America's Cultural Treasures Program
Limited Impact Study Interim Report

SMU DataArts

NATIONAL CENTER FOR ARTS RESEARCH

Prepared for the Ford Foundation by Dr. Zannie Voss

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Introduction

Nonprofit arts and cultural organizations and institutions play an essential role in communities across the country. In 2020, the COVID-19 pandemic struck and presented them with an existential threat. Without intensified support, there was justified concern that many organizations would be forced to close for good, especially those let by and serving communities of color that have historically been underfunded.

In response to the crisis, the Ford Foundation staff considered how best to support the field. They concluded that the threat could be mitigated through three interrelated strategies:

> 1) Provide an infusion of capital substantial enough to help nonprofit grant recipients be more resilient and durable organizations, able to proactively work to build more sustainable and viable operating models in a post-coronavirus environment.
>
> 2) Honor the diversity of artistic expression and excellence in America and provide critical funding to organizations that have a significant impact on its cultural landscape, despite historically limited resources.
>
> 3) Catalyze a national conversation and increase giving to Black, Latinx, Asian, and Indigenous arts organizations by other donors and foundations.

These approaches were formulated into an initiative titled America's Cultural Treasures (ACT). According to the Ford Foundation, "America's Cultural Treasures is a two-pronged national and regional initiative to acknowledge and honor the diversity of artistic expression and excellence in America and provide critical funding to organizations that have made a significant impact on America's cultural landscape, despite historically limited resources."[1]

The national prong of the overall initiative consists of $81 million in funding from the Ford Foundation and five other donors: the Abrams Foundation, the Alice L. Walton Foundation, Bloomberg Philanthropies, Tom and Lisa Blumenthal, and Barbara and Amos Hostetter. It was made possible from the proceeds of the Ford Foundation's historic social bond offering announced in 2020. Grants ranged from $1 million to $6 million, representing a significant portion of each institution's operating budget. Each grantee also received up to $100,000 for organizational capacity-building.

SMU DataArts is working with Ford to conduct a 5-year limited impact analysis on the ACT national cohort of 20 organizations that are significant national anchors for artistic and cultural diversity (see Table 1). The impact study's aim is to identify areas of growth or strengthening during the grant period, and determine whether the investment made through ACT was enough to help nonprofit grant recipients be more resilient and durable organizations, able to proactively work to build more sustainable and viable operating models in a post-coronavirus environment.

We share this report to celebrate the journey and progress of these remarkable organizations, and to demonstrate the influence that a substantial investment of capital in Black, Latinx, Asian, and Indigenous arts organizations can have on their resiliency. It follows grantee recommendations from an evaluation of the Ford Foundation's Creativity and Free Expression Arts and Culture program, including increasing the visibility of Ford's grantees by sharing learnings that emerge from evaluation.[2]

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[1] See "What Is America's Cultural Treasures", https://www.fordfoundation.org/news-and-stories/news-and-press/news/faqs-americas-cultural-treasures/.

[2] Voss, Z., R. Roscoe, and D. Fonner (2022). *Bending Art and Culture Towards Justice: The Ford Foundation's Creativity and Free Expression Arts and Culture Program Investments in Diverse Creative Communities*, SMU DataArts. https://culturaldata.org/ford-cfe-ac-program-evaluation/overview/

Table 1: ACT Grantee Organizations and Their Location

Organization	Location
Alaska Native Heritage Center	Anchorage, AK
Alvin Ailey American Dance Theater	New York, NY
Apollo Theater	New York, NY
Arab American National Museum	Dearborn, MI
Ballet Hispánico	New York, NY
Charles H. Wright Museum of African American History	Detroit, MI
Dance Theater of Harlem	New York, NY
East West Players	Los Angeles, CA
El Museo del Barrio	New York, NY
Japanese American National Museum	Los Angeles, CA
Jazz at Lincoln Center	New York, NY
Museo de Arte de Puerto Rico	San Juan, PR
Museum of Chinese in America	New York, NY
Museum of Contemporary Native Arts	Santa Fe, NM
National Museum of Mexican Art	Chicago, IL
Penumbra Theatre	St. Paul, MN
Project Row Houses	Houston, TX
Studio Museum in Harlem	New York, NY
Urban Bush Women	New York, NY
Wing Luke Museum of the Asian Pacific American Experience	Seattle, WA

