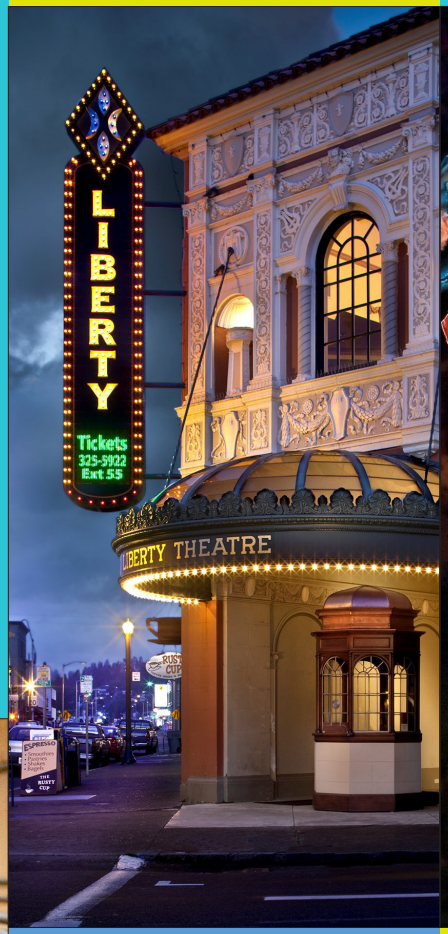
CULTURAL TRUST

IMPACTS OF THE OREGON CULTURAL TRUST AND THE CULTURAL TAX CREDIT



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ECONOMICS · FINANCE · PLANNING

ACKNOWLEDGMENTS

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The staff at ECONorthwest prepared this report based on their general knowledge of economics and public policy, and on information derived from the Oregon Cultural Trust databases, the reports of others, interviews of individuals, and other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

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BRAVO Youth Orchestras string players at the Oregon Symphony Waterfront Concert, 2016.
Historic Liberty Theater, Astoria. Photo by Michael Mathers.
Ballet Fantastique, Eugene.
Eugene Symphony at Cuthbert Amphitheater, 2015.

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INTRODUCTION AND SUMMARY OF FINDINGS

The Oregon Cultural Trust was created by the Oregon State Legislature in 2001 to lead Oregon in cultivating, growing, and valuing culture. The Legislature gave it an innovative funding mechanism to support that mission: the Cultural Tax Credit. Oregonians who donate to a nonprofit organization working on cultural activities in Oregon can then donate the same amount to the Oregon Cultural Trust to qualify for a state tax credit. In essence, the credit program allows Oregon taxpayers who want to support cultural activities to tell the state to direct some of the taxes that they would have to pay anyway to the Oregon Cultural Trust.

The Cultural Tax Credit now generates on the order of $4 to $5 million per year for the Oregon Cultural Trust. The Trust distributes up to 60 percent of that back to nonprofit organizations working on cultural activities in Oregon and around 40 percent goes toward growing a permanent fund for the Trust. All of the money eventually goes to expanding, enriching, and protecting the arts, culture, humanities, heritage, history, and historic preservation in Oregon. Throughout this report, we refer to these categories collectively as "culture."

BRAVO Youth Orchestras Wind Ensemble. Photo by Kimberly Warner.

PURPOSE OF THIS REPORT

The Oregon Cultural Trust (the Trust) has a wide-reaching influence on people's experience of culture in Oregon. Through the money it distributes to cultural organizations in Oregon and the statewide connections it forges, it reaches all corners of the state. This report seeks to describe and quantify the impacts the Trust's activities have had since its inception in the early 2000's.

The Cultural Tax Credit program requires the ongoing approval of the State Legislature. Such approval is, and should be, conditioned on some assessment of how well the program is delivering on its objectives.

To that end, the Oregon Cultural Trust asked ECONorthwest to assist it with describing the impacts of its activities, and the importance of the Cultural Tax Credit to supporting those activities. This report does not provide a traditional assessment or audit of the program's operations, but it does attempt to quantify and describe the Trust's impacts, based on what the Legislature outlined the Trust would accomplish when it created the Cultural Tax Credit program.

ASSESSMENT METHODOLOGY

Assessing the full impact of the Trust and the Cultural Tax Credit is not an easy task—not because the impact hasn't been significant: it has. Because the Trust's work is amplified in so many ways through Oregon's cultural community the Trust's influence quickly becomes difficult to measure using available data sources. Furthermore, the cultural activities the Trust supports make deep and rich contributions to the lives of Oregonians and visitors, in ways that are difficult to capture in tabulations of dollars, people, days, or other readily measurable metrics.

Fully acknowledging the challenge of the task, ECONorthwest developed a framework for this assessment in collaboration with the Trust's staff and partners. The framework identifies three fundamental activities central to the Trust's effectiveness in producing impacts:

SECURING FUNDS

DISTRIBUTING FUNDS

MAXIMIZING RETURNS FROM FUNDS

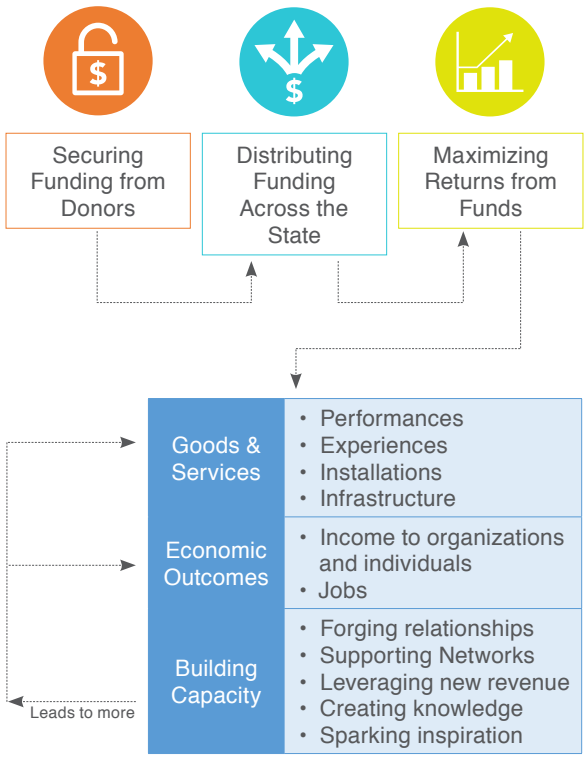
While measuring and describing the impacts arising from each of these activities doesn't fully answer the question *"what would the cultural landscape in Oregon look like without the Trust and the financial resources provided through the Cultural Tax Credit,"* it does provide a well-rounded and comprehensive picture of what the Trust has accomplished over a decade of operation.

To assess the impacts that arise from each activity, ECONorthwest relied on data from the Trust related to grants and revenue, interviews with key informants, review of relevant literature, economic input-output modeling, and case-study project examples to describe the Trust's impact over time. Where research supports impacts that are difficult to measure, we describe these impacts through illustrations of specific projects, with the intent that the reader may connect their own experiences to fill in where the data fall short.

The evaluation focuses on the Trust's activities between 2006 and 2016. Prior to 2006, as the Trust established itself, data were inconsistent and incomplete. Complete records for 2017 were not yet available when ECONorthwest completed most of the research. The period from 2006-16 captures the majority of the Trust's activities, and presents a representative picture of what it has accomplished in its tenure.

To ensure the reader has the context required to evaluate the importance of the Trust's impacts as described throughout this report, the report begins with a brief description of the Trust and then describes key trends in funding culture nationwide.

Figure 1: Framework for the Analysis



KEY FINDINGS

Since its creation in 2001, the Trust has established a robust network to support culture in all corners of Oregon, weathered the most significant recession in a generation, and has grown donations at a rate that outpaces national charitable giving rates. Every person we interviewed spoke unequivocally about the Trust's critical role in facilitating the expansion of arts and culture throughout Oregon. When asked what Oregon's cultural landscape would look like without its financial and organizational support, the answers were singularly emphatic: arts and culture would suffer noticeably and permanently. Supporting this broad sentiment are seven key findings about the Trust's impact from our research:

- **The Cultural Tax Credit program and the Trust's grant-making activities provide a stable and accessible funding source for culture in Oregon, which is likely to grow in importance given national trends in cultural funding.** Public support for the arts at all levels of government has declined in inflation-adjusted dollars. Foundation support for arts and culture has, in the long run, kept pace with inflation. But its rate of growth lags those for most other areas of giving (in other words, it is a lower priority), and funding has been shifting to larger grants that are less accessible to most organizations. The recent federal tax code changes change incentives for charitable giving, pointing to potential declines in private and corporate donations going forward. *The Trust's unique structure, combined with its permanent fund, helps to insulate arts and culture funding in Oregon against these uncertain future trends.*
- **The Trust's geographic reach in distributing funding is remarkable.** Over the last decade, the Trust has supported arts and culture in every county, with higher per capita amounts of the funding going to rural counties in Eastern Oregon, where other financial resources tend to be scarcer. Funds in the rest of the state are generally well-distributed, with higher concentrations in the State's cultural hubs in Lane, Jackson, and Multnomah Counties. Coupled with broad distribution across the state, this concentration is a smart strategy if the goal of the Trust is to maximize its impact: these areas have the capacity to serve a larger population, spreading benefits to populations beyond the county borders.
- **The Trust effectively allocates resources to rural areas of the state by harnessing contributions from urban areas.** Donations to the Cultural Tax Credit are concentrated in urban areas. The Trust's grant programs award money to cultural opportunities in rural areas at higher per-capita rates than in urban areas where resources are relatively more available. This redistribution of resources allows the cultural heritage of the entire state to flourish and be enjoyed by both local residents and visitors.
- **Between 2006 and 2016, the Cultural Trust distributed $17.5 million in grant funds. Of these, the Cultural Development Grants and County and Tribal Coalition**

Wallowa Band Nez Perce Trail Interpretive Center.

The Circus Project, Portland.

Jacksonville Woodlands watershed and water cycle study. Photo by Larry Smith.

Confluence Project field trip.

Restoration class, Clatsop Community College.

Family Concert, Chamber Music Northwest.

grants funded 4,958 projects; the total value of this funding was $11.2 million. An additional $6.3 million was distributed through partner and collaborative grants. Over 200 different organizations received Cultural Development Grant funds. Thousands more individuals and organizations—including artists, historians, schools, libraries, festivals, and museums—received funding through smaller County and Tribal Coalition subgrants. The Trust's financial impact does not end there. In some cases, Trust funds leveraged other financial resources that would not have been available, and made the difference between a project being realized or not. We'll never know exactly how much additional money was dedicated to culture in Oregon directly because of the Trust's contributions. However, **the Trust's grant funds combined with other public and private financial resources to fund projects worth about $77 million between 2010 and 2016.**

- **For each $1 million granted by the Trust and spent by cultural organizations in Oregon in 2016, an additional $700,000 in economic value is generated for other Oregon businesses. Each $1 million spent per year also supports about 10 jobs in the culture sector of the economy and an additional 6 jobs across all sectors in Oregon.** This underestimates the total economic impact the Trust likely has: this only accounts for spending in the economy fueled by grantmaking. The cultural goods and services produced through Trust funds spurs additional spending, for example, by people paying admission or buying tickets. Visitors attracted to Oregon by Trust-funded festivals, events, and attractions also spend money in Oregon that produces economic impacts.
- Perhaps one of the Trust's most important impacts is the social capital that is forged directly and indirectly as it implements its legislative directives and funding responsibilities. The Trust serves as the glue and the grease for the cultural community in Oregon, providing a reason for thousands of organizations and tens of thousands of individuals to interact annually. Many of these connections would never have a reason to exist without the Trust. In this way, **the Trust serves as the nexus for the entire cultural community in Oregon, and can use this position to amplify the effects of its grantmaking activities.**
- **The Trust has tremendous potential to continue to grow contributions and expand impacts.** Despite changes in the federal tax code that might make its job more challenging by disincentivizing charitable contributions for many middle-class tax payers, the Trust has capacity to grow. In 2015, the Cultural Tax Credit was claimed by just one percent of eligible filers (i.e., tax payers who filed itemized tax returns). Given the efficiency and reach of the Trust's programming and grants, the impacts it already achieves could be expanded by increasing awareness among eligible donors and increasing its available funds. This would be an efficient way to fuel more production of cultural opportunities statewide.

