

Opinion



Cultural lifelines

Museums, symphony have obligation to serve citizens

A spate of departures has given three of the state's major cultural institutions a collective opportunity to renew and strengthen the lifelines between North Carolinians and the caretakers of our cultural resources.

Culture can be a tool with which to engage each of us in the life of our state and enrich our individual lives by connecting us to one another.

That's the promise that can be fulfilled by three search committees now looking for new executives for the state museums of art and history, and for the state symphony.

Betty McCain, the state secretary of cultural resources, hopes the searches will produce

leaders who will rejuvenate the museums and symphony, and make them matter to state residents.

Making a cultural institution a vital part of its community is an important and difficult job. Museums and symphonies can become musty and disengaged — attentive only to their local metropolitan audience and awed by a sense of their own self-importance.

Public employees — if not inspired by their jobs — can tend to treat the institutions they help run as if they were private clubs. And they can treat the citizens who are their bosses and customers as if they were an annoyance at best.

EDITORIAL

Times are tough for the arts. Organizations that are thriving are doing so because they understand the need to balance hard-headed business strategies with exhibits and performances that bring more customers through the door. They also recognize a need to develop programs that reach out to people who lack access to what's inside the institution's four walls.

The symphony and the museums will need leaders who understand their respective subjects of music, art, and history. But that's not all.

Each leader also must understand marketing. Each must appreciate the need to plug his

or her institution into the state's education network. Each must be keenly aware of the role of culture in North Carolina's economic development.

Perhaps most of all, each must be a manager who is accountable to his or her direct bosses and, ultimately, to the people of North Carolina.

Rather than serving up successive portions of uninspired fare, the guardians of culture must work hard to attract new customers. Whether it's high, low or middle, true culture is alive, and can enliven those it touches. The challenge for our new leaders is to make our state museums and symphony true lifelines to our people.

Swimming against the tide Women prisoners search for a voice

When I first walked onto the grounds at the North Carolina Correctional Institute for Women in Raleigh, I saw bulldozers shifting piles of red dirt around, and small one- and two-story brick buildings spread across several acres of thin grass. It looked like a small, run-down college that had found a generous donor and was anxious to expand.

Broken-down picnic tables were scattered around and women in blue jeans stood in long lines at the canteens, waiting to buy snacks. On the other side of the razor-wire fence, trees were being cut down and the noise of construction surrounded us all.

I had expected to see more bars, more anger, more open hostility. I had seen that on TV. But as I began my once-a-week visits to the prison as the creative writing instructor for a family literacy program, I realized that what I sensed was a thick aura of depression that hung over us and infected everyone.

Each class, we swim against its tide and bargain for a brief reprieve so the students can experiment with words, tell their stories and find their voices. The

Stephanie Smith is a mediation/conflict resolution consultant in Raleigh who has worked for three years with a nonprofit literacy program for women inmates.

irony of discovering a voice that the outside world is loudly campaigning to shut down is not lost on the class.

They know of the public forums filled with angry people. They read of measures being considered by the legislature to remove parole options and create prisons in which overcrowding is handled by having inmates sleep in shifts in bunks stacked to the ceiling.

Of proposals for television sets to be removed from the prison common rooms and educational programs sent packing as well.

Like frustrated parents who have lost the upper hand, the public hopes tougher is better and that a punishing attitude will somehow help us subdue what appears to be the enemy in a war on crime.

The students in the literacy classes are all targets in this war. Most of them are mothers with very real families, whose stories and concerns aren't considered by those holding public forums on crime.

When I was in graduate school studying for my master's in social work, I had a family systems professor who likened families to complex mobiles. What affects one member of the mobile will be felt

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STEPHANIE SMITH

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Allocating assets Strike balance between stocks, bonds

Today's foundation trustees face increasingly complex challenges in honoring the donor's original intent of perpetual support. In today's low interest-rate environment, private foundations are increasingly challenged to meet the annual 5 percent payout rule from income alone.

