



Enrich
CHICAGO



Funding Equity: Crisis to Sustainability

A Snapshot of Chicago Arts Funding, 2020-2023

Prepared by





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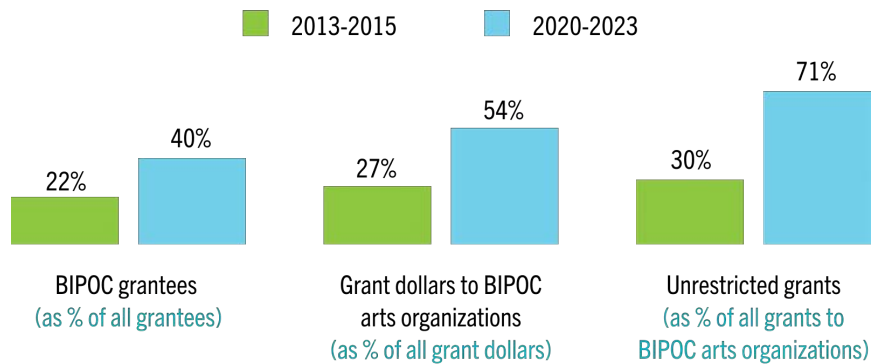


Introduction

Uplifting, traumatic, uncertain: These words could all describe the tumultuous experience of the past five years for BIPOC arts organizations. Enrich Chicago commissioned the Funding Equity study to explore this time through the lens of foundation funding. Specifically, the *Funding Equity* study seeks to discover whether foundation practices support equitable funding in Chicago and to understand the experience of BIPOC arts organizations.

Funding Equity follows Enrich Chicago’s 2018 study, *A Portrait of Inequity*, which illustrated that Chicago arts funding was not fully inclusive of BIPOC arts organizations. The study found that leadership in most grantee organizations was overwhelmingly white, but that organizations with BIPOC leaders were the ones most likely to serve BIPOC artists and audiences. It also found that while organizations with BIPOC leaders were more reliant on foundation funding than majority white organizations, they received less funding on average.

Funding Equity shows that the picture has changed since *A Portrait of Inequity*. In 2020-2023, the scale and nature of BIPOC arts organizations’ presence in the foundation funding pool was strikingly different from 2013-2015. As shown in the chart below, BIPOC arts organizations made up 40% of the grantee pool in 2020-2023, nearly double their presence in the 2013-2015 pool. In 2020-2023, BIPOC arts organizations received more than half of total dollars granted by foundations in the study, nearly double the rate of funding in the prior period. Finally, unrestricted grants – or general operating support – made up 71% of grants to BIPOC arts organizations in 2020-2023, more than double the rate in 2013-2015.



¹ BIPOC stands for Black, Indigenous, People of Color. Throughout this report we use the terms “BIPOC arts organizations” and “BIPOC organizations” interchangeably.



The context for these changes is critical to highlight. *Funding Equity* examines data from the years spanning 2020-2023. This period included the onset of the COVID-19 pandemic, implementation and easing of restrictions on gathering, and the increased support for anti-racism driven by the US racial justice reckoning that spiked in 2020. While there is evidence that some funders made changes to their practices before 2020, the convergence of these events spurred many more to make change.

A New Framework

The *Funding Equity* study includes a new framework for understanding how foundation practices can be supportive of BIPOC arts organizations. The framework categorizes practices by how they change BIPOC arts organizations' experience of foundation funding: Accessible, Accountable, Flexible, and Relevant.

Foundation Practices Supportive of BIPOC Arts Organizations

Practice	Definition
Accessible	Practices that increase inclusion of BIPOC arts organizations in grant programs
Accountable	Practices that share power with BIPOC arts organizations and communities
Flexible	Practices that empower BIPOC arts organizations to control how they spend grants
Relevant	Practices that increase foundations' understanding of BIPOC arts organization perspectives and support the advancement of BIPOC communities

Funding Equity finds that in 2020-2023 Chicago grantmakers made significant advances in Accessible and Flexible practices. They opened up access by creating programs for BIPOC arts organizations, widening eligibility criteria, and simplifying applications. They granted flexibility by prioritizing general operating support. These practice changes resulted in a larger number of BIPOC organizations in the funding pool than in 2013-2015, as well as a larger amount of unrestricted grant dollars going to them.

When asked what foundations could do to advance this progress, stakeholders – including staff from foundations and BIPOC arts organizations – recommended that foundations continue Accessible and Flexible initiatives, and build toward being more Accountable and Relevant. Stakeholders highlighted a vision of an equitable funding ecosystem as one that results in thriving BIPOC communities. They also recommended that foundations realize the vision by building relationships with communities that their BIPOC arts grantees support and lending clout to advocacy efforts.

However, there are forces that may be pushing foundations toward reversal rather than expansion. The divisive political climate has led to a backlash against racial equity initiatives, including the U.S. Supreme Court's 2023 ruling on affirmative action. At least one real legal challenge to philanthropic support focused on BIPOC communities has emerged.² The nonprofit community has been watching these events carefully, and resources

² Fearless Fund, "#FearlessFreedom," <https://www.fearless.fund/fearlessfreedom>; Alexandra Olson, "A grant program for Black women business owners is discriminatory, appeals court rules," AP News, June 3, 2024.



are available to help foundations understand the law and the risks.³ Moreover, it is notable that a large number of foundations and nonprofit entities have signed on to a public statement of support for Fearless Fund, led by the Council on Foundations and Independent Sector.⁴

In this context, the scale of funds and removal of restrictions opened up during the pandemic may have been a one-time event. Should private foundations step back, the impact on BIPOC arts organizations is likely to be severe. Public funding for the arts – both national and local – is in question as American Rescue Plan Act monies end. At the same time, the City’s Department of Cultural Affairs and Special Events is navigating a leadership transition, leaving local arts leaders concerned about the impact on BIPOC-friendly programs implemented by the previous administration.⁵

Looking ahead, there are two potential paths forward: one where Chicago grantmakers build on progress and one where there is a retraction. The next three years will be an important time to observe whether foundations can deepen their stated commitment to equity or if the system backtracks to its pre-2020 state. For BIPOC arts organizations, foundations’ decisions will be critical to determining whether they can maintain the growth they were able to achieve since 2020.

