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Stage of Emergency

Cultural Groups Ask What to Mount Next. The Answer, Increasingly: Losses

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As the world's richest art institution, the J. Paul Getty Trust has never been too concerned about pinching pennies. Visitors to the Getty Museum complex in the posh Brentwood section of Los Angeles are bathed in opulence from the moment they arrive. Awaiting them in the parking lot is a state-of-the-art driver-less tram that whisks them to the Getty's manicured grounds atop a view-spanning hill.

But these days no one, not even the Getty, can escape the gravitational pull of a worldwide economic crisis. With its investment portfolio shrinking from \$6.4 billion to \$4.2 billion since mid-2007, the Getty said last week that it would slash its operating budget by 22 percent and its staff by 14 percent. While the Getty says admission will still be free, the cost to ride that magic tram will effectively go up, when parking fees increase from \$10 to \$15 in July.

Arts organizations large and small can relate to the Getty's problems. Once flush with corporate and private donations, rising ticket revenue and government subsidies, many nonprofit arts groups now find themselves reeling. Cuts of every kind -- staff and artist layoffs, furloughs, canceled performances and tours, truncated seasons -- are widespread.

"I have never seen a situation like this in my 25 years in the business," says Michael M. Kaiser, the president of the Kennedy Center and a veteran arts administrator. After cutting its own budget by 6.5 percent -- a modest trim by current standards -- the Kennedy Center in February started an Arts in Crisis program to counsel troubled organizations. Some 350 have already sought advice.

Some major institutions, like the Getty and New York's Metropolitan Museum of Art, have scaled back exhibitions amid mounting portfolio losses (the Met says it has lost \$800 million, or 28 percent, of the value of its portfolio since last summer). Other noted organizations have closed: Among them, the Milwaukee Shakespeare theater company, the Connecticut Opera, the Las Vegas Art Museum, Opera Pacific in Orange County, Calif. In March, the 58-year-old Baltimore Opera Company voted to liquidate. The Sacramento Ballet has canceled the rest of its season. To raise funds from reluctant lenders, the Metropolitan Opera in New York had to use its Chagall paintings as collateral.

The recession has slammed the brakes on what has been one of the most fecund periods for the arts in America, with a steady surge in the growth of community theaters, dance troupes, museums and other kinds of arts groups over the past two decades. Even a small town like Missoula, Mont. (population 64,081), now boasts its own symphony orchestra, two ballet companies, a prize-winning repertory theater and an annual International Choral Festival.

Many arts organizations, in fact, had managed to thrive through previous recessions, most recently the

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mini-bust that followed the bursting of the tech bubble and the terrorist attacks of 2001.

But arts administrators say this recession feels altogether different: deeper, more widespread, nastier. Unlike in previous downturns, the battering is coming from all sides. The stock market's decline has shrunk the endowments on which many organizations depend. The banking crisis has cut off funds from reliable corporate patrons. State and local tax funds, until recently a growing source of support, have been slashed, too.

Maryland, for one, will clip its annual arts grants by 18 percent in the next fiscal year. The Virginia Commission for the Arts budget has been sliced by 15 percent this year and next. Bucking the trend: The Smithsonian, which administers 18 art and history museums and galleries in Washington and New York. Although its endowment has taken a 30 percent hit since late 2007, the Smithsonian's federal funding -- comprising the bulk of its budget -- grew 7 percent this year, to \$731.4 million. Plus, the institution is on pace to meet its year-end fundraising goal of \$120 million. The "demand" side is hurting as well. The housing bust and rising unemployment have cut into disposable income, making it harder to sell tickets to the sorts of events -- symphonies, recitals, ballets -- that are supposed to transport people from their daily cares.

"We've all seen upturns and downturns," says Cookie Gregory Ruiz, executive director of Ballet Austin, "but this is pretty extraordinary. . . . It's an economic tsunami."

Arts administrators say they are fighting a subsidiary effect of the recession, a creeping perception among their largest and most reliable corporate supporters that contributing to the arts is somehow elitist and excessive at a time of rising unemployment and general economic hardship. A number of museum directors, according to the American Association of Museums, have postponed or canceled capital campaigns, which means that a boom period of building and physical expansion has halted.

The Atlanta Symphony Orchestra, for example, has canceled four gala fundraisers in the past six months. "It's not terribly popular to dress up in black tie nowadays, even for a good cause," says Allison Vulgamore, the ASO's president and chief executive. "Companies just don't feel good about buying multiple tables."

The unemployment rate for artists is lower than that of the general population, but it's growing at a faster pace. The National Endowment for the Arts reported that the unemployment rate for artists shot up 2.4 percentage points in the fourth quarter of 2008 compared with the same quarter a year before. (In the overall workforce during the same period, unemployment was up 1.9 percentage points.) Sunil Iyengar, the NEA's chief researcher, says 74,000 artists -- from dancers to actors to musicians -- left the workforce during the quarter.

To cope, arts groups are managing themselves like any troubled corporation. The Atlanta Symphony's 95 unionized musicians agreed to a 5 percent pay cut through fiscal 2010 and a 3.8 percent cut for fiscal 2011. The players of the Baltimore Symphony Orchestra agreed last week to take an 8 percent cut to save the organization \$1 million. The Boston Symphony Orchestra has canceled an upcoming international tour.

The trick in cutting, several organizations say, is to do so without diminishing the quality of the performances and the productions. The Shakespeare Theatre Company in Washington cut \$1 million of its \$18.9 million budget in November, in part by dropping five administrative employees; it's reluctant to cut more. Deeper reductions might produce "a downward spiral" that jeopardizes the loyalty of its core audience, said Chris Jennings, the troupe's managing director.

Some artistic enterprises have applied a little creativity to managing in hard times. After its board said no funds were available to stage "Rigoletto," the Lyric Opera in Asheville, N.C., raised \$32,000 in a public appeal. The show went on. In an attempt to hold on to longtime subscribers until times are good again, the Rochester Philharmonic in New York has told those who've lost their jobs since January that it will keep their subscriptions open for its new season in September; if the subscribers are still unemployed, the philharmonic will give them the tickets for free.

Arts supporters say they're not just providing entertainment. To whip up support from Washington, they've fine-tuned their arguments that the arts are important local economic engines, providing jobs and stimulating tourism.

The federal government has stepped in. In the economic recovery bill, Congress approved \$50 million for the NEA to distribute to state agencies and arts groups and \$25 million for the Smithsonian Institution to upgrade its buildings. (The NEA said it has received 2,430 applications for the money.) It's unclear whether corporations that have received stimulus money are permitted by federal law to contribute to arts organizations.

Despite the expected help, arts administrators are digging in for the long haul. As bad as 2009 has been, many aren't optimistic about 2010. The reason: Contributions to the arts recover only after companies have returned to profitability and begun to hire workers again. "So it's not simply the depth of the financial problems but the length of time before they can start building up again," the Kennedy Center's Kaiser says.

The question may be whether this is just a rough patch or a period that will do long-term damage to the arts in America. "Once people step away from the commitment to seeing art," says Andrea Snyder, a former professional dancer who now heads Dance/USA, a Washington-based association of dance organizations, "we don't know how hard we'll have to work to get them back into a theater again."

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