



Friday, October 17, 2008

Tough times add drama for Metro Detroit cultural institutions

Arts scramble as funding, ticket sales fall off

Michael H. Hodges and Lawrence B. Johnson / The Detroit News

The freeze on Wall Street already has chilled the outlook for some of southeast Michigan's arts-and-culture nonprofits.

Like homeowners facing an oncoming blizzard, cultural institutions in the greater Detroit area are hunkering down, though most say it's too early to predict how severe the blow will turn out to be.

At Michigan Opera Theatre, the worsening economic climate has shaved nearly \$1 million off projections for this year's ticket sales and contributions. Likewise, the Detroit Symphony Orchestra is predicting losses this year in the "hundreds of thousands" of dollars.

And just months before the Detroit Institute of Arts unveils a Norman Rockwell show, bound to be a crowd-pleaser, the museum has yet to find a corporate sponsor to help underwrite the exhibition.

"We're being buffeted by so many conditions," said MOT general director David DiChiera. "Even supporters whom we think of as having significant resources are hedging their commitments." Of MOT's \$12.5 million budget, about half comes from contributions and half from ticket sales, concessions, rental of the Detroit Opera House and revenue from its parking garage.

DiChiera said ticket sales alone were projected to bring in \$4.5 million this season but he now expects that to fall short by about \$500,000 -- with corollary drops in revenue from parking and food-and-drink sales. He also projects a \$400,000 shortfall in contributed income -- all told, about \$1 million that will have to be made up through drastic cuts.

Such economies could mean dropping one of three springtime MOT productions, DiChiera said. MOT does have a modest endowment of about \$6 million, but it also still carries about \$19 million in mortgages on the opera house and parking garage.

Some organizations, like the DIA, have begun taking preventive measures even before the scale of contraction becomes clear.

Since August, the museum has cut \$1 million from its \$32 million annual budget by squeezing virtually every department. The marketing budget was reduced by more than \$500,000, and the DIA shaved \$100,000 each from program funding and printing-and-design.

Director Graham Beal likes to say that the DIA "isn't rich -- it's expensive." Every year the museum has to raise a little more than half of its annual budget through contributions, whether individual or corporate. Its endowment only provides about 10 percent a year, or \$3 million.

In any case, Beal noted that this year's budget "is not much bigger, if at all, than when I came in 1999."

On the upside, since last November's gala -- when the museum reopened after a \$158 million renovation -- its membership has grown by 13,000 households for a grand total of 37,000.

And while annual giving has sagged somewhat, DIA marketing director Annmarie Erickson said, "It's nothing we're alarmed at."

DSO could cancel concert

At the Detroit Symphony Orchestra, the short-term outlook is sobering but not threatening, said DSO president and executive director Anne Parsons. She predicted a shortfall "but it won't be in the millions," she said. "It's not as bad as it might have been."

Whatever the final amount, which will be determined only after an audit that Parsons said will continue for several weeks, that sum will increase a DSO cumulative deficit that now stands near \$2.2 million.

The DSO derives about 33 percent of its \$32 million budget from earned income and the rest from contributions and interest on its \$66.6 million endowment.

Acknowledging the same mix of depressed ticket sales and eroding contributions suffered by other area arts organizations, Parsons said the DSO is mulling belt-tightening that could include canceling or rescheduling some concerts early next year.

Still, DSO officials are placing their hopes on what one might call the Slatkin Effect -- the excitement and anticipation surrounding Leonard Slatkin's official arrival as music director on Dec. 11.

"Leonard has already jumped in to help with fundraising," said Parsons. "We're going to weather the storm.

"The person who has to remain calm," she added, "is me."

Kresge Foundation helps

Stepping into the breach, the Troy-based Kresge Foundation, with current assets of about \$3.5 billion, Thursday night planned to announce a two-year, \$8.8 million project to support artists and arts organizations in the Detroit area.

Said foundation president Rip Rapson, "I feel very strongly that private foundations of our size have an obligation to maintain constancy during these difficult times. The last thing we need to do is mirror the yo-yo of the economy."

He vowed to resist any reduction in the \$180 million the foundation gives out yearly across the country, about one-fifth of which stays in Michigan.

By contrast to some of the larger institutions, the Detroit Science Center reported that attendance, contributions and membership are all up.

The organization has also successfully cultivated new donors outside hard-pressed Michigan, like Marathon Oil, which donated \$2.4 million for a new "future fuels" gallery.

Crisis benefits some

In some cases, the general economic downturn that began last winter has played to some nonprofits' advantage.

The Henry Ford's chief financial officer, Denise Thal said the museum had a particularly good summer, which she attributed to the "stay-cation" phenomenon, with strapped families this year sticking close to home for vacations.

Indeed, the luckiest institutions may well be those that raise the largest share of their operating budgets through ticket sales and other earned income.

The Henry Ford generates about 65 percent of its budget from sales -- high by the standards of other cultural organizations.

Less well-placed, perhaps, is the Charles H. Wright Museum of African American History, which raises less than a quarter of its operating funds through earnings, although that's not unusual for history museums.

"The first thing we're going to do," said president and CEO Juanita Moore, "is study how to increase earned income."

One option under consideration, she said, involves rebuilding the main entrance so that anyone coming in or going out would have to pass through the museum store, a hopeful gambit to boost sales.

And while the DIA faces challenges with contributions and sponsorships, that hasn't been the case with attendance.

With 516,000 visitors for the year as of last weekend, the 123-year-old museum is on track for one of its best years ever.

But earned income, like ticket and store sales, amounts to somewhat less than half of the DIA's annual budget. The rest has to be raised through contributions -- whether individual, state, corporate or foundation-based.

And the climate there looks iffy, at best.

Automakers slash donations

Emblematic of the arts' financial crunch is the sharp decline in contributions from the Detroit automakers. The Ford Motor Company Fund derives its resources from corporate profits "and there has been no profit," said Ford Fund president Jim Vella.

While Ford is committed to meeting its current pledges, Vella said, the fund's 2009 outlay will be reduced by 50 percent. (In 2007, the Fund's total philanthropy came to \$37.3 million. They don't have a figure yet for this year.)

The Ford Fund will no longer contribute to capital campaigns and will focus on specific programs and events. "I don't think we expected such severe economic challenges," Vella said. "But we believe in the arts. They're a vital part of the region, and we will continue to support them."

Despite the auto industry's downturn, the Chrysler Foundation expects its philanthropy to remain "as robust as ever," said foundation spokeswoman Jodi Tinson.

"We know '09 is going to be a difficult year for automakers," Tinson added, "but we're pledged to continue our support."

In the current maelstrom, one might expect smaller organizations to be hardest hit. The Chamber Music Society of Detroit and Jewish Ensemble Theatre -- each with \$750,000 budgets -- have seen different effects.

The 65-year-old Chamber Music Society is "secure and healthy," said president Lois Beznos.

There's no such happy talk at JET, where managing director Christopher Bremer is suddenly wondering whether the little company in West Bloomfield will survive its 20th season.

"When the stock market went into its tailspin, ticket sales for our opening show just stopped," he said, referring to the Neil Simon comedy "Chapter Two."

"I'm down 27 percent from my projections. Project that over the season and we're talking about a \$90,000 loss.

"How do we survive?"

You can reach Michael H. Hodges at (313) 222-6021 or mhodges@detnews.com. Lawrence B. Johnson, a Detroit-based cultural writer, contributed to this report.

Find this article at:

<http://www.detnews.com/apps/pbcs.dll/article?AID=/20081017/ENT05/810170379>

Check the box to include the list of links referenced in the article.

© Copyright 2008 The Detroit News. All rights reserved.