³ Council on Foundations, “SFFA Case Summary and Ruling,” <https://cof.org/content/sffa-case-summary-and-ruling>. This website provides resources related to the Supreme Court ruling on affirmative action.

⁴ Council on Foundations, “Stand With Us for Philanthropy,” <https://cof.org/page/stand-us-philanthropy>.

⁵ Courtney Kueppers, “Cultural affairs leadership at City Hall in flux as festival season looms,” *Chicago Sun-Times*, March 4, 2024; Mitch Dudek, “Clinée Hedspeth to head city’s Department of Affairs and Special Events,” *Chicago Sun-Times*, March 18, 2024; Tonika Johnson et al., “Why the Department of Cultural Affairs and Special Events matters to local artists,” *Chicago Sun-Times*, March 25, 2024.



Methodology

Enrich Chicago commissioned the *Funding Equity* study from TDC, a nonprofit research and consulting firm. The study was conducted with the support of three committees, each comprised of diverse stakeholders from across Chicago's arts sector prioritizing the leadership, voices, and experience of BIPOC arts leaders.⁶

- *Steering Committee.* This committee served as the primary advisory group for Enrich Chicago and TDC throughout the study process. It helped establish research goals, ensure that the study adhered to them, participate in survey outreach, plan the findings convening, and interpret the data that was found as a result of the survey. Representatives of foundations and leaders of BIPOC organizations served on the committee.
- *Survey Design Committee.* This committee was made up of BIPOC organization leaders who completed a draft of the organizational survey and met with TDC researchers to discuss their experience and provide feedback on the survey design.
- *Report Review Committee.* This committee was made up of BIPOC organization leaders who reviewed an early draft of this report and provided written feedback to TDC researchers on the presentation and interpretation of findings.

Research activities included the following:

- *Literature review.* TDC reviewed comparable studies to understand existing knowledge of approaches to supporting BIPOC arts organizations, their needs, and the current Chicago arts ecosystem more generally.
- *Foundation survey and grant data.* TDC asked Chicago arts funders to discuss their grantmaking practices in 2020-2023 and to submit records of their 2020-2023 arts grants. In all, 18 grantmakers participated. The survey was distributed in October 2023.
- *Organization survey.* The survey design was informed by input from the Steering and the Survey Design Committees. The survey was distributed in October 2023 to 455 organizations, including grantees and applicants of Enrich Chicago foundations and programs. Due to an initial low response rate, TDC released an abridged version for two weeks at the end of January 2024. In all, 104 organizations participated.
- *Interviews.* To add greater context to the survey findings, TDC conducted interviews with four local funders of Regional Cultural Treasures programs in Chicago, Houston, Philadelphia, and Pittsburgh. Regional Cultural Treasures programs were established in eight locations to invest in BIPOC arts organizations through funding from Ford Foundation matched by local support.
- *Convening.* On April 16, 2024, Enrich Chicago a convening to preview the study findings with the arts community. In all, 60 representatives from 48 institutions attended. At the convening, TDC reviewed the findings and led a series of feedback sessions to gather feedback and recommendations from participants to inform the study.

⁶ A full list of committee members is in the appendix.



About the Data

Organizations

The study includes data on 739 Chicago-based organizations, identified through the survey and on lists of foundation grantees and applicants. Of the organizations, 75% received at least one grant during the two grant periods that were reviewed (2013-2015 and 2020-2023).

Identifying BIPOC arts organizations

Based on TDC's methodology, about 25% were labeled as BIPOC arts organizations, 192 in all. To identify them, TDC started with the definition used in *A Portrait of Inequity*, which defined a BIPOC arts organization as one that:

- Has BIPOC leadership at the staff level
- Has a BIPOC-majority board
- Serves a BIPOC-majority audience and/or artists
- Self-identifies as a BIPOC arts organization
- Was founded by BIPOC leaders

This definition rightly establishes a high bar to reduce the possibility of organizations inaccurately claiming the status of BIPOC arts organization. However, holding strictly to this definition presents several complicating factors:

- Very few organizations fit the entirety of this definition, even those that most would categorize as a BIPOC arts organization. This was an issue in *A Portrait of Inequity*.
- It is challenging for many organizations to substantiate demographic claims, particularly in regard to audience.
- The definition does not allow for the possibility of organizational change, where an organization that was not founded by BIPOC leaders shifts its mission or vice versa.
- Getting the data from organizations for categorization involves extensive and burdensome surveys.

To circumvent these issues, this study took a different approach to identifying BIPOC arts organizations. Since the last study, there are more data available to take on this challenge without overburdening organizations with exhaustive (and exhausting) surveys. TDC consulted existing sources for how they categorized organizations, such as grantee lists of BIPOC arts-focused funding programs.⁷ Guidestar now reports on demographic data of executive leaders and board members, and SMU DataArts Cultural Data Profiles collect information on organizations focused on BIPOC audiences. By leveraging these sources, TDC was able to identify organizations that showed indicators of being a BIPOC arts organization without tasking organizations with supplying the data. TDC's list was ultimately reviewed by the Steering Committee. While this method is not perfect, it is hoped that it represents a less burdensome way to identify BIPOC arts organizations.

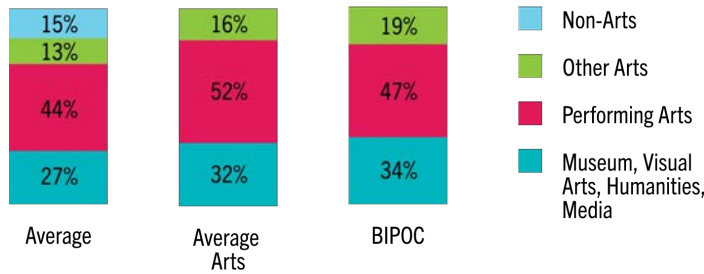
⁷ A complete list is supplied in the appendices.



Breakdowns by discipline and budget size

Reviewed through the lens of discipline, BIPOC and other arts organizations break down similarly: the majority fall in the category of performing arts, about a third in museums, visual arts, humanities, and media; and 15-20% in other disciplines. In the overall organization pool, 15% were categorized as having a primarily non-arts mission.

