995,224	\$4,140,031	\$5,011,991	\$12,147,246	67.3%	13.4%

Sources: Data on foundation giving compiled from publicly available 990-PF tax forms and annual reports of foundations for the years 1988, 1991, and 1994. Data for 1988 and 1991 adapted from Anita Gunn Shirley, *North Carolina Giving*; 1990 and 1993 Editions, Capital Consortium, Raleigh, N.C.

- **The United Arts Council of Rowan** in Salisbury reported that it received \$13,585 in individual donations in 1995 — an increase of 52 percent since 1990, or 29 percent when adjusted for inflation. Individual gifts in 1995 were more than four times greater in absolute terms in 1980 (\$3,044).
- **The Arts & Science Council of Charlotte/Mecklenburg** reported that it received \$2.1 million in individual donations for distribution in FY 1995 — an increase of 81 percent since 1990, or 53 percent when adjusted for inflation.

Interviews with the directors of several united arts funds suggest that these trends are not an aberration. Fund directors say they have been putting much greater emphasis on individual donations — particularly through payroll deduction programs — during the past few years. “We have seen a tremendous growth in [private] giving, especially from individuals, which is something that our organization had not really focused on until the early 1990s,” says Robert Bush, director of the United Arts Council of Raleigh and Wake County. “That is where we’ve seen our major growth.” Adds Kathryn Greathouse of the Catawba County Council for the Arts: “We see reaching individuals as the place for growth, and the best way to reach them is through the workplace and payroll deductions. If you make it easy for them to give, it seems to me that they will.”

Nevertheless, the apparent increase in individual giving to united arts funds and local arts councils does not necessarily mean that all arts groups — such as museums, dance companies, and symphony orchestras — have experienced similar

“The people who primarily benefit from the arts tend to be middle- and higher-income folks. That raises the question: Do you want to spend public money to benefit those people, or is that best left to the private sector?”

—MICHAEL WALDEN, PROFESSOR
NORTH CAROLINA STATE UNIVERSITY

trends. For instance, individual giving to the N.C. Museum of Art Foundation has been much less consistent. Individual contributions and membership fees for the art museum totaled \$588,008 in FY 1995 — an increase of 17.2 percent from FY 1991, or 4.3 percent when the dollars are adjusted for inflation. But individual giving dropped 7 percent from a peak in FY 1993, when it totaled \$633,368. (See Table 15 on p. 48.) (The N.C. Symphony could not provide itemized financial information showing individual giving patterns.)

Conclusion

The arts in North Carolina have survived — and even thrived — despite five years of funding cuts from the National Endowment for the Arts. Total public and private support for the arts increased substantially from 1990 to 1995 in North Carolina, even though annual funding from the National Endowment for the Arts dropped by more than half (54 percent) during that period.

North Carolina’s arts community has prospered due to steady and growing support from state and local governments, private foundations, corporations, and individuals. This variety in the sources of financial support has helped North Carolina earn, with some justification, a national reputation as one of the leading states for supporting the arts. Local governments more than doubled (123 percent) their funding for local arts councils from 1990 to 1995, and state government boosted its total spending on the arts by 39 percent. Meanwhile, private foundations increased their donations to the arts in North Carolina by 14 percent from 1991 to 1994, and total private funding for local arts councils and united arts funds grew by a comparable amount.

These trends suggest that further cuts — or even the elimination of — NEA funding would not spell disaster for the arts in North Carolina. Nevertheless, such cutbacks would not come without pain. Some likely impacts of further NEA cuts include:

- Increased pressure on the state and some local governments to make up for further losses in NEA grants by cutting back on public arts programs and reducing their support for private arts organizations.
- The loss of technical and professional support from NEA staff, who have played a key role in helping the state develop programs for promoting folk art and establishing the network of local arts councils across the state, among other things.

