

David Reiff, Courtesy N.C. School of the Arts

Due to open in April 1983, the N.C. School of the Arts' Roger L. Stevens Center for the Performing Arts is largely a gift from the private sector.

Funding the Arts— A Philanthropic Tradition

by F. Whitney Jones

R. J. Reynolds Industries, the nation's 32nd largest corporation, has a penchant for wanting to beautify its own backyard. Headquartered in Winston-Salem, N.C., Reynolds Industries gave over \$7 million to the arts between 1977 and 1981, most of it to hometown projects. Two of its largest gifts were to new facilities that have attracted international attention: \$1.2 million to the Roger L. Stevens Center for the Performing Arts, a 1920s-vintage movie hall restored into a performing base for the N.C. School of the Arts (see article on page 53); and \$1 million to Winston Square, a revitalized downtown area now serving as the base for many arts groups, including the Arts Council of Winston-Salem,

the oldest of its kind in the country (1949) and still one of the largest. *The Wall Street Journal*, *Smithsonian Magazine*, and *The London Times* have all called Winston-Salem—and indeed, the state of North Carolina—a national model for local support for the arts.

Much of the stimulus for such recognition has stemmed from support from corporations—

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Reynolds Industries, the Wachovia Corporation, NCNB Corporation, Philip Morris Incorporated, Hanes Dye and Finishing, and others—and from North Carolina-based foundations—Z. Smith Reynolds, James G. Hanes Memorial, Mary Reynolds Babcock, Mary Duke Biddle, Greater Charlotte, and others. Table 1 lists the top ten N.C. corporate and private foundation donors to the arts. In addition, a Governor's Business Council on the Arts and Humanities, begun by Gov. James B. Hunt, Jr. in 1977 and now a private, nonprofit corporation, has helped to promote and assist arts-related ventures in the state.

Private support for the arts stands in a long Tar Heel philanthropic tradition. Reaching back to donated ball fields and health clinics in turn-of-the-century mill villages, philanthropy acquired a more formal structure in the 1920s and 30s as the fortunes of North Carolina industrialists—particularly tobacco magnates James Buchanan Duke and Richard Joshua Reynolds—began to filter into a variety of foundation and corporate giving programs. But arts-related ventures did not attract significant attention until much later.

Of those corporations giving to cultural programs in 1979, about 28 percent had begun their programs before 1950. From 1950 to 1960, another 18 percent initiated such efforts. Not until the last two decades did the remaining 54 percent of the corporate givers begin their cultural giving programs.¹ Foundation giving in the state has followed a similar pattern. The Z. Smith Reynolds Foundation, for example, the largest arts-giving foundation in the state, only made its first substantial arts award in 1964, 27 years after it began operating (a \$300,000 grant to the N.C. School of the Arts). Finally, efforts within state government to encourage gifts from private arts donors have likewise accelerated in the last decade.

Arts organizations stay solvent by combining "earned" income (ticket sales, concessions, and income from endowments and investments) with "unearned" income (contributions from the

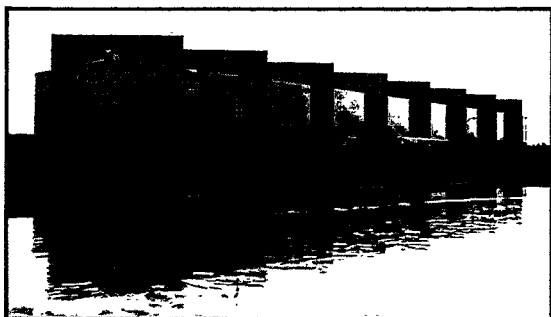
public and private sectors.) In the last 15 years, private-sector giving to the arts has generally been on the rise. In 1955, individuals, corporations, and foundations donated \$199 million to the arts, three percent of total private-sector giving. By 1980, the figure had jumped to \$2.96 billion, more than six percent of all private-sector giving.² Since 1955, public support for the arts has also increased sharply, particularly through the creation of the National Endowment for the Arts (NEA) in 1965. In 1955, there was no such national agency to distribute arts funds; in 1980, \$154.4 million went to arts efforts through the NEA.³

In 1981, however, the funding picture for the arts began to change. The Reagan administration's budget cuts, combined with the economic recession in general, have threatened both public and private funding sources. Reductions in federal funds for the arts may total \$1.1 billion from 1981 to 84 in direct and indirect costs.⁴ (See article on page 32 for details on cuts in North Carolina.) Thus far, the N.C. General Assembly has not cut state funds for the arts—and indeed, even boosted the Grassroots Arts Program by a quarter of a million dollars in 1982. But for the upcoming 1983-84 fiscal year, the Governor and the Advisory Budget Commission have not recommended any substantial increases in the \$21 million annual budget for the N.C. Department of Cultural Resources. And only about one-fourth of this \$21 million goes to the arts; the rest supports work with libraries, archives, and historic preservation.