Discipline



BIPOC and other organizations also distributed along fairly similar lines in terms of budget size, although BIPOC arts organizations were less likely to be very large (over \$5M). TDC expected BIPOC organizations to have a higher proportion of very small organizations than average. The fact that this was not the case could mean that very small BIPOC organizations are not (yet) in the funding pool or that they are present among the 118 organizations for which we did not have budget information.

Budget Size (n=621)



Note: TDC had budget information for 621 of the 739 organizations.

The organizations in the study are by and large nonprofit corporations. Only five are known to be fiscally sponsored and another 41 are likely so, about 6% of the group. It is safe to assume that BIPOC arts organizations organized outside of the nonprofit sector are not represented in this study.



Foundations

Foundations could participate in the study in two ways: by filling out the survey on grantmaking practices and by providing TDC with data on their grants. In total, 18 grantmakers participated.

	Grant Data	Survey
Alphawood Foundation	✓	✓
Arts Work Fund	✓	✓
Bayless Family Foundation		✓
Elizabeth F. Cheney Foundation	2013-2015 only	
Chicago Department of Cultural Affairs and Special Events (DCASE)		✓
Gaylord and Dorothy Donnelley Foundation	✓	✓
Richard H. Driehaus Foundation	✓	✓
Field Foundation of Illinois	✓	✓
Lloyd A. Fry Foundation	✓	✓
IFF (Chicago's Cultural Treasures)	✓	
John D. & Catherine T. MacArthur Foundation	✓	✓
Joyce Foundation	✓	✓
Polk Bros. Foundation	✓	✓
Prince Charitable Trusts	✓	✓
Pritzker Pucker Family Foundation		✓
Terra Foundation for American Art	✓	✓
Seabury Foundation		
Siragusa Family Foundation		✓
	13	15

Notes: DCASE and IFF are not foundations. IFF's grant data was included only for Chicago's Cultural Treasures, since these resources were raised primarily from foundations. Elizabeth F. Cheney Foundation ceased operations after 2015. TDC eliminated data from the 2018 study from foundations that did not supply 2020-2023 grant data.



Caveats

These data have limitations. Because these are not random samples of arts grants or organizations, we cannot claim that they represent the entirety of foundation arts funding in Chicago. We estimate that the funding included in the study represents about 30% of Chicago arts funding from foundations. This study reports on the characteristics of that funding.

It is important to note that the study received lower than desired response rates to its initial organizational survey. Chicago organizations have been surveyed extensively in recent years, which may have exhausted participants and resulted in the low response rate. In response, TDC issued a shorter survey. The Steering Committee discussed the possibility of foundation-led data collection that could eliminate the need for surveys. Research is critical to track progress on ecosystem level transformation, but it should not place undue burden on the population it is intended to support. To supplement the learnings from the survey, TDC gathered qualitative data at the April 2024 convening.



Study Findings

The core research questions for the *Funding Equity* study are:

- What is the impact of foundation grantmaking: Is it maintaining or improving the health of BIPOC arts organizations?
- What organizations continue to be underfunded or excluded from foundation funding?
- What different or improved practices can foundations employ to advance long-term sustainability of BIPOC arts and culture organizations?

With the available data, TDC followed three key lines of inquiry to answer the research questions:

- **Funding practices.** What funding practices changed in the current period, and do they align with existing knowledge of how to support BIPOC arts organizations?
- **Funding distribution.** Did BIPOC arts organizations receive funding in the current period that matched their presence in the ecosystem? What kinds of funding did they receive?
- **Organizational needs and priorities.** What are the needs and priorities of BIPOC arts organizations, and did funding serve to support them?

Funding Practices

TDC's literature review uncovered a wide range of practices that support BIPOC arts organizations. In our analysis, we separated these practices into four categories: *Accessible*, *Accountable*, *Flexible*, and *Relevant*.

Accessible. Accessible practices ensure that BIPOC arts organizations are included in grantmaking programs. These can include creating *dedicated programs* for BIPOC arts organizations, instituting more inclusive *eligibility criteria*, or *prioritizing* BIPOC organizations in existing programs. Funders can also support access by actively seeking to discover BIPOC organizations to widen the *pool of applicants*. Access is also supported through more transparent grantmaking criteria and simpler application processes. These types of initiatives help BIPOC organizations to prepare more competitive applications, increasing the chance of funding. Finally, *increasing total funds granted* provides room in a funder's portfolio for more grantees.

Going deeper, a key shift that works toward accessibility is the *reframing of discussions of "art quality."* Too often, "quality" and "excellence" have been codewords for white-rooted definitions of "fine" arts, which have prioritized some artforms over others and excluded art made by BIPOC individuals and groups. This shift allows funders to gain a greater understanding of how organizations use art to serve their communities and create space for more stories to be told, increasing visibility and inclusion of BIPOC arts and culture.

Accountable. Funders can re-think how they make and communicate decisions, especially those that affect applicants and grantees. A key area to consider change is how funders judge grant applicants, acknowledging and changing the power dynamics at play in the standard program officer and board-led decision. *Participatory grantmaking*, *community-driven panels*, and *regranting* share power. Some Regional Cultural Treasures programs employed participatory grantmaking practices, and demonstrated the complexity that open dialogue introduces. The field is still discovering how to implement participatory grantmaking efficiently and authentically.

Flexible. Flexibility is supported by practices that empower organizations to direct the use of funding. This is a central tenet of *trust-based philanthropy*. Core to this approach is *multi-year general operating support* with built-in funding increases pegged to inflation. This type of funding allows organizations to plan with the knowledge that at least a portion of their revenue is secure. It also frees capacity for organizations to focus on producing work and serving their communities. Another practice supportive of flexibility is the allocation of increased funding to BIPOC arts organizations. Larger grant sizes give organizations more flexibility in how they direct funds.



Relevant. Finally, relevance is advanced through *relationship building* and *collaboration*, going toward an ecosystem that understands the needs and priorities of BIPOC arts organizations as they change over time. Examples of these practices include funder networks and collaboratives that encourage knowledge sharing among grantmakers as well as those that invite organizations to build social capital and more diverse revenue streams. On a deeper level, relevance-related practices could lead toward greater understanding among funders of grantees’ perspectives and communities as well as more aligned values between funders and organizations.

