

Who Pays for the Arts?

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In the U.S., the arts are subsidized by the very wealthy and the very poor. But amid ongoing turmoil in the nonprofit world, some people are trying to build a new creative economy.

By [Kate Dwyer](#) Published: Sep 30, 2024

The thirty-year relationship between Copper Canyon Press and the Lannan Foundation began with a printing error. When poet Hayden Carruth's 1992 book *Collected Shorter Poems* arrived at the press's headquarters with a table of contents printed out of order—after he won the National Book Critics Circle Award and became a finalist for the National Book Award—the philanthropist J. Patrick Lannan Jr. came to the rescue with several thousand dollars to finance a reprinting.

“That was the start of their helping us out, getting us out of a jam,” said Michael Wieggers, the executive editor and artistic director at Copper Canyon, a nonprofit poetry publisher based in Port Townsend, Washington, since 1974. J. Patrick Lannan Jr., the Lannan Foundation's former chief executive and the son of its founder, had been reading poetry since he was a child. So in 1986, when he became the leader of his family's foundation, he expanded its focus from visual art to include grants, [awards](#), [fellowships](#), an event series, and a [residency](#) program for the literary world, particularly nonprofit presses and the writers published with them. This was a rarity in philanthropy, which traditionally funnels vast sums to mainstream

institutions like museums, performing-arts centers, and libraries. Nonprofit presses, founded in the 1970s and 1980s to liberate writers from the demands of corporate publishing, often put out experimental, boundary-pushing works by lesser-known writers—many from underrepresented backgrounds—who then go on to influence the wider market. (Blockbuster literary authors like Hernan Diaz, Ocean Vuong, Jericho Brown, [Karl Ove Knausgaard](#), Leslie Jamison, Claudia Rankine, and Maggie Nelson have all published with nonprofits, or still do.)

But like many other family foundations, the Lannan Foundation could not exist in perpetuity, and for years it forewarned grantees of its eventual closure. In early 2022, a few months before Patrick's death, Copper Canyon and fellow grantees received notice that the Lannan Foundation would wind down operations by 2032, giving them ten years to make up the funding difference. Patrick died in July, and by 2023, Wieggers said, "we were told that there was no more, and there would be no more." Almost overnight, Copper Canyon's \$1.4 million operating budget decreased by \$200,000.

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The "sunsetting" of the Lannan Foundation highlights the uncertainty underpinning much of the arts ecosystem in the United States, and the necessity of both innovation and diversified funding models in the world of nonprofit arts institutions. Yearslong decreases in corporate charitable giving and overall charitable giving made *The Chronicle of Philanthropy* ask, in January, "Has the giving crisis reached the point of no return?" Similarly, Vox wondered in July, "Are we actually in the middle of a generosity crisis?"

"If you're an organization and you're trying to responsibly plan for a future but you can't predict the resources that you're going to have, how can you responsibly plan?" asked [Ruby Lerner](#), the founding executive director of Creative Capital, which in the 1990s took inspiration from the dotcom venture-capital boom and offered ongoing professional-development services to artist grantees in order to boost their chances of long-term success.

Nonprofit arts organizations have always needed to fundraise for a portion of their income, but lately smaller and midsize organizations without endowments have been feeling the crunch—some to the degree of existential crisis. "Right now feels different," said Lerner. "It feels chaotic. It feels like the whole field is kind of in turmoil." As a result, she and other arts executives have been researching innovative new models for funding—and new ways of thinking about funding—to empower individual artists and supporters while also diluting the role of philanthropy. Today, there is an increased focus on collective and regenerative funding models—both nonprofit and for-profit—to prime arts institutions for sustainable futures and to look at the arts as an integral part of a larger social ecosystem.