In an era of governmental budget deficits, the arts may have to turn more to the private sector. But the economic recession is cutting into corporate profits, foundation incomes, and individual giving as well. Thus far, North Carolina has not been hit as severely by the recession as some other areas of the country. And certainly, the long Tar Heel philanthropic tradition, which has concentrated on the arts more and more in recent years, reaches deeper than profit-margin fluctuations. At the same time, new industries have moved into the state—from the "high-tech" companies in the Research Triangle Park to the corporate branch headquarters sprouting in Charlotte. Can the giving patterns of the corporate oldtimers, combined with the generosity of the more prosperous newcomers, sustain—or even increase—corporate giving to the arts in the state?

Private and public giving to the arts in North Carolina may level off in future years—if not decline. Have the arts in North Carolina reached a kind of zenith in terms of public and private support? Will the state have to rely on *faits accomplis* in Winston-Salem and elsewhere

The world headquarters of R. J. Reynolds Industries, Inc., in Winston-Salem.



Courtesy R. J. Reynolds Industries, Inc.

to bill itself as the "state of the arts"? Such a curtailment of public and private support in the state seems likely unless new efforts are undertaken both to coordinate the current private and public efforts and to stimulate further support. The wave of federal cutbacks and the spinoffs of the national recession endanger current arts efforts in the state, not to mention future initiatives. What can the private sector do, in conjunction with the state, to insure

that the arts in North Carolina will continue to flourish—not languish for lack of funds?

Corporate Giving

Prior to the current recession, corporate support nationally for the arts had increased dramatically, from \$221 million in 1976 to \$436 million in 1979, a 54 percent increase.⁵ Since 1979, the figure has remained over \$500 million a year.⁶ A survey of North Carolina corporations,

Table 1: Ten Largest N.C. Corporate and Private Foundation Donors to the Arts

Ranking the top foundations and corporations for giving to the arts requires not only hard-nosed research but also educated guesswork. Information regarding arts giving is often not available to the public nor does it always fall into an easily definable "arts" category. Corporate giving is particularly difficult to assess since none of the top corporate givers to the arts in North Carolina releases figures on giving patterns. In addition, determining "arts" giving sometimes requires an arbitrary decision. For example, does a corporation count the money it gives to a university for an auditorium—a place used for concerts as well as lectures and other public events—as arts giving?

The table below, compiled by Whitney Jones and Bill

Finger, is based on three primary sources of information: 1) the annual reports of the foundations; 2) the limited public information on corporate giving such as announcements of major individual gifts; and 3) a telephone survey of the ten foundations and corporations listed below regarding their assessment of the accuracy of this table (the ten groups received a pre-publication draft of the table). Note that the foundation data is for 1981 and the corporate data for 1979. Because the information on foundation giving is generally accessible from annual reports, 1981 data is included. Because corporate data is generally not accessible, data for the years available is included.

Top Five Foundations (1981)	Arts Giving		% of Total Giving	Largest Arts Grant	Number of Arts Grants
	in N.C.	Total Giving			
Z. Smith Reynolds Foundation ¹	\$1,094,871	\$ 5,034,743	22%	\$700,000	17
James G. Hanes Memorial Fund/ Foundation ²	777,992	\$ 1,305,983	60%	226,000	19
Mary Reynolds Babcock Foundation ³	285,862	\$ 2,629,000	11%	120,000	8
Mary Duke Biddle Foundation ⁴	245,353	\$ 828,814	30%	178,853	14
Greater Charlotte Foundation ⁵	160,108	\$ 1,264,010	13%	44,322	39
Top Five Corporations (1979)					
R. J. Reynolds Industries, Inc. ⁶	\$ 887,000	\$11,000,000	8%	\$239,500	58
Wachovia Corporation ⁷	359,410	1,271,987	28%	300,000	15
NCNB Corporation ⁸	NA	1 percent of pre-tax income	NA	NA	NA
Philip Morris Incorporated ⁹	NA	NA	NA	NA	120
Hanes Dye and Finishing Co., Inc. ¹⁰	NA	5 percent of pre-tax income	NA	NA	9

¹Source is the foundation's 1981 annual report, pp. 12-18. The Z. Smith Reynolds Foundation has given larger grants than that noted for 1981, the largest being a \$1.5 million grant in 1967 to the N.C. Museum of Art Foundation for the education wing in the new art museum building.

²Source is Roy Cope, account executive, Wachovia Bank & Trust Co., trustee for the James G. Hanes Memorial Fund/Foundation. The Fund and the Foundation are two separate giving sources, which operate on different fiscal years (neither is the calendar year). Mr. Cope computed a single 1981 figure, totaling the appropriate amounts from both sources.