CONTEXT FOR THIS ASSESSMENT

Context is important. Understanding the Trust's impacts requires an understanding of how the Trust operates: where does the money come from, how are decisions made about where it goes, and how has this changed over time? It also helps to understand the larger context within which the Trust conducts its activities: how is culture funded broadly nationwide and in Oregon, and what are the trends in this funding? To this end, this section covers two topics: 1) the Trust's organizational and funding structure, and 2) the broader landscape of funding for culture.

TRUST ORGANIZATIONAL AND FUNDING STRUCTURE

In 2001, the Oregon Legislature created what would become the Oregon Cultural Trust (the Trust) and a new mechanism for funding for culture, known as the Cultural Tax Credit (a more complete history of the Trust is described in Figure 3). The Trust operates through a small staff and a board appointed by the Governor. Critical to the Trust's operation and its remarkable reach throughout the State are three types of affiliated organizations:

- **Partner Agencies,** comprised of the Oregon Arts Commission, Oregon Humanities, Oregon Heritage Commission, State Historic Preservation Office, and Oregon Historical Society, advise the staff and Board, and receive grants from the Trust.

2013 Salem Art Association Art Fair.

- **County and Tribal Coalitions,** which have independent authority to receive and disburse portions of the Cultural Tax Credit revenue through grants to local entities, as long as they prepare and maintain a local cultural plan.
- Finally, the Trust exists in partnership with the almost **1,500 eligible non-profit organizations.** These organizations receive charitable donations that qualify taxpayers to match their donation to the Trust and take the Cultural Tax Credit. They are also eligible to receive grants from the Trust.

The Trust financial structure as it currently operates is illustrated in Figure 2 on the following page (various changes to the structure have occurred over time. These changes are highlighted in the timeline on page 7). Revenue comes to the Trust from three sources:

(1) Charitable contributions through the Cultural Tax Credit,

(2) Interest earnings from investing a portion of contributions in the Trust for Cultural Development Account, and

(3) Fees for Cultural License Plates. These sources of revenue are deposited into the Trust for Cultural Development Account.

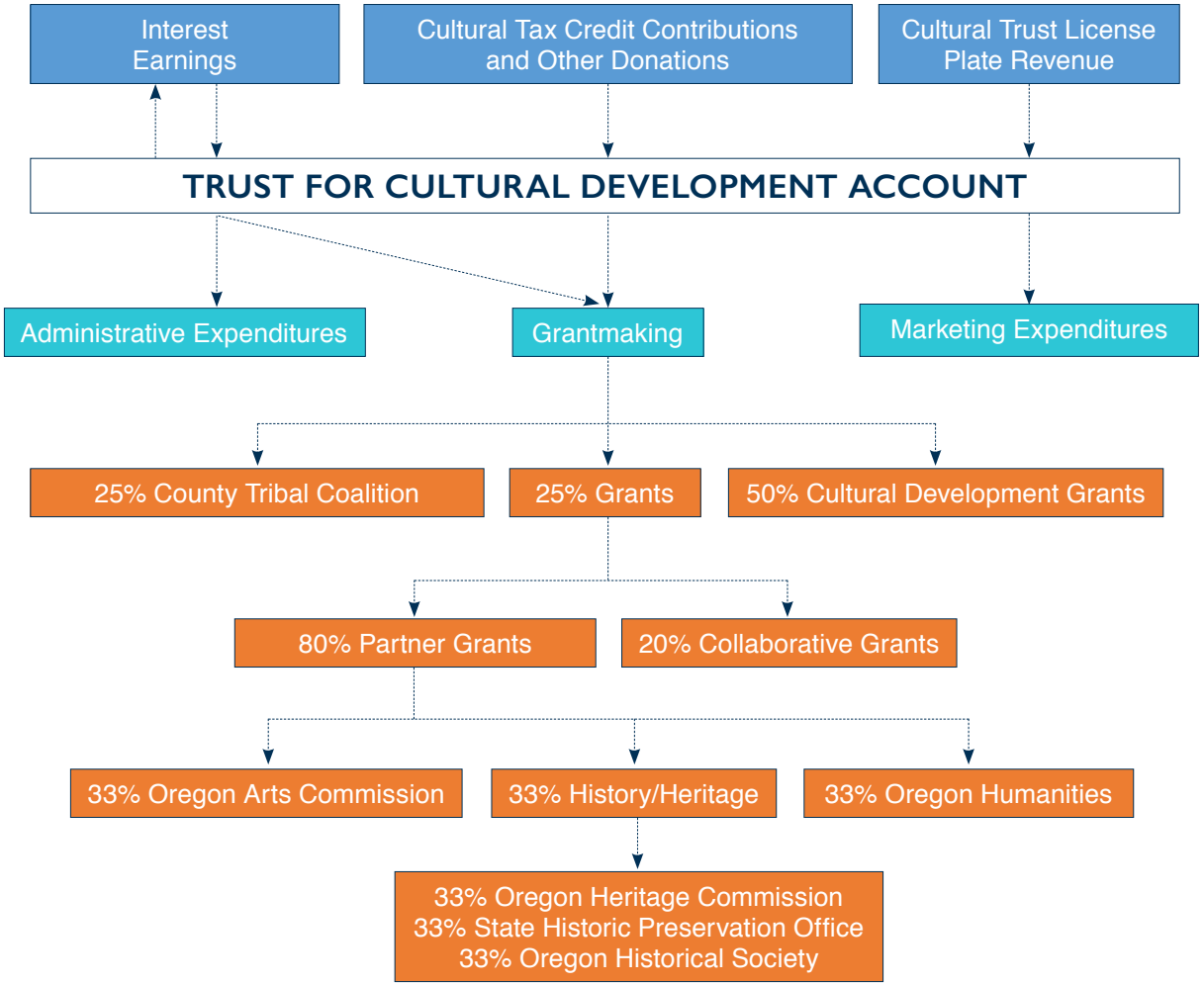
WHAT WE MEAN BY CULTURE

Throughout this report, we use the term "culture" to encompass arts, humanities, heritage, history, and historic preservation, the primary areas the Trust is charged with supporting. The Oregon Cultural Trust further elaborates: "Under these broad areas there are vast subcategories that include performing arts, literature, folk and traditional arts, music, visual arts, philosophy, architecture, gastronomy (the art and science of good eating), meaningful conversation, entertainment and tourism—all ways that Oregonian's celebrate life."

Each year, the Trust Board retains a portion of the Cultural Tax Credit revenue within the Trust for Cultural Development Account, which generates interest. Funds from Cultural License Plates are dedicated to marketing expenses, and a portion of earned interest support administrative functions of the Trust. The majority of the revenue goes to grantmaking.

The largest category of grants, currently 50 percent of grantmaking funds, goes to the Cultural Development Grants. These are statewide grants that Trust-eligible nonprofit organizations can apply for. Another 25 percent of the grantmaking funds are allocated to County and Tribal Coalitions through a formula that accounts for population differences across the coalitions. The final 25 percent of grantmaking funds are allocated to the Partner organizations as shown in the last row of Figure 2. Collectively, the statewide partners and the Trust reallocate 20 percent of the total partner funds to a "collaboration grant" which funds statewide projects that further the goals of the Trust.

Figure 2: Financial Structure of the Trust



A BRIEF HISTORY OF THE OREGON CULTURAL TRUST

2001	July—Oregon legislature passes HB 2923, providing funding and structure for the Oregon Trust for Cultural Development, including the establishment of a tax credit for direct contributions to the Trust.
2002	October—Trust for Cultural Development is established.
	December—Cultural tax credit takes effect.
2003	February—Cultural license plate goes on sale, with a $30 surcharge contributing to Trust funding.
	May—Trust announces first round of Cultural Development grantmaking and Partnership grantmaking.
	September—Cultural Trust and Oregon Arts Commission operations are merged as a legislative effort to reduce costs.
2004	July—Trust completes the first round of Participation grantmaking to county and tribal coalitions for local regranting.
2006	July—Trust Partners allocate the first round of collaborative grantmaking, including reviving the Oregon poet laureate position which had been left vacant since 1989.
2008	July—Oregon legislature reallocates $1.8 million in Oregon Cultural Trust funds to the state general fund.
2013	July—Oregon legislature reauthorizes the Oregon Cultural Trust Tax Credit until January 1, 2020.
2015	July—Legislature modifies Cultural Trust grantmaking limits and dispersal shares.
2017	July—Charitable contributions for the 2017 fiscal year exceeds $4.6 million.

The Trust was established after several years of research and planning that began formally in 1998 with the first Governor's Task Force for Cultural Development, tasked with researching cultural funding models. In 2001, the legislature established the funding model and structure for the Trust. The first Cultural Development grants were awarded in 2003. Other parts of the Trust's grantmaking programs came online in 2004. By 2006, when the partners implemented the first collaborative grant, the Trust was finally operating all of the grant programs that it currently directs.

The Great Recession hit Oregon's economy in 2008, just as the Trust was setting its stride in amassing donors and making grants. Tax collections and charitable giving across the nation and across all sectors plummeted. The state budget was hit hard by the economic downturn, and the legislature reallocated a portion of the Trust for Cultural Development Account to the general fund.

