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US budgets slashed, programming reduced and expansions halted

By Jason Edward Kaufman

The St Louis Art Museum has delayed its David Chipperfield extension

NEW YORK. A survey of art museums across the US has found that most institutions have lost at least 20% of the value of their endowments and directors are retrenching amid the worsening economic crisis. The survey of around 40 museums, conducted by The Art Newspaper in early December, revealed that nearly all directors had begun trimming between 5% and 20% of their 2009 budgets and were preparing for deeper cuts in 2010.

The Guggenheim Museum has cut 10% of its operating budget, the Denver Art Museum plans up to a 15% reduction, and the Los Angeles County Museum of Art (Lacma) initiated a staff freeze and cut back on travel. "We are looking hard at every single line item and squeezing nickels," says MassMoCA director Joseph Thompson, who has trimmed expenses and programming by around 8% and has plans that could involve staff reductions by mid year.

Even the richest museums are not immune to the effects of the downturn, but directors expressed confidence that they can weather the crisis without massive lay-offs and drastic reductions in programming.

Nevertheless, the scenarios revealed by the survey are grim. The museums reported that state and local governments are already dealing with their deficits by reducing funding. Corporate, charitable and private support is also expected to fall off. (US foundations shed $200bn in value from the market peak in late 2007, according to a November report in The Wall Street Journal.)

Plunging endowments are the most ominous indicator of museums' circumstances. The affect of shrinking portfolios is incremental because most museums annually draw down around 5% based on the average value over the previous 12 quarters. But if the markets do not rebound the impact eventually will be severe.

The endowment of the Indianapolis Museum of Art (IMA) fell from $382m at the start of 2008 to $293m at the end of November. In the same period, the Minneapolis Institute of Arts' investments went from $193m to $153m and the Peabody Essex Museum in Salem, Massachusetts, shed 19% to approximately $107m. Each of those museum's directors has exacted budget cuts and prepared for more if needed. "My experience has always been that philanthropy suffers little during recessions," says Maxwell Anderson, director of the IMA. "I am hopeful we will continue to benefit from our patrons' generosity." Dan Monroe, director of the Peabody Essex, does not share his optimism. "We have seen delays in decision-making over major gifts and we expect a different philanthropic climate in 2009," he says.

John Buchanan, director of the Fine Arts Museums of San Francisco, has also seen indications of flagging corporate support. "The sponsorship landscape has changed dramatically in the past quarter. Some of our previous supporters have had to take a long look at their priorities going forward," he says, adding that "many corporations are scaling back on the parties and events that they hold at the museum."

The Seattle Art Museum (SAM) stands to lose $4.6m a year in rent from Washington Mutual, a bank that leases eight floors of a tower jointly owned with the museum. JPMorgan Chase acquired the company but may vacate the space, leaving a gaping hole in the museum's $24m budget.

Larger institutions are reluctant to let the public know the state of their investments, fearful that fluctuations will give the impression of instability and lead philanthropists to spend elsewhere. But this cannot mask the reality: every institution has suffered painful losses in portfolio value.

Institutions that had shaky finances before the downturn find themselves in deep waters. The Museum of Contemporary Art in Los Angeles had been depleting its reserves to cover operating deficits when the plunging market nearly erased its dwindling endowment. Despite cancelling shows and closing one of its two main buildings beginning this month, the museum's very survival remained in question as we went to press, even as the trustees sought to hammer out an agreement with collector Eli Broad for a $30m bailout he offered to keep the institution alive.

The Detroit Institute of Arts, which has to fundraise each year to fill a $15m-$17m operating gap, lost 15% of its $71m operating endowment in the first ten months of 2008. Director Graham Beal says he is looking at as much as a 20% reduction in the $33m budget, of which only $1m comes from public sources. In November he described the situation as "a looming crisis".

Other museums may be quietly raiding their endowments to balance budgets, but only the National Academy Museum in New York has sold art to raise money for operations, an act that resulted in censure from the Association of Art Museum Directors.

This group, which represents 190 North American museums, has asked committees to devote half their time to planning the mid-year meeting in June "almost wholly around the economy and art museums", says Alex Nyerges, director of the Virginia Museum of Fine Arts.

The last major downturn was the dotcom bust of 2001 and the aftermath of the terrorist attacks of 11 September, during which the Guggenheim Museum slashed nearly half its staff and closed its Las Vegas branch, the San Francisco Museum of Modern Art cut a quarter of its exhibitions, the Art Institute of Chicago scaled back plans for its Modern Wing that opens in May, and the Whitney Museum's expansion plans were derailed.

The present crisis may not end the US museum-building boom but it has slowed it down. The Saint Louis Art Museum planned to break ground last quarter on a $125m expansion designed by David Chipperfield, but the project is now on hold.

The Los Angeles County Museum of Art, which lost a quarter of the value of its $148m endowment from July to September, has postponed renovation of its Lacma West building until a better sense of the economic climate can be determined. It still plans to complete a new exhibition pavilion designed by Renzo Piano by mid-2010. The Cincinnati Art Museum is shelving renovation and expansion. Meanwhile, the Miami Art Museum has yet to announce a start date for its much-touted new building by Swiss architects Herzog and De Meuron.

Smaller institutions are especially hard hit. The director of the Las Vegas Art Museum, Libby Lumpkin, abruptly resigned last month after the board halved next year's budget to less than $1m and demanded lay-offs. The Minnesota Museum of American Art in St Paul will close this month in response to deficits and the loss of its gallery in a building that the county plans to sell. The museum's president, David Kelly, would like to reopen but meanwhile the collection is available for loan.

Anne Hawley, director of the Isabella Stewart Gardner Museum in Boston, has a word of advice to colleagues: "Remain true to your mission, continue to do what you do best, and try to find creative ways to present your collection and programmes. The arts are as important now as ever."

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