**Table 18. Largest Corporate Foundation Donors
to the Arts in N.C., 1988-94**

Name of Corporate Foundation	Arts Giving in N.C.				Percent Change, 1988-94	Arts as % Total Giving
	1988	1991	1994	3-Year Total		
1 Duke Power Co. Fdn.	\$348,819	\$996,533	\$394,941	\$1,740,293	13.2%	10.4%
2 First Union Fdn.	552,148	489,356	256,716	1,298,220	-53.5	9.2
3 Wachovia Fdn.	127,834	227,083	608,050	962,967	375.7	12.7
4 Dickson Fdn.	58,900	155,850	257,800	472,550	337.7	13.6
5 RJR Nabisco Fdn.	127,793	N/A	285,000	412,793	123.0	1.9
6 Philip Van Every Fdn.	154,500	98,000	72,500	325,000	-53.1	7.7
7 Glaxo Wellcome Fdn.	0	0	250,000	250,000	N/A	9.8
8 Royal Insurance Fdn.	N/A	110,500	134,575	245,075	N/A	29.0
9 Jefferson-Pilot Fdn.	0	115,400	123,000	238,400	N/A	6.6
10 Belk Fdn.	35,000	58,000	96,500	189,500	175.7	6.2
11 CCB Fdn.	50,183	38,250	54,500	142,933	8.6	15.1
12 Lance Fdn.	24,500	81,000	29,500	135,000	20.4	9.4
13 National Gypsum Fdn.	N/A	N/A	124,600	124,600	N/A	53.8
14 Pepsi-Cola of Charlotte Fdn.	25,000	41,990	41,200	108,190	64.8	45.1
15 Barclays Bank Fdn.	38,250	45,650	10,500	94,400	-72.5	10.5
TOTALS	\$1,194,108	\$1,461,079	\$2,344,441	\$4,999,628	96.3%	7.7%

Sources: Data on foundation giving compiled from publicly available 990-PF tax forms filed by foundations for the years 1988, 1991, and 1994. Data for 1988 and 1991 adapted from Anita G. Shirley, North Carolina Giving, 1990 and 1993 Editions, Capital Consortium, Raleigh, N.C. Data not available for 1994 giving for the Royal Insurance, Jefferson-Pilot, and CCB foundations. For those foundations only, 1994 data based on 1993 giving, which was adapted from Anita Gunn Shirley, "N.C. Corporate Giving," Capital Consortium, Raleigh, N.C., 1995.

Note: This table includes data from corporate foundations only and not contributions from corporate direct-giving programs. A number of corporations that donate money to the arts make their contributions through direct gifts rather than, or in addition to, foundation grants. However, unlike foundations, corporate direct-giving programs are not required by law to file publicly available records listing their contributions. N.C. companies that are believed to be among the largest supporters of the arts through direct-giving programs include: Carolina Power & Light, DuPont, Glaxo Wellcome, NationsBank, Philip Morris, and Sara Lee Corp.

- A tougher fund-raising climate for arts groups due to the loss of NEA matching grants, which often have provided “seed” or challenge money for projects by attracting money from individuals, corporations, foundations, and local governments.

Although it's too early to tell, the recent cuts in NEA funding also could lead to a ripple effect, in which the state and local governments follow the federal government's lead in slashing public support for the arts. “The impact is not in the actual dollars that will be lost from the arts endowment, but in the loss of national leadership and the trickle-down effect,” says Mary Regan, executive director of the

N.C. Arts Council. “To say that the nation does not value public support for the arts can cause states not to value it and local governments not to value it.”

A few recent trends show that this is no idle concern. For instance, the state legislature in 1995 eliminated the Artwork for State Buildings Program, which since 1990 had set aside a small portion (0.5 percent) of the construction funds for artwork in new state buildings and major renovations. (See the related article, “Troubled Times for Art in Public Buildings,” on p. 8.) In addition, the state legislature — although boosting total state funding for the arts in recent years — increasingly has funneled money to the arts through special appropriations bills rather than statewide arts programs. Thus

**Cynthia Wynn,
metalworker
from Asheville**



Rob Amberg, for HandMade in America

the N.C. Arts Council, the state's lead agency for promoting the arts, saw its budget decline 1.2 percent from FY 1991 to FY 1996 — during a time when total state funding for the arts increased by 40 percent. If funding is adjusted for inflation, the Arts Council's budget dropped by 14 percent during that period, while total state spending for the arts increased by 22 percent. Meanwhile, annual special appropriations to the arts grew by \$3 million during that period. However, such funds do not provide a reliable source of income to arts organizations because they are susceptible to political winds and depend on whether arts groups or their local legislators have clout in the N.C. General Assembly.