Historically, American museums, public art projects, and nonprofit performing-arts centers have relied on tax-deductible private funding, as opposed to in Europe, where the arts have been primarily supported by government funding. It's not a setup unique to the arts, said

Laura Callanan, the founding partner of the impact investing nonprofit Upstart Co-Lab, who was formerly the senior deputy chairperson of the National Endowment for the Arts under the Obama administration. In other countries, she explained, “government has decided that it’s going to be responsible for supporting a lot of important issues, whether it’s education, health, culture—a whole range of things that are important to thriving communities. In the U.S., our government doesn’t play that role.” Instead, in America, the onus is on the private sector. “About 5 percent of philanthropy annually goes to arts and culture, and that’s about \$20 billion a year,” Callanan said. “That’s substantial and is certainly on par with how governments in the UK and [other] countries throughout Europe fund their arts and culture. We just have a different system.”

But even in Europe, and especially in the UK, said independent curator and writer Fatoş Üstek, governments have recently pressured arts organizations to build a mixed-income model, and to decrease their dependence on the government.

Relying on private funding leaves nonprofits vulnerable to “the whims of donors who just like the next bright, shiny thing”—some of whom “used to fund the arts, but now they’re funding the environment,” for example—Callanan added. Philanthropists haven’t always been happy with this model, either. “There are a lot of foundations who say they don’t want nonprofits to get dependent upon them, so they only want to give you funding for three to five years,” Callanan said.

“Philanthropy is unsustainable,” said Eric Gottesman, an artist and cofounder of For Freedoms, a socially engaged arts organization that operates both a nonprofit advocacy arm and a for-profit creative studio. “As an artist, arts philanthropy is not a sustainable way to make a living, and it’s not sustainable for an organization to depend on it, because philanthropists fund for some time and then move on.”

With that in mind, the Lannan Foundation’s decades-long relationship with nonprofit presses seems especially rare and meaningful. After a series of conversations with colleagues at presses nationwide, in which executive directors expressed concerns that they might not be able to continue operations, Brian Dice, president and board chair at the nonprofit publisher *McSweeney’s*, organized an informal meeting of four influential nonprofit presses in August 2023. The plan was to “talk about some of the issues that we were all facing, to see if there were solutions that individual presses had come up with,” Dice said. (Two other prestigious presses did not attend the meeting but weighed in later.)

Following the daylong convening, the need for endowments at each of the presses became clear. Organizations with endowments are generally more stable, because an endowment makes it easier to cover operating costs. Could the answer lie in collective fundraising? Dice took inspiration from Silicon Valley and wrote a proposal to raise a \$7.5 million “Nonprofit Independent Press Literary Arts Fund,” which would function as an endowment for the entire group managed by the Community for Literary Magazines and Presses (CLMP). This fund

would support small presses for a period of five years, providing \$1.2 million divided among those six influential presses annually, along with \$300,000 distributed among smaller presses by CLMP.

But when Dice pitched philanthropists on the idea, he ultimately came up short. He said, “They did not understand the problem, ”the problem being that books with small print runs are expensive to produce and sales are notoriously difficult to predict. (Even in corporate publishing, some books fail to break even, much less make a profit, while runaway best sellers prop up the rest of the industry.)

As with funding to visual artists, “literary funding has the potential to reach out extremely widely into the culture, but it’s hard to track it,” said Courtney Hodell, the director of literary programs at the Whiting Foundation, which offers unrestricted grants to individual writers and three-year grants for literary magazines. “I think that’s why it’s very hard to align it with this similar kind of support in other arts, where you really can look and see how many people went to see that opera or that dance performance.” Instead, she added, “there’s something sort of mysterious and beautiful and private about a reader’s engagement with the written word, and that is part of its power, but that’s also why it makes it a more difficult story to tell and bring other funders in.”

Likewise, For Freedoms doesn’t ask artists to “prove” their work. “Often artists are asked to justify through metrics or statements of impact what they are offering from a public perspective, and we recognize that artists’ work *is* that impact,” Gottesman said.