³Source is the foundation's 1981 annual report, pp. 7-25. In 1981, the Mary Reynolds Babcock Foundation also gave arts grants outside North Carolina totaling \$40,000.

⁴Source is the foundation's 1981 annual report, pp. 9-11. In 1981, the Mary Duke Biddle Foundation also gave arts grants in New York totaling \$144,000.

⁵Source is the foundation's 1981 annual report, pp. 24-27.

⁶Reynolds does not make public its total giving, but the Committee to Increase Corporate Giving placed Reynolds at \$11 million for 1979. The arts-giving amount for 1979 appeared in

Guide to Corporate Giving in the Arts (American Council for the Arts, 1981). Reynolds has given larger grants than that noted for 1979, including \$1.2 million for the Roger L. Stevens Center for the Performing Arts and \$1 million to Winston Square.

⁷Wachovia does not release its total giving or details on arts giving. The 1979 figures appeared in *Guide to Corporate Giving in the Arts* (American Council for the Arts, 1981). John T. McNair III, vice-chairman of the Wachovia board, confirmed that the 1979 figures above are correct. He also released arts giving for 1980 (\$292,755) and 1981 (\$139,925) but preferred not to release total giving or a further breakdown of the arts giving for 1980 and 1981. Telephone interview, January 30, 1983.

⁸NCNB does not disclose these figures. Ranking based on survey of NCNB's major arts grants.

⁹Philip Morris does not disclose these figures. Ranking based on survey of Philip Morris major support projects. Philip Morris supports many projects through its advertising and promotions department rather than through direct giving.

¹⁰Hanes Dye and Finishing Company does not release figures. Ranking based on survey of company's major arts grants.

conducted by R. Michael Lowder at the N.C. Department of Cultural Resources, estimated corporate giving to the arts in North Carolina in 1979 to be about \$7.4 million.⁷

In his 1979 survey, Lowder found corporate giving to cultural programs to be concentrated in the state's urban areas. Lowder found that almost 60 percent of the grants and other means of support in 1979 went to the state's five most populous counties (see Table 2). Wake County, with its statewide museums and arts organizations ranked first with 16.8 percent of the grants; following closely were Forsyth (12.2 percent), Guilford (11.1 percent), Mecklenburg (10.1 percent), and Durham (9.1 percent). Many of the Wake County-based efforts, such as the N.C. Symphony, benefit persons throughout the state. In the other counties, some programs also

benefit persons from throughout the state, particularly the N.C. School of the Arts in Forsyth and the American Dance Festival in Durham. Most of the other programs in the counties other than Wake, however, benefit primarily those persons in the metropolitan areas within those counties.

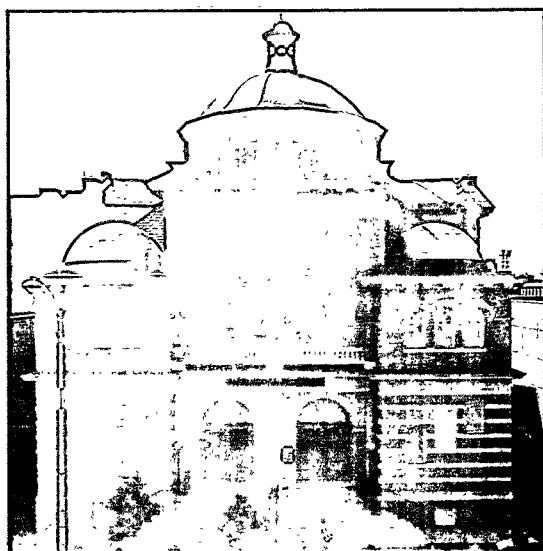
Recent giving patterns confirm Lowder's findings. Like R. J. Reynolds, North Carolina's other top corporate contributors tend to spend their arts money at home, in the urban areas where they are located. Reynolds has helped build not only the Stevens Center and Winston Square but also the James R. Scales Fine Arts Center at Wake Forest University (\$1.5 million) and the Single Brothers Workshop at Old Salem (about \$700,000). Wachovia Bank and Trust Co., also headquartered in Winston-Salem,

Funding the Arts in Charlotte and Mecklenburg County: A Community Tradition

by Beth Briggs

Charlotte and Mecklenburg County have developed a unique method for bringing the arts to their community. The city and the county have made major financial investments in the arts as a way to encourage corporate and individual donors to join them in their commitment to make Charlotte one of the major arts centers in the Southeast. The city and county share responsibility for funding the arts—the city picks up significant capital construction costs and the county and city pay substantial maintenance and operational costs. In addition, they reserve one percent of the cost of all new city/county construction projects for the arts (see page 13 for a discussion of applying this procedure to construction of state facilities). The city and county have provided substantial support for efforts ranging from Spirit Square, Discovery Place, and the Mint Museum to the Charlotte Opera and Symphony.