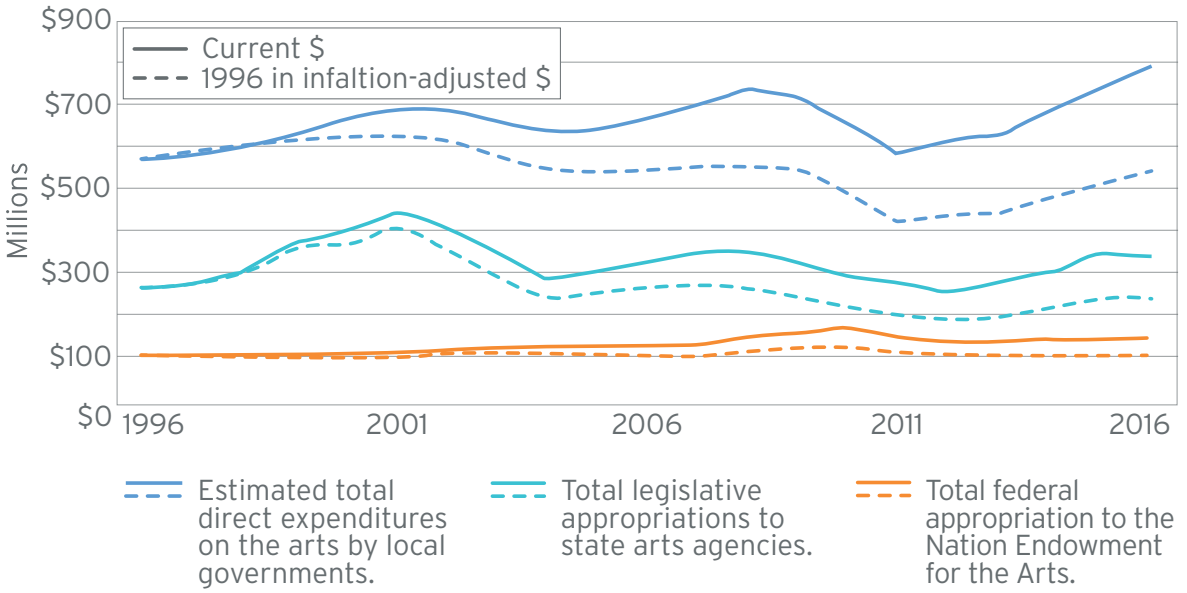
As Oregon's economy recovered from the recession, in 2013, the Legislature reauthorized the Cultural Tax Credit until January 1, 2020. In 2015, the legislature modified some features of the Trust's allocation program. By 2017, both Tax Credit revenues and total grantmaking reached new highs.

NATIONAL TRENDS IN GIVING FOR CULTURE

Most funding for culture ultimately comes from households and corporations in three ways: through private donations directly to cultural organizations, through donations to foundations that support cultural activities, and through tax payments to governments that run programs to support cultural activities. Through each pathway, the funding ultimately reaches cultural organizations (primarily non-profit organizations) whose mission is to promote culture. They, in turn, fund cultural activities, referred throughout this report as cultural "goods and services".

The Trust's funding activities fall under the category of government support, as money is collected from taxpayers and administered by the Trust, an entity created by the legislature and operated within state government. However, the structure of the Cultural Tax Credit provides incentives to taxpayers (both households and corporations) to give directly to cultural organizations. While the Trust received some startup revenue from foundations in its first few years of operation, it doesn't currently receive any funding from foundations. However, foundation giving is not entirely irrelevant to understanding the Trust's impact; some of the almost 1,500 cultural organizations throughout the state do receive funds from foundations. Understanding trends in foundation giving helps to provide context about the relative importance of public-sector giving to supporting arts and culture in the state.

Figure 4. National Funding for Culture from Local, State, and Federal Governments, 1996–2016



Grantmakers in Arts, a national association of public and private arts and culture funders in the U.S. compiles a summary of trends in giving nationwide. Its most recent findings provide insights into the funding climate for culture nationally and by extension, in Oregon:

- Total annual giving from foundations is on the order of $4 billion. Foundation granting to arts and culture has increased in recent years, but the annual growth still lags behind total foundation giving. Funding comes from a small proportion of foundations: almost half of all funding for arts and culture granted by foundations came from just 1.1 percent of U.S. foundations, and 20 percent of all funds came from just 25 foundations. Exceptionally large grants (hundreds of millions of dollars) are becoming more common, making access to this money and predictions of future giving levels more challenging.
- Funding for the arts from the public sector (federal, state, and local government) is on the order of $1.3 billion, about one-third of foundation giving. Between 1996 and 2016, in inflation adjusted dollars, total public funding decreased by about 7 percent: state funding decreased the most, while federal funding remained mostly stable. Total government funding declined considerably during the Great Recession in 2008, but has recovered somewhat since. (See Figure 4)

- Trends in grant-making by state arts agencies track closely with appropriations to state arts agencies over time. When state arts agency appropriations declined by 26 percent during the great recession between 2008 and 2012, state arts agency grant outlays declined by a nearly identical 27 percent during that same time period.

The most important source of funding for cultural organizations is private giving, from individuals and corporations. According to GivingUSA, an annual report on philanthropy in the U.S., private giving to arts, culture, and humanities increased between 2015 and 2016 by 5.1 percent and has grown at an annual average of 3.9 percent, in inflation-adjusted dollars, over the last twenty years. Giving from individuals increased, but at about 60 percent of the rate of increase in disposable personal income.[1]

Recent changes to the federal tax code may decrease giving by middle-income earners because they will be more likely to not itemize tax deductions, which removes one of the incentives to give to charitable organizations. It remains to be seen how much this will affect total giving, but contributions almost certainly will decline from this segment of the population.[2] Additionally, the limits on state and local tax deductions for federal taxes will lower the net effect of the Cultural Trust Tax Credit across federal and state taxes for many taxpayers.

Grants to cultural organizations across a broad spectrum of disciplines and to many different sizes of organization help to support culture that can be accessible to all Oregonians and visitors. Many granting organizations favor large, already well-funded art and culture groups. We appreciate that OCT moves beyond these constraints."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

OREGON'S CULTURAL ECONOMY

The Trust operates within a larger ecosystem of cultural organizations and activities. It broadly supports and touches many aspects of this work, but it is not the only player, though its impact is growing over time. This assessment quantifies the economic and social impacts the Trust has within this sector, so it is useful to have a basic understanding of the sector as a whole, and the size of its combined impact within Oregon's economy.

The national organization Americans for the Arts provides us with a high-level view of the larger economic impact of arts and culture organizations across Oregon. The Arts & Economic Prosperity project released their fifth report[3] looking at the economic importance of arts and cultural organizations, including state-level estimates for cultural organization and audience impacts within Oregon. These estimates are based on a representative survey of arts and cultural organizations in Oregon and use a custom-built input-output model, similar to IMPLAN, used in the analysis that follows. This study found that in 2015, Oregon arts and cultural

CONCLUSIONS ABOUT TRENDS IN FUNDING FOR CULTURE

- The 20-year trend nation-wide is for decreased public-sector funding in real (inflation adjusted) buying power.
- Foundation giving has not seen the same declines over time, but funding arts and culture is not a high priority for foundation giving as a whole. Giving from foundations appears to be consolidating into larger grants that are less accessible to most organizations.
- Private giving may be increasing, but not at the same rate that disposable income is growing.
- Funding ebbs and flows with the conditions of the national economy. The Oregon economy has historically had higher highs and lower lows than the average for the nation.

organizations and their audiences spent $687 million in direct economic activity, supporting roughly 22,300 total jobs and $469 million in total household income from direct and indirect spending throughout the Oregon economy.

Compared to other states, Oregon's arts and culture sector ranks fairly well compared to other sectors in employment and income, adjusting for population and GDP. Oregon ranked 10th among all states in the number of people employed in the Arts and Culture sector, per capita. Approximately 2.8 percent of Oregon's total population held a job in a core or supporting arts and culture production industry, as defined by the Bureau of Economic Analysis. Oregon ranked 8th in the nation in terms of compensation in Arts and Culture sector compared to total personal income: compensation in the Arts and Culture sector represented 2.3 percent of total personal income in Oregon in 2015.[4]

Creating and building a "trust fund" of sorts to invest in a wide range of Oregon's cultural assets at a time when support for the arts, and museums and the like are under enormous pressure. It's a very creative and innovative way to invest in Oregon's future."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

SUMMARY: WHY CONTEXT IS IMPORTANT

We expect decision-makers will use this report to reflect on the impact the Trust and the Cultural Tax Credit have had on Oregonian's experience of culture and overall quality of life. We anticipate they will also use it to inform consideration about whether it is a model that makes sense to extend into the future. For both purposes, understanding the economic and political context surrounding its operation provides perspective to interpret how the Trust has performed thus far, and also how changes in economic and policy context might affect the ability of the Trust to meet its objectives in the future.

- The Trust and the Cultural Tax Credit are integrally linked: one is a mirror of the other. The revenue from the Cultural Tax Credit serves as funding "glue" that reinforces the structure of the Trust and fuels its activities. Together they are greater than the sum of their parts. Within the larger context of private, foundation, and public-sector funding of arts and culture, the Trust operates through a unique funding mechanism: no other state has a tax credit for allocating revenue to culture, nor the organizational structure to disperse funds and support the arts and culture community at such a broad scale.
- One should expect more of the Trust if there has been a strong economy, trends toward increased philanthropy, and favorable tax treatments to take advantage of both. The Great Recession hit Oregon's economy in 2008, just as the Trust was setting its stride in amassing donors and making grants. Tax collections and charitable giving across the nation and across all sectors plummeted. Since 2008 until recently, the Trust has operated within a context of economic recovery. The assessment that follows will outline, even under less-than-ideal conditions, the Trust has produced measurable positive impacts for Oregonians.
- The Trust does not represent all of the economic activity within the cultural sector of Oregon's economy, but it helps support it. It probably contributes to or helps reinforce Oregon's position in employment and compensation in arts and culture economic industries, compared to other states.

SECURING FUNDING

Securing funding is where it all starts. This activity is key to the Trust's ability to (1) grow grantmaking over time through direct contributions for a given year, and (2) increase the share of revenue from stable sources, like interest earnings, by increasing the Trust for Cultural Development Account (which functions like an endowment). Contributions are driven first by people's awareness of the Trust, its work, and the Cultural Trust Tax Credit; and second by their willingness to give to the Trust, either through the Tax Credit or through other types of charitable giving.

The Trust secures funding through three primary mechanisms:

1. **Charitable contributions** through the Cultural Tax Credit,
2. **Interest earnings** from investing a portion of contributions in the Trust for Cultural Development Account, and
3. **Fees from cultural license plate** sales.

CHARITABLE CONTRIBUTIONS

The primary revenue source for supporting the work of the Trust is contributions through the Cultural Tax Credit. The Trust has grown charitable contributions over time faster than national giving trends. **Cultural Trust contributions grew by 4.3 percent annually between 2006 and 2016, adjusted for inflation.** Donations increased in all but three years during this time period. Over the same time period, charitable giving across the country increased at an average annual rate of 1.4 percent (inflation adjusted).[5]

Ashland Taiko, Oregon Shakespeare Festival Green Show, 2016.

The Trust has also seen an increase in the number of donors, topping 8,471 individual or joint donors in the 2015 fiscal year. **The non-corporate donor base has grown 7.6 percent annually between 2006 and 2016.** Corporate donors have dropped in half over that same time period, from 75 to 31, and do not represent more than two percent of giving in any given year over this time period.

In the 2015 tax year, 7,265 Cultural Tax Credit claims were made. In the same year, 782,642 itemized state tax returns were filed[6], meaning **the Cultural Tax Credit was claimed by roughly one percent of eligible filers**. Despite federal tax changes for the 2018 tax year, which is expected to reduce the number of filers electing to itemize deductions, the 2015 share of tax filers took advantage of the Cultural Tax Credit shows potential for donor growth to continue to grow annually. The Trust has set an objective within its Strategic Plan of increasing precipitation in the Cultural Tax Credit to 25,000 individuals by 2021.