Limited Impact Study Approach

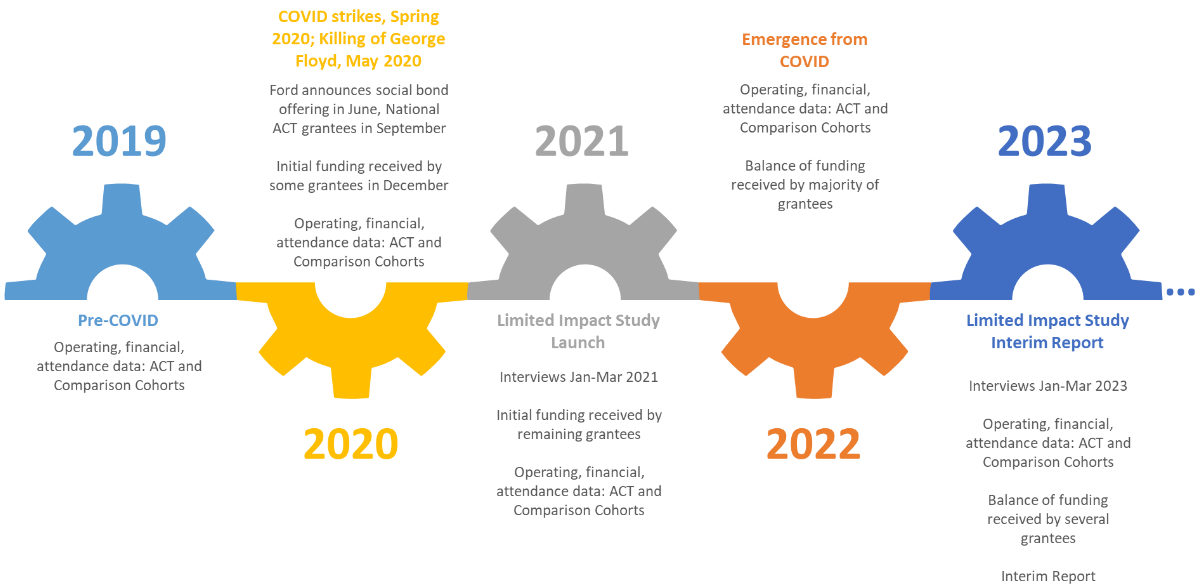
This limited impact study is rooted in the context of the events that led the Ford Foundation to launch the ACT initiative. Figure 1 depicts the timeline, showing the sequence of annual external influences, the rollout of ACT, and limited impact study activities.

At the start of the initiative in January through March 2021, SMU DataArts conducted Zoom interviews with leaders of the 20 ACT participating organizations to understand their priorities and perspectives on key impact metrics, as well as their overall sense of well-being and resilience. We repeated the process in January through March 2023 to get a sense of their trajectories and priorities two years into the ACT initiative.

The interviews were conducted with the person ultimately responsible for setting priorities and accountable for performance at each organization, recognizing that these individuals may hold a variety of titles and positions across the cohort. We left it to the discretion of the invited leaders as to whether they wanted to include another staff member in the conversation. In total, we spoke with 29 people through 20 interviews in 2021, and 25 individuals during the course of 20 interviews in 2023.

The individuals with whom we spoke form a cohort of seasoned professionals. In 2023, the average tenure for an ACT organization leader in their current role is 13 years. Collectively, participants possess more than 285 years of leadership experience at these remarkable arts organizations. Numerous leaders held another position within the organization before stepping into the executive role. We note that since 2021, there has been turnover in leadership at two organizations and leadership change is on the horizon with planned retirements at another two.

Figure 1: Limited Impact Study Timeline to Date



In both years, interviews with these key leaders followed a semi-structured protocol to document each organization's top goals, the operating and financial priorities that support those goals, a description of the strategies employed to advance goals and priorities, the internal and external elements they perceive as having an impact on their success, and their outlook on the future. We convey findings on these topics in the sections that follow. Depending on the interviewee's responses, some issues were probed more deeply while other questions were omitted. We took notes during the interviews and recorded them, and subsequently grouped emergent constructs into broader categories through open and axial coding.

Additionally, these organizations are providing annual data on their finances, operations, and attendance so that we can track and analyze change in the cohort's performance in the areas they deem to be key to their strategic goals, alongside change for a cohort of similar organizations that did not receive funding.

Origin Stories

To understand the current-day situation of these organizations, it is important to **recognize the contexts in which they were formed**. Since the organizations' origin stories and leadership tenure were shared in 2021, we did not re-examine these evergreen topics in 2023.

