

Boston Cultural Council: Updated Funding Strategy

The Boston Cultural Council (BCC), under the umbrella of the Mayor's Office of Arts and Culture, helps to ensure that the City's grantmaking responds to the needs of the cultural community and that best practices for grant solicitation, review, and disbursement are followed. The BCC annually distributes funds allocated by the City of Boston and the Mass Cultural Council, a state agency, to support innovative arts, humanities, and interpretive science programming that enhances the quality of life in our city.

The council members are Boston residents appointed by Mayor Martin J. Walsh for up to two consecutive three year terms. Council members are selected on the basis of their demonstrated commitment to Boston's cultural community and their knowledge of various arts disciplines. The BCC reviews applications to evaluate the quality of proposed programming and potential benefit to diverse audiences in Boston.

Boston Cultural Council Equity Statement

To truly thrive, Boston must be an equitable city. For the Boston Cultural Council, equity means equal access to resources and equal value of all cultural traditions and expressions. Equity operates as an out-loud process of actively reflecting, including, and rewarding cultural, economic, and racial diversity in the arts.

The BCC actively encourages the creativity and engagement of all Boston residents and visitors. They do this through grantmaking guided by the Boston Creates cultural plan. BCC grants emphasize fair opportunity, accessibility, and understanding of Boston's arts and cultural communities. BCC programmatic, financial, and informational resources also proactively encourage equity and inclusion within the organizations¹ we support.

Why We Fund What We Fund

The BCC seeks to enhance the quality of life, the economy, and the design of the city through the arts by investing in cultural organizations and cultural programs. They provide support through grants that reflect the goals of the Boston Creates cultural plan, which are to:

1. Create fertile ground for a vibrant and sustainable arts and culture ecosystem.
2. Keep artists in Boston and attract new ones here, recognizing and supporting artists' essential contribution to creating and maintaining a thriving, healthy, and innovative city.
3. Cultivate a city where all cultural traditions and expressions are respected, promoted, and equitably resourced, and where opportunities to engage with arts and culture are accessible to all.
4. Integrate arts and culture into all aspects of civic life, inspiring all Bostonians to value, practice, and reap the benefits of creativity in their individual lives and in their communities.
5. Mobilize likely and unlikely partners, collaborating across institutions and sectors, to generate excitement about, and demand and resources for Boston's arts and culture sector.

¹ The BCC uses the term "organizations" broadly in this document to refer to all eligible applicants to the BCC, which include non-profit organizations, projects using a fiscal agent, or unincorporated entities or artist collectives.

Ensuring BCC grants contribute toward the goals above requires intentional efforts to fund organizations that promote cultural equity in the Boston arts ecosystem. It is for this reason that the BCC is implementing a shift in its grantmaking strategy for organizations. Rather than grant to organizations within any budget range, the BCC wishes to be more intentional in supporting small to mid-sized arts organizations. The next section examines the rationale behind this shift.

A Shift to Funding Smaller Organizations

Size of the ecosystem. As of 2015, there were 537 arts organizations in the City of Boston that could be identified through CDP and IRS data (*CDP data*)². Of these organizations, 302 or 56% of organizations had annual budget sizes smaller than \$25,000. According to CDP's categorizations, small organizations (budget size of \$250,000 or less) made up 74% of the overall pool, medium organizations (budget size of \$250,000 to \$999,999) made up 12%, large organizations (budget size of 1 to 10 million) made up 10%, and very large organizations (budget size over 10 million) made up 3%. This data illuminates the dominant numeric presence of small and mid-sized organizations in Boston, comprising an overall 86% of arts organizations in the ecosystem.

Despite having a dominant numeric presence in Boston's Arts Ecosystem, Boston's small and mid-sized organizations receive comparatively less support than larger organizations. A [2016 study published by The Boston Foundation](#) found that, "Boston's small and mid-sized arts organizations do not receive significant foundation support. Foundation giving appears to be skewed toward larger organizations."³ Additionally, small and mid-sized organizations do not have access to significant government funding. The same Boston Foundation study found that, as compared to 10 peer cities, "Boston receives the lowest amount of government funding per capita of all cities in [the] study. The primary driver of low public support in Boston is the lack of funding from the City of Boston." This evidence supports the need for greater funding opportunities for Boston's small to mid-sized organizations and the gap the BCC can help address through intentional granting.