"Government's ongoing and unwavering support has a necessary part in attracting additional giving," says Susan Greene, Mecklenburg County commissioner. "In the face of federal cuts, local government support can serve as a catalyst, to generate greater private initiative and more broad-based giving from individuals and corporations. It makes good business sense to fund the arts," Green explains, "because they are a strong drawing



NCNB Performance Place is a restored Baptist church.

card that can tip the balance in a corporate decision to relocate to a particular area."

The city/county initiatives have indeed helped spawn significant corporate support for the arts. The Charlotte Arts and Science Council, the area's private, non-profit arts council, serves as a central agency for collecting and distributing corporate funds to various projects. In 1982, the council collected over \$1,000,000 from area corporations and individuals for distribution to local arts projects. The combined private and public efforts have helped establish three successful programs which have experienced tremendous growth over the last year.

Spirit Square, a multifaceted complex in

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contributed \$750,000 to the arts from 1979 to 1981, including a \$300,000 donation to Winston Square.

The remaining three companies in the top five are less open about their contributions but follow similar patterns. NCNB Corporation concentrates much of its support in its hometown of Charlotte. In the last three years, NCNB gave \$230,000 to Spirit Square in Charlotte for the 800-seat NCNB Performance Place (see sidebar below). It also gave \$150,000 to the Roger Stevens Center in Winston-Salem. In 1982, the annual statewide NCNB Music Competition began as an effort to provide scholarships for talented musicians and singers to attend the N.C. School of the Arts. Finally, NCNB maintains a corporate art purchase program; it sponsors juried exhibitions and

purchases the award-winning pieces of art for its various branches. These shows often travel from bank to bank, to many of the 90 North Carolina communities where NCNB has over 225 branches. Philip Morris likewise concentrates its support in its home areas. It supports City Stage in Greensboro, near Eden, where a large Miller Beer brewery is located (Miller Beer is a subsidiary of Philip Morris). Recently, it also commissioned 40 works of art by North Carolinians through the N.C. Museum of Art for its new cigarette manufacturing complex in Cabarrus County. Hanes Dye and Finishing provides continuing support to arts organizations in Winston-Salem.

Lowder's 1979 study included another significant finding regarding corporate giving, a pattern reinforced by the recent Reynolds gift to

the old First Baptist Church downtown, contains studios, classrooms, gallery spaces, a performance theater and a restaurant. The county bought the church for \$300,000 and leases it back to Spirit Square, Inc., a non-profit group, for \$1.00 per year. The city is paying the debt service on a 1978 bond of \$2.5 million that enabled renovations of the church's sanctuary as a theater. Spirit Square is operating on a \$1 million annual budget for 1983, one-third of which comes from the county. In 1982, Spirit Square completed a \$1 million fund drive to renovate a contemporary art gallery and buy an adjacent parking lot. The Kresge Foundation contributed \$150,000, and the Z. Smith Reynolds Foundation granted \$40,000; local donors contributed the other \$800,000. Spirit Square also received strong corporate support. NCNB, for example, contributed \$230,000 toward the NCNB Performance Place in Spirit Square.

Discovery Place serves the Carolinas as a dramatic "hands-on" science and technology museum. A 1977 city bond referendum provided \$7.1 million for the building and grounds and an additional \$3 million was raised for exhibits and programs. Discovery Place, which opened in 1981, has a \$1.8 million budget provided by the city (23 percent), the county (9 percent), the Charlotte Arts and Science Council (10 percent), membership (11 percent), corporate/individual donors (7 percent), state funds (6 percent) and fees and other (34 percent). Kimm Jolly, development coordinator for Discovery Place, says that "strong corporate support is also evident in the funding of the facility. Knight Publishing Company with the Knight Foundation contributed \$200,000 for the Knight Rain Forest. First Union National Bank funded the First Union

National Bank Science Theater with a grant of \$100,000." Doug Carter, director of finance for the city of Charlotte, says government support of Discovery Place has an important educational purpose. "Every schoolchild in the Charlotte-Mecklenburg school system will probably visit Discovery Place each year," says Carter. The school system has assigned two teachers to Discovery Place to teach sex education.