Origin stories influence an organization's culture and mission, and can help explain why its strategies follow a particular direction or why its relationships thrive. The genesis of the organizations included in this study followed **one or both of the following premises:**

1) To provide opportunities in the community for artists of color where none existed or to meet an unmet community need, where no local opportunities for similar services existed.
2) To preserve cultural traditions, celebrate a culture, or share culturally-rooted stories that were not being told – or not told or portrayed authentically -- at the time.

These organizations' enduring sense of purpose and uniqueness today are rooted in the reasons they were founded. Many ACT organizations were established during the civil rights movement and continue to sit at the intersection of art and social justice. By and large, they remain the only entity that celebrates the culture or fulfills the needs of the community each exists to serve. We heard comments such as, "There is no other dominant performing arts organization that focuses on the African American narrative and diaspora," and, "We're the only museum dedicated to sharing and preserving the Arab American experience. The first and only one." Distinctive mission, artistic excellence, rigor, commitment to community, and relevance distinguish these organizations.

Advancing Top Goals

Participants shared their top goals, which were framed as concrete accomplishments that, if realized, will represent progress toward mission and vision fulfillment.

Top goals have remained fairly consistent since 2021. As a result of the general stability, the same six broad clusters of internal and external goals remain top priorities for ACT organizations (see Figure 2). Goals focus on excellence, preservation, and leadership in programs; amplification and promotion of cultural identity; reckoning with structural racism in society; increased opportunities for artists of color; deepening community impact and participation; and strengthening infrastructure.

Of the 20 organization leaders, only one spoke to having different goals now than in 2021, the result of a strategic planning process. Thirteen grantees have the same top goals. Four have the same goals but they have been added to or modified slightly to correspond with new circumstances, which were acknowledged as being sparked by exceptional support from the Ford Foundation and MacKenzie Scott. For two organizations, the goals are the same but their ordering shifted as some 2021 goals are now reaching completion.

Figure 2: ACT Organization Top Goals, 2023

By and large, **organizations report they have made progress towards their goals since 2021**. Many interviewees pointed to specific milestone achievements while others spoke to enacted strategies that are getting early signs of traction. As part of strategic planning, some organizations developed an implementation plan and corresponding set of metrics they use to track progress. Others take a less structured approach but note progress when they see and hear it.

Concurrently, we probed for **reflections on what they need to get really right to be successful reaching those goals**. The most frequently referenced capabilities were **internal alignment, ability to work with**

partners, flexibility, and shifting the internal mindset from one of scarcity to one of abundance. Additional success providers identified by arts leaders were transitioning the board into a fundraising board, strong brand management, revenue diversification, and programming that meets the needs of an evolving community.

Some arts leaders acknowledged in 2023 that they are still contending with how to firmly put in place the elements that will grease the wheel for future goal success. Two recurring themes emerged, which are related to the organizations' positive trajectory rather than reaction to negative circumstances:

1. Facilities. Six grantees involved in construction or renovation of facilities were optimistic. All have made significant progress in their capital campaigns but recognize that successful completion of their projects will require securing the remainder of capital funds from public and private sources in competitive markets. For two, openings have been delayed by factors beyond their control (e.g., COVID, inflation, developer issues, a fire, etc.).
2. Organizational Growth. Five organizations acknowledged they are struggling to figure out the right organization structure and staff size to ensure the smooth running of now larger operations with more programming. They are considering what talents they need, how to attract and retain talent, and what more robust departments and leadership structures look like.

Underlying Financial and Operating Priorities

Financial and operating priorities undergird and advance these strategic goals. What matters most varies from organization to organization. In the final limited impact study report, each organization's unique articulation of priorities will guide the analysis of financial and operating trends from 2019 through the end of ACT grant term.