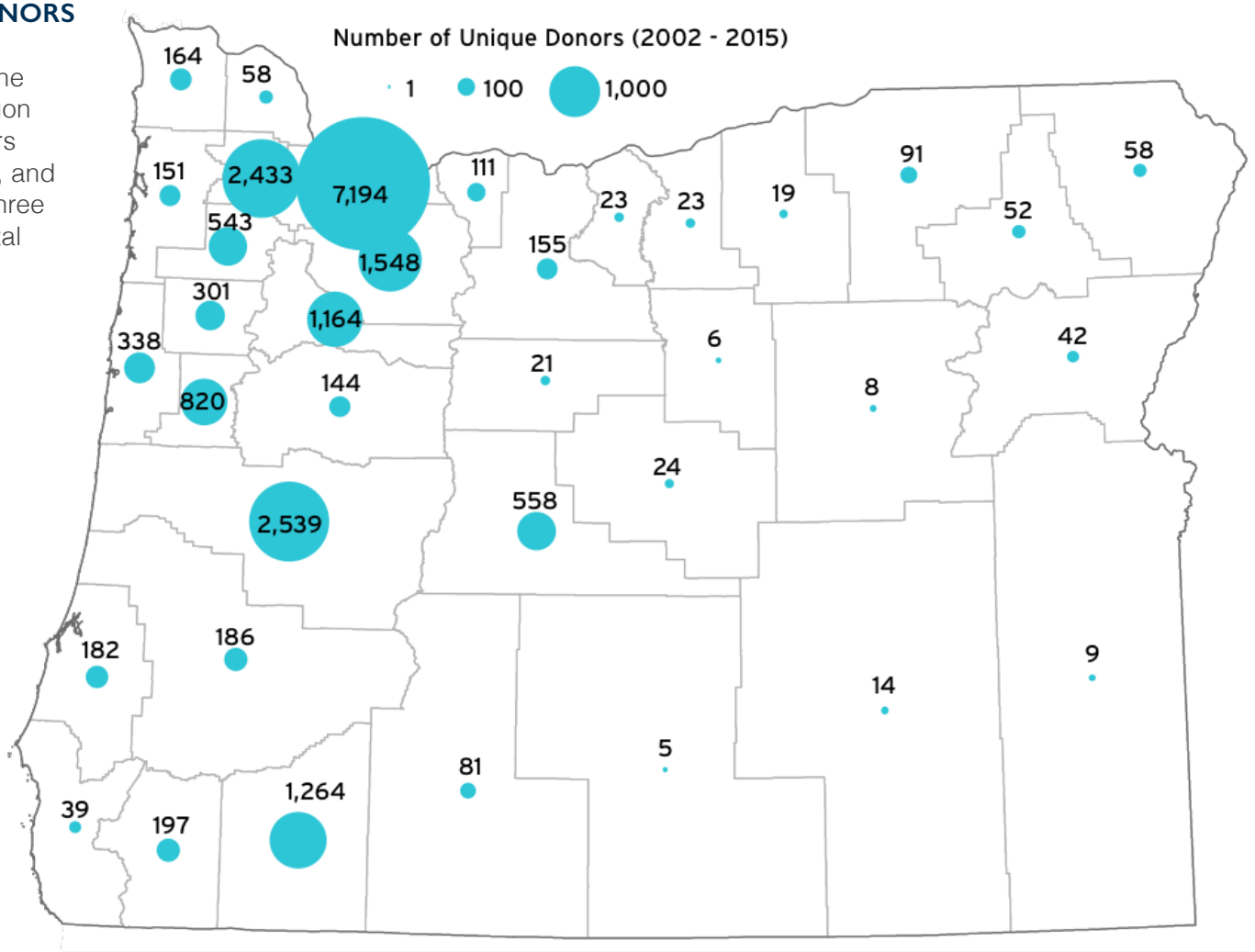
At current growth rates, the Trust would see over 13,000 donors participating, far short of its current (perhaps aspirational) goals.

Through 2015, the Trust has been supported by roughly 21,400 unique individual, joint, or corporate donors. Of these donors, 96 percent are located in Oregon and most donors are individual or joint tax filers (98 percent). Between 2002 and 2015, the Trust roughly doubled the number of unique donors within a given year. Many donors have long relationships with the Trust, with 12 percent of donors having donated in at least 10 of the first 14 years that the tax credit was available.

Figure 5. Number of Cultural Trust Donors by County, 2002 through 2015

GEOGRAPHIC LOCATION OF DONORS

Oregon-based donors are located throughout the state. Figure 5 shows the number of unique donors across Oregon counties. Roughly 52 percent of donors are located in Clackamas, Multnomah, and Washington counties. In 2016, these three counties represented 59 percent of total wages across the state.



TRUST FOR CULTURAL DEVELOPMENT ACCOUNT (INTEREST) EARNINGS

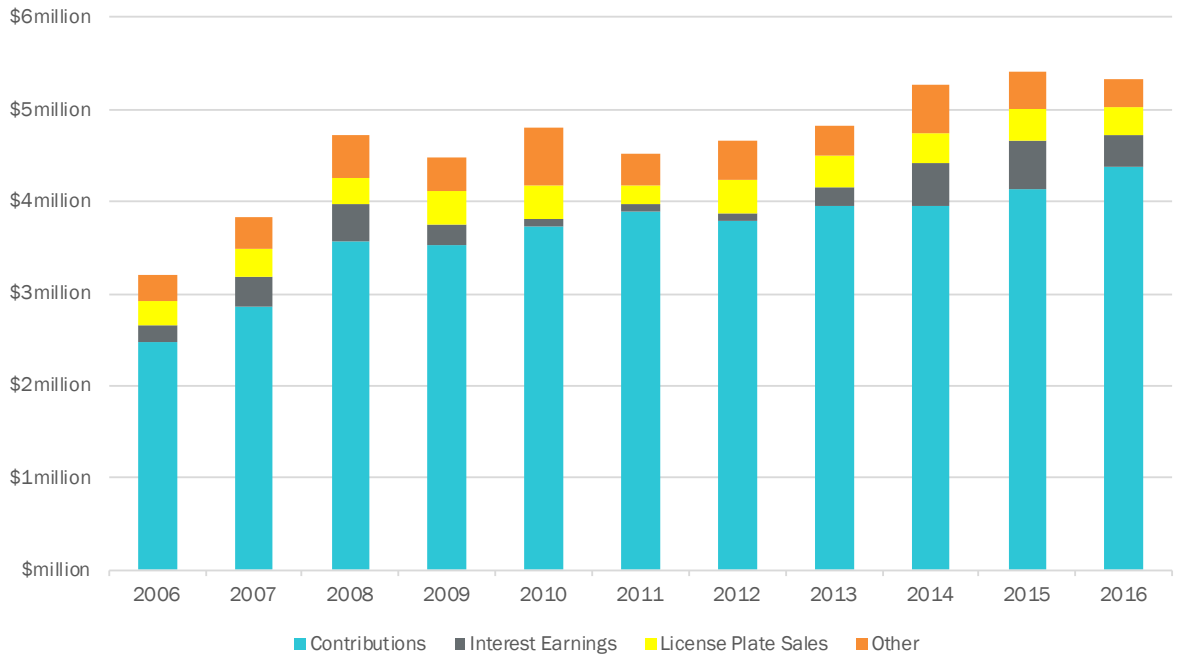
The second revenue source is the Trust for Cultural Development Account, a permanent fund investment account. The investment account provides annual interest earnings, which contribute to the overall annual pool of funds for grantmaking each year and support the Trust's operations costs.

The permanent fund principal has grown with each year's allocation from the Trust Board. Based on permanent fund allocation shares and contribution growth, **the principal has grown on average by 6.9 percent per year between 2006 and 2015.** As of the 2016 fiscal year, the Trust Board may elect to distribute between 50 and 60 percent of annual contributions through grantmaking, up from 42 percent in previous years. This will slow the relative growth in the fund principal and the cumulative interest earnings. The fund interest earnings have fluctuated greatly with economic market trends—**the fund earned an annual average of 1.9 percent per year between 2006 and 2016.**

CULTURAL TRUST LICENSE PLATE SALES

The third revenue source for the Cultural Trust is license plate fees from the sale of the Oregon Cultural Trust license plate. This revenue is dedicated to supporting the Trust's marketing and outreach efforts. Until 2013, this revenue covered all marketing costs for the Trust. **License plate revenue has grown roughly 3 percent annually since 2007,** while marketing and outreach costs have increased at roughly 13.3 percent annually over the same time period.

Figure 6. Trust revenue, by source and year, 2006 through 2016 (not adjusted for inflation)



Notes: The Trust received foundation grants and transfers from other government agencies in its nascence. Carry-over funds from prior years account for an average of 8 percent of total revenue each year.

SUMMARY OF SECURING FUNDING

Figure 6 shows the cumulative revenues from these three regular revenue sources. This graphic is not adjusted for inflation, but as indicated earlier, adjusted for inflation, contributions (which are the largest share of revenue) increased by an annual average of 4.3 percent. The relative shares of revenue have remained fairly constant over time, with the greatest fluctuation in interest earnings. They decreased relative to the other categories during the recession, and have increased in recent years. After plateauing somewhat during and following the Great Recession, contributions are again growing at a faster rate, though not as quickly as they grew in the first few years after the Cultural Tax Credit was available.

DISTRIBUTING FUNDING

Once the Trust secures funding, it must distribute the funding to organizations and individuals to support culture throughout Oregon. The Trust distributes funding according to guidelines outlined in authorizing legislation.

The guidelines stipulate that funds should be allocated both statewide and locally. This provision suggests a functional structure that the Trust has implemented and refined over its history to efficiently distribute funding throughout Oregon. The bulk of the funding is distributed through two grant programs that are accessible to the almost 1,500 eligible arts and culture organizations (and in some cases, individuals) statewide:

- Cultural Development Grants are offered statewide through a competitive process that supports organizations with knowledge and understanding of the grant-writing process. Within the Cultural Development Grants, the guidelines require the Trust to allocate money across four objectives: access, creativity, capacity, and preservation (defined below).
- County and Tribal Coalition Grants are allocated to County Coalitions and Tribes (using a base amount plus a calculated per-capita addition), which then re-grant these funds for local projects. The Coalitions distribute these funds consistent with a Cultural Plan that reflects local cultural goals and priorities.

"The Cultural Trust funds culture through a diverse statewide network that ensures its grant dollars are shared wisely. It's a great funding model – if more donors would participate it could have a transformational impact on the cultural life of our state."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

Un Dia De Teatro, Hood River.

Some of the funding is also allocated to the Trust's five statewide partner organizations, which in turn allocate it to various projects that support arts and culture statewide. In recent years, some of the partner money has been re-granted to organizations in local communities.

Based on the goals of the Trust and the underlying legislative direction, we first describe the distribution of funding across the two primary grant programs and the funding to partner organizations. We conclude with an assessment of the geographic distribution of total funds distributed through the Cultural Development Grants and the County and Tribal Coalition Grants.