At the local level, more than half (13) of the 25

local arts councils and local united arts funds examined by the Center for this study received less funding from local cities and counties in FY 1995 than they did in FY 1991. For example, local government support (in absolute terms) dropped 75 percent for the United Arts and Science Council of Gaston County, 60 percent for the United Arts Council of Guilford County, and 40 percent for Arts Council of Moore County. Much of the growth in local support for the arts has occurred in a few metropolitan areas, such as Charlotte and Mecklenburg County — which accounted for more than half (56 percent) of local government funding for arts councils in the state in FY 1995.

—continues on page 62



Artisans such as Frank Barrow, a wood sculptor from Shelby, helped generate \$122 million for the economy of Western North Carolina in 1994, according to a study for HandMade in America, an Asheville-based nonprofit group.

—continued from page 55

It's also important to recognize the role that NEA grants have played in helping North Carolina develop a steady and diverse source of funding for the arts. The matching requirements for NEA grants have helped leverage additional funding for the arts from state and local governments and private sources. The NEA estimates that each \$1 it grants helps generate an additional \$11 in matching funds nationwide.

Perhaps more importantly, grants from the NEA and the N.C. Arts Council in the 1970s and

1980s helped establish the network of local arts councils and united arts funds that generate support for artists and arts groups across the state. In many cases, local governments have continued supporting arts groups, events, and programs that started out with — but no longer receive — NEA funding. But local officials could start viewing these arts programs as unnecessary frills as they face sometimes-conflicting public demands for lower taxes and increased services in areas such as crime control, public education, and highway construction.

**Table 19. Community Foundation Giving to the Arts
in North Carolina, 1988–94**


Name of Foundation	Arts Giving in N.C.				Percent Change, 1988-94	Arts as % Total Giving
	1988	1991	1994	3-Year Total		
1 Foundation for the Carolinas	\$166,165	\$504,226	\$679,471	\$1,349,862	308.9%	6.6%
2 Winston-Salem Fdn.	588,319	389,655	363,161	1,341,135	-38.3	8.6
3 Salisbury Community Fdn.	67,625	226,477	26,475	320,577	-60.9	2.2
4 Greater Triangle Community Fdn.	84,460	79,544	129,671	293,675	53.5	15.8
5 Community Fdn. of Western N.C.	103,312	14,025	144,901	262,238	40.3	12.7
6 Foundation of Greater Greensboro	N/A	107,562	49,000	156,562	N/A	5.5
7 Community Fdn. of Gaston Co.	84,220	7,000	48,086	139,306	-42.9	10.3
8 Community Fdn. of Henderson Co.	500	5,687	34,500	40,687	6800.0	4.5
9 N.C. Community Fdn.	0	217	30,918	31,135	N/A	4.2
10 Outer Banks Community Fdn.	4,326	9,110	8,900	22,336	105.7	13.3
11 Cape Fear Community Fdn.	N/A	8,010	10,304	18,314	N/A	3.4
12 Cumberland Community Fdn.	1,500	0	14,693	16,193	879.5	27.9
13 Polk County Community Fdn.	6,586	1,165	6,000	13,751	N/A	7.3
14 Elizabeth City Fdn.	2,000	5,000	3,500	10,500	N/A	11.9
15 Riegelwood Community Fdn.	325	1,850	0	2,175	N/A	3.5
16 Tri-County Fdn.	N/A	N/A	2,000	2,000	N/A	5.1
TOTALS	\$1,109,338	\$1,359,528	\$1,551,580	\$4,020,446	39.9%	6.6%

Source: Data on foundation giving compiled from publicly available 990-PF tax forms and annual reports of foundations for the years 1988, 1991, and 1994. Data for 1988 and 1991 adapted from Anita Gunn Shirley, *North Carolina Giving*, 1990 and 1993 Editions, Capital Consortium, Raleigh, N.C.

