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Madison arts groups cope with a miserable economy

Dark clouds

by Jay Rath

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The arts are halfway through the story of Chicken Little. There are indications that the sky is falling, but time will decide whether there's a happily-ever-after ending to the recession.

"Local organizations spanning all arts and cultural sectors appear to be struggling to make the show go on," says Karen Crossley, program coordinator for the Dane County Cultural Affairs Commission. "I don't know of any that are immune. I'm very concerned about the local arts scene and our collective ability and will to sustain its infrastructure."

First, the good news. American Players Theatre, the Madison Symphony Orchestra and the Madison Museum of Contemporary Art are meeting financial goals. Donations to the Wisconsin Chamber Orchestra are on par with past years. Children's Theater of Madison, or CTM, is doing well overall.

At the Bartell Community Theatre, managing director Sarah Hoover says the venue "is on a very stable financial footing. We don't owe anyone any money, and we have a good financial reserve built up."

But at the other end of the spectrum, some are devastated.

"In my conversations during the past several months with potential grant applicants representing organizations the Cultural Affairs Commission traditionally has funded and new ones, I'm learning firsthand about the severe financial, programming and planning challenges they presently face," says Crossley. "Many use 'the perfect storm' as the descriptor, i.e., multiple difficult events and circumstances colliding."

Some are giving up. According to Sharon Redinger, publicist for the Wisconsin Association of Artists and Craftspeople, exhibitors at the annual Winter Art Festival "were having a very hard year. One artist talked about not applying for the art shows they normally do because they hadn't sold anything, and they always had in previous years."

Between the two extremes, arts groups are weathering the economic storm, and some surprisingly positive trends are on the horizon.

Nonprofits: Isolated from recession?

In the closing months of 2008 the Overture Center for the Arts eliminated 15 positions, and discussions of its \$28 million in construction debt remain contentious (see "[How to Fix Overture](#)"). Madison Repertory Theatre cut nearly half its staff, and just this week announced the need for significant donations by Feb. 1 to avoid suspending operations. (See *TheDailyPage.com* for more on the Rep's financial crisis.) Madison Ballet has canceled its April Pure Ballet concert and will present two productions next season instead of four, even though the group's *Nutcracker* was Overture Center's top-selling show in December.

The worst news has already been publicized, and that's part of the problem.

This is because arts funding is like the stock market: No one wants to invest in a loser. Perception is therefore key. Trevin Gay, producing artistic director at the Rep, frankly says, "It seems that every time a story is published regarding how the arts are 'coping' or 'struggling' or what have you, a negative message is perceived and greatly affects our ability to gain confidence in the community."

On the other hand, bad news can encourage donors to step up to the plate. Hard data are tough to come by, but a survey by SofterWare Inc., a vendor of fundraising software, found a 5% national increase in donations to small and medium nonprofits in September and October.

In fact, this may be just the time to go work in the arts. The Huffington Post says that "nonprofits have been growing faster than either the business or government sector." Forbes says, "When the going gets tough, the tough get into nonprofits." According to [examiner.com](http://www.examiner.com), "The not-for-profit world is continually isolated from a recession."

Bob Plankers, president of Strollers Theatre, sums up the Madison response to this happy news: "That's insane."

Small donors give, endowments struggle

"I cannot repeat often enough that ticket sales only cover 50% of the expenses that are incurred producing live theater," says the Rep's Gay. "This is a national trend and the reason that we are continually looking for support from the communities we inhabit."

But how an arts organization is faring depends on how it makes its money. There are admissions, donations, endowments, grants and — if you're a venue — renting your space to an outside promoter or for meetings. Not all the trends are bad, especially when it comes to donations.

"Our giving is fairly close to last year; however, we did have a few new gifts this year," says CTM producing artistic director Roseann Sheridan. "One of them was a large amount. So if you take that large, new gift out of the picture, we are about 25%-30% below last year's end-of-year."

There's a striking number from the Madison Ballet. In August the organization went to foundations with an appeal. The return on investment was 1%-3%. "However," says Madison Ballet executive director Valerie Dixon, "with the realization that a more grassroots approach may create more of an impact, we reached out again in December, expressing that Madison Ballet does not underestimate the power of small transactions. Our return on that one was 231%."

CTM has seen a similar trend. "Fairly consistently, those who gave larger amounts, i.e. over \$2,500, are giving about half of what they gave last year, and those who gave relatively small amounts, less than \$500, are giving about the same," says Sheridan.

At Overture, says spokesman Robert Chappell, "For 2008 contributed income is just over \$215,000, which is actually a 15% increase over 2007. Even this time of year, when things have been really difficult and challenging for everybody, this December compared to last December [contributed income] is still up 2½%."

Another way of coping is to partner. The Rep and CTM briefly discussed this, says Sheridan. "There had been some conversations around possibilities of the two companies sharing some resources — looking at things like storage space, set construction, administrative needs, etc. — but nothing has been talked about since the Rep laid off key staff."