DISTRIBUTION ACROSS GRANT PROGRAMS

Cultural Development Grants

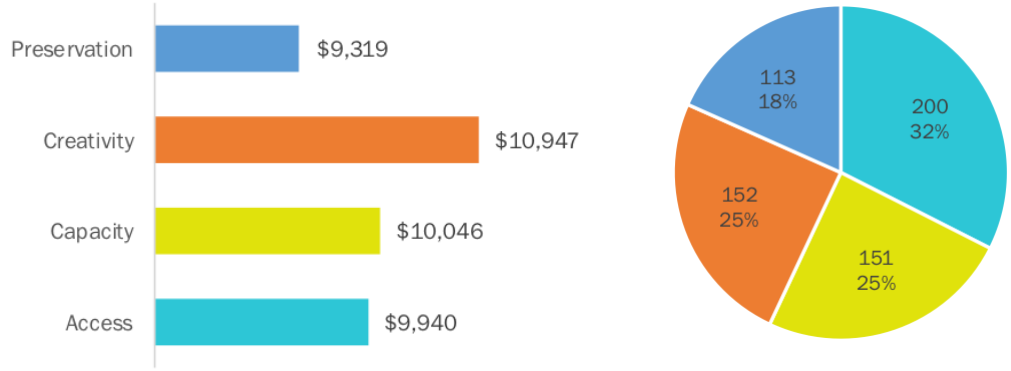
Cultural Development Grants provide funding to eligible organizations for costs associated with advancing, preserving, stabilizing or building new cultural resources. These grants are the core of the Trust's giving, currently representing half of all grantmaking, per current legislative direction. **Between 2006 and 2016, the Trust distributed $6.4 million through the Cultural Development Grant program, through 616 individual grants to 206 organizations. The average grant amount over this time period was $10,100.**

To meet the Trust's legislatively defined objectives for these grants, projects are selected for funding across four categories of impact: preservation, access, creativity, and capacity building. Between 2006 and 2016, grantmaking across these four project types have been roughly equal. Capacity and creativity projects have each received about a quarter of grants, access projects have received a third of grants over this time period, and preservation projects have received just under 20 percent of grants. Average grant amounts by project type are shown in Figure 10 on the previous page.

"At our end of the state the OCT helps to keep local theaters in operation and able to provide services to youth that would not otherwise be available. In addition, they fund local theater and community programs. This is not a wealthy community and the funds from the Oregon Cultural Trust are often the difference between having or not having an event."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

Figure 10. Average Grant Amount (left) and Count and Percent Distribution (right) by Objective, Cultural Development Grants, 2006 through 2016



WHAT DO THE TRUST'S CULTURAL DEVELOPMENT GRANT "OBJECTIVES" REALLY MEAN TO OREGONIANS?

Here are some examples of the four objectives for Cultural Development Grants, Preservation, Creativity, Capacity, and Access, in action.

Preservation: Liberty Theater Restoration Transforms Astoria

The Liberty Theater is the spark that ignited Astoria's remarkable renaissance. Since 1998, $9 million in public and private money has helped restore the theater. Once again, the Liberty sparkles with chandeliers, music, Greek columns, dancers and Venetian boat scenes. In turn, the theater's rebirth fueled the restoration of vintage hotels and saw the once-grand city reclaim silent canneries for cafes and shops, replace dingy dives with hip restaurants and create a riverfront trolley with an adjacent walking path, running on abandoned railroad tracks. The Oregon Cultural Trust's 2015 $8,445 contribution helped seal the theater from insistent coastal rain that leaked into the building.

Historic Liberty Theater, Astoria.

Creativity: Hood River Sculpture Honors Celilo Falls

"N'Chi Wanapum," by Native American artist Foster Kalama, is a life-sized tribute to the Celilo falls fishing platforms used by indigenous people before the falls were silenced by a dam 50 years ago. It is mixed media with steel, wood and natural fiber and is located at the Hood River Waterfront along Nichols Basin. "It is a sculpture of my life, my father's life and ancestors. I have fished the scaffolds since I was eight with my dad, Kalama Sr," says Foster. The project was partly funded with an $8,000 grant from the Oregon Cultural Trust.

"N'Chi Wanapum" by Foster Kalama, Hood River.

Capacity: The Dalles Library Creates Teen Space

The Dalles-Wasco County Library received a donation from Google to outfit a media lab with technology and resources designed for teens. But the library didn't have the means to build the space out for teens so it would be compatible with other library uses. In 2016, the library applied for and received a $40,000 Cultural Development grant to cover almost all of the construction costs associated with the project. "If we hadn't received the grant, none of this would be possible," said Megan Hoak, Teen Services Librarian, Dalles-Wasco County Library.

Teen media space, The Dalles-Wasco County Library.

Access: Ethos Brings Music Back to Rural Communities

Music is returning to rural Oregon thanks to a partnership between Ethos, a Portland-based music education nonprofit, and AmeriCorps, a federal community service program. In 2015, a $17,000 grant from the Oregon Cultural Trust helped music teachers reach 1,350 students in grades K-12 in nine towns: Elkton (south of Eugene), Fossil (central Oregon), Condon (central), Monument (south of Pendleton), Madras (central), Metolius (near Madras), Warm Springs(central), Falls City and King's Valley (both south of Monmouth).

An Ethos instrument petting zoo.

"As a member of small arts nonprofit, we have received funds from our county collation for events and program. Those funds made art exhibits, performances and a children's afterschool program possible. Many cultural events we have attended in Portland have received help from the Cultural Trust as well. It is making for more vibrant arts communities throughout the state. Can[not] say enough how important this is!"

"With every OCT grant and grants from the counties and tribes, culture in Oregon is enhanced. On the county level, I see so many projects that would not happen were it not for the Trust."

– Anonymous contributors to an independent survey of donors to the Oregon Cultural Trust

Harney County Rodeo, Burns.

County and Tribal Coalition Grants

One quarter of grants are set aside for 45 County and Tribal Cultural Coalitions (the Coalitions). These local agencies or designated organizations serve a defined community by providing small subgrants to meet local cultural needs. Subgranting by Coalitions may be made to any type of organization or to individuals, but Coalitions must prepare and submit local cultural plans to receive funds from the Trust. The Coalitions may also use funds to provide technical support and fund internal grant management and accounting activities.

Between 2006 and 2016, $4.8 million was distributed by the Coalitions across 4,342 subgrants. The average grant over this time period was $1,097. The coalitions report on project goals accomplished in each grant, with each project reporting any number of goals. Of the 4,004 subgrants with project goals reported over this period:

- 68 percent (2,732 subgrants) aimed to **increase participation in or access to culture**
- 52 percent (2,092 subgrants) were intended to **serve youth**
- 40 percent (1,597 subgrants) aimed at **building organizational or individual capacity**
- 18 percent (732 subgrants) had the goal of **supporting cultural tourism**
- 6 percent (251 subgrants) listed **economic development as one of its goals**

Feedback from multiple stakeholder interviews was that the Coalition grants are important in achieving the distribution-related goals of the Trust. The coalitions are able to most effectively respond to the varied and changing needs of each community. By granting smaller amounts through a flexible process, they reach a more varied set of recipients, many who do not have the resources to pursue funding at the statewide level.

Partnership Grants

The last type of grant distributed by the Trust is the Partnership grants. One quarter of all funds the Trust elects to grant each year are distributed to the "core statewide partners": Oregon Arts Commission (OAC), Oregon Humanities (OH), the Oregon Heritage Commission (OHC), the State Historic Preservation Office (SHPO), and the Oregon Historical Society (OHS). Eighty percent of funds set aside for partners are distributed directly to these organizations to carry out their agency's mission, serve more grantees, or to support new cultural undertakings. These funds are distributed across organizational goals—one-third each to arts (OAC), humanities (OH), and historical/heritage (OHC, SHPO, and OHS combined). **Between 2006 and 2016, $4.4 million was distributed to the Partner organizations directly.** Each organization has utilized these funds differently. Some fill gaps in restricted funding streams; some support or build state-wide programs; and others pilot new projects that later get supported by permanent or larger grant sources.

The remaining 20 percent of partnership funds are distributed through collaborative grants for projects that support cultural education, cultural tourism, or other cultural activities. **An additional $1.2 million was distributed by the Partners through Collaborative grants.** The partners fund between two and four projects on average each year through these grants. Projects that have received grants in multiple years include:

"It brings such a wonderful variety of culture to extreme northeastern Oregon where I live. It also helps sustain local activities. [I] proudly give to the trust annually and to local cultural organizations struggling to survive in the wild west."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

- *Conversations with Funders and Partners*, where major arts and culture funders tour the state and provide information about grants and programs available to eligible organizations. This program aims to improve access to funds for small or rural organizations.
- Revival of the *Oregon Poet Laureate*, an annual positon meant to foster literacy, and address issues related to humanities and heritage in Oregon.
- *Oregon Folklife Network*, a network of traditional cultural specialists and apprentices, aimed at preserving traditional skills and knowledge across Oregon.
- Supporting a *Coalition Coordinator* to provide technical assistance to cultural coalitions statewide.
- *Oregon Encyclopedia Project*, which provides accessible and authoritative information on significant individuals and peoples, places and institutions, cultures and events across Oregon. This resource is available to both researchers and the general public.

GEOGRAPHIC DISTRIBUTION

The two maps below show the geographic reach, by county, of total funding through the two grant programs that distribute the majority of the Trust's funds: the Cultural Development Grants and the County and Tribal Coalition Grants. The first map (Figure 7) answers questions about counties: which get the most funds? Which the least? But showing total funding by county shows the obvious: counties with larger populations get larger amounts of funds. The second map (Figure 8) answers questions about people and counties: it shows the amount counties have received per person. Both figures have uses, but the second map is a better way to assess the fairness of the distribution.