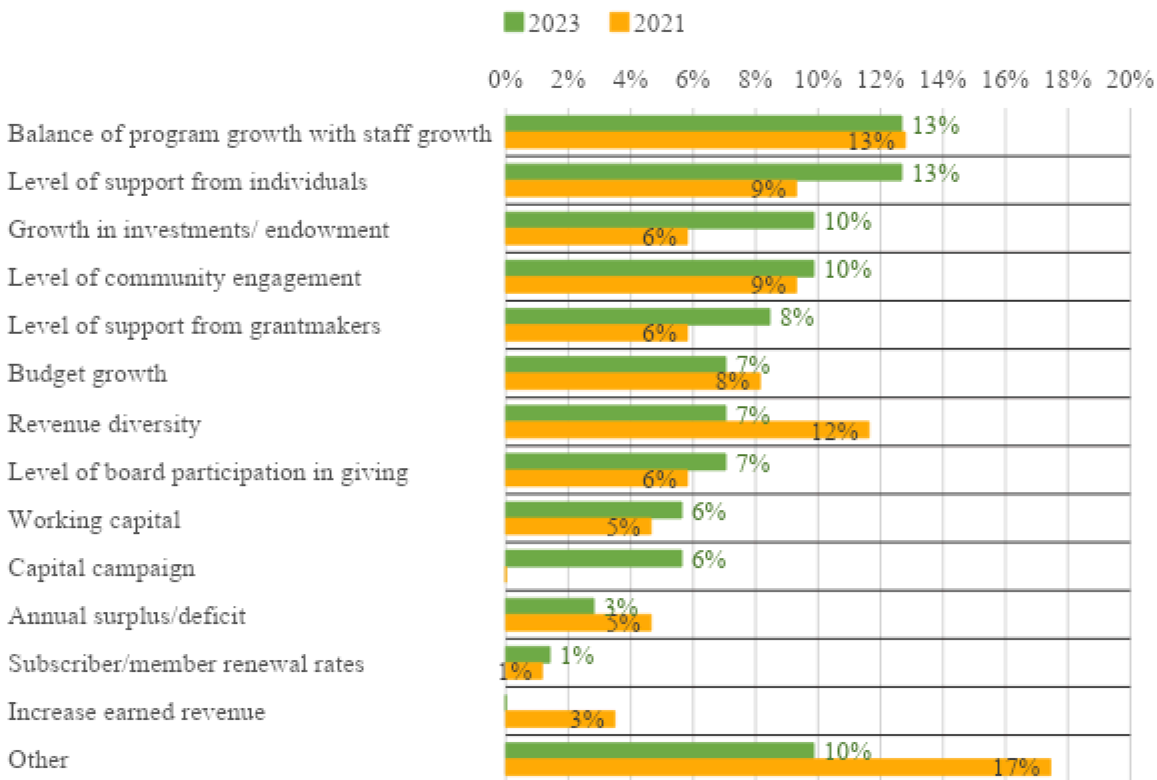
Although nearly all grantees' top goals remained fairly stable from 2021 to 2023, their financial and operating priorities changed over time. The order of priorities shifted, new ones emerged, and some were accomplished so they are no longer a concern. This is partly a reflection of external influences on the organizations' changed circumstances (e.g., investments of major funding from Ford, MacKenzie Scott, and other foundations; doors re-opened post-COVID; labor market changes), and partly capturing a moment in time as they build the underlying financial and operating infrastructure necessary to take the next step advancing objectives. As one arts leader remarked, "I'm proud to share that we've achieved all five goals set out last time…We've transformed in the last two years." Another shared, "I was obsessed in 2021 with getting the financial model correct! Check. I'm no longer looking for budget growth. Now I'm focused on getting the right people in the right seats. It's all about people for me now."

Figure 3 provides details on the variety of financial and operating priorities and the percentage of times each was expressed by participants in 2023 (green bars) and 2021 (orange bars). Summary observations are as follows:

- Balancing program growth with staff growth, a metric of sufficiently resourced staff capacity, was the most frequently mentioned priority in both 2021 and 2023.
- It was followed by level of support from individuals in 2023 and diversification of revenue streams in 2021. With the launch of capital campaigns and continued desire for budget growth, support from both individuals and grantmakers took on greater importance over time. Interestingly, both revenue diversity and increasing earned revenue were far lower priorities in 2023 than in 2021.
- Numerous arts leaders recounted how they invested their MacKenzie Scott funds to establish or add to endowments. Subsequently, growth in investments and endowment has become a higher priority.

- Greater connection to individuals in terms of community engagement remains among top priorities.
- In addition to the array of priorities that were mentioned by three to five participants, "Other" priorities such as professional development and systems set-up/infrastructure were mentioned only once. There was no clear pattern of priorities that emerged for organizations by sector.

Figure 3: Type and Frequency of Financial and Operating Priorities, 2023 and 2021



External and Internal Moderating Factors

To account for the conditions that prevent organizations from achieving their goals and priorities as well as those in which they thrive, we spoke with participants about external threats and internal challenges.