In our research, TDC found evidence that Chicago grantmakers’ practices have changed to employ many of these supportive funding practices suggested by the literature.⁸

Goal	Practices	Level of Adoption of one or more practice
Accessible	<ul style="list-style-type: none"> Dedicated programs Eligibility criteria Prioritization Widening pool of applicants Participatory grantmaking Transparent criteria Simplified application Reframing “quality” More funds granted 	10 (67%)
Accountable		1 (6%)
Flexible	<ul style="list-style-type: none"> Multi-year GOS Larger grants 	6 (40%)
Relevant	<ul style="list-style-type: none"> Trust based philanthropy Relationship building Funder collaboration 	4 (27%)

Among the 15 participating funders, we observed that:

- Over two-thirds (10) *shifted their funding priorities* to be inclusive of BIPOC arts organizations through new programs or changes to existing programs. Funders reported prioritizing BIPOC organizations, BIPOC leaders, neighborhoods with BIPOC residents, and programs related to BIPOC communities and topics. It is interesting to note that these 10 funders had equity statements or mentioned equity in their foundational statements.
- A quarter (4) instituted more *inclusive eligibility criteria*, accepting applications from organizations with smaller budgets, that are fiscally sponsored, with primary missions not focused on the arts, or a wider range of disciplines.
- Twenty percent (3) reported other practices toward *increased access*, such as proactive outreach, providing application materials in languages other than English, simplified application processes, or increased funding.
- Forty percent (6) shifted to *multi-year and/or general operating support*.
- A quarter (4) joined *equity-focused funder partnerships*.

⁸ The survey asked foundations to describe how their grantmaking practices have changed since 2018. Some foundations may have already been implementing these practices.



Taken together, these findings show that aggregately Chicago arts funders have strongly shifted funding practice to make funding more accessible to BIPOC arts organizations and to give them more agency. A smaller number have changed practice to move toward increased relevancy and accountability. Despite these advances, it should be noted that four foundations did not report any practice changes directed to supporting BIPOC arts organizations.

Reflections on Funding Practices from the April Convening

At the April convening, TDC asked organizations and grantmakers about changes in grantmaking they experienced during the study period. BIPOC arts leaders reported receiving more funding that was less restrictive, which gave their organizations more agency to make strategic choices. Organization leaders also reported simpler and faster application processes as well as more direct conversations about needs with funders. Leaders described currently facing a “COVID funding cliff.” A few participants reported different experiences, such as grants that do not allow return applications, small amounts of funding, and a lack of transparency.

Responses to:

What changes have you experienced to funding practices? What has been the impact on your organization?



Multi-year and BIPOC-centered funding was the biggest change. This has allowed us to begin investing in our organization and its leadership.
 – BIPOC organizational leader



Ability to raise staff and artist compensation to living wage, offer benefits for the first time, increase number of staff positions, plan long-term to diversify income sources.
 – BIPOC organizational leader



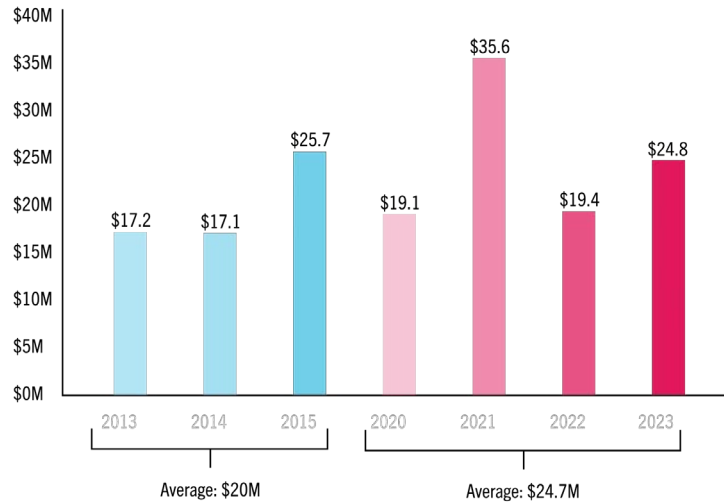
Less control of the grantmaking application process, and more flexibility and increased trust for grantees.
 – Funder





Funding Distribution

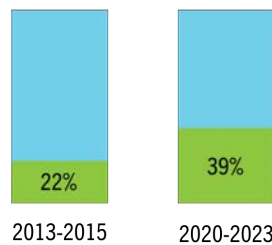
TDC reviewed 4,455 grants from 13 participating funders in two periods, 2013-2015 and 2020-2023. Taken together, these grants are estimated to make up 30% of foundation funding to the arts and culture in Chicago.⁹ Funding amounts varied over the years with a large bump up in 2021 and a return to near 2015 levels by 2023. TDC presumes that the bump in 2021 is due to pandemic relief funding and a larger prevalence of multi-year grants starting that year. The annual average between these periods grew from \$20M to \$24.7M or 24%, which is slightly below inflation between 2015 and 2023 (of 30%).



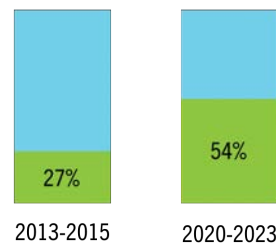
Note: Amounts are reported by year granted not by year dispersed. In other words, for multi-year grants, the total amount is included in the year granted.

There was a distinct increase in the proportion of both the number of BIPOC arts organizations receiving funding and the amount of funding they received. In 2013-2015, BIPOC arts organizations made up 22% of the grantee pool and received 27% of the funding. In 2020-2023, they made up 39% of the pool and received 54% of the funding.

Proportion of BIPOC Grantees



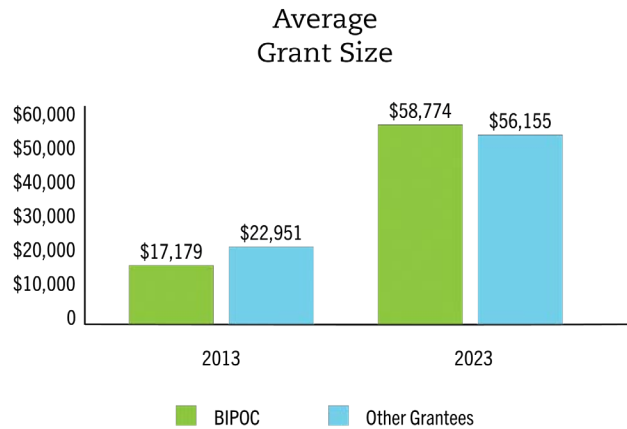
Proportion of funding to BIPOC Grantees



⁹ The survey asked foundations to describe how their grantmaking practices have changed since 2018. Some foundations may have already been implementing these practices.

