

THE RECESSION & THE ARTS

The Impact of the Economic Downturn
on Nonprofit Cultural Groups
in New York City

January 2009

We are grateful for the cooperation of the directors and staff of the cultural organizations throughout New York City who supplied information for this survey.

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INTRODUCTION

This report documents the affect of the current economic recession on arts organizations throughout New York City. It is the first of a series of reports that the Alliance will publish in 2009 to provide data to the cultural field about timely issues affecting cultural organizations.

Although the city's arts groups are a diverse community, the recession is affecting each one in similar ways. This survey makes clear that 80 percent are reducing their budgets and more than half are reducing staff and postponing or cancelling programs.

Although these cutbacks fall most heavily on artists and administrators, they have a larger effect. New Yorkers will have fewer cultural opportunities, surrounding businesses may suffer and the city has less programming to offer visitors. This downward cycle affects families with children, seniors, and the hospitality industry which depends on the arts to attract tourists.

The downturn in the arts sector documented in this report will have lasting effects. Nonprofit cultural organizations in the city had an economic impact of \$5.8 billion in 2005 and generated over 40,000 jobs and \$2.2 billion in wages. We hope policymakers will help this New York-based industry play its role in rebuilding the city's economy.

This survey was sent to 700 organizations in December; 100 responded, for a return rate of 14 percent. It provides a snapshot of the immediate effect of the recession at arts organizations. We thank all those groups that provided us with information and look forward to working with them and the entire field in the future to serve the creative community.

Randall Bourscheidt
President

January 2009

MAJOR FINDINGS

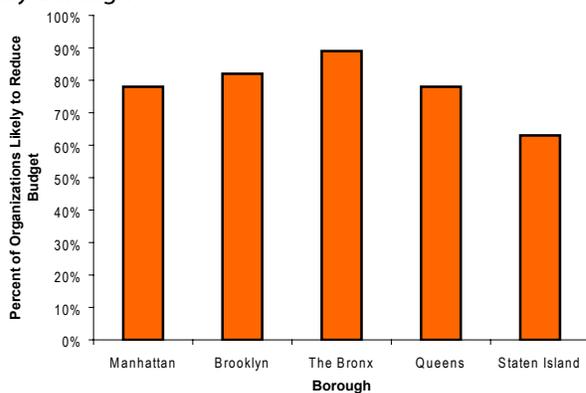
In December 2008, the Alliance for the Arts fielded a survey to nonprofit cultural organizations in New York City about the impact of the recent economic downturn. The responses came from a cross-section of organizations in all boroughs—reflecting the diversity of nonprofit cultural organizations in terms of audience, discipline and budget size.

The survey results capture a snapshot of the current climate of the cultural industry. Of the 100 responding organizations, 78 percent indicate that they have reduced their budgets or plan to do so; 50 percent plan to lay off employees; 69 percent will defer new hires and 45 percent plan to cancel or postpone programs within the next year.

Chart 1

THE RECESSION & THE ARTS:
The Impact of the Economic Downturn on
Nonprofit Cultural Groups in New York City

Impact of Recession on Arts Organizations by Borough



Source: Alliance for the Arts 2009

Of the 18 organizations with budgets less than \$100,000, 67 percent have reduced their budgets or plan to do so—some up to as much as 75 percent. The majority of these organizations are based in Manhattan (56 percent), 17 percent are in Brooklyn, 11 percent are in Staten Island, 11 percent are in Queens and 6 percent are in The Bronx. Of those organizations outside Manhattan, 75 percent have reduced their budgets or plan to do so; 50 percent plan to lay off employees as well as defer new hires.

Eighty-one percent of the 32 organizations with budgets between \$100,000 and \$1 million report that they have reduced their budgets or plan to do so. One-fourth of them plan to lay off employees and 69 percent plan to defer new hires within the next year. Forty-one percent plan to cancel or postpone programming and 47 percent plan to postpone moves or capital improvements. Sixty-three percent of these

organizations are located in Manhattan, 16 percent are in Staten Island, 9 percent are in Brooklyn, 6 percent are in The Bronx and 6 percent are in Queens.

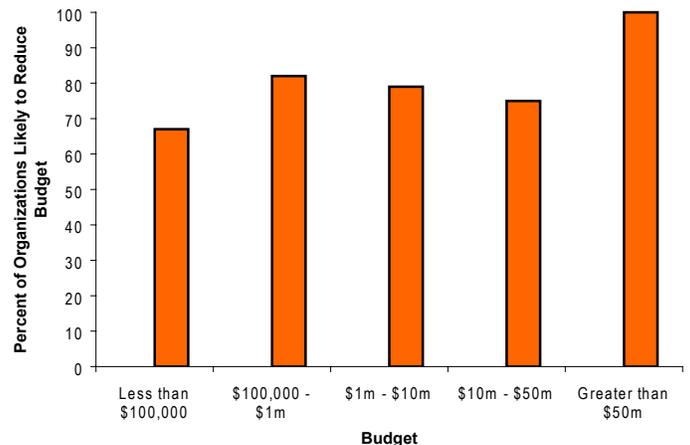
Seventy-nine percent of organizations with budgets between \$1 million and \$10 million plan to cut their budgets up to 30 percent over the next year. Among these organizations planning to cut their budgets, 67 percent are in Manhattan, 15 percent are in The Bronx, 11 percent are in Brooklyn and 7 percent are in Staten Island. Fifty-six percent of organizations within this budget range plan to lay off employees and 27 percent plan to defer new hires within the next year. Forty-one percent plan to postpone or cancel programming within the year.

