

Extra Feature Story

The Art of Economics or the Economics of Art

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While the economy continues to deteriorate, arts organizations are scrambling to cut costs and find new ideas to fund museums, artists and community centers.

Because arts organizations (museums, dance troupes, community centers) typically do not profit from ticket sales, they are dependent on a combination of federal, state and private grants for support. And as all three funding sources are stressed by the current recession, support for the arts is one of the first things to go.

If government agencies have to pick between funding a museum or putting more police on the streets, the museums lose.

Newsweek reports that Massachusetts, California, Florida and Michigan have cut their arts budgets by half or more this year, while lawmakers in Colorado, Oregon and New Jersey are considering eliminating their arts agencies altogether.

Michael Kaiser, author of "The Art of the Turnaround: Creating and Maintaining Healthy Arts Organizations," explains that there is a reduction in "contribution levels, primarily from government agencies which are hard-hit, from foundations whose endowments have been hard-hit, from corporations who are suffering, and from individual donors. And this forces many arts organizations to make vast reductions in their budgets."

Ticket sales are not enough

The funding troubles come at a time when Americans are looking to be entertained.

"Entertainment tends to do well in a recession or depression. Movies do well in a recession or depression. People want to be entertained, and they're traveling less and spending less in other ways," Kaiser said on the NewsHour.

However, attendance and ticket sales can't make up for lost income, even if organizations fill every seat. Under the current model it is the contribution base which makes up 40 percent to 50 percent of the income for many arts organizations.

New Ideas for Funding

For many museums, uncertain economic times are forcing salary freezes and cuts in programs.

The 125-year-old Indianapolis Museum of Art, whose endowment dropped by \$57 million in the past two months, has delayed the opening of a new arts and nature park for at least one year, and scaled back this year's special exhibitions. An estimated \$1.7 million in cost cuts are in the works, along with a salary freeze.

The New York Botanical Garden has reduced their staff by 10 percent through attrition (not replacing workers who leave), which means fewer programs and gardeners to take care of the plants.

Other smaller organizations have tried more inventive ways to survive.

The Aldrich Contemporary Art Museum in Connecticut threw an undercover arts fundraiser. People bought tickets for \$150 for the chance to buy new paintings ranging from \$150 to \$450. The catch? All of the artists names were hidden until the pieces were sold.

Drama and opera companies around the country are stretching their dollars by using more painted back drops instead of fully staged sets.

Most recently, Quincy Jones, Grammy-award winning producer and composer, has started a petition to ask President-Elect Barack Obama to appoint a Secretary of the Arts to the cabinet.

While many other countries have had Ministers of Art or Culture for centuries, the United States has never created such a position.

As of Jan. 8, the petition had approximately 30,000 online signatures.

-- Compiled by Lizzy Berryman for NewsHour Extra

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