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THE NEW YORK TIMES, SUNDAY, NOVEMBER 18, 2001

Arts Groups Are Reeling in Wake of the Attacks

By ROBIN POGREBIN

Confronted by the plunge in tourism, a decline in charitable contributions and anticipated cuts in the city's cultural budget that are expected to be announced this week, New York City's 2,000 arts institutions are facing the gravest economic period since the fiscal crisis of the 1970's.

The effects, large and small, are already being felt across the city. The Guggenheim Museum and the Joseph Papp Public Theater have each announced layoffs of 20 percent of their staffs: about 80 people at the Guggenheim and 20 at the Papp. The American Museum of the Moving Image in Queens raised $50,000 less than expected at its recent fall fundraiser. A donor rescinded a $500,000 commitment to the Staten Island Botanical Garden, citing the economic effects of the Sept. 11 attacks.

"You have a combination of too many factors too fast," said Norma P. Munn, chairwoman of the New York City Arts Coalition, a citywide arts advocacy group. "It is that sequence of events that is becoming crippling."

The city's cultural landscape has certainly been bleak before; the recession of the early 1990's brought harsh budget cuts that forced some institutions to cut back on hours or programs. But now, the fallout from the terrorist attacks, combined with an already faltering economy, has left the city's $13 billion culture industry with a trepidation that has been unleavened by a few bright spots, like the rebound on Broadway over the last month that many producers fear will be hard to sustain.

A survey of more than 150 of the city's arts organizations, which is to be released tomorrow, offers confirmation of the industry's worst fears.

The study, conducted over the last two months by the Center for an Urban Future, a nonpartisan policy institute that focuses on economic issues, concluded that "nonprofit arts organizations are entering their rockiest period in over 30 years." It urged Mayor-elect Michael R. Bloomberg to make the arts a focus of the city's rebuilding effort.

Of the cultural groups surveyed, every one had suffered or expected substantial economic losses, and most had raised significantly less money than anticipated since Sept. 11. Half reported that they had seen

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major donations withdrawn or postponed. Also, the study said, about 2,700 school trips to arts organizations have been canceled since Sept. 11, significantly reducing revenue.

The study estimated that the average arts organization could expect a 15 percent loss in revenue this year and warned that worse might come. Even organizations that get substantial government funds still rely on private contributions for 30 to 70 percent of their budgets. And while the groups have continued to receive their foundation grants and corporate gifts this year, the study says, the value of stock portfolios is down at many foundations. Darcy Hector, program officer of the Robert Sterling Clark Foundation, is quoted in the report as predicting that his and other foundations "are looking at reduced payouts next year."

Every arts organization surveyed that had a budget of more than $5 million reported donations canceled or postponed because of Sept. 11.

In addition, every arts organization that has held a fund-raising event since the terrorist attacks has brought in significantly less money than anticipated. Most groups that plan to hold such an event before the end of the year have reduced their expectations, the report says.

"Campaigns for new or refurbished buildings, which were proliferating just last year, "have all but ground to a halt," the study reports.

"Among the largest plans that are doggedly moving ahead are the proposed redevelopment of Lincoln Center, at a cost of more than $1 billion, and the $650 million expansion of the Museum of Modern Art.

There is some encouraging news. While the New York Hall of Science in Queens at first expected to earn $55,000 less than the originally estimated $500,000 at its annual benefit on Nov. 29, it is now predicting proceeds of at least $25,000 more than its goal. "I think people are realizing contributions mean more now than they did in normal times," said Alan J. Friedman, the hall's director.

Still, while Broadway ticket sales have rebounded somewhat, only 15 percent of theatergoers this fall have bought their tickets at least one month in advance, according to the League of American Theaters and Producers, compared with 45 percent last fall. And producers are bracing for the winter, which is a tough season even in good times.

"I think it's going to be hard for a lot of long-running shows like 'Cabaret' or 'Phantom of the Opera' or 'Beauty and the Beast' to make it through, and it's scary," said Todd Haimes, artistic director of the Roundabout Theater Company, which produced "Cabaret." "If you take 20 percent away from that period," Mr. Haimes added, "you're talking about considerable losses."

There have already been considerable losses. Ms. Munn, the arts coalition's chairwoman, estimated that the city's arts groups lost $23 million between Sept. 11 and Sept. 30 alone. NYC & Company, the convention and visitors bureau, estimates that the city lost $357 million in tourism and $66 million in tax revenue from Sept. 11 to Nov. 4.

Arts organizations are somewhat prepared for cuts to the city's cultural budget. In October, Mayor Rudolph W. Giuliani asked almost every city agency to look for cuts of 15 percent and imposed a hiring freeze.