The money the Trust grants reaches all corners of the state. Funds *per person* are highest in Eastern Oregon, where populations are smaller and more dispersed. The state's major cultural hubs in Multnomah, Lane, and Jackson counties stand out within the I-5 corridor. Lower per-capita funding levels in counties surrounding these hubs suggest that many individuals who live in counties adjacent to these hubs also enjoy cultural goods and services originating within the hubs. Several examples illustrate this arrangement:

Figure 7. Total Cultural Development and Coalition Funding by County, 2006 through 2016

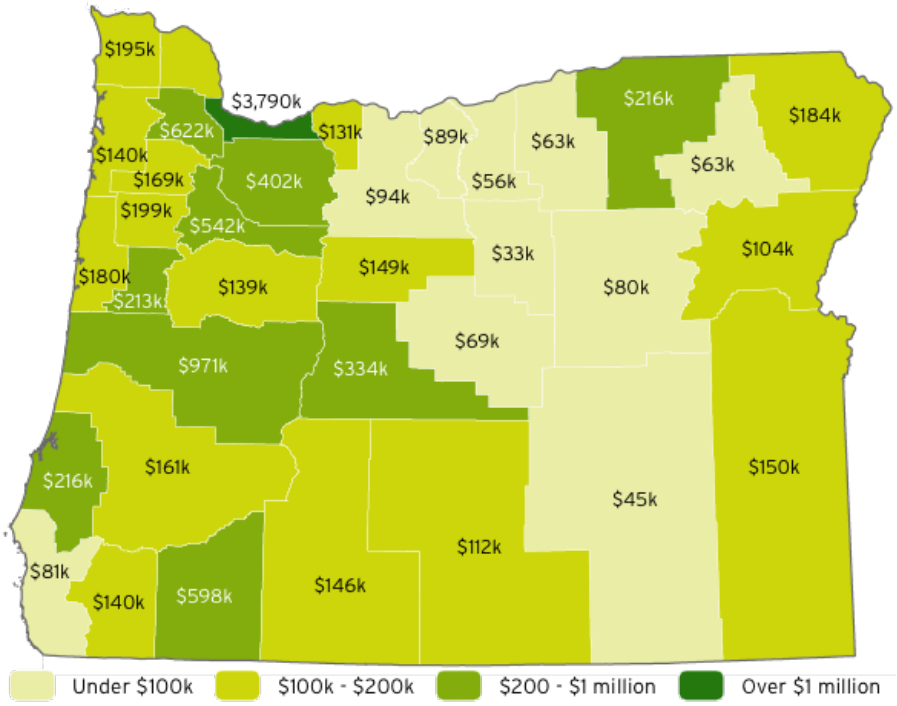
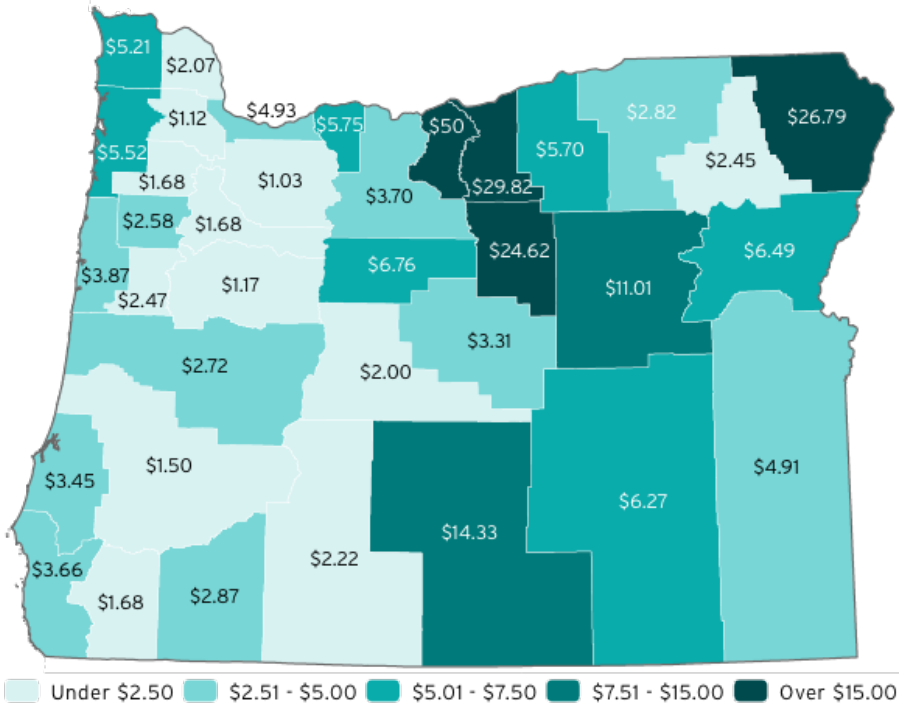


Figure 8. Total Cultural Development and Coalition Funding by County, per Capita, 2006 through 2016



Note: Tribal grants are shown within the county where the Tribe's government is located.

- Residents of Douglas County are able to access performing arts venues in both Lane and Jackson Counties.
- Residents of Clackamas and Washington Counties are also served by cultural organizations located in (and thus receiving funding in) Multnomah County, who may advertise, broadcast, travel, or otherwise distribute cultural goods and services throughout the Portland metropolitan area.
- Multnomah County is where many organizations are located that provide cultural goods and services statewide. These organizations gain efficiencies by locating in the state's most populous region (e.g., a more diverse labor pool, networking opportunities with other cultural organizations, cheaper access to a wider range of resources), which makes creating and distributing cultural goods and services throughout the state more productive.

Allocating funds in this way is a smart strategy if the goal of the Trust is to maximize its impact: these areas have the capacity to serve a larger population, spreading benefits to populations beyond the county borders.

MAXIMIZING RETURNS ON FUNDING

The most visible impact of the Trust comes as a result of the work it does to secure and distribute funding. Once the Trust releases funds into the community, Oregonians begin to see direct benefit from the work of the Trust through the activities of the cultural organizations it helps to fund. This assessment organizes those benefits into three categories:

- Producing Cultural "Goods and Services." Performances, experiences, installations, and infrastructure—the "things" organizations do with the funds
- Generating Economic Impacts. Jobs supported by the spending of funds and related spending, and income to organizations and individuals
- Building Capital and Capacity. Investments in resources and relationships that endure beyond the funding period, the leveraging new funding sources, and the creation of knowledge and access to information.

Each of the Trust's goals indirectly addresses its desire to maximize returns from the funding it distributes and activities it engages in. **The Trust has influence over the degree of impact the funds have through the application review processes for each grant program.** By enforcing certain minimum qualifications in its Development grant process and requiring recipients to report on project outcomes, the Trust creates a trail of accountability in the grant process. By requiring County and Tribal Coalitions to develop a cultural plan prior to receiving money, the Trust creates an expectation about how local funds will be distributed, which can later be verified through the reports the Coalitions provide back to the Trust.

The Trust also has opportunities to increase the returns on its investments through the marketing, relationship building, and organizational support it offers through its funding activities. These activities are accomplished in part through the relationships built among the partner organizations, but also through the day-to-day interactions the Trust staff have with cultural organizations throughout Oregon. Through its funding responsibilities, the Trust has the opportunity to hear from and respond to thousands of organizations and tens of thousands of individuals annually. In this way, **the Trust serves as the nexus for the entire cultural community in Oregon, and can use this position to amplify the effects of its grantmaking activities.**

> The Trust makes many cultural experiences possible. When the Trust funds a project there is a stamp of approval that we are going to experience something of quality."
>
> *– Anonymous contributors to an independent survey of donors to the Oregon Cultural Trust*

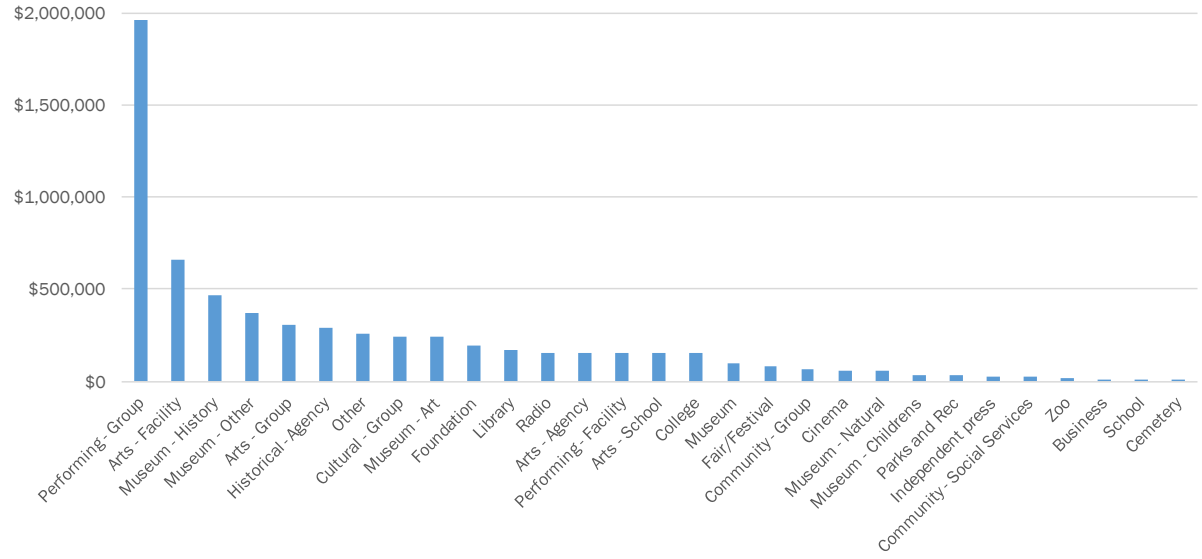
PRODUCING CULTURAL GOODS AND SERVICES

The available data reveal two pieces of information about the cultural goods and services the Trust makes possible: the types of goods and services funded, and the value of those goods and services.

Types of Goods and Services

What types of goods and services can people enjoy because of the Trust's activities? Cultural goods and services can be parsed and described in a multitude of ways. The Trust's database of grants categorizes Cultural Development Grant recipients by organization type. While not a perfect indicator, the type of organization receiving money illuminates the types of cultural "goods and services" people experienced as a result of the Trust's funding work. Figure 11 shows that performing arts was the largest category funded, followed by arts facilities and museums.

Figure 11. Cultural Development Grant amounts, by institution type, 2006 through 2016



Eugene Symphony at Cuthbert Amphitheater, 2015.

Value of Goods and Services

Between 2006 and 2016, the Cultural Trust distributed $17.5 million in grant funds. Of these, the Cultural Development Grants and County and Tribal Coalition grants funded 4,958 projects; the total value of this funding was $11.2 million. An additional $6.3 million was distributed through partner and collaborative grants. Over 206 different organizations received Cultural Development Grant funds over this time period. Thousands more individuals and organizations, including artists, historians, schools, libraries, festivals, and museums received small local grants through the County and Tribal Coalition subgrants. These financial resources are one indication of the value of goods and services the Trust has supported during this period.

This measure is almost certainly an underestimate of the actual value of cultural goods and services the Trust generates: in reality, the value of the impact is likely much greater. One reason for this is because some of the projects the Trust supports might not have been possible without the financial support of the Trust, so the actual value attributable to the Trust's support may include other financial contributions the project received.

All development grants and subgrants from cultural coalitions require at least a one-to-one match of Trust funds with other revenue sources, which can include in-kind donations. This requirement ensures that cultural organizations build up sufficient community and fiscal support to see granted projects through to completion. On average, for the Development Grants, the Trust's grant award accounts for about 16 percent

Florence Events Center's Second Star Festival.

The Portland Ballet.

Restore Oregon Heritage Barn Workshop, 2015.
Photo by Drew Nasto.

"As treasure[r] of the community theater group, Porthole Players, in Newport, Oregon, we received a grant a few years ago to help us purchase mics for the company. I know the OCCA, of which we are a major part of, has received numerous grants to help move the Newport Performing Arts Center forward. Without the assistance of The Cultural Trust many of these projects would have failed!"

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

of total funding. About 20 percent of funded projects relied on Trust grants for more than 25 percent of total project costs.

Anecdotal accounts suggest that for many projects, the Trust's financial support provided credibility and financial resources to leverage funding that may not have otherwise materialized. The available data cannot answer the question "how many projects would not have occurred without the Trust's support." However, interviews with people who work with and are familiar with the Trust suggest that many funded projects would have been diminished without Trust funding (meaning they would have been scaled back, or more resources would have been dedicated to securing funding rather than implementing the project), and some almost certainly would not have occurred at all without the Trust's financial commitment.