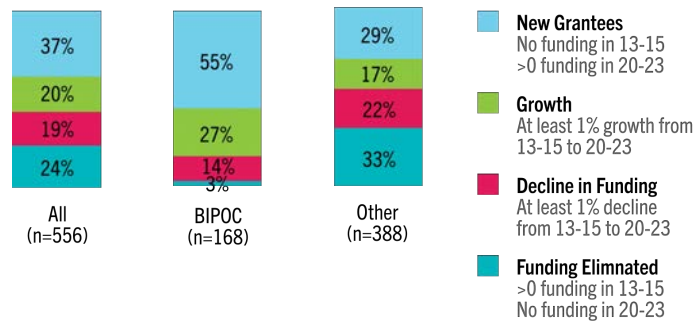


On average, BIPOC arts organizations in 2023 received larger grants than other grantees, which was not the case in 2013.



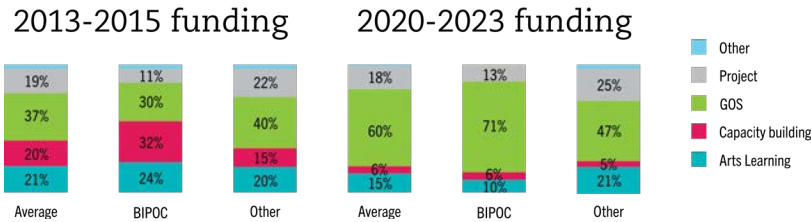
The funding trend for BIPOC arts organizations and others also differed. BIPOC arts organizations were more likely to be new grantees and to experience growth to funding than their peers in 2020-2023 as compared to their 2013-2015 experience. They were also less likely to see a decline in or elimination of funding.

Change in Funding Status between 2013-15 to 2020-23





Finally, the distribution of grant dollars by funding strategy changed between the two periods.¹⁰ In 2020-2023, there was a much higher prevalence of general operating support, growing from 37% of funding to 60%. Dollars granted toward restricted project grants remained at about the same proportion between the two periods. The share of funding for capacity building decreased from 20% to 6%.¹¹ A smaller decline occurred in arts learning funding, falling from 21% to 15%. These trends were more pronounced for BIPOC arts organizations, where 71% of funding was granted as general operating support.



The change in capacity-building funds is particularly notable. In raw dollars, organizations received \$11.7M for capacity building from 2013-2015, or about \$3.9M per year. In 2020-2023, the total for capacity building was \$5.8M, or \$1.5M per year. On one hand, this change could represent a move toward trust-based philanthropy, where organizations self-determine how to spend their dollars. On the other, it may also mean that organizations have fewer sources to find dedicated support for necessary technical assistance. The pandemic should not be discounted as a decision-making factor during this period. At the time, the sector was more concerned with organizational survival than capacity building.

In summary, TDC found the following about funding distribution to BIPOC arts organizations.

- A larger proportion of grantees were BIPOC arts organizations in 2020-2023 (39%) than in 2013-2015 (22%).
- BIPOC arts organizations received more than half of dollars granted in 2020-2023, while making up 39% of the grantee pool.
- They were more likely to be new grantees or experience growth in funding and less likely to see funding decreased or eliminated than other organizations.
- Over 70% of dollars granted to BIPOC arts organizations came in the form of general operating support. However, the proportion of capacity building funding fell dramatically.

¹⁰ TDC categorized grant purpose through two methods. For most grants, funders supplied a “support strategy” label. For grants without a designated support strategy, TDC assigned a purpose based on the grant description.

¹¹ Capacity building grants included those directed toward technical assistance from contractors, staff salary support, professional development, planning, board development, and other organizational initiatives.



Reflections on Funding Distribution from the April Convening

TDC asked attendees how they perceive the impact of the changes to funding distribution on the arts ecosystem in Chicago. They were also asked to name any open questions they had about the future of funding distribution. Several participants expressed that they felt the arts and culture ecosystem had grown in size and in level of collaboration. They said that a greater understanding of systemic and intersectional issues has supported the increase in inter-organizational cooperation. BIPOC arts leaders reported that they felt they were in a better position than prior to 2020, and that receiving greater amounts of general operating support caused them to feel more trusted by their funders. They said more flexible funding allowed for experimentation, strategic thinking, and greater resources for staff compensation.

Top questions on the minds of convening participants regarded organizational sustainability, continued disparities in funding, and needs specific to BIPOC organizations. The discussions on sustainability centered around concerns that some funders are moving away from the arts and how organizations can change their business models and collaborate to offset volatility from changes in contributed revenue. BIPOC organization leaders also expressed concerns that the increased focus from funders on closing the prosperity gap with non-BIPOC organizations will fade. They noted that BIPOC organizations that received an influx of funding need infrastructure to support growth. They recognized that more BIPOC leaders are being hired into established organizations and are facing heightened expectations to change internal culture without additional support. Finally, participants discussed the need for shared definitions of two terms used frequently when considering funding distribution: “BIPOC” and “community.”

Responses to:

How have these changes affected the arts ecosystem in Chicago? What are the open questions on your mind?



We have a more common language now—shared understanding of systemic issues, terms such as colonialism, globalization, etc.



Less gate keeping. Foundations addressing power structures in the field.



Lots of encouraging data... We hope it is seen as “a good start, with lots more to be done” not as “job done!”



Will changes be sustained, both in individual orgs receiving funds and in arts funders?



Organizational Needs and Priorities

According to the literature and interviews with Regional Cultural Treasures funders, BIPOC organizations have many of the same needs as all arts organizations. These include the needs for increased staffing capacity, expertise in financial management and fundraising, investment in staff wellness and professional development, board development, real estate and facilities management, marketing and communications, and strategic planning and evaluation. Sources also point toward specific priorities held by BIPOC organizations.