The city's Department of Cultural Affairs, which has a budget of $137 million, has submitted to the Office of Management and Budget its proposals for apportioning those cuts, which amount to slightly more than $20 million. The budget office is expected to make recommendations on the cuts this week.

Sounding glum, Schuyler G. Chapin, the city's commissioner of cultural affairs, said he was unsure how the cuts would be made. "The only thing we do vaguely know is probably before Thanksgiving, we will have our instructions about what to do," he said. "At the moment, we're sitting on our hands and crossing our fingers like everybody else."

But Peter F. Vallone, the City Council speaker, was not hopeful. He said the budget office had long treated "the culturals" as a drain on the economy rather than a boon to it. Culture "is not an expense, as the Office of Management and Budget has made it out to be," he said.

For several large institutions, the losses will probably be in the millions. At the Metropolitan Museum of Art, where visitors are down 25 to 30 percent, a 15 percent cut from the city would mean a loss of $3.5 million in expected funds. The museum is already losing $100,000 to $200,000 a week in revenue from admissions, restaurant and shop sales and garage use. (The museum's garage has been closed for security reasons, a significant budget hit in itself.)

Because half of the Met's visitors are tourists, the financial blow has been devastating. "More than just an economic downturn like we saw in the early 90's is the combination of that on top of reduced tourism," said Emily K. Rafferty, the museum's senior vice president for external affairs. "What we don't know is how long term this is going to be."

Arts groups downtown are still suffering the most, and many of them have lost crucial income from canceled rental agreements. The Flea Theater in TriBeCa, for example, which typically operates at 90 percent capacity, was operating at 5 percent in the first few weeks after Sept. 11 and has only recently begun to climb back to 20 percent.

Theaters are offering discounts and conducting e-mail marketing campaigns. Several downtown theaters and businesses have organized as Downtown NYC! to try to promote themselves jointly. "We're saying downtown is not dangerous," said Barbara Ligeti, an independent producer who is part of the effort. "We're saying: 'It's hip and happening. It may smell bad some days, but it's not hard to get to.' "

Ms. Ligeti is a producer of "Havana Is Waiting," which opened on Oct. 27 at the Cherry Lane Theater in the West Village and is already planning to close despite strong reviews because it cannot survive in the current climate.

The New York Foundation for the Arts, which offers grants and services to artists and organizations, has raised about $800,000 for local arts groups and artists by using grants pooled from local and national foundations through an effort it is calling the New York Arts Recovery Fund.

The convention and visitors bureau has started a discount package called Paint the Town Red, White and Blue, which includes a hotel stay, a Broadway show and dining, cultural and sightseeing options and parking discounts.

But "if we see a further diminution of income," Ms. Munn predicted, referring to groups that have experienced extreme difficulties and laid off staff, "then January, February, March, we will see closures."

An additional problem is that many of the groups have already spent funds that they anticipated receiving from the city but that will probably never arrive. The Shakespeare Project, for example, which performs Shakespeare free across the city, mostly during the summer, expected to get $38,000 from the city treasury this year and now wonders if it will see any of it, even though it has already spent the money.

Arts groups have also had to contend with a 10 percent cut in the state cultural budget in August and the elimination of state line-item grants that State Assembly members and senators make to groups in their districts. The Staten Island Children's Museum, for example, will lose a line-item grant worth $90,000 this year — a lot for an institution with a $1.5 million budget.



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At the Metropolitan Museum of Art, above, attendance is down about 25 percent, with a $100,000 to $200,000 weekly revenue loss. Attendance is also down at the Brooklyn Museum of Art, where an Egypt exhibit is being installed.

Of the arts groups surveyed by the Center for an Urban Future, every one had instituted a hiring freeze and prepared a contingency plan for work reductions, salary reductions or layoffs. Arnold L. Lehman, the director of the Brooklyn Museum of Art, where attendance is down 30 percent and which expects to see its revenues drop $1.5 million over the fiscal year that began in July, said his institution had reduced the salaries of its higher-paid employees retroactive to July 1 in anticipation of the 15 percent cut from the city.

If there is any cause for hope, it is that New York's cultural institutions are being rescued largely by New Yorkers. According to the theater league, Broadway ticket buyers are increasingly local residents; for the last two weeks, 52 percent were from the city and its suburbs, up from 39 percent a year ago.

And some organizations that do not rely heavily on tourists, like the Jamaica Center for Arts and Learning in Queens, the Queens Zoo, the Staten Island Botanical Garden and the borough libraries, have actually seen increases in attendance, possibly because New Yorkers themselves are staying closer to home.

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