Organizations with budgets over \$10 million were similarly affected, with 80 percent indicating that they have reduced their budget or plan to do so—some up to 53 percent. Of the 15 largest organizations, 53 percent plan to lay off employees and another 80 percent plan to defer new hires within the year. Although 53 percent plan to cancel or postpone programming within the year, all of the organizations within this budget range intend to proceed with their planned fundraising schedule. Of the organizations planning moves or capital improvements, 36 percent anticipate postponing their plans. Sixty percent of the largest organizations are located in Manhattan; The Bronx, Brooklyn and Queens each account for 13 percent.

Chart 2

THE RECESSION & THE ARTS:
The Impact of the Economic Downturn on
Nonprofit Cultural Groups in New York City

Impact of Recession on Arts Organizations by Budget Size



Source: Alliance for the Arts 2009

Impact of Recession on Arts Organizations by Discipline

Three quarters of visual arts organizations report that they have reduced their budgets or plan to do so within the next year. Thirty-three percent of these organizations plan to lay off employees and 50 percent plan to defer new hires within the year. No visual arts organizations plan to postpone their fundraising; however, 33 percent intend to cancel or postpone programming and another 44 percent plan to delay or cancel moves and capital improvements within the next year.

Nearly three quarters of performing arts organizations, the majority of which (86 percent) are located in Manhattan, indicate that they have reduced their budgets or plan to do so. Among the 50 organizations, some of which have staffs of over 300, 38 percent intend to lay off employees and 64 percent plan to defer new hires within the next year. Although only 21 percent of performing arts organizations are postponing their fundraising, 61 percent are canceling or postponing moves or capital improvements and 34 percent are canceling or postponing programming.

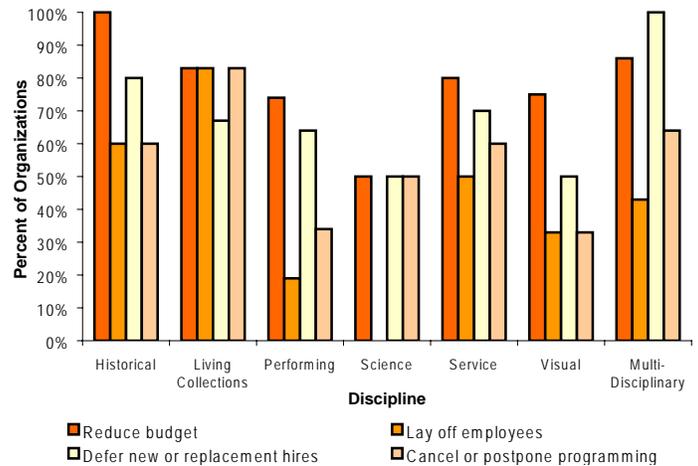
Eighty percent of arts service organizations are planning to reduce their budgets, 70 percent plan to defer new hires and 50 percent intend to lay off employees within the next year. Only 14 percent anticipate postponing fundraising; however, 60 percent will cancel or postpone programming. An additional 67 percent plan to postpone or cancel moves or capital improvements within the next year.

Eighty-six percent of organizations that identified themselves as multidisciplinary plan to reduce their budgets—some up to 50 percent. All of these groups plan to defer new hires and 43 percent anticipate laying off employees within the year. Sixty-four percent plan to cancel or postpone programming, 23 percent will postpone fundraising and one third report that they will cancel or postpone moves and capital improvements within the next year.

Chart 3

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in New York City

Impact of Recession on Arts Organizations by Discipline



Source: Alliance for the Arts 2009

Survey Sample

Questionnaires were sent to 700 organizations and 100 responded—for a response rate of 14 percent. Nineteen of the 34 organizations comprising the Cultural Institutions Group responded to this questionnaire.

The sample is representative of the broader cultural community. Sixty-three percent of the organizations are located in Manhattan, 11 percent in Brooklyn, 9 percent in The Bronx, 9 percent in Queens and 8 percent in Staten Island. Eighteen percent of organizations have budgets less than \$100,000; 33 percent have budgets between \$100,000–\$1m; 34 percent have budgets between \$1m–\$10m; 12 percent have budgets between \$10–\$50m; and 3 percent have budgets over \$50m.