The Mint Museum, a general arts museum, depends on the city for two-thirds of its \$821,000 annual budget. Private donations toward the collection have averaged \$1 million a year for the last six years, says Milton Bloch, museum director, and in 1982 the Charlotte Arts and Science Council gave the Mint \$90,000 raised from corporate donations. The city owns the museum buildings and grounds, and the collection is held in trust by the Mint Museum Board of Trustees. In 1982, the city approved a \$3.5 million bond referendum to expand the building and build a new road to the museum. The Mint is located in the exclusive Myers Park section of Charlotte and heretofore has been difficult for the general public to reach. The new road will tie the museum to a major thoroughfare and to the rest of the city. To receive the city funds for the new building wing, the museum's board of trustees must raise \$2 million in private funds. If the board can raise the money to build the new wing, Mr. and Mrs. Harry Dalton are prepared to donate a valuable collection of over 200 pieces of art. Already, the Mint Museum owns a larger collection than it can exhibit. With the recent bond referendum and the prospect for additional exhibit space and accessibility, the Mint is trying to become a museum for the whole city. □

Table 2. Distribution of N.C. Corporate Support to Cultural Programs, Top Ten Counties, 1979

County	Number of Grants	Percentage of Total Corporate Support
1. Wake (Raleigh)	83	16.8%
2. Forsyth (Winston-Salem)	60	12.2%
3. Guilford (Greensboro, High Point)	55	11.1%
4. Mecklenburg (Charlotte)	50	10.1%
5. Durham (Durham, Research Triangle Park)	45	9.1%
6. New Hanover (Wilmington)	20	4.1%
7. Buncombe (Asheville, Swannanoa)	17	3.5%
8. Cumberland (Fayetteville)	15	3.0%
9. Alamance (Burlington, Graham)	15	3.0%
10. Rowan (Salisbury, Landis, Spencer)	13	2.6%

Source: *Business Support of the Arts and Humanities in North Carolina* (North Carolina Department of Cultural Resources, 1981), pp. 13-14.

Winston Square. The network of arts councils throughout the state, including the N.C. Arts Council and local groups, received 21.3 percent of the 1979 corporate cultural gifts, Lowder found. Symphony orchestras rated a distant second (13.4 percent), followed by art museums (11.1 percent), theaters (9.3), other music (8.3 percent), and history museums (8.1 percent).⁸

Compared to national corporate giving for the same year, North Carolina corporations were far more generous to arts councils than the average, and far less generous to public broadcasting. National corporations reported giving only 7 percent of its arts contributions to arts councils but 11 percent of such funds to public broadcasting.⁹ North Carolina corporations, according to the 1979 Lowder study, gave less than one percent (.8 percent) to public broadcasting. In 1979, corporate contributions to the University of North Carolina Center for Public Television (then called UNC-TV) were minimal. In 1981, the UNC Center created a new development division which has worked to attract corporate funds. In 1982, North Carolina corporations contributed about \$400,000 to the UNC Center, about six percent of the UNC Center's total budget.

In North Carolina, arts councils serve a wide audience and support downtown business districts, functions which appeal to corporations. Arts councils, for example, sponsor large downtown festivals (Carolina Street Scene in Winston-Salem, City Stage in Greensboro, Artspllosure in Raleigh) and some have chosen to concentrate money and energy on downtown revitalization projects (Winston Square in Winston-Salem, Spirit Square in Charlotte, the Carolina Theatre renovation in Greensboro).

The arts councils of the state have also drawn heavily on corporate managers for

volunteer help with marketing, planning, and public relations. Arts fund drives have received substantial corporate support. Wachovia, for example, is proud to claim that almost 75 percent of its management employees participate in the Winston-Salem Arts Council Fund Drive. NCNB is the leading corporate contributor to the Charlotte-Mecklenburg Arts and Science Council, the area's arts council. In 1982, NCNB made a corporate gift of \$56,000 to this council, and NCNB employees gave over \$35,000.

In a discussion of corporate support for the arts in North Carolina, perhaps the most telling statistic of all is the very small number of corporations which contribute the largest portion of money given to the arts. The Lowder survey of corporate support for the arts in the state in 1979 found that the 16 largest companies participating in the survey provided 89.5 percent of the total financial donations reported. Since the survey covered 1,263 companies, the 16 donors represented 1.3 percent of the survey population. These findings are in line with national corporate giving patterns. According to surveys conducted by Touche Ross and Company, almost one half of the corporate money contributed to the arts in 1979 came from 970 companies, about one percent of the corporate population.¹⁰

Foundation Giving

In recent years, private foundations, like corporations, have increased their support to the arts. Nationally, from 1976 to 1980, such foundation support grew 31 percent, from \$114 million to \$149 million.¹¹ Comparable data for North Carolina is not readily available. No public or private agency monitors foundation giving to the arts in North Carolina on any formal basis. Consequently, arriving at accurate

aggregate data requires a review of the gifts of every one of the 413 foundations that now exist in the state, a task beyond the scope of this article.¹²

While no reliable aggregate data base exists regarding foundation giving to the arts in the state, some educated estimates can be made. Informal surveys of foundation executives and a review of the annual reports of the largest foundations in the state indicate that corporate giving to the arts has increased in recent years, particularly by the five foundations included in Table 1. While 413 foundations now exist in the state, a handful of foundations dominate the arts-giving field. These foundations tend to focus on their hometowns and on statewide organizations, in many cases giving to the same groups supported by the major corporate donors.