In other countries, where governments have historically made arts funding a priority, laypeople seem to be more engaged with the arts. In Iceland—the world’s third-happiest country, where the government spends \$936 per person annually on the arts—one out of ten citizens will publish a book in their lifetime. The government offers artist salaries for various lengths of time to support creative projects, and among other arts subsidies, publishing houses can apply for a 25 reimbursement on costs related to publishing a book, according to Stella Soffía Jóhannesdóttir, a senior literary agent at the Reykjavík Literary Agency who separately organizes the Reykjavik International Literary Festival.

Per Callanan, American artists themselves have long subsidized the arts for the public “by being low-paid, by taking on a lot of student debt that they labor under for a long time, by coping with financial uncertainty and balancing a portfolio career and doing a lot of gigs to make it possible for them to make their art,” she said. That’s why residencies from organizations like Yaddo, MacDowell, and Hawthornden or grants from foundations like Whiting and organizations like Creative Capital are so important.

Founded as a response to the culture wars of the 1990s, after the National Endowment for the Arts ended grants for individual artists, Creative Capital took a multipronged approach to supporting artists—not just with money to fund a specific art project (plus marketing and

publicity training) but with other services intended to “support the person beyond the project” in financial literacy, real estate, and long-term personal and professional planning.

“The third component was to build the community of funded artists and give them the opportunity to connect with what I call the ‘opportunity creators’ in the field,” Lerner said, citing a well-attended annual artist retreat as the marquee event. Opportunity creators included publishers, editors, other funders, and curators.

These days, coaching and other professional services are much more popular; the Whiting Foundation introduces grantees to influential editors, critics, and executives in publishing, for example, while Teiger Foundation’s Climate Action for Curators program pairs grantees with a sustainability coach to research ways to make their organization’s operations or programming more climate-friendly before putting \$25,000 toward that plan. “It was clear that curators are so interested in engaging on the climate crisis, but they do not know how, and they do not have the capacity to find out how,” said Larissa Harris, the foundation’s executive director. “What I realized was giving money was not actually going to get results, because people wouldn’t know what necessarily the best use of the funds would be.”

“You’re seeing creative people realize that the nonprofit model is not the right container.”

Callanan—who works with impact investors hoping to earn a return on their investment while doing social good—offers guidance to artists and designers who want to rethink the nonprofit model altogether. Increasingly, she said, “you’re seeing creative people realize that the nonprofit model is not the right container for the way they want to work, and it’s highly restrictive to raising the variety of capital that they could have to support what they do.” Instead, she tells them to think deeply about their future organization’s purpose, then design an operating model around that purpose. If they decide to go the for-profit route and build a business in what’s now known as the “creative economy,” they might consider funding from impact investors. (The creative economy encompasses all businesses in media, creative real estate, the food and hospitality industries, and ethical fashion; many are able to turn a profit early on because they sell goods.)

For Freedoms operates with a hybrid model, in which a fiscally sponsored LLC functions like a creative studio and the nonprofit functions like an advocacy organization. “What we developed was a sort of relationship between the two models that articulated the difference in governance to make sure that we were compliant legally and ethically but that created an opportunity for a for-profit,” Gottesman said. “The for-profit could take on clients, including the nonprofit, and the for-profit would execute on the nonprofit’s ideas.”

Right now everyone—individuals and organizations in both the nonprofit and for-profit spaces—is thinking about audience engagement and community building.

In a widely read essay published on his blog in 2008, Kevin Kelly, the founding executive editor of *Wired* and the former editor of the *Whole Earth Review*, wrote that individuals or businesses with “true fans” and a direct relationship to them need only a small, devoted audience to succeed. (This is the idea behind online platforms like Substack and Patreon, which allow fans to support creators directly.) Kelly’s example is straightforward math—if a creator produces enough content to warrant a \$100 profit per subscriber per year, then they need only a thousand subscribers to make \$100,000. For individual artists, that’s a salary. But for institutions, that’s the equivalent of a check from a major donor.

The goal, Lerner said, is always to “build a sense of ownership and engagement that might make somebody say, ‘This is my theater. I love this theater, and I want to support it at whatever level I can afford.’ Can we move from the purely transactional to a deeper engagement and engender a sense of ownership?”