- **Communities:** BIPOC organizations aspire to employ BIPOC artists and uplift their work. They aim to improve the health of their local communities. They feel compelled to support social justice work and to shift the narratives that perpetuate inequity.
- **Access to capital:** BIPOC organizations have had lower access to philanthropy, and they report the need for code-switching to raise funds. Lack of historical access results in fewer assets, particularly in endowments and building ownership.
- **Self-determination:** BIPOC organizations are interested in setting the terms of how they will be judged. Project-based funding makes self-determination difficult, and has resulted in organizations that have less coherent program strategies.
- **Leadership support:** Leaders of BIPOC organizations have less access to mentorship within their organizations and lower compensation than peers at majority white organizations. For those with aging leaders, BIPOC organizations are their support system as they approach retirement. Succession planning for leaders who do not have the financial wherewithal to retire is a critical question.

TDC asked organizations to rank eight areas of capacity building, and asked funders to report on which areas they support.

	BIPOC organizations (N=36)	Other organizations (N=68)	Funders (N=15)
#1	Fundraising capacity (81%)	Fundraising capacity (88%)	Capacity to expand programming/ further mission
#2	Staff capacity to meet program demands (69%)	Staff capacity to meet program demands (60%)	Staff capacity to meet program demands
#3	Capacity to expand programming/ further mission (67%)	Tie (35%) <ul style="list-style-type: none"> • Capacity to expand programming/further mission • Capital improvements 	Support in strategic planning/ program evaluation
#4	Capital improvements (42%)		Fundraising capacity
#5	Capacity to support staff wellness (28%)	Professional development for staff (25%)	Tie <ul style="list-style-type: none"> • Capacity to support staff wellness • Financial management support



	BIPOC organizations (N=36)	Other organizations (N=68)	Funders (N=15)
#6	Professional development for staff (25%)	Tie (21%) <ul style="list-style-type: none"> • Capacity to support staff wellness • Support in strategic planning/ program evaluation 	Professional development for staff
#7	Support in strategic planning/ program evaluation (19%)		
#8	Financial management support (19%)	Financial management support (9%)	Capital Improvements

Note: Significant differences from BIPOC organizations' priorities were highlighted in blue.. We were unable to report percentages on funder responses, due to a difference in the way funder data were collected.

BIPOC and other organizations had largely similar rankings. The largest disparity was in BIPOC organizations higher interest in expanding programming: 67% of BIPOC organizations were interested in expansion while only 35% of their peers were.

Funders differed from organizations in several key respects. They prioritized expansion, strategic planning/ evaluation, and financial management higher than organizations did, and they ranked fundraising capacity and capital improvements lower. It's interesting to note that organizations prioritized capital improvements and program expansion at a similar rate, potentially pointing toward the link between the two. In other words, to expand programs, an organization often needs more space that they control. Funders, however, prioritized expansion but not capital improvements, which may indicate a disconnect in their understanding about what it takes to expand programming. On the other hand, organizations' low ranking of financial management may point toward a lack of appreciation for the increased focus on finances that facilities ownership requires.

At a larger level, these findings indicate that the field requires more in-depth discussion of financial management through the lenses of values and culture. At its core, the relationship between funders and organizations is a financial one. Talking about money is especially challenging when the parties are coming to the discussion with differing sets of beliefs.



Reflections on Organizational Needs and Priorities from the April Convening

Following TDC’s presentation of the survey results on organizational needs, participants were asked how they have seen foundation funding meet organizational needs and any remaining gaps. Participants focused the first portion of the conversation on the greater openness of communication between organizations and foundations. They noted that the challenges discussed remain largely the same as prior to 2020; however, there is greater transparency and increased recognition of structural burdens faced by arts organizations. Participants returned to the topic of increased agency in planning BIPOC organizations experienced due to the increase in less restrictive funding and new innovations in types of funding, such as loan funds.

Participants acknowledged that there were still perceived gaps in foundation funding and organizational needs. They stated that while transparency and conversation between organizations and foundations have improved, they need to continue to develop and grow. They observed that the survey data reflected a tension in priorities between funders and grantees, reflecting a misalignment on goals for funding uses. Attendees named that BIPOC organizations continue to face funding access challenges from both institutions and individuals. Finally, participants discussed the role of accountability in the grantor/grantee relationship. They noted that grantees have historically been held to high standards of accountability, which can be burdensome. The group discussed whether grantors also have a responsibility to be accountable to their grantees, how that may take shape, and what a funder’s role is beyond providing funding.





Recommendations

Following the review of data and discussions, TDC asked attendees to take part in two visioning exercises for the future of arts funding in Chicago. The first exercise asked participants to articulate the markers of success that would reflect an increasingly equitable funding landscape. The second asked participants to anonymously submit recommendations for actions funders could take that would advance the equity of Chicago’s arts funding ecosystem.

Indicators of Increasing Equity



Equity looks like my community changing.
—BIPOC arts leader

Attendees posited that a primary marker of increasing equity is observable community-level changes related to the programs that their organization exists to foster. They discussed the increased role foundations could play in furthering systems-level change in Chicago. They observed that foundations are positioned to act as drivers of systems-level changes by serving as connectors and advocates for their grantees and by attracting individual philanthropists to the larger conversation. Attendees acknowledged the critical role of foundation boards and expressed that board members who individually participate in community advocacy efforts would be another indicator of increasing equity.

Participants engaged in a larger conversation about indicators of increasing equity that manifest within the relationships between funders and BIPOC organizations. Increased community between the entities taking shape through one-on-one conversations, formation of grantee cohorts, increased program attendance by foundation staff and board, and collaboration opportunities were named as positive indicators of progress. There was a series of more quantifiable indicators named, such as: increased funding and access to funding, elimination of funding gaps between BIPOC and predominantly white organizations, and continuation of multi-year general operating support.

Finally, participants posited that increasing transparency from foundations would be a clear indicator of increasing equity. Some suggested that lists of arts funders in the area could be more transparent, and foundations providing opportunities to be accountable to grantees would support this indicator. Another suggestion was that foundations collectively or individually host quarterly or bi-annual grantmaking workshops to clarify grantmaking processes and organizational standards.