Three of the top five are in Winston-Salem and much of their giving focuses on that city. The Z. Smith Reynolds Foundation, for example, provides continuing support to Reynolda House—the former Reynolds mansion, now a private Winston-Salem museum and learning center specializing in American art—while the James G. Hanes Fund does the same for the Southeastern Center for Contemporary Art (SECCA), also in Winston-Salem. Both foundations also have provided substantial funding for the N.C. School of the Arts in Winston-Salem (more than \$2 million from Z. Smith Reynolds since 1964). The third largest supporter of the arts among foundations in Winston-Salem, the Mary Reynolds Babcock Foundation, has given major grants to the School of the Arts, Winston Square, and Reynolda House.

Completing the top five are the Greater Charlotte Foundation and the Mary Duke Biddle Foundation. The Biddle Foundation, which is restricted to giving in North Carolina and New York City, supports arts efforts at Duke University, the N.C. School of the Arts, and the N.C. Museum of Art (the Mary Duke Biddle Gallery), among others. In 1980 and 1981 alone, the Biddle Foundation gave over \$425,000 to music programs at Duke University. Support from the Biddle Foundation and the location of the American Dance Festival at Duke—a program which attracts funds from around the state, and, indeed, the country—is rapidly making the Durham-Chapel Hill-Raleigh area one of the state's leading arts centers, along with Winston-Salem and Charlotte (see sidebar on page 40).

The state's major philanthropic resources are increasingly focusing on the arts. Winston-Salem, in particular, has benefited from the Reynolds fortune (as channeled through the Z.

Smith Reynolds Foundation and Mary Reynolds Babcock Foundation) and the Hanes family wealth (SECCA's home is a former Hanes estate). Out of this Winston-Salem tradition and similar traditions in other parts of the state emerged several important contemporary philanthropists who have given time and money to help build a significant place for the arts in North Carolina (see sidebar on page 44).

As the private sector has concentrated more of its philanthropy into the arts, the state has attempted to stimulate and recognize this interest. In 1977, Gov. Hunt appointed the Governor's Business Council on the Arts and Humanities. In 1981, the group became an independent, private, non-profit organization, but the governor of the state, according to the group's charter, still appoints the members of the council. Currently chaired by J. Tylee Wilson,

Table 3. Winners of the Governor's Business Awards in the Arts and Humanities

1978

Graham Drug Company, Wallace
Hanes Dye and Finishing Company, Winston-Salem
NCNB Corporation, Charlotte
R. J. Reynolds Industries, Inc., Winston-Salem
The Liggett Group, Durham

1979

Akzoña Inc., Asheville
Central Carolina Bank and Trust, Durham
IBM Corporation, Winston-Salem
*R. J. Reynolds Industries, Inc., Winston-Salem
WITN-TV, Washington
Wachovia Bank and Trust Company, Winston-Salem

1980

Burroughs Wellcome, Research Triangle Park
Dillard Paper Company, Greensboro
First Federal Savings & Loan Association, Goldsboro
First Union National Bank, Charlotte
*R. J. Reynolds Industries, Inc., Winston-Salem
Weyerhaeuser Company

1981

American Savings & Loan Association, Goldsboro
Hotel Europa, Chapel Hill
J. A. Jones Construction Company, Charlotte
Knight Publishing Company, Charlotte
Miller Brewing Company, Eden
Northwestern Financial Corporation, North Wilkesboro
*NCNB Corporation, Charlotte
*R. J. Reynolds Industries, Inc., Winston-Salem
Wright Chemical Corporation, Wilmington
The Equitable Life Assurance Society of the United States, Charlotte

*Indicates return winner

Source: Governor's Business Council on the Arts and Humanities, Winston-Salem, North Carolina

president of R. J. Reynolds Industries, Inc., the 37-member council includes the presidents of many of the state's largest corporations.

Each year since 1977, the council, in conjunction with the N.C. Department of Cultural Resources, has recognized businesses for outstanding support to the arts. The number of companies nominated for these awards has increased rapidly in recent years, indicating broader-based support for the arts, says Gayle Anderson, secretary for the council and the community public affairs associate for R. J. Reynolds Industries. In 1980, 26 firms from 14 towns were nominated for council recognition. In 1981, 68 firms were nominated from 25 different areas; in 1982 the figures grew to 75 firms in 37 towns.¹³

"In reviewing the letters of nomination," says Anderson, "I've found that most businesses are being nominated for working with local, community-based arts organizations." Anderson emphasizes that despite the concentration of giving among high-visibility firms, such as her own R. J. Reynolds Industries, many smaller corporations throughout the state also support the arts, often in their home areas. (See list of recipients of these awards on page 43.)