Some organizations depend on endowments. A lot of arts eggs were placed in that one basket. "Back in the early 2000s, the push for arts groups of the mid- to large size like Overture residents was to have endowments," says Lisa Thurrell, artistic director of Kanopy Dance Company, itself an Overture resident.

"Consultants and advisers looked to endowments as a way to grow money," she says. "This may have been creative thinking due to the fact that Wisconsin ranks anywhere between 42nd and 48th in giving to the arts nationwide.... Endowments can be risky, obviously. So in other words, none of the arts groups who have endowments are immune to the downturn of the market and investment scandals and losses."

Crossley is more blunt. "For organizations fortunate to have endowments, earnings and income are severely diminished," she says.

Overture wants to rely more on outside promoters to book its space. The returns are diminished, but so is the risk. Next season Overture will not produce as many of its own shows: "Overture Presents" programming will drop from 55 to 38 productions. Overture also wants to do more straight rental business for meetings. The Bartell similarly is looking to diversify its income stream and add another member company.

The community theater model

As for Overture ticket sales, they "are soft but not dead," Chappell says. "We have made our projections more conservative for the rest of the season."

Sales are still "pretty good," he says. "Actually we made money on *Wizard of Oz*." But that success is controversial. *Oz* opened the same weekend as CTM's staging of *A Christmas Carol* at Overture.

"There is no doubt in my mind that the booking of *Oz* impacted our gate on *Christmas Carol*," says CTM's Sheridan. "I find this unfortunate and quite honestly frustrating. I am disappointed that Overture booked that particular show at that particular time. I think this is indicative of a larger issue about venues at Overture and what gets booked and when."

CTM has seen corporate sales decline. "In the past, we could count on various companies to purchase blocks of tickets to give to their clients or employees as holiday gifts/employee appreciation or event-type things. This is not happening very much, with a couple of exceptions," says Sheridan. "It makes sense that this would be an area that a company would cut back on, but it is also an area that nonprofits have been able to count on pretty consistently."

CTM and Madison Ballet have cut some ticket prices. So has the Wisconsin Chamber Orchestra. "When we were setting our prices for our Holiday Pops concert earlier this year, we took into account the state of the economy," says WCO marketing director Sue Ellen Maguire.

Meanwhile, some groups, especially amateur groups, have not historically depended on anything but admissions. With volunteer staffs, "They're used to doing without," notes Anne Katz, executive director of Arts Wisconsin, a state advocacy organization. That makes them strong players now, and suddenly savvy, if only by default.

Madison Theatre Guild is looking to play into the strengths of that business model, adding more volunteers and increasing publicity. The nominal investment could have big returns. One benefit of the recession may be that participating member companies at the Bartell are gaining sales from Overture difficulties.

"Though I don't have specific numbers to back it up, it seems that community theater groups aren't suffering as badly as bigger arts organizations," says Plankers at Strollers. "Part of that is probably because the smaller groups are more nimble anyhow, but also because the \$50 that would get you a single ticket to a show at the Overture will get you two tickets, a couple of beers and dinner if you come out to the Bartell. People are figuring that out."

Frozen sky

That leaves grants as a way to bring in dollars. Welcome to trouble.

"Grants are down, and with Madison Community Foundation's announcement that their focus will be on grants related to basic needs such as food, shelter and clothing, the arts will take a hit from that former major funding source," says Sheridan. "Likewise, Evjue Foundation is giving only through the Dane County Cultural Affairs Commission, so there will not be a separate giving source there anymore."

It's been a long and difficult budget season for Karin Wolf, program administrator for the City of Madison Arts Commission. The granting agency finally got through the Common Council without any cuts, but one of the council members told Wolf that next year will be even more difficult. "So I feel a lot of pressure this year to really streamline what we're doing," she says, "and really show the public value — make a great case for that this year."

The Dane County Cultural Affairs Commission is seeing more applications for grants and requests for greater dollar amounts. "We are troubled by our practice of awarding partial grants, i.e. amounts substantially less than what was requested," says Crossley. "We anticipate these trends — increase in number and size of requests, and awarding of partial grants — to be exacerbated in the three grant cycles this year and beyond."

Arts Wisconsin is doing a survey of the arts sector statewide, covering some 300 organizations. So far, Katz says, "What I'm seeing from the survey results is they're okay right now, but they're feeling very vulnerable."

As grants dry up and competition increases, the first thing to go will be outreach efforts such as school performances. "That's shaky," Katz says, "the kinds of things that make the arts more accessible." A loss of outreach could have an effect years and even decades down the road. Educational outreach isn't just a feel-good activity; it's the building of a future audience base.

However, there's also a sense that some organizations that are in trouble are carrying around problems that began before the recession.

For example, Madison Theatre Guild worked through some serious budget problems several years back. Guild board member Scott Hurlbert now says, "We agree that those that have their houses in order will benefit through this serious downturn and on into a time of coming recovery."

Maybe. Says Wolf, "It's hard to really get a gauge yet. People are waiting. People are staying optimistic. We're in that weird stage where we don't really know how bad it is yet.

"But I've been told by friends, 'You have six months to get out of the arts.' It's like the sky is falling, but it's sort of frozen."