

RESEARCH / DEEP-DIVE #2

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Sound Money for the Arts

BFTA's analytical case for why fiat debasement hits working artists hard, and why Bitcoin-native endowments change the funding horizon.

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Executive summary

The distinctive research question for Bitcoin for the Arts is not whether artists need more funding. The earlier reports already show that arts funding is economically important, politically exposed, and vulnerable to temporary public relief cycles. This report asks a narrower monetary question: what happens to artists and arts institutions when funding is awarded, budgeted, and endowed in a unit of account that loses purchasing power over time? Since January 1971, the Consumer Price Index has risen from 39.9 to 330.293 as of March 2026. Stated the other way, one 1971 dollar retains roughly twelve cents of CPI purchasing power in 2026.¹ Over the same period, the Federal Reserve's M2 money stock series rose from \$632.9 billion to \$22.686 trillion.² These measures are not identical: CPI measures consumer prices, while M2 measures liquid money balances. Read together, they describe the monetary environment in which artists price labor, buy materials, rent studios, accept grants, and plan projects.

The burden is not evenly distributed. The NEA's statistical portrait found that artists were 3.6 times as likely as other workers to be self-employed: roughly 34 percent of artists compared with 9 percent of all workers in 2012-2016.⁶ Fine artists and photographers had self-employment rates above 50 percent. This makes the artist labor market unusually exposed to fixed-price contracts, irregular income, delayed payment, and limited inflation pass-through.

Monetary debasement is not a neutral background condition for cultural production. It is a slow conversion of future artistic capacity into present fiscal room.

DOLLAR PURCHASING POWER

-87.9%

Approximate decline in the CPI purchasing power of one U.S. dollar from January 1971 to March 2026.

M2 MONEY STOCK

35.8x

Increase in U.S. M2 from January 1971 to March 2026, based on Federal Reserve H.6 data via FRED.

NEA reported artists were 3.6 times as likely as other workers to be self-employed in 2012-2016.

Average effective spending rate reported in the FY2024 NACUBO-Commonfund Study of Endowments.

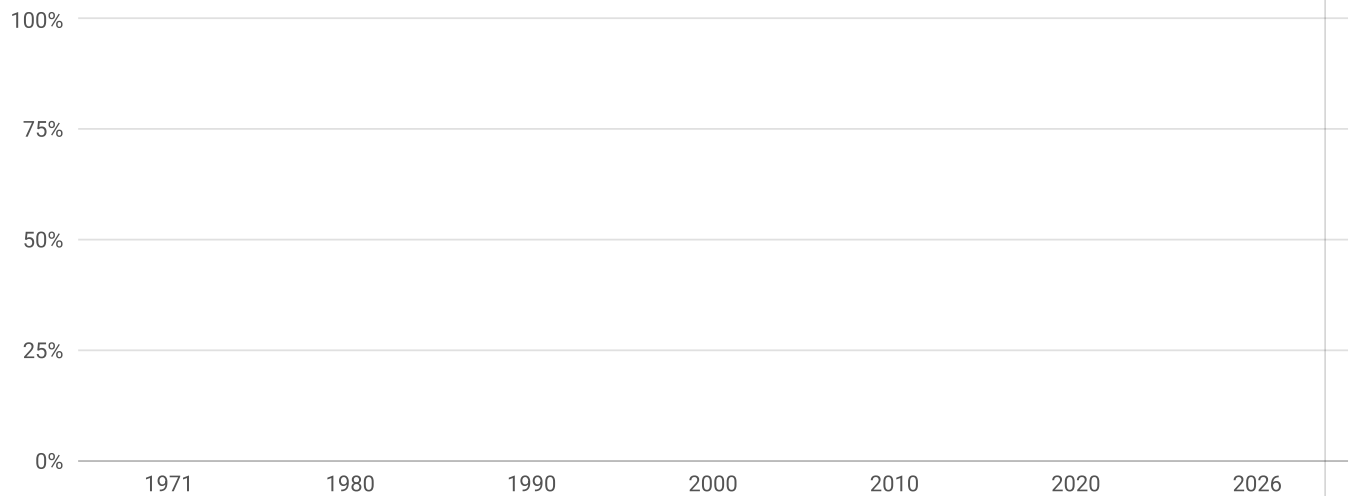
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The monetary background condition