*"Democratic nations will
habitually prefer the useful to
the beautiful, and they will
require that the beautiful should
be useful."*

—ALEXIS DE TOCQUEVILLE
IN *DEMOCRACY IN AMERICA*, 1840.

In sum, arts groups in North Carolina have benefited from increasing support from the state, local governments, and private donors during the 1990s. But the specter of federal cutbacks is likely to put pressure on the state, city, and county governments to scale back their funding for the arts. That means arts groups may be forced to trim their budgets, as well — unless they can solicit more contributions from private sources or raise more money through their programs and sales.

"Certainly we're trying to broaden our support from public sources, but we're really trying to build our support from the private sector," says John Santuccio, president of the United Arts Council of Greensboro, who stresses that future support for arts groups depends on individual giving through workplace payroll-deduction programs. "That really is where our biggest opportunity lies. . . . If we value our art in the community, it's going to have to be the local community that supports it." 

FOOTNOTES

¹ Judith Miller, "Future Of Arts Agency Is Unclear," *The New York Times*, March 14, 1996, p. B1.

² Nina Kressner Cobb, *Looking Ahead: Private Sector Giving to the Arts and Humanities*, President's Committee on the Arts and Humanities, Washington, D.C., 1996, pp. 4–5.

³ Ann Kaplan, ed., *Giving USA*, American Association of Fund-Raising Counsel (AAFRC) Trust for Philanthropy, New York, N.Y., 1996, p. 24.

⁴ National Assembly of State Arts Agencies, "State Arts Agencies Legislative Appropriations — Annual Survey," NASAA, Washington, D.C., 1991–1996 editions (page number varies). See Table 2 on p. 15 for a list of states and the changes in their legislative funding for state arts agencies from FY 1991–96.

⁵ N.C.G.S. 143-47A (1988, revised 1994) established the Artworks for State Buildings Program to acquire works of art for state construction projects costs exceeding \$1 million. The law required the state to set aside money — 0.5 percent of the construction costs — to acquire art for new or renovated state

buildings and their surrounding grounds. Although the state legislature repealed the law during the 1995 session, the program is completing projects funded prior to 1995.

⁶ "North Carolina: State of the Arts?" *North Carolina Insight*, Vol. 5, No. 4 (February 1983), pp. 2–81. The Center's theme issue on the arts examined the state's funding for the arts, the effects of federal budget cuts on the arts, private support for the arts, arts education, and major arts agencies and programs in North Carolina.

⁷ For more on federal budget cuts in the early 1980s, see Lyman Collins, "Federal Budget Cuts To Culture: How Keen the Axe?" *North Carolina Insight*, Vol. 5, No. 4 (February 1983), pp. 32–36. Also see Jim Bryan, et al., *Federal Budget Cuts in North Carolina, Part II*, N.C. Center for Public Policy Research, Raleigh, N.C., April 1982, 332 pp. For the Center's directory to foundations and corporate giving, see Anita Gunn Shirley, *Grantseeking in North Carolina*, N.C. Center for Public Policy Research, Raleigh, N.C., 1985.

⁸ The Center adjusted funding numbers for inflation using the federal government's Consumer Price Index.

⁹ Robert Hughes, "Pulling the Fuse on Culture," *Time*, Aug. 7, 1995, p. 65.

¹⁰ Mandy Rafool and Laura Loyacono, *Creative Solutions for Funding the Arts*, National Conference of State Legislatures, Denver, Colo., 1995, p. 2.