The decade of the 1980's, with its high returns on stocks and bonds, obscured this issue. However, today's lower interest-rate environment has brought it back into clear focus. Foundation managers can meet the challenge in the 1990's by carefully considering asset allocation and adopting a "total rate of return" spending policy.

Foundation funds are established for the perpetual support of their dedicated programs, and trustees cannot lose sight of this long-term responsibility while meeting today's income needs.

The first operating principle of any foundation is to preserve the value of the endowment. However, because foundations fund future programs, trustees must enhance their funds' purchasing power for future needs. This means that a portion of the endowment should be invested in assets that will grow in value at a rate that outpaces

Kenneth R. Brown is vice president and manager for charitable funds services for First Union National Bank of North Carolina in Charlotte.

A total return approach to spending would allow for spending not only income, but also capital gains.

inflation.

Thus they need to carefully consider proper asset allocation of foundation funds. It is generally acknowledged that the single most important investment decision affecting the long-range performance of foundation funds is the asset allocation — how much money to have invested in stocks and how much invested in bonds. This decision is more significant than the investment discipline or track record of any single money manager.

In considering an asset allocation decision, it is important to know the risk-reward characteristics of stocks and bonds. When examining capital assets in any rolling 20-year period back to 1900, equities are the only liquid capital assets that have consistently outpaced the rate of inflation 100 percent of the time. In contrast, long bonds have outperformed inflation only about 40 percent of the time. This speaks clearly to the long-term need for stock investments, even though their income yield is not commensurate with bonds.

When stocks typically yield 2.5 percent to 3 percent, how does a foundation accommodate a 5 percent spending rule? The answer may be found in adopting a "total rate of return" approach to spending.

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KENNETH BROWN

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Community foundations plant roots for the future

ABOUT CHANGE

Eighty years ago, a Cleveland banker and lawyer named Frederick Goff created a new form of philanthropy. He set up an entity known as a community foundation that would oversee trust funds established by individuals and families, and hand out interest from the funds to support good works in the local community.

Something of a hybrid between a nonprofit — which raises money and provides services — and a private foundation — which makes grants to nonprofits — a community foundation does some of both.

Goff's foundation was envisioned as a partnership between local financial institutions, which would manage its funds, and community leaders, who would serve on the board and decide how to spend the money.

With the Cleveland Foundation as a model, and Goff as Johnny Appleseed, the community foundation movement took root throughout the U.S. In 1991, the most recent year for which data are available, 335 community foundations with \$8 billion in assets made \$545 million in grants.

North Carolina has at least 20 community foundations that have \$194.5 million in assets and make \$24.2 million a year in grants. One of them, the Triangle Community Foundation, is 10 years old this year, and it illustrates the important role that community philanthropy plays in our state.

The Triangle foundation also had its visionary: Nobel laureate George Hitchings. Hitchings saw a need for vehicle to marshal untapped community resources and recycle them back into the community.

His initial gift of \$1,000 has sprouted into \$10.3 million. The Triangle foundation manages 128 funds and in its 10-year life has awarded grants and scholarships of \$3.8 million.

That philanthropy helps make change happen through the support of organizations that meet basic human needs and work to attack the causes of social ills. In the Triangle, the foundation has the added job of trying to pull together three separate communities in the name of

regional cooperation.

The community foundation also has created programs to develop young leaders and to encourage collaboration among nonprofits.

Now, the foundation is undertaking a new tack. It is reaching out to financial advisers, lawyers, accountants and other professionals to educate them about the importance of investing in charity.

Shannon St. John, executive director of the Triangle Community Foundation, likens the foundation to a tree that will provide "fruit and shade for the next generation."

What will the foundation be doing 50 years from now?

St. John provides the answer by quoting John Stewart, one of the foundation's founders, who said of the fund he himself had created: "I don't know. But it will be there."

Thanks to the seeds planted by Goff, Hitchings and their fellow pioneers, people in need throughout North Carolina are reaping the fruit and shade of community philanthropy.

Todd Cohen