This report uses "debasement" descriptively, not as a moral slogan. In modern fiat systems, money supply and credit conditions are elastic. That elasticity can be useful during crises, but it also means the unit in which artists are paid is not a stable measuring stick across decades. The CPI series shows the consumer-price side of that problem. M2 shows the liquidity side.¹²

Purchasing power remaining from a 1971 dollar

CPI-based estimate using January observations and March 2026 as the latest available value. The chart shows purchasing power relative to January 1971 = 100.



For many institutions, inflation is treated as an accounting variable. For artists, it is often a production variable. A painter cannot invoice yesterday's linen prices after rent, insurance, shipping, pigments, fabrication, and labor costs move higher. A dancer cannot reprice a grant after rehearsal space rises. A composer cannot recover lost purchasing power from a fixed commission after the contract is signed.

WHY THIS MATTERS

The core arts-funding problem is not only that there is too little money. It is that the money arrives in a depreciating unit while many artistic costs are paid later, after prices have changed.

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Why working artists are exposed

Artists are not a single labor category, and a rigorous report should avoid pretending they are.

Architects, designers, dancers, musicians, writers, photographers, actors, producers, fine artists, and multidisciplinary workers face different markets. Still, the NEA data show a structural feature across the artist workforce: self-employment is much more common among artists than among workers overall.⁶

Self-employment can be desirable. The same NEA report notes that most self-employed artists did not prefer to work for someone else, and many cited flexible schedules and independence.⁶ But independence also changes monetary exposure. A salaried worker may receive cost-of-living adjustments, employer benefits, retirement contributions, and partial insulation from payment delays. A working artist often faces lumpy income, no automatic indexing, upfront production costs, and weak bargaining power.

The BLS Occupational Outlook Handbook reports a median annual wage of \$56,260 for craft and fine artists in May 2024.⁸ That figure is useful but incomplete: it does not capture the full volatility of project-based income, the unpaid time embedded in development, or the way artists often combine art work with teaching, service, design, administration, or unrelated jobs. The monetary point is that irregular nominal income is harder to hedge than regular nominal income.

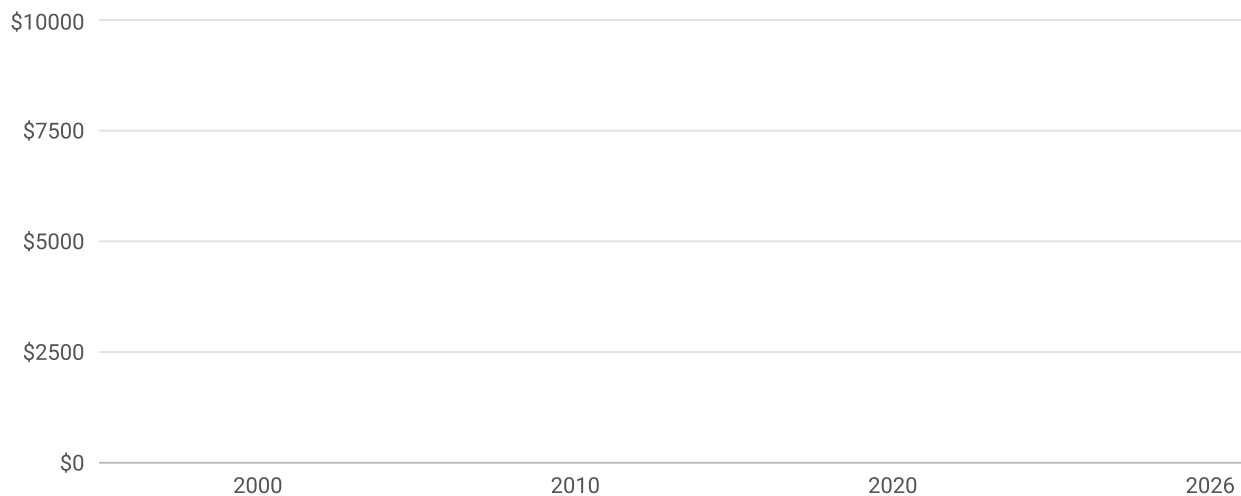
The artist is often a price-taker in a world designed for institutions with pricing power.