GENERATING ECONOMIC IMPACTS

As the Trust's funds are distributed throughout Oregon, organizations and individuals use the money in a variety of ways:

- They directly support employees who implement the work of the organization.
- They purchase goods and services used to produce arts and culture products (e.g., lumber and paint for a set; an electrician to install new fixtures; design and printing services for a brochure).
- They pay rent, or invest in new equipment.

However cultural organizations spend the money, it produces positive effects on the economy. Money spent locally provides income and supports additional jobs for business owners within the community, both directly and indirectly affiliated with cultural activities. Economists measure the economic effects of this spending using model of the economy called an input-output model. In this assessment, ECONorthwest used a model called "IMPLAN" to take a snapshot

of Trust spending in one year—in this case, 2016—and track how the money ripples through the economy, as dollars are spent and re-spent. These examples illustrate how this works:

A community center receives a Trust grant to build a small stage for community theater productions. The community center purchases lumber to build the stage from a local hardware store. This is the direct economic impact. The hardware store uses part of the money from the lumber purchase to pay the store manager. The rest it spends on paying the supplier of the lumber. The store manager uses part of his salary to buy groceries. These are secondary impacts. As long as the money is re-spent within the local economy, it continues to generate secondary economic impacts.

A museum receives a Trust grant for a new historical interpretive program. The museum hires a part-time researcher to develop the program. This is the direct impact. The researcher spends part of his compensation to pay for childcare. The childcare facility, in turn, purchases food and art supplies locally, and hires an additional staff person. These are the secondary impacts.

The input to the IMPLAN analysis is the amount of money the Trust distributed in 2016 as grants through the Cultural Development Grants, County and Tribal Coalition Grants, and the Partner Grants. The IMPLAN model was patterned on 2016 spending patterns in Oregon's economy. The money spent in 2016 was assigned to different sectors of the economy using the methodology established in our 2012 analysis of cultural institutions in Oregon . For additional details on IMPLAN and methods used in this assessment, see Appendix A.

In 2016, Trust grantmaking totaled $2.52 million. **That funding supported an estimated 24 direct jobs and $841,000 in direct labor income. Through secondary impacts, the Trust grantmaking supported an additional 16 jobs, $604,000 in labor income, and $1.8 million in total economic output**. Figure 12 summarizes the results of the analysis.

Assuming the economy in the future remains similar to its shape in 2016, and the types of organizations that receive Trust grants don't change very much, it is appropriate to infer that for every year the Trust grants money, it will generate impacts on employment and income at the same rates per amount spent. **In other words, for each $1 million granted by the Trust and spent by cultural organizations in Oregon in 2016, an additional $700,000 in economic value is generated for other Oregon businesses. Each $1 million spent per year also supports about 10 jobs in the culture sector of the economy and an additional 6 jobs across all sectors in Oregon.**

For each $1 million granted by the Trust and spent by cultural organizations in Oregon in 2016, an additional $700,000 in economic value is generated for other Oregon businesses. Each $1 million spent per year also supports about 10 jobs in the culture sector of the economy and an additional 6 jobs in other sectors in Oregon.

Figure 12. Direct and Secondary Economic Effects of Trust Spending in Oregon in 2016

	DIRECT IMPACTS	SECONDARY IMPACTS	TOTAL IMPACTS
Employment*	24	16	40
Labor Income	$841,000	$604,000	$1,444,000
Value Added	$1,660,000	$1,024,000	$2,684,000
Output	$2,520,000	$1,791,000	$4,312,000

*For the purpose of clarity, we begin the analysis from the grant recipient's first round of spending, rather than starting from the distribution of grant funds from the Trust to the receiving organization. Grant making from a government organization is considered a government transfer, and does not have a direct impact on its own.

Portland Children's Museum.

Saddle maker Steve McKay, Burns.
Courtesy of Oregon Folklife Network.

Storybook Theatre's "Goldilocks and the Three Bears," Cottage Grove. Photo by Dani Brown.

"Distributing money to a LOT of really worthwhile cultural events throughout the state that not only entertain and educate Oregon citizens but are a big draw for tourists who spend money in the state."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

When arts and culture organizations spend Trust grant money, they produce cultural "goods and services," characterized in the previous section. These performances, exhibits, experiences, and resources end up being consumed by a wide range of people, who purchase tickets, artwork, etc. This spending also produces impacts in the same ways as described above. But much of this spending by Oregonians probably would have been spent in the state anyway, in other ways (e.g., through non-arts-and-culture purchases).

To the extent that the Trust funds cultural "goods and services" that attract visitors from out of state, their spending would produce economic impacts in addition to those described above. The extent to which Trust funding supports cultural resources that create tourism to Oregon from out-of-state is impossible to quantify given available data, and is largely outside the scope of this study. However, it is reasonable to conclude that the Trust's support of arts and culture in the state has a more extensive economic impact than this assessment was able to quantify directly.

BUILDING CAPITAL AND CAPACITY

Supporting culture produces "things" that people clearly care about, and the associated spending contributes to the economy. But it also can do more. First, exposure to arts and culture has been shown to generate a **broad set of benefits for society**, including higher test scores and more socially connected communities. Second, funding **projects that build capital and capacity have the potential to magnify a project's direct outcomes and increase returns from the Trust's initial grant over time**.

Long-Term Benefits of Investment in Culture

Social scientists have attempted to describe and quantify the long-term benefits of investments in art and culture. Among the most recent and comprehensive efforts was the *Art Index* project of Americans for the Arts (ended in 2016). It summarized benefits of arts nationally to include the following benefits that "persist even in difficult social and economic times":

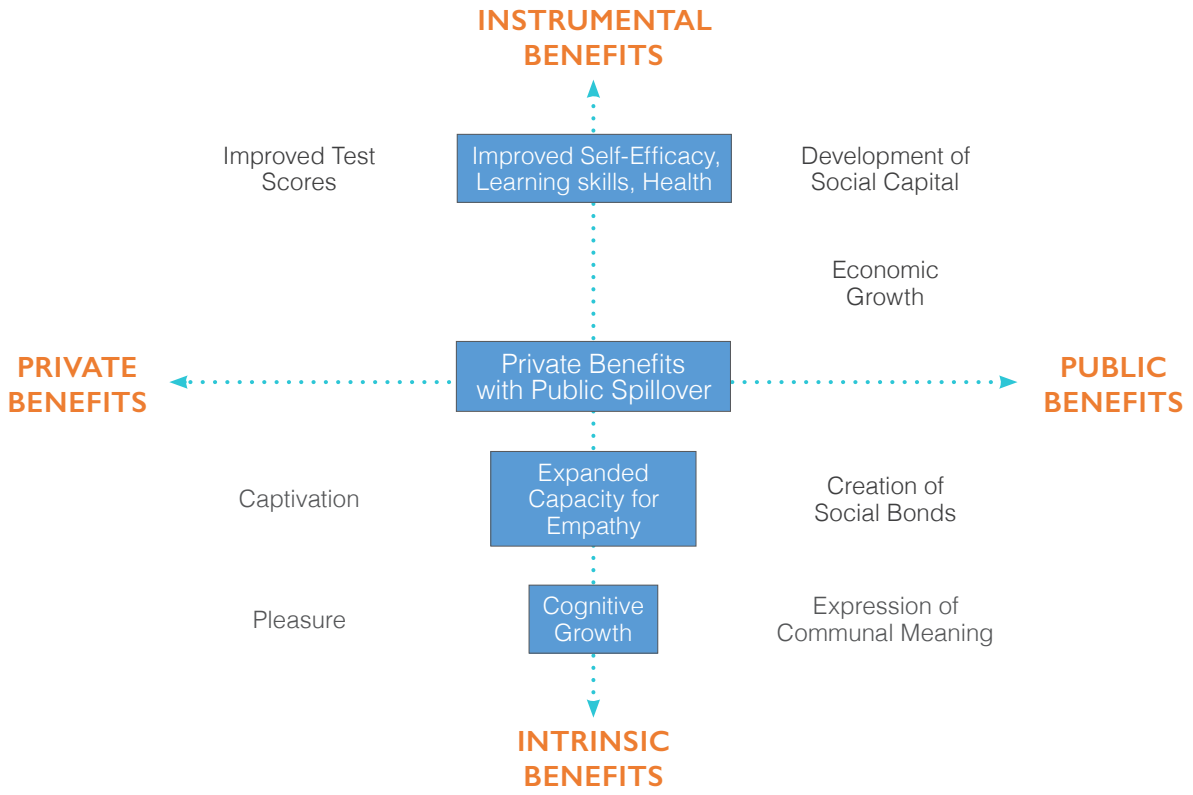
- Aesthetics: The arts create beauty and preserve it as part of culture
- Creativity: The arts encourage creativity, a critical skill in a dynamic world
- Expression: Artistic work lets us communicate our interests and visions
- Identity: Arts goods, services, and experiences help define our culture
- Innovation: The arts are sources of new ideas, futures, concepts, and connections
- Preservation: Arts and culture keep our collective memories intact
- Prosperity: The arts create millions of jobs and enhance economic health
- Skills: Arts aptitudes and techniques are needed in all sectors of society and work
- Social Capital: We enjoy the arts together, across races, generations, and places

Another study by the RAND Corporation is essentially the textbook on benefits of arts. An earlier report by ECONorthwest described a framework consistent with that of RAND. Figure 13 shows two dimensions: whether the benefits are public or private, and whether they are instrumental (more directly related to the economy and more likely to be measurable) or intrinsic (more related to individual satisfaction).

The theoretical research suggests the benefits exist, but the empirical research has a hard time quantifying them as outcomes of specific projects. That point is critically important to understanding the full range of impacts the Trust has on Oregon's economy and prosperity broadly.

Projects that build capital and capacity have the potential to magnify a project's direct outcomes and increase returns from the Trust's initial grant over time.

Figure 13. Framework for Understanding the Societal Benefits of Investing in Culture



SOURCE: McCarthy, K.F., E.H. Ondaatje, L. Zakaras, and A. Brooks. 2004

Building Capital and Capacity through Trust Grants

There are many ways that organizations may use Trust grant funds to get more "bang for their buck." Any time an organization uses a grant to build something that endures, such as physical infrastructure, knowledge, or relationships, the organization can continue to enjoy the benefits of those resources well after the grant funds have been spent. There are many ways this might occur. Some examples:

- Funding may be used to match other grants, **leveraging resources** that would not have been available otherwise.
- Funding may be **invested in infrastructure or equipment** that supports arts and culture activities for long after the money has been spent.
- Funding may be invested in **developing information and making it accessible in perpetuity** for future projects and audiences.
- Funding may be invested in forging **new relationships or alliances**, which bring new ideas and energy for future projects.
- Funding may be invested in **educating and inspiring a new generation** of culturally-aware citizens, who in turn contribute to growing Oregon's arts and culture landscape.

The project examples that follow explore some of these benefits. These examples are a few of many in which organizations have used Trust funds in ways that ultimately produce much larger impacts than can be described through the project itself.

"By offering grants to cultural institutions in Oregon, [the Trust] helps attract events and artists, practitioners of culture, to Oregon and in turn helps attract professionals, etc., who want to live in locations, metropolitan areas with cultural attractions and entertainments. What's good for culture is good for Oregon and our economy."