Sometimes a profound experience with art is enough. Participating in or even just experiencing the arts has been correlated to increased serotonin levels, more creative thinking, and greater feelings of hope. Experiencing awe—a feeling elicited by the arts—is associated with “elevated vagal tone, reduced sympathetic arousal, increased oxytocin release, and reduced inflammation—all processes known to benefit mental and physical health,” per research done at UC Berkeley by social psychologists Maria Monroy and Dacher Keltner.

Think about the last time you felt moved by a work of art, whether it was a book, a visual- art exhibition, music, or a performance—where were you? Which institution made that experience possible? Do you now feel a sense of connection to that museum or theater or even publisher? Is that connection strong enough to make you want to join its community? What have your other engagements with this institution been? Do you know anyone who works there? Have you been to parties or events related to it? Do you like the content this institution is publishing on the Internet?

There is also something to be said for organizations that create spaces for supporters to forge bonds with *each other*. According to research published in January by the University of Maryland’s Do Good Institute, people who belong to or participate in community groups or organizations are 14.3 percent more likely to volunteer and 8.6 percent more likely to donate money.

In a spring lecture at Brown University, Lerner referenced Taylor Swift’s rock-solid relationship with her fans—some of whom feel connected enough to purchase multiple copies of her albums—and asked institutions how they could “be more Taylor” in strengthening relationships to and among their audiences. For example, Swift “has made a community out of her audience with the making and trading of bracelets,” Lerner said. “There are bracelet-making parties, where Swift’s fans get to know each other.”

Üstek also believes that collective funding is the future. Earlier this year, she published a book called *The Art Institution of Tomorrow*, which explores how art institutions might “build a non-hierarchical and distributed income model that could enable [them] to channel their organizational energy in delivering the work that they do, instead of constantly working on fundraising.” The only thing required for such a model, she explained, is a “network of people supporting the institution because they believe in its cause, purpose, and necessity.”

There are more “regenerative” models Üstek has studied, she said, that look at resources other than money. (One example is Togo’s Palais de Lome, which operates on a “circular economy,” with the restaurant and boutique showcasing local food and local products.) “How could we understand the concept of resource not only as capital, not only as the equipment we have, but also the knowledge that is in the institution, and the experiences that the institution can generate?” she asked. If you take stock of everything an organization has to offer, it might be easier to see it as “part of an ecosystem that is fed by its partners,” she added.

That’s what the Palais de Tokyo, an influential contemporary-art museum in Paris, has been doing since 2022, when it adopted a new “responsible sponsorship” model called “Sustainable Palace” as part of a wider “institutional permaculture” strategy authored by Guillaume Désanges, the museum’s president. In an [interview](#) with the French Ministry of Culture, Désanges spoke about how the museum’s patron companies are expected “to help us act on our impact with the expertise of their employees” in addition to contributing financially.

Désanges’s [institutional permaculture strategy](#) asks institutions to take an “ecological” approach and look at how they fit into the wider arts ecosystem, and also how they fit into the wider societal ecosystem. “Rather than working in a solitary fashion and blindly superimposing layers of potentially redundant programming, we should look to take into account the artistic, economic, and cultural environment of which we are part and upon which we depend, guided by logics of attention, distribution, and the sharing of resources,” Désanges [writes](#).

This means examining the museum’s function in society. Instead of first deciding what art to show and how, Désanges proposes first asking why the museum should show such artwork and whom it’s serving. “It is imperative that we question our reasons for doing things if we are to avoid uselessly expending energies in the blind pursuit of production,” Désanges writes.

It also means being collaborative, not competitive, with peers and sharing research where appropriate. If there’s one throughline in all of these conversations, it’s the power of abundance mentality.

When he received a Creative Capital grant as an artist, Gottesman said, he was struck by “the sense of community that’s built when a foundation trusts artists.” That sense of community changed “the perception of scarcity that exists within arts funding,” he added. “And when there’s a real sense of abundance, not just in giving money but in surrounding the artists with support, it unlocks a different ease and level of creativity.”