External Threats

External threats moderate an organization's ability to achieve its goals. The following concerns were voiced by numerous participants in 2023:

- **Inflation**. Cost escalation is putting financial pressure on organizations' ability to break even and wreaks particular havoc on those in the midst of facility construction.
- **Stock market volatility**. Numerous organizations invested their exceptional MacKenzie Scott funds into the stock market, only to have their value substantially decrease with unrealized capital losses at the start of the year.
- **Lack of sustainable funding**. There is concern that the attention paid in recent years to social justice and racism will not endure, and strides made towards equity will dissipate. As one arts leader put it, "85% of new funders who showed up in the wake of George Floyd's murder have fallen away." Now that most of the AIM grantees have grown, there is widespread

acknowledgement that it will be a challenge to sustain the current pace and level of growth if access to funding is again diminished.

- **Competition for funding from white institutions**. These comments capture the threat:
  - "We're seeing greater competition from … predominantly white companies [that] have gotten hip to the fact that there are Black audiences and [artists]. Theirs is a place of opportunity, not mission. It's akin to when predominantly white education institutions began to attract Black students away from HBCU's. Everyone asks why do we still need HBCU's. They're trying to command the space as if they commanded the space all along. We need urgency around the telling of our story and our origins so that our place in all of that doesn't get erased."
  - "Big institutions are now starting to suffer and they will complain to funders that too much money is going to communities of color and they should get it all again. They've lost some power and they will want it back, and they will be loud about it. I think it'll be the white left against people of color."
- **Audiences not returning to pre-pandemic levels**, especially for performing arts organizations. This is tied to changing audience preferences and the threat of **competition from social media and online**/digital options.
- **Racism, polarization, and deterioration of social fabric.** Some perceive that American culture is in a tailspin. Arts leaders offered:
  - "There is polarization and a decrease in trust in public institutions."
  - "In society right now, anything that diminishes the artistic achievements is embraced. Anything that lifts it up is denigrated. That's pervasive in society."
  - "There is an extreme vocal organized very progressive group that is lying. It's the George Santos era. I think it's a tactic. This group is behind the daily protests against us."

Internal Challenges

Top **internal challenges** varied considerably. Nine recurring themes emerged in three broad categories, Staff, Infrastructure, and Identity Transition, detailed in Table 2 below.

Similar internal staff and infrastructure challenges were identified by participants in 2021 and 2023. What changed was their context. Most organizations' staff and budget size increased over the past two years. The effects of racial injustice and COVID continued to impact their plans, organizations and communities. We heard comments such as the following:

- "We are experiencing growing pains in systems. Creating systems, processes, and procedures for a first time to support a growing organization. We're the same but we're different operations-wise. It takes more interdepartmental coordination."
- "Managing growth. Communication and collaboration. We function very effectively when you look at the individual divisions and departments. Innovations are only possible with cross-pollination."

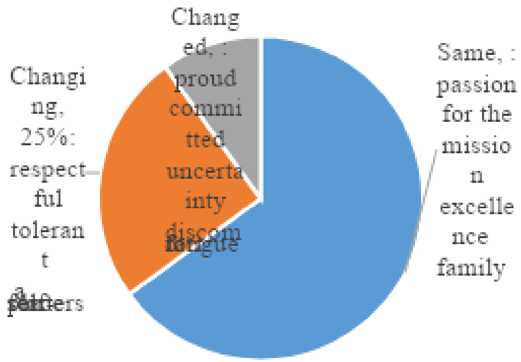
Table 2: Internal Challenges

Staff	Infrastructure	Identity Transition
Human resource systems: need for formal systems (e.g., annual reviews, job descriptions), support, professional development	IT/digital infrastructure needs, how to balance digital and in-person programming post-COVID	Changing mission while remaining faithful to the community
Organizational capacity: burnout, under-resourced staff, low pay, trying to do too much with too few people, ability to attract and retain talented employees, need for more professionals, strategizing for how to increase staff capacity, reduce turnover	Facility repairs, lack of adequate space, facility investments needed post-COVID (e.g., HVAC requirements, operational challenges)	
Organizational culture: de-siloing departments and programs while increasing collaboration and communication, shifting the culture post-pandemic, indoctrinating new employees into the culture when people are still working remotely some of the time and generations do not share the same perspectives on work-life balance, keeping community culture as the organization grows	Capacity to invest in even greater artistic/scholarly/ programmatic excellence	
Emotional toll of organizational and societal issues affecting staff and leaders personally	Board development needed	

The emphasis on staff-related challenges underscores the articulation of balance between program growth and staff growth as a top priority, described above. Arts leaders recognize that ambitious goals cannot be achieved if they do not have adequately resourced staff in place to carry them out. While some organizations have increased staffing levels and are contending with challenges related to culture change, others still lack organizational capacity and are encountering difficulty hiring and retaining talented staff. Some leaders are feeling the long-term emotional effects of scarcity and pressure, offering comments such as, "We're at a moment for BIPOC leaders who have worked through trauma, the pandemic, and are now asked to continue to lead at that level. I talk with my colleagues. Until we do something, we're going to see a big departure. Folks are exhausted. I've been through three transitions with staff already. It takes its toll."