The purchasing power of fixed grants

Grants and commissions are usually stated in nominal dollars. A \$10,000 grant sounds stable because the number stays the same. In real terms, the value changes with the price level. Using CPI, a fixed \$10,000 nominal grant in 2000 has the purchasing power of about \$5,126 by March 2026 when measured in 2000 dollars.¹

Real value of a fixed \$10,000 arts grant

If a nominal grant amount stays fixed at \$10,000, its CPI-adjusted purchasing power falls as input costs rise.



This arithmetic is simple, but its institutional implications are large. If grant sizes are not indexed, artists absorb the difference. If grants are indexed but endowments are not earning enough real return after spending, institutions absorb the difference. If neither side has a reserve asset that preserves purchasing power, the system relies on future donors to recapitalize yesterday's promises.

WHY THIS MATTERS

One-time nominal generosity can become long-term real austerity. Sound funding design has to specify not just the amount of a grant, but how that amount is protected between commitment and use.

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The limits of conventional endowments

Conventional endowments remain one of the most important institutional inventions in nonprofit finance. They pool gifts, invest for the long term, and spend a portion of assets each year. The FY2024 NACUBO-Commonfund Study of Endowments reported that participating higher education institutions held \$873.7 billion in endowment assets, withdrew \$30.0 billion during the fiscal year, earned an average 10-year annual return of 6.8 percent, and reported an average effective spending rate of 4.8 percent.³

NACUBO describes endowments through the principle of intergenerational equity: preserving real value so future beneficiaries receive support comparable to present beneficiaries.³ That principle is exactly the right standard for arts patronage. The challenge is the arithmetic. A conventional endowment must earn enough to fund spending, inflation, costs, and future growth before it has truly preserved real capital. When inflation is high or returns are low, the margin narrows.

Illustrative reserve durability scenario

A conventional endowment model with 6.8% nominal return, 4.8% annual spending, and 3.0% inflation loses real principal over time. A BTC reserve line is shown as units held, not projected purchasing power.



The scenario above is deliberately conservative and illustrative. It is not a forecast. It shows why endowment managers focus on real returns, not headline nominal returns. A 6.8 percent nominal return is strong only after the spending rule, inflation, and costs are considered. In arts philanthropy,