Conclusion

The Governor's Business Council on the Arts and Humanities is a healthy first step towards organizing and stabilizing private-sector support for the arts in the state. Such stability is essential for arts organizations in the

Individual Support of the Arts

Private individuals in North Carolina play a major role in shaping arts policy in the state. They influence policy in two major ways: 1) contributions of money, services, and art itself; and 2) "in-kind" services of time, especially through memberships on various boards, commissions, and councils (see page 9 for a summary of arts-related boards at the state level). Because individuals influence everything from the type of collections in museums to the touring plans of performing groups, identifying the most prominent donors is important. Arriving at a definitive list of important individual donors, however, is extremely difficult. Anonymous giving and the reluctance of recipients to disclose donations make figures almost impossible to compile.

The names below emerged from an informal survey of leading arts patrons and administrators in the state conducted by the N.C. Center for Public Policy Research. The names are in alphabetical order, followed by their hometowns, professional affiliations, and the major arts efforts to which they as individuals contribute.

Henry Bowers (Raleigh), associate vice chancellor of student affairs, N.C. State University. N.C. Arts Council.

Joseph M. Bryan, Jr. (Southern Pines), owner, Sandy Lanes Farms. Eastern Music Festival (chairman of the board).

Mrs. William A. (Mimi) Cecil (Asheville), family owns the Biltmore House. *The Arts Journal* (president of the board), N.C. School of the Arts, Community Arts Council of Western North Carolina.

Ivie L. Clayton (Raleigh), president, N.C. Citizens for Business and Industry. N.C. Museum of Art, Governor's Business Council on the Arts and Humanities.

Mrs. Benjamin (Elizabeth) Cone, Jr. (Greensboro), owner, Solutions Unlimited. United Arts Council of Greensboro, Carolina Theatre (chairperson), N.C. Museum of Art, N.C. Arts Council.

Ben T. Craig (North Wilkesboro), chairman of the board, Northwestern Financial Corporation. N.C. School of the Arts, Governor's Business Council on the Arts and Humanities.

Harry L. and Mary Dalton (Charlotte), Mr. Dalton is honorary chairman of the executive committee, Barclays American Corporation. Mint Museum, general patrons of the arts in Charlotte.

Mrs. Frank (Julia) Daniels, Jr. (Raleigh), family owns The News and Observer Publishing Company, N.C. Art Society (president), N.C. Symphony.

Mrs. D. M. "Lauch" (Nancy Bryan) Faircloth (Clinton), businesswoman. N.C. Symphony Society (chairperson of the board of trustees).

Joel Fleishman (Durham), vice-chancellor, Duke University. N.C. Symphony, American Dance Festival.

Gordon Hanes (Winston-Salem), chairman of the board, Hanes Corporation (retired). N.C. Museum of Art (chairman of the board of trustees).

R. Philip Hanes, Jr. (Winston-Salem), chairman of the board, Hanes Dye and Finishing Co., Inc., and chairman of the company's subsidiary, Ampersand, Inc. N.C. School of the Arts, Southeastern Center for Contemporary Art, Governor's Business Council on the Arts and Humanities, arts-based urban revitalization in Winston-Salem.

Mrs. Ira (Ruth) Julian (Winston-Salem), retired businesswoman. N.C. School of the Arts, Southeastern Center for Contemporary Art.

Thomas S. Kenan III (Chapel Hill), officer and director, Kenan Transport Co. and Flagler System, Inc. N.C. School of the Arts, N.C. Museum of Art.

Michael and Tog Newman (Winston-Salem). Mr. Newman, an architect, is chairman of the N.C. Arts Council. Mrs. Newman works with the Winston-Salem Symphony, the N.C. School of the Arts, and the Southeastern Center for Contemporary Art.

Mrs. George W. (Beth) Paschal, Jr. (Raleigh). N.C. Museum of Art.

Sam Ragan (Southern Pines), editor of *The Pilot*. Weymouth Center in Southern Pines. Poet Laureate of North Carolina.

Oliver R. Rowe (Charlotte), chairman of the board, Rowe Corporation. Music and dance programs in Charlotte.

James H. and Mary D. B. T. Semans (Durham). Dr. Semans, a urologist, serves on the board of the N.C. Arts Council. Mrs. Semans is chairman of the Duke Endowment and of the Mary Duke Biddle Foundation. N.C. Museum of Art, N.C. School of the Arts.

Louis C. Stephens, Jr. (Greensboro), president, Pilot Life Insurance Co. N.C. Museum of Art.