¹¹ Cobb, note 2 above, p. 16. In North Carolina, the state House Select Committee on Nonprofits recommended in March 1996 that the N.C. General Assembly enact legislation aimed at increasing charitable giving in the state. One of the committee's recommendations would let North Carolinians who do not itemize on their federal tax returns take advantage of a special tax credit for donations above the statewide average rate for giving to nonprofits, including arts groups. The legislation was enacted as part of H.B. 18 in the 1996 session of the General Assembly. See the article, "The Nonprofit Sector in North Carolina: Trends and Key Public Policy Challenges," on p. 66 of this issue.

¹² Cobb, note 2 above, p. 16.

¹³ Rafool and Loyacono, note 10 above, Figure 4, p. 9.

¹⁴ Miller, note 1 above.

¹⁵ Laura L. Loyacono, "The Arts: Singing the Blues," *State Legislatures* magazine, National Conference of State Legislatures, Denver, Colo., May 1995, p. 25.

¹⁶ *Ibid.*, p. 26. Also see Christopher Knight, "The art of pay-back politics," *The News & Observer*, Raleigh, N.C., p. 9A.

¹⁷ Hughes, note 9 above, p. 66. Serrano received \$15,000 from the Southeastern Center for Contemporary Art, a Winston-Salem based museum that had funded his work using NEA money.

¹⁸ U.S. Sen. Jesse Helms, "Arts can survive on private funds," letter in the *Philanthropy Journal of North Carolina*, March 1995, p. 10.

¹⁹ Salvatore Caputo, "Action can help ward off federal arts cuts," *The News & Observer*, Raleigh, N.C., March 14, 1995, p. 7E.

²⁰ Cobb, note 2 above, p. 16. In addition to the NEA, the federal government funds some 200 arts and humanities programs scattered among various agencies — including the Smithsonian Institution, the National Gallery of Art, the National Park Service, and the National Endowment for the Humanities.

²¹ Hughes, note 9 above, p. 64. Also see Rosemary Yardley, "Federal funding for the arts may soon become a thing of the past," *News & Record*, Greensboro, N.C., July 26, 1995, p. 11A.

²² National Endowment for the Arts, *America in the Making: A Prospectus for the Arts*, NEA, Washington, D.C., 1995, p. 13.

²³ Loyacono, note 15 above, p. 27. Also see National



"A Tough Story," oil on canvas by John G. Brown (1886)

Endowment for the Arts, note 22 above, p. 6.

²⁴ Randy Cohen, *Jobs, the Arts, and the Economy*, *National Assembly of Local Arts Agencies*, Washington, D.C., 1994, p. 3.

²⁵ Hughes, note 9 above, p. 62. The survey was conducted for Time/CNN by Yankelovich Partners Inc. It was based on a telephone poll of 1,000 adult Americans on July 19–20, 1995, with a sampling error of +/- 3 percent.

²⁶ The Louis Harris poll was conducted for the National Assembly of Local Arts Agencies in Washington, D.C., and the American Council for the Arts in New York City. It was based on a telephone poll of 1,600 adult Americans in the spring of 1996, with a sampling error of +/- 3 percent. For more information, see Susan Gray, "Government Arts Subsidies Win Support in New Poll," *The Chronicle of Philanthropy*, June 27, 1996, p. 32.

²⁷ See Collins and Bryan, note 7 above.

²⁸ The Center's analysis of funding by the National Endowment for the Arts was based on grant distributions under the federal fiscal calendar, using NEA records. However, the state

tracks NEA grants to the N.C. Arts Council based on the state fiscal year in which the money is spent. Under the state method for tracking NEA grants, federal funding grew from \$641,326 in FY 1990 to \$883,700 in FY 1995 — an increase of 37.8 percent. But NEA funding dropped to \$794,220 in FY 1996 and \$426,400 in FY 1997 — a decline of 51.7 percent over the past two fiscal years, according to state records.