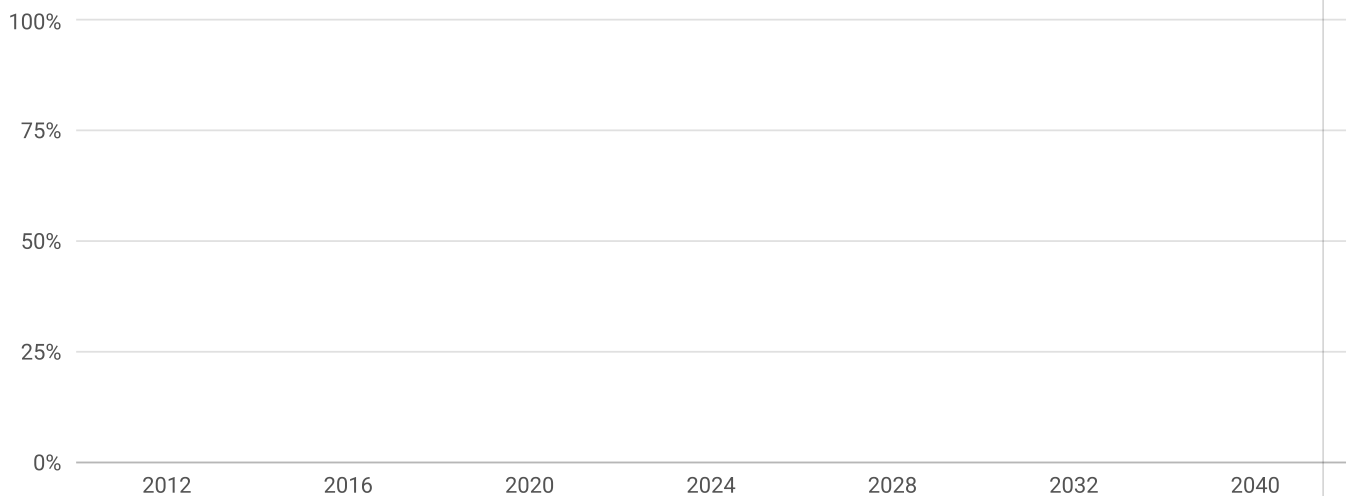
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Bitcoin as reserve design

Bitcoin does not remove volatility, fiduciary responsibility, custody risk, or the need for governance. It does something narrower and structurally important: it removes discretionary monetary dilution from the reserve asset itself. The Bitcoin white paper describes a peer-to-peer electronic cash system based on cryptographic proof rather than a trusted third party.⁴ The issuance schedule is defined by protocol rules: new bitcoin is created through block subsidies that halve every 210,000 blocks, with total issuance approaching slightly less than 21 million bitcoin.⁵

Bitcoin issuance approaches a fixed terminal supply

Bitcoin's subsidy schedule approaches, but does not exceed, roughly 21 million bitcoin. This is a monetary-rule chart, not an investment-return chart.



For an arts endowment, the relevant distinction is not that bitcoin guarantees a future dollar price. It does not. The distinction is that bitcoin-denominated principal cannot be diluted by a central issuer. A fiat endowment must outrun monetary and price inflation. A Bitcoin reserve must manage volatility, custody, liquidity, and governance – but not supply inflation beyond the protocol schedule.

WHY THIS MATTERS

Bitcoin is best understood here as an institutional reserve design, not as a magic yield product. Its

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Implications for donors and institutions

Donors who want durable cultural impact should ask a harder question than "How much did I give?" They should ask what monetary unit, reserve policy, custody model, spending rule, and transparency standard will protect the gift's real artistic capacity. A million-dollar gift that is spent quickly can be valuable. A million-dollar endowment that loses real purchasing power can still be insufficient. A Bitcoin reserve introduces a different set of tradeoffs that may be appropriate for a portion of long-horizon arts patronage.

For BFTA, the practical implication is not an all-or-nothing mandate. The more disciplined position is a portfolio principle: direct grants should meet current artist needs; operating reserves should remain liquid enough to manage obligations; and a long-term Bitcoin reserve can preserve exposure to a scarce monetary asset for future artists. That is a funding architecture, not a slogan.

Sound money does not replace artistic judgment. It protects the time horizon in which artistic judgment can matter.

Methodology and limits

This report uses public data available as of May 10, 2026. CPI and M2 values are drawn from FRED series CPIAUCSL and M2SL. Purchasing-power calculations compare index values across dates; they are broad consumer-price estimates and do not perfectly measure artists' specific cost baskets. Artist labor-market claims rely primarily on NEA statistical reports and BLS occupational summaries.

Endowment analysis uses NACUBO-Commonfund public summary statistics. The reserve scenario is illustrative and should not be read as a forecast of market returns. Bitcoin analysis distinguishes between monetary supply rules, which are protocol-governed, and future purchasing power, which is market-dependent and uncertain. This report does not provide investment, legal, accounting, or tax advice.

Sources

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