Having the right **organizational culture** was identified as a key success factor. The words and phrases mentioned most frequently by interviewees to describe organizational culture were nearly all very positive sentiments. The most common descriptors were passion for the mission, excellence and leadership, participatory and collaborative, community, and family.

Figure 4: Organizational Culture 2023, relative to 2021



Thirteen of the 20 organizations (65%) reportedly have the same, positive culture in 2023 as they did in 2021, as shown in Figure 4. Five organization leaders (25%) say their culture is in the process of changing, and three of the five attribute the change to staff growth and perception shifts regarding work-life balance. For these organizations, descriptors were respectful, tolerant, less siloed, and a place for self-starters. Two participants (10%) report that organizational culture has definitively changed since 2021 and, in addition to positive traits such as proud and committed, they identified negative characteristics that have arisen, including uncertainty, discomfort, fatigued, and irritable.

Four arts leaders identified a growth-related challenge that touched on neither staff nor infrastructure but instead on relationship to the community as the mission and organization expand and evolve. For example:

- "When you're a certain scale, there are financial pressures to do things that require corporate sponsorships and individual wealth. The mix of community participation and focus can be diminished. For an organization that's about a particular culture, it's a danger to be disconnected from the community."
- "Being faithful to our community, we will be making some changes to the mission statement. This is something sensitive. We need our relevance to grow and the mission to grow with it. We need the change to change our fundraising strategy to bring in more income with expansion of mission."
- "The outward appearance is that we will no longer be a small organization. How to hold onto the heart of who we are as we move through the world with a bigger presence?"

Future Outlook

In addition to capturing recurring themes that emerged related to internal and external challenges, we probed participants for their sentiments about the future to assess their sense of well-being and resilience. Specifically, we asked, "What is your current outlook for the coming year?"

Ninety percent of responses were positive in both 2021 and 2023. Participants are mostly very optimistic, confident, and hopeful. As one arts leader expressed, "I feel invigorated! We've learned a lot this year. When there's crises the cracks show. Those were identified. I've seen what the staff can do and they're resilient. …We're in a good place."

One arts leader who was less positive deeply felt a lack of concern and validation for Asian Americans. Another expressed feeling anxious about uncertainty in a changed world, commenting, "We were planning our return during COVID and thought it'd come back to what it was. It never will be back to what it was. If we know folks aren't coming back right away for new works, how can we properly scale the operations and execution of them?"

Conclusion

ACT Organizations form an extraordinarily unique cohort. They have made progress towards their top goals from 2021 to 2023. Nevertheless, these seasoned arts leaders expressed widespread concern related to human resource systems, organizational capacity, organizational culture, insufficient infrastructure, and growing pains related to mission. They are considering what talents they need, how to attract and retain talent, and what more robust departments and leadership structures look like. Organizational growth is a concern for some, who acknowledged they are struggling to figure out the right organization structure and staff size to ensure the smooth running of now larger operations with more programming.

At the end of 2024 we will conduct a last round of interviews and of financial and operating data collection. A final report on the limited impact study will be shared in 2025.

About SMU DataArts

SMU DataArts, the National Center for Arts Research, is a project of the Meadows School of the Arts at Southern Methodist University. Its mission is to provide and engage both organizations and individuals with the evidence-based insights needed to collectively build strong, vibrant and equitable arts communities. DEI is one of four primary focal areas of SMU DataArts' research agenda, alongside financial and operating health of the arts field, factors that drive arts attendance, and assessment of arts ecologies and community-level arts vibrancy. In addition to publication of research in top academic journals, we issue applied research papers for the arts field free of charge on topics such as workforce diversity and equity; improving the wellbeing and resiliency of historically under-represented artists; arts employment; the alchemy that drives high performing arts organizations of color; working capital health of BIPOC organizations; arts vibrancy analysis; and more. SMU DataArts' programs provide free business intelligence, tools, and educational workshops to help arts leaders leverage data to answer critical management questions, communicate about their organizations, and connect research analyses to their own work.