

Major symphony orchestras in US face funding crisis

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Major symphony orchestras in the US are facing a funding crisis as the recession deepens. Ticket sales are falling, while support from corporate sponsors is being cut back.

The problem is highlighted by reports that the Philadelphia Symphony may be forced to declare bankruptcy. According to a report in the *Philadelphia Inquirer*, the symphony needs to raise another \$7 million of a \$15 million recovery fund. Attendance at concerts has only been at 62 percent capacity this year, down from 80 percent last year.

The Philadelphia Symphony is hardly alone. The New York Philharmonic is reporting a record \$