Finally, it is worth noting that for what they lack in foundation and government support, Boston's small to mid-sized organizations have been successful in bringing in earned revenue from individuals. Their dependence on earned revenue does have implications for their programming, however. More specifically, The Boston Foundation study found that "Boston's small and mid-sized organizations are significantly outpacing their peers in other cities when it comes to participation-based earned revenue. At the same time, in focus groups, organizations revealed that their dependence on earned income often drives risk-averse programmatic choices. Quantitative data supports this observation." This finding helps illuminate the need for a diversified base of support for small and mid-sized arts organizations, in order to enable them to develop bold, cutting-edge programs in Boston.

² "Summary Data Analysis of Nonprofit Arts and Cultural Organizations in the City of Boston". Cultural Data Project. April 2015.

³ "How Boston and Other American Cities Support and Sustain the Arts". The Boston Foundation. January 2016.

Though they receive comparatively less support than larger organizations, small to mid-sized organizations are often focused on cultural equity work. The same study by The Boston Foundation found that cultural equity is a priority for Boston's arts organizations, and that specifically, "small and mid-sized organizations in particular expressed commitment to addressing issues of social justice, equality, and diversity through their work." As put by the TBF report, "if small and mid-sized organizations are critical to an equitable ecosystem, there is evidence that suggests that these groups in Boston are less strongly positioned."

Based on an analysis of 2019 grants data, the BCC is currently funding 24% (n= 95/398)⁴ of the organizations in the ecosystem with budget sizes under \$250,000. In an estimation of the BCC's current funding patterns as compared to the overall landscape, recent BCC grants have funded roughly 45% (242/ 537)⁵ of the total ecosystem. These estimates illuminate an opportunity for the BCC to prioritize growth in funding more small organizations.

Implications

The BCC has historically allowed organizations of any budget size to apply for funding, as long as the organization focused on one of the BCC's designated arts and humanities areas. Transitioning to a model that prioritizes small and mid-sized organizations comes with a number of considerations.

Impact on Large Organizations

Implications of shifting funding: One of the central strategies for ensuring BCC funding is driven towards small and mid-sized organizations is to focus grant eligibility by a certain budget size. This means the overall pool of funding can be allotted toward more organizations and in amounts that are more significant. Focusing on small and mid-sized organizations also means some of the larger organizations who currently receive funds from the BCC will no longer be eligible. In 2019, organizations with budget sizes over \$2 million made up an estimated 20%⁶ of the BCC's total grantees. Ending eligibility for these larger organizations will require the BCC to take intentional steps to mitigate the financial impact the absence of this funding may have.

A different type of future engagement with large organizations: A reduction of grants to larger organizations in the ecosystem means the BCC will think about alternative ways to engage and support larger organizations. A series of conversations with larger organizations may reveal alternate ways for the BCC to support larger organizations in the ecosystem in ways that are more impactful than a grant

⁴ Please note: This figure is calculated from 2015 CDP data on the total ecosystem and 2019 data from the BCC's actual grantees. Determining the budget ranges of the BCC's 2019 grantees pulled from a multitude of fiscal years, based on the most recently available data on GuideStar. This calculation is therefore a rough estimation.

⁵ See note above.