– Anonymous contributor to an independent survey of donors to the Oregon Cultural Trust

Leveraging Financial Resources

Many organizations that apply for Trust funds do so with the goal of leveraging other funding to complete their project. Few Trust-funded projects rely solely or even majorly on Trust funding. But the Trust funding often plays a critical role in demonstrating community support for the project and providing the initial support to help make a strong case to win other sources of competitive funds.

It is impossible to quantify, given available data, the total amount of funding that the Trust grants have leveraged over time. Here are two high-profile examples:

The Crossroads Creative and Performing Arts Center (Baker City)

The Center used a $12,000 Development grant to help meet its matching challenge for a $200,000 Grant from the Ford Family Foundation, to fund the final restoration phases of the historic 1909 Carnegie Library. The Library would be a new home for the Crossroads Arts Center, serving residents of northeastern Oregon.

The Columbia River Maritime Museum (Astoria)

The Museum used a $31,400 Development Grant to match funding from the Collins Foundation to convert an old warehouse into one of the finest secure and climate-controlled conservation and collection storage facilities of any maritime museum in the country.

Though Trust funds often do not support a project in full, the role the funds play in securing additional funding is critical. When communities use Trust funds to leverage other resources, it not only expands the impact of the Trust, but encourages organizations to develop broader bases of support that are more resilient in the long run.

Investing in Community Infrastructure and Historic Preservation

One of the legislatively designated priorities for the Trust is to support historic preservation in Oregon. Roughly one-quarter of the Cultural Development Grants are dedicated to supporting preservation as an objective. The Trust's impact in protecting Oregon's legacy through architectural renovation is evident through dozens of funded projects. Each of these projects produces several impacts:

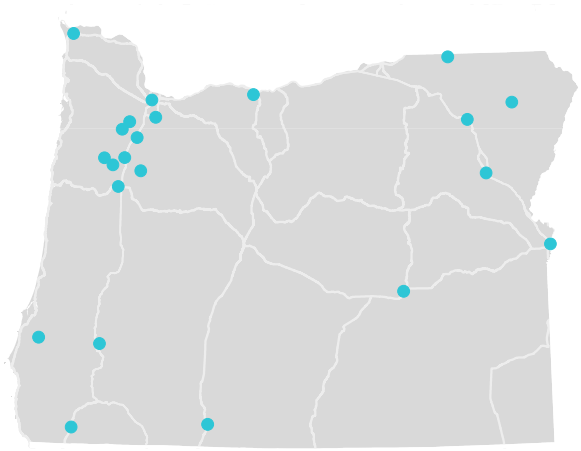
- By maintaining the historical integrity of physical spaces throughout Oregon's communities Oregonians are able to maintain a visceral connection with our past
- By improving the streetscapes of small downtowns, and bringing functionality back to many of these buildings, these projects often serve as strong engines of economic development.

Two examples of what historic preservation can accomplish include the Diamonds in the Rough program and the dedication of Coalition funds for the rehabilitation of Community Granges.

Diamonds in the Rough

In 2012, the State Historical Preservation Office begin utilizing their Partnership grant funds for a pilot project to assist property owners in funding small renovations that would make their property eligible for historical preservation programs. **This subset of historical preservation projects was identified as an area not otherwise served by traditional state and federal historical preservation loan and grant programs.**

Rehabilitation of historical buildings to bring them into compliance with historical preservation standards opens up building owners and communities to **a larger variety of funding from outside of their community and state.** Restored historical buildings contribute more positively to the character of their streetscapes and communities, and can encourage other property owners to invest in surrounding properties.



The Diamonds in the Rough program provides small grants (less than $20,000 each) to owners of historical properties throughout the state. Between three and nine projects have been funded each year. The map above shows the locations of funded projects between 2012 and 2017.

Netel Grange Hall, Astoria, Oregon

Rehabilitating Community Granges

Coalition funds supported infrastructure improvements at historical granges used by the arts and culture community at multiple sites across the state. Investments ranged from electrical and water improvements that expanded seasonal use, to ramps that expanded access, to historical restoration and improved signage. Granges continue to this day to serve as community gathering places and have extended to include hosting arts, heritage, and cultural events and exhibits.

Investments in community gathering places, especially those with historical significance to small communities, provide physical capacity to bring cultural experiences to all community members. **These improvements yield benefits for arts and culture that endure for at least a generation.**

Supported granges include: Fort Rock Grange (Lake County), Netel Grange (Clatsop County), Buell Grange (Polk County), and Summit Grange (Benton County), Lowell Grange (Lane County)

Radio Redux, Eugene. Photo by Emerson Malone.


Confluence Project field trip.


First Congregational Church restoration, Restore Oregon.

Investing in Preserving and Distributing Knowledge and Information

The Trust has supported over 30 projects that focused on digitizing archival collections of photographs, moving images, documents, and newspapers held in community collections statewide. **Digitizing these resources not only protects an important record of our collective history for future generations, it makes the information accessible for all Oregonians to explore and interpret in future arts and culture work.** Bringing these memories to light and to life expands our collective memory and has the potential to strengthen communities across the state.

The most high-profile of these digitization projects is the Trust Partner's support in 2009 and 2010 of the Oregon Digital Newspaper Program. Prior to that project, the Partner's supported the creation of the Oregon Encyclopedia of History and Culture. **Both projects are now self-sufficient and provide important access for all Oregonians to a remarkable wealth of historical information.**

Development and Coalition grants continue to support smaller-scale digitization projects. Total granting for these projects has exceeded $50,000 since 2006. Some of the communities and collections that have come to light as a result of the Trust's support include:

Aurora Colony music collections; Oregon Wine History Archive; French Prairie historical research and documents; Pendleton Round-Up film archives; Independence oral history records; Lane County Historical Museum archives; Grand Ronde Tribe cultural celebration images; Stevens-Crawford Heritage House documents; Myrtle Point's community newspaper archives; Southern Oregon Historical Society film collection; and many community newspapers added to the Oregon Digital Newspaper Collections.

PROJECT SPOTLIGHT: THE OREGON CULTURAL TRUST FUNDS COMMUNITY RADIO HISTORY!

Since 1968, KBOO has existed in the center of Portland's thriving counter-cultural and political life. Because of this, KBOO has an exhaustive audio archive of activism and culture.

From January to July of 2018, KBOO will present 50 Years of KBOO at the Oregon Historical Society. See how radio is made, and hear how listener-supported radio first came to be as part of a chronicle of our region's shared history. Oregon Cultural Trust awarded KBOO their first grant in 2017 of $29,480 to bring attention to Oregon's broadcast history, as the home to one of the first community radio stations in the US.

Building Connections and Reinforcing Relationships

Every facet of the Trust's activities bring people together. Every project, every meeting, every forum, every conversation holds the opportunity for people to interact who may not have otherwise connected without the Trust. People get together to attend to local decisions, and travel across the state to meet and share strategies. All of these activities, programmed or impromptu, create value by building social capital: the social networks of people who share Trust and resources cooperatively. Social capital is as fundamental to a strong economy and vibrant community as physical capital.

Through its broad structure, which integrates people across geography, organization (e.g., public, private, and nonprofit), and type of activity (e.g., historic preservation and art and humanities), the Trust generates a tremendous amount of opportunities for people to make connections and over time, reinforce these relationships. This activity is as central and important to the Trust's goals and objectives as its grantmaking programs, and likely generates as much impact, though it is not quantifiable in the same way.

The Trust and its partner organizations explicitly recognize the value of building social connections as well, by supporting projects that have as their core mission bringing people together to share knowledge. The following project, funded through the Oregon Heritage Commission using money from the Partner Grants is just one example.

PROJECT SPOTLIGHT: MENTORING FOR COLLECTIONS CARE PROTECTS TREASURES AND BUILDS RELATIONSHIPS

The Oregon Heritage Commission allocates a share of its partnership grant funds to a program now known as the Oregon Heritage MentorCorps, a program focused on providing training and information on collections care and emergency preparedness for libraries, museums, and archives. MentorCorps hosts workshops and trains mentors in collections care to provide training, one-on-one support, and phone consultations for the state's art and historical community.

MentorCorps is largely funded by a federal grant from the Institute of Museum and Library Services, supported with local leveraged funds from sources like the Cultural Trust. Stable, regular funding from the Trust has leveraged ongoing support for the development of this collaborative program that supports organizations across the whole state.

In addition to providing valuable information to a broad cross-section of Oregon's cultural community, MentorCorps brings people together who otherwise may not have connected, building social capital among professionals across Oregon. Training in this critical area of collections care ensures that the knowledge and information contained in museums and offices across the state will be available for future generations to enjoy and learn from. In these ways, this Trust-funded project will continue yielding benefits long into the future and statewide.

Fishtrap Giving Voice Panel, Joseph.

Douglas County Youth Orchestra violinist, Roseburg.

Investing in Education and the Next Generation of Cultural Leaders

All of the Trust's grants have the potential to broaden Oregonian's exposure to and experience of arts and culture. Some projects are specifically designed to educate. Education projects have targeted all ages, statewide, in a variety of topics including but not limited to art history, language, fiber arts, and ceramics. One of the most extensively funded categories of teaching is music education.

Since 2006, the Trust has funded at least 35 separate projects that directly involved music education of some kind in over half of Oregon's counties. Activities ranged from subsidized lessons and instrument purchases, to concerts with accomplished musicians providing follow-up workshops, to reestablishing music classes in schools where funding no longer supported them.

The projects collectively have easily reached tens of thousands of Oregon school children. Extensive research supports the value of exposing children to music education from an early age, through improved educational and social outcomes. This suggests that **the benefits of the Trust's grants that expanded music education opportunities for Oregon's kids are long-term and wide-ranging.**

The grants to communities identified in this category totaled over $100,000 between 2006 and 2016. Coalition grants averaging about $1,200 per project accounted for 29 of the projects, while Development grants supported another five projects receiving average grants of $12,000. This funding leveraged many thousands more dollars, which may not have been accessible without the grant funding. And this almost certainly underestimates the totals, because of limitations in capturing the variety of projects in the Trust's databases.

PROJECT SPOTLIGHT: CULTURAL TRUST FUNDING HELPS MAKE DREAMS COME TRUE…

Violinist Rebecca Anderson was two when her family moved to Oregon and discovered Chamber Music Northwest. "I think I was so in awe of the musicians onstage, that it didn't cross my mind that one day I might be up there, too," she says.

And yet, that's exactly where Becky is today. After years of CMNW Education & Outreach Programs, including the Protégé Project for young artists, she performed in 10 mainstage concerts at CMNW's 2017 summer festival. "Coming back to play with Chamber Music Northwest, is of course, coming home," she says.

For Becky, performing alongside mentors whose support helped give her the confidence to find her own voice, is "sometimes still a 'pinch-me' moment. There's a certain type of growth that only happens onstage," she explains. "Being able to play with artists of that caliber pushes you to a different level."

Chamber Music Northwest has provided young Oregonians with "pinch-me" moments for 48 seasons. More information can be found at CMNW.org. Chamber Music Northwest has received $82,210 in Cultural Trust grants since 2006.

ENDNOTES

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