

MUSEUM ASSOCIATION OF NEW YORK

Taking Stock: A look at the economy's impact on NYS museums in 2009

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With a new year upon us, it's time for reflection and a look back at what by any measure has been a rough year. It is, however, the first year the Museum Association of New York (MANY) regularly surveyed a sampling of its membership to understand how New York's museum community coped with the economy's unprecedented downturn.

Coming off the roller coaster ride that was autumn 2008, MANY's membership found itself smack in the middle of a full-fledged recession. What began a year ago with modest belt-tightening morphed into staff cuts, pay freezes, and deferred capital programs as museums and historical agencies were hit in multiple revenue streams—tanking corporate donations, deflating endowments and evaporating government support. By mid-fall 2009 when the Museum of Modern Art joined other major New York institutions in making pay cuts and staff reductions, it was clear that maybe size didn't matter; the recession like the H1N1 could affect everyone.

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Roughly 10 percent of the MANY membership participated in each of four quarterly surveys beginning in December 2008. The polling allowed MANY to monitor how the recession affected most of its member institutions from October 2008 to September 2009. And as 2009 came to a close, it's clear that while the patient isn't back to normal, she might be out of ICU. Based on MANY's survey group, deficits are down by about 10 percent since late spring. Asked if they were having difficulty paying bills, in the most recent survey only 15 percent of MANY's respondents said time between invoices and check writing had increased while the vast majority (81.3%) reported no change. As far as annual contributions, the group reported numbers that paralleled those for non-profits nationally. One third reported no change, while almost a quarter stated their annual contributions had (or were expected to) decrease. According to Guidestar, nationally nonprofits saw a reduction in both the number and the amount of individual gifts.

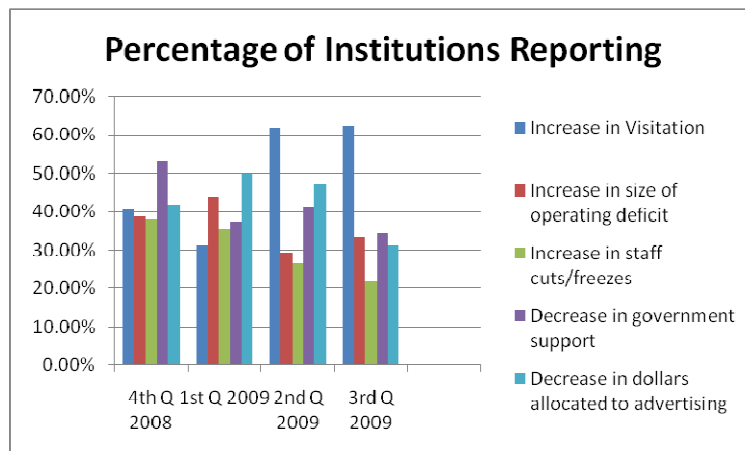
To no one's surprise a third of MANY's reporting group also reported that government support was down. In fact, some the museums and historical organizations in the New York State Council on the Arts' (NYSCA) final applicant pool had their applications voted on only to have payment delayed indefinitely

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as the state cut, readjusted, and cut its way through what remained of 2009. Numerous others found support from other quarters like local and county government or member items curtailed. The 34 New York City museums and organizations occupying city-owned buildings saw their municipal support decline by almost 10 percent for those with budgets bigger than \$25 million. And, no surprise, foundation giving was way down as philanthropic endowments were hurt by stock downturns.

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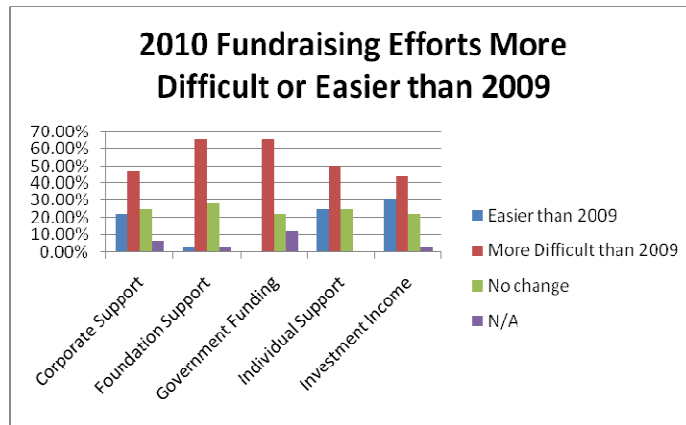
35 percent in the second quarter to 22 percent in the final quarter. That may be less an indication of health, than that throughout the recession visitation at New York's museums continued to grow. Too lean a staff and museums can't open the doors. In MANY's second survey, respondents reported a 31 percent growth in visitation; by the end of the fourth quarter that had grown to 62.5 percent. (School visitation grew only minimally, undoubtedly a reflection of reduced state education funding and transportation costs.) This too reflects a national trend with museum visitation up from coast-to-coast. Late this fall the Museum of Modern Art made headlines posting its best year ever with a record 2.8 million visitors. But for many museums with free or very modest admission, increased visitation represents a kind of cold comfort.



By the end of 2009, 20 percent of MANY's respondents had capital campaigns underway; 6 percent had cut them back, while most are making no changes. For institutions committed to building programs—some recently profiled in *The New York Times* with a quick retort from CultureGrrl—and caught with

underfunded capital projects there is a sense that the recession exposed poor management and poor planning just as it did for the nation’s housing crisis. The flip side of the if-you-build-it-they-will-come philosophy of the boom years seems to be a new focus on collections and programming. Philippe Vergne, CEO at Dia Art Foundation was quoted as saying, “I want the ambition to be for the program, not the building.”

As for predictions for the coming year, like their counterparts nationally, MANY’s respondents were cautious. Asked if they thought corporate support might start to climb, almost 47 percent said, no, answering that it would probably be more difficult to come by than a year ago. As for foundation and government support, the predictions were bleaker: 65 percent see the coming year as more of a struggle than 2009. A third of MANY’s respondents felt that their endowments might gain some ground in 2010, while 44 percent believe their portfolios will continue to tread water.



Overall organizations reported continuing to trim budgets, staff and programs, but expressed regret at the recession’s pervasiveness. Of those reporting pay increases in a separate poll, 50 percent were planning to offer 2-3 percent increases for 2010, while 44% were holding the line on 2009 salaries. One staff member wrote, “It is heart breaking to lose financial support because we cannot give as much service,” while another said, “We have cut our endowment draw by 50 percent based on forecasted performance by our investments.” Others predicted endowments may start to pick up, but they have to regain lost ground before there is actual growth.

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