Mrs. Andrew G. (Barrie) Wallace, (Durham). Durham Arts Council (president), American Dance Festival, N.C. Theatre Arts (chairman).

economic climate of the eighties. For arts groups in North Carolina to remain stable, they must be able to rely on consistent sources of support from "unearned" income. What can be done to promote such stability?

1. Annual, accurate reporting of corporate and foundation contributions is needed. As of now, grantmakers are largely unaware of the activities of each other, and several major contributors decline to disclose their total contributions to the arts. Lack of knowledge of arts support in the state can only impede steps on the part of grantmakers to plan their own giving policies for the arts. The Governor's Business Council, which has established its credibility within the public and private sectors, or the Department of Cultural Resources could serve as a clearinghouse for such information.

2. Arts groups need consistent giving patterns from corporations and foundations—particularly from major donors. Variations in giving by these contributors can have a profound effect, since such a large proportion of support for the arts comes from a very small number of foundations and corporations. While companies and foundations may be reluctant to fix the amount of their contributions, they might consider limiting variations to 10 percent from one year to the next.

3. Contributions from individuals need to be encouraged. Individuals traditionally make some 75-85 percent of all arts contributions in the United States. Daniel Fallon at the Business Committee for the Arts, while cautioning that no hard figures exist on the proportion of individual giving, estimates 75 percent. "But without a doubt," says Fallon, "individuals are the largest single group of contributors to the arts." Even so, arts organizations have not generally developed programs designed to take advantage of this pattern. R. J. Reynolds Industries, by offering challenge grants—i.e., grants which must be matched by funds raised from other sources—has helped to stimulate new annual gifts for arts organizations. Such grants tend to increase corporate contributions as well as individual donations.¹⁴ In addition, R. J. Reynolds, IBM, and others have established a program of matching contributions to arts groups made by their employees. Reynolds matches one-to-one, and IBM two-to-one. Peer pressure often stimulates important individual gifts; thus, increased participation of top corporate executives in fund-raising efforts might well result in increased philanthropy in general, particularly for the arts.

4. Corporations and foundations should review their policies regarding gifts to establish

or enlarge arts groups' endowments. Endowments are a stable source of earned income for arts organizations, yet major North Carolina contributors have shied away from such gifts in recent years. The nation's largest arts organizations, including the Metropolitan Opera in New York and the New York Philharmonic Society, are now attempting to increase their endowments by \$100 million (the Met) and \$18 million (the Philharmonic).

Arts organizations in North Carolina face an uncertain economic future. Those who believe in the role of the arts and who fund those organizations must therefore adopt consistent policies for their arts support. By increasing and stabilizing the support of the major funding sources in the state, by broadening the base of smaller donors, and by increasing incentives to gain individual donors, North Carolina's corporate and private foundation community can help guarantee the viability of the arts in "the state of the arts." □

FOOTNOTES

¹R. Michael Lowder, *Business Support of the Arts and Humanities in North Carolina*, a publication of the N.C. Department of Cultural Resources, 1981, pp. 2-9. In 1979, Lowder mailed a survey to 420 of the state's 1,263 businesses with net worth of \$1 million or more, as listed by Dun and Bradstreet in its *Million Dollar Directory*. Of the 420 surveyed, 74 companies returned questionnaires with useful data. While these 74 are a limited sample, their responses—as compiled, analyzed, and reported by Lowder and the Department of Cultural Resources—still represent the best available aggregate data on corporate giving to the arts in the state.

²*Giving U.S.A.*, American Association of Fund-Raising Counsel, New York, 1981.

³Tom Bradshaw, research office, National Endowment for the Arts, telephone interview, January 13, 1983.

⁴Lester Salamon and Alan Abramson, "The Federal Government and the Nonprofit Sector: Implications of the Reagan Budget Proposals," The Urban Institute, Washington, D.C., May 1981.

⁵Business Committee for the Arts, *Triennial Survey of Business Support of the Arts*, 1980.

⁶Daniel Fallon, director of communications, Business Committee for the Arts, telephone interview, January 28, 1983.

⁷Lowder, p. 18.

⁸Lowder, p. 20.

⁹Business Committee for the Arts, *Triennial Survey*, 1980.

¹⁰*Ibid.*

¹¹*Foundations Today*, The Foundation Center, New York, 1981, p. 13.

¹²In 1983, the N.C. Center for Public Policy Research will publish a guide to foundations in North Carolina, a resource which will assist in compiling aggregate data of various sorts. This is a special project, funded by the Z. Smith Reynolds Foundation.

¹³Gayle Anderson, secretary to the Governor's Business Council on the Arts and Humanities, telephone interview, January 28, 1983.

¹⁴In 1981, R. J. Reynolds made a \$25,000 challenge grant to Reynolda House, which helped Reynolda House raise \$83,766 in corporate gifts (up from \$18,185 in 1980) and increase the number of corporate donors to 78 (up from 34).