Responses to:

What are the markers of an increasingly equitable funding landscape?



The communities we are serving through our organizations are experiencing the change that our programing is designed to bring. At the end of the day, the people and neighborhoods are BETTER.



Foundations willing to engage more in advocacy and systems change, alongside nonprofits.



Gatekeepers become connectors and advocates.

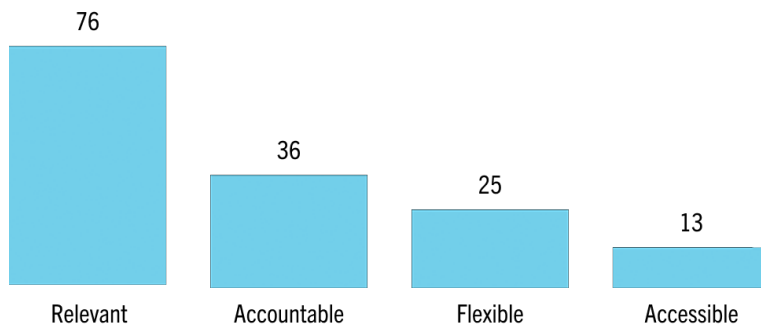


Recommendations for Foundation Actions

Participants were asked to individually submit ideas of actions that foundations could take to increase the equitability of Chicago's arts funding landscape. These were submitted through a live participation software called Mentimeter. TDC then asked participants to review the submitted recommendations and vote for their top five. Following the convening, TDC compiled the results and combined duplicate recommendations for analysis. TDC categorized recommendations across four types of funding practices:

- **Accessible:** Practices that open access to funding for BIPOC organizations, such as dedicated programs, inclusive eligibility criteria, and increased funding.
- **Accountable:** Practices that make funder decisions more transparent and share power.
- **Flexible:** Practices that give grantees more power over how to spend grants.
- **Relevant:** Practices that increase understanding and align values between funders and grantees.

When viewed through those categories, Relevant and Accountable practices were the most requested actions, while Flexible and Accessible practices were less highly prioritized. Relevant and Accountable practices are the two areas that TDC observed less among funder practices in our survey.





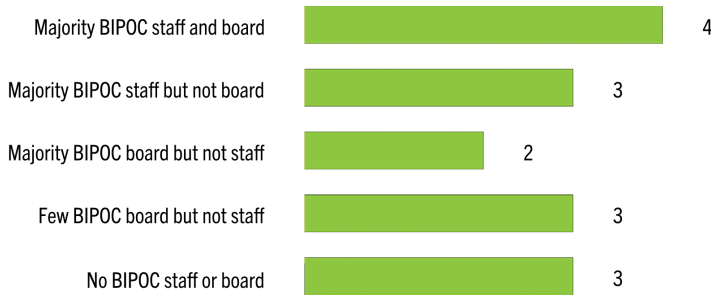
Most submitted ideas received between 2-7 votes and are articulated in the full table of responses shown in the appendices. There were eight recommendations that received more than five votes.

Response Title	Summary Response	Votes
Relevant Practices		
Representation	More program officers and foundation leadership that come from the communities that the foundations serve, including BIPOC	21
Advocacy	Lend foundation’s name and credibility to advocacy efforts alongside organizations seeking to change inequitable systems that negatively impact communities	14
Grantee Engagement	Get to know grantees beyond application: hold town halls, share meals, attend programs. Foundation board members should participate.	12
Introduction	Introduce BIPOC organizations to funders and donors so that they can diversify revenue streams.	11
Board Systems Change	Shift foundation boards to include members interesting in eradicating societal problems programs. Foundation board members should participate.	7
Introduction	Introduce BIPOC organizations to funders and donors so that they can diversify revenue streams.	11
Flexible Practices		
GOS+	Continue prioritizing GOS and also support capacity building	12
Accountable Practices		
Increase % granted	Increase percentage of giving beyond 5%	13
Community in decisions	Shift decision making power to communities impacted, including BIPOC	10



Relevant was the most highly prioritized type of practice recommended. Convening participants point toward greater representation of BIPOC communities among foundation staff and board members as a critical goal.

TDC has contextual data toward this recommendation. In our survey of grantmakers, we found that about a quarter (or 4) have majority BIPOC arts staff and board members. An additional five have a majority BIPOC staff or board, but not both. Six, or 40%, have few or no BIPOC staff and board.



Convening participants also recommended greater engagement of grantees by foundations, including foundation boards, to increase foundations’ understanding of BIPOC organization programs and communities. They also encouraged foundations to go a step further and advocate on their behalf to other funders and individual donors. Finally, participants supported foundations getting involved in advocacy toward eliminating inequitable systems that negatively impact communities.

Accountable practices were also highly prioritized. The top Accountable practice recommended was an increase in proportion of foundation funds granted. Foundations are legally required to distribute 5% of the value of their endowments. Convening participants urged foundations to move toward increasing that percentage to 7%, shifting their accountability to addressing current community needs as opposed to self-perpetuation. Related to this recommendation was support for the concept of “spend down” foundation.

The importance of transparency was reflected in a call to include the community in grant decisions, share power in strategy setting, being transparent when foundation strategy shifts will result in funding changes, and setting term limits for program officers.

Flexible practices were primarily recommended in the form of continued multi-year general operating support but with the return of capacity building. Flexibility was also reflected in calls for more openness in budget bands, acceptance of experimentation, co-creation of grant reporting metrics, and creation of a self-serve technical assistance resource portal.

Accessible recommendations spanned the gamut from a BIPOC-focused grant cohort, simplified application processes and more support for organizations without fundraising staff, and more prioritization of small organizations and those without an endowment.



Conclusion

In summary, the study found that foundations have increased access and control for BIPOC arts organizations through changes to their practice. Accessibility was improved through dedicated grant programs for BIPOC organizations; changes to eligibility criteria that included smaller budget organizations, a wider array of disciplines, and fiscal sponsors, among others; and increased amounts of funding earmarked for BIPOC organizations. Flexibility was increased through a large movement toward general operating support.