²⁹ These "other" arts organizations outside the N.C. Arts Council include a few groups that support state art programs, such as the N.C. Museum of Art Foundation and the N.C. Symphony Society, as well as publicly supported schools and universities. The distinction between NEA grants to the N.C. Arts Council and to other groups is somewhat misleading because the council re-grants much of the NEA money it receives to arts organizations across the state.

³⁰ From FY 1990 to FY 1995, NEA funding in North Carolina declined for 36 arts groups and increased for 21 groups.

³¹ The National Assembly of Local Arts Agencies surveyed 789 nonprofit arts organizations in 22 states, including North

Carolina, for fiscal years 1990, 1991, and 1992.

³²For an overview of North Carolina's historic involvement in the arts, see Michael Matros and Lyman Collins, "Baskets and Ballet: Making Arts Policy in North Carolina," *North Carolina Insight*, Vol. 5, No. 4 (February 1983), pp. 2-9.

³³The N.C. Department of Cultural Resources was created under the Executive Organization Act of 1973, N.C.G.S. 143B-49. For more details, see Lyman Collins, "The North Carolina Arts Council," *North Carolina Insight*, Vol. 5, No. 4 (February 1983) pp. 72-76.

³⁴Annual Report, Arts & Science Council of Charlotte/Mecklenburg, FY 1994-95, pp. 5-11.

³⁵Oscar E. Marin, ed., *United Arts Fundraising 1994*, National Coalition of United Arts Funds, c/o American Council for the Arts, New York, N.Y., 1995, p. 7 and Exhibit C-1.

³⁶Ardath G. Weaver, ed., *The State of the Arts*, FY 1993-95 Biennial Report, N.C. Arts Council, N.C. Department of Cultural Resources, Raleigh, N.C., May 1996, p. 23.

³⁷National Assembly of State Arts Agencies, note 4 above.

³⁸The Center adjusted the numbers from the state survey of local government funding for arts councils to reflect corrections reported by the Arts & Science Council of Charlotte/Mecklenburg for fiscal years 1991 and 1995.

³⁹The 10 united arts funds studied by the Center were the: Arts Alliance of Asheville, Arts Council of Winston-Salem, Art & Science Council of Charlotte/Mecklenburg, Catawba County Council for the Arts, Durham Arts Council, High Point Arts Council, United Arts Council of Gaston County, United Arts Council of Greensboro, United Arts Council of Raleigh & Wake County, and United Arts Council of Rowan. The 15 local arts councils in smaller communities were the: Alamance County Arts Council, Arts Council of Fayetteville and Cumberland County, Arts Council of the Lower Cape Fear in Wilmington, Arts Council of Macon County, Arts Council of Wilson, Ashe County Arts Council, Caldwell Arts Council, Chowan Arts Council in Edenton, Craven Arts Council in New Bern, McDowell Arts & Crafts Association, Moore County Arts Council, Randolph Arts Guild, Stanly County Arts Council, Toe River Arts Council of Mitchell and Yancey Counties, and Union County Arts Council.

⁴⁰The increase in local government support for the arts in Charlotte is not as large as suggested by the growth in funding for the local Arts & Science Council from FY 1991-95, according to Michael Marsicano, the council's president. That's because the Charlotte City Council shifted from directly funding a number of local arts groups, such as the Mint Museum, to indirectly funding those groups through the Arts & Science Council starting in FY 1992. Thus, the city shifted about \$1.6 million to the Arts & Science Council from a number of arts groups that previously had received direct funding. The arts groups still receive funding, but it comes through the Arts & Science Council rather than the city council.

⁴¹Matthew Easley, "Hue and cry at end of city's rainbow," *The News & Observer*, Raleigh, N.C., Sept. 21, 1995, p. 1A.

⁴²Matthew Easley and Chuck Twardy, "Ousted artist calls it censorship," *The News & Observer*, Raleigh, N.C., Feb. 25, 1995, p. 1A.

⁴³Dan Chapman, "'Angels' dominates debate," *The Charlotte Observer*, May 14, 1996, p. 1C.