⁶ Please note: This percent was calculated from the BCC's 2019 applicant data. Determining the budget ranges of the BCC's 2019 grantees pulled from a multitude of fiscal years, based on the most recently available data on GuideStar. This calculation is therefore a rough estimation.

which is 1% of their funding. Through preliminary conversations, many ideas have surfaced for alternative methods of support, which MOAC and the BCC are actively discussing. These include but are not limited to:

- Leveraging the City platform to create a collaborative marketing effort that highlights free community-focused programs at large organizations
- Raising additional funds specifically for collaboration grants that fund partnerships between large organizations and small community based organizations or individual artists
- Leveraging MOAC and the City of Boston network to introduce new audiences to large organizations through event or program partnerships
- Convening large organizations around shared issues such as boosting cultural tourism
- Connecting large organizations to programs or partnerships that support board diversification, in partnership with the Office of Economic Development and the Office of Diversity

Engaging the Small and Mediums

To serve the full ecosystem would require more funds. As of 2015, there were 537 arts organizations in the City of Boston, identified through CDP or IRS data. Of these, 398 organizations had budget sizes of under \$250,000. In 2019, the BCC funded 95, or 24%, of these organizations⁷. The CDP data reports that an additional 67 organizations have a budget size between \$250,000 and \$1,000,000. Of this pool, the BCC issued grants to 53 organizations, or 79%⁸, in 2019. While the data for the overall ecosystem has likely changed since 2015, the percentages above provide a rough estimate for the BCC's current service of the ecosystem.

With this shift in funding priority, additional funding for organizations under \$1 million would certainly be freed up. Still, in order to serve the total 465 small and medium sized organizations with a grant that is significant to their budget (1% for example), the BCC's overall pool of funding would need to increase from \$489,000 to around \$820,000. For the BCC to fully support small to mid-sized arts organizations in Boston, the council will need to think about how to grow the pool of funding overall.

Understanding the smalls to build more support. In implementing this grant strategy, the BCC also has an opportunity to be more mindful of data collection on the arts ecosystem and how to share this data back out to the community. The BCC will revise its grant application and review materials to enable more accurate data collection, on not only finances, but also discipline, geographic location of arts activities, etc. This data collection, along with focus groups with grantees and MOAC documentation on the grant making process, will help identify needs for small and mid-sized organizations and begin to fill in details about this part of the ecosystem to inform future program development. For example, questions that the BCC could explore include: How do we help organizations grow so that they can take advantage of other funding opportunities? What kinds of capacity building and services can the City provide to help organizations achieve sustainability? The BCC will look ahead to future years of implementation of this new funding strategy and plan grant evaluation and strategy development as we begin to learn more about grantees.

⁷ See note 4

⁸ See note 4

Increasing outreach. In order to have an impact on small organizations, these organizations need to be aware of the BCC and the funding potentially available to them. Communication and outreach are thus a critical component of ensuring those who are missing be brought into the know. While outreach is being conducted already, continued efforts will be essential to ensure that smaller organizations are aware of the BCC as a resource to them.

A New Funding Model

In shifting to supporting small and mid-sized organizations, the BCC also has the opportunity to increase the impact of grants through the adoption of a tiered discretionary funding model. This model means that grant amounts are tied to organizational budget size and are consistent for each tier (i.e. \$2,000 for organizations with a budget of under \$100,000). Under this approach, organizations apply for a set amount based on their budget size and grants are provided as general operating support, giving organizations the power to allocate the resources as needed in support of their missions. Establishing a tiered system with consistent grant rates for each tier will help the BCC to ensure organizations are obtaining proportional needs-based shares.

Tiered funding also offers applicants a predictable source of funds on which they can rely for budgeting year-after-year. It is worth noting that many of the BCC's current recipients already rely on grant funds year-to-year.

Under the revised model, the BCC grants committee is charged with reviewing an applicant's overall entity and its contributions to Boston, not the feasibility of a projected program. This model also streamlines the allocation of the BCC's resources across its constituencies and creates grants management efficiencies.

Greater Transparency About the Review Process

The power dynamic between grantor and grantee is ever-present, but there are increasingly emerging best practices in the field about how to build greater trust with a grants constituency and increase transparency about the review and selection process. This funding strategy will be published online and the review criteria and process will be made visible to applicants and take into account Boston neighborhoods as well as disciplines with an eye toward representation within each grant tier. There are examples of this level of transparency across the country to draw reference from. Funds will be available within each tier on a competitive basis. Transitioning to this model would support the BCC in meeting its goals related to the distribution of grant funds in an equitable, transparent, and predictable manner.