The results of these changes were reflected in grant awards and the grantee pool. BIPOC arts organizations made up nearly 40% of grantees, which received over half of grant dollars awarded from 2020-2023. These numbers stand in stark contrast to 2013-2015 when BIPOC arts organizations made up 22% of the grantee pool and received 27% of dollars. General operating support made up over 70% of grant dollars that went to BIPOC arts organizations, a large increase from 30% in 2013-2015.

The gain to flexibility was primarily made by reducing the proportion of capacity-building grant dollars, which fell from 32% in 2013-2015 to 6% in 2020-2023. The rate of project-based grants remained fairly steady, growing from 11% to 13%. BIPOC organizations have many of the same needs as their peers, but they prioritize service to their communities and self-determination. They also face wider gaps in terms of historical access to capital and support for leaders.

These priorities were reflected in stakeholder recommendations to foundations. Thriving BIPOC communities were highlighted as a primary indicator of an equitable funding ecosystem, and foundations were invited to increase their understanding of communities and take action by greater BIPOC representation on their staffs and boards, deeper grantee engagement, and leadership in advocacy efforts.

To enact these recommendations, foundations will have to maintain the changes they have already instituted toward Accessible and Flexible practices, and go deeper toward Accountable and Relevant practices. The next three years will be a critical time to observe whether foundations can deepen their stated commitment to equity or if the system backtracks to its pre-2020 state. For BIPOC arts organizations, foundations' decisions will be critical to determining whether they can maintain the growth they were able to achieve since 2020.





Appendix

Committee Members

Funding Equity Steering Committee

JC Aevaliotis, Polk Bros. Foundation
Sandra Aponte, MacArthur Foundation
Carlos Bossard, Haitian American Museum of Chicago
Aurora Toshiko King, Free Spirit Media
Meida McNeal, Honey Pot Performance
Nina Sánchez, Enrich Chicago
J. Gibran Villalobos, Institute of Museum and Library Services
Ellen Placey Wadey, Gaylord and Dorothy Donnelley Foundation
Brad White, Driehaus Foundation

Survey Design Committee

Carlos Bossard, Haitian American Museum of Chicago
Cate Fox, The Center for Cultural Innovation
Meida McNeal, Honey Pot Performance
Aurora Toshiko King, Free Spirit Media
Pepe Vargas, International Latino Cultural Center

Report Review Committee

Constanza Mendoza, Terra Cotta Creative Strategies
Margaret Murphy-Webb, South Side Jazz Coalition
Karla Estela Rivera, BIPOC Arts Leader

BIPOC Arts Organization Review Sources

Chicago's Cultural Treasures. Grantee list.
DCASE. Grantee list.
Enrich Chicago. List of applicants to Imagine Just program.
Guidestar. Leadership and board demographics data.
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Matlon, Mina Para et al. *Figuring the Plural* online database of 2,285 ethnocultural organizations in the United States and Canada. 2014.
SMU DataArts. Cultural Data Profiles for Cook County IL from FY2009 to the present. January 26, 2024.

Regional Cultural Treasures Interviewees

Mac Howison, Heinz Endowments (Pittsburgh)
Molly Bartels Roth, IFF (Chicago)
Lindsay Tucker So, William Penn Foundation (Philadelphia)
Sixto Wagan, BIPOC Arts Network and Fund (Houston)



Literature Review Sources

Building Movement Project. *Meeting the Need: Building the Capacity of Community-Based Organizations*. Race to Lead, December 2022.

_____. *Race to Lead Revisited: Obstacles and Opportunities in Addressing the Nonprofit Racial Leadership Gap*. Race to Lead, 2020.

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Stanford Social Innovation Review. *"Evolving Trust-Based Philanthropy for Racial Justice."* August 2022.

Urban Institute. *Participatory Grantmaking Aims to Dismantle Power Imbalances between Funders and the Communities They Serve*. May 2021.



Full List of Recommendations from April Convening

Relevant Practices

- Lend foundation's name and credibility to advocacy efforts alongside organizations seeking to change inequitable systems that negatively impact communities
- Shift foundation boards to include members interesting in eradicating societal problems
- Continue to collaborate with other funders
- Convince those who have benefited (financially) from impressive systems to obtain power and influence that dismantling that system is better for them too, not just others
- Encourage a variety of sustainable business models by expanding eligibility criteria.
- Get to know grantees beyond application: hold town halls, share meals, attend programs. Foundation board members should participate.
- Work with individual philanthropists to create a more unified vision of what a successful future looks like
- Introduce BIPOC organizations to funders and donors so that they can diversify revenue streams.
- More program officers and foundation leadership that come from the communities that the foundations serve, including BIPOC
- Trust based philanthropy
- We need to courageously agree that "the world" is only what we have made and that therefore it can be re-made in any way we choose!

Flexible Practices

- Drop arbitrary budget band requirements - allow organizations to fluctuate to serve their communities and not worry about staying within a certain budget that allows them to get funding
- Co-creation of metrics with the community and non-profit partners
- More expansive funding categories [i.e beyond Programming/GOS/Capacity/Capital etc]
- Increase funding for prototyping and experimentation of ideas/practice with no strings attached.
- Building in flexibility in the granting process to anticipate and meet needs.
- Continue prioritizing GOS and also support capacity building
- Provide multi year support
- Develop Access portal that connects arts leaders with various technical assistance programs/consultants to help with capacity building initiatives.

Accountable Practices

- Clear pathway to accountability of funding practices
- Make all grant review panels majority BIPOC.
- Shift decision making power to communities impacted, including BIPOC
- Increase percentage of giving beyond 5%
- Shift who is making funding decisions through regrating partnerships.
- If everyone thought about approaching their work as if their foundation was a spend-down foundation, how would that impact their work?
- Establish "term limits" for Program Officers.
- Transparency and as much lead time as possible (years) about strategic shifts and reasons for them, especially for orgs that will see funding decrease



Accessible Practices

- Create a cohort that create a mission, vision and shared ideas for 3-5 year commitment
- Decrease the amount of redundancy and overlap in requests for support.
- Free tools and templates for orgs who do not have a fundraiser.
- Consider shifting funding to orgs and artists who lack an endowment, or other significant streams of income and revenue infrastructures.
- Organize to provide more transparency and simplicity of application process across all foundations.
- Provide similar grant awards to smaller organizations doing the same work



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