⁴⁴Joyce Clark, "Gun sculptures touch a nerve in Chapel Hill," *The News & Observer*, Raleigh, N.C., Nov. 29, 1995, p. 1B. Also see Clark, "What they're saying," *The News & Observer*, Raleigh, N.C., Nov. 30, 1995, p. 6B.

⁴⁵Memo from Toni Pendergraph of the Chapel Hill Public Arts Commission to Jean McLaughlin, coordinator of the Art-

works for State Buildings Program, N.C. Arts Council, June 17, 1996.

⁴⁶Cobb, note 2 above, pp. 4-5. Private donations are harder to quantify than government funding because individuals, private companies, and institutions — with few exceptions — are not required by law to make public their charitable contributions.

⁴⁷Kaplan, note 3 above, p. 24.

⁴⁸Cobb, note 2 above, p. 5.

⁴⁹Kaplan, note 3 above, 1995 edition, p. 28.

⁵⁰*Ibid.*, pp. 20-21.

⁵¹*Ibid.*

⁵²*Ibid.*, p. 12.

⁵³Marin, note 35 above, p. 2.

⁵⁴Kaplan, note 3 above, 1995 edition, p. 64.

⁵⁵*Ibid.*, p. 79.

⁵⁶Marin, note 35 above, Exhibit C-2 (no page number).

⁵⁷Financial records for local arts councils and united arts funds were obtained from the groups themselves or from the N.C. Arts Council, which keeps files on each group that receives funding from the state.

⁵⁸Copies of foundations' 990-PF forms can be examined in the state Revenue Building at 501 N. Wilmington St. and in the Archives/State Library Building at 109 E. Jones St. in Raleigh.

⁵⁹In 1983, only 21 of the 589 (3.6 percent) foundations in North Carolina published annual reports. See Anita Gunn Shirley, *Grantseeking in North Carolina*, N.C. Center for Public Policy Research, Raleigh, N.C., 1985, p. 16.

⁶⁰*Ibid.* Also see Anita Gunn Shirley, *North Carolina Giving*, Capital Consortium, Raleigh, N.C., 1990 and 1993 editions; and Shirley, *NC Corporate Giving*, Capital Consortium, Raleigh, N.C., 1995.

⁶¹Virtually all of the arts grants from North Carolina foundations are awarded to arts groups and events in the state. However, there are a few notable exceptions. For instance, the Caledonian Foundation in Laurinburg donated \$304,450 to the arts in 1994, with all of those grants going to groups located in Scotland.

⁶²Shirley, note 60 above, 1993 edition, p. xvii.

⁶³Kaplan, note 3 above, 1995 edition, p. 64.

⁶⁴Loren Renz, Steven Lawrence, and Rikard Treiber, *Foundation Giving*, The Foundation Center, New York, 1995 edition, p. 56.

⁶⁵Many private companies have direct giving programs that are separate from their corporate foundations. For example, Glaxo Wellcome Inc. makes many charitable contributions through its direct giving program, in addition to donations it makes through the Glaxo Wellcome Foundation.

⁶⁶Shirley, note 60 above, 1993 edition, p. xi.

⁶⁷Marin, note 35 above.

⁶⁸Business Committee for the Arts, *The BCA Report: 1995 National Survey of Business Support to the Arts*, BCA, New York, 1995. The BCA survey was based on telephone interviews in 1995 with 1,000 businesses with annual revenues of \$1 million or more, with a margin of error of +/- 3 percent.

⁶⁹Kaplan, note 3 above, 1995 edition, p. 79.

⁷⁰Some of the corporations that make the largest contributions to the arts do not give through foundations, so listings of their contributions are not available from public records. Companies that are believed to make large contributions to the arts through direct or in-kind giving programs in North Carolina include: Carolina Power & Light, DuPont, Glaxo Wellcome, NationsBank, Philip Morris, and Sara Lee Corp.

⁷¹Marin, note 35 above, Exhibit C-2 (no page number).

⁷²*Ibid.*, p. 2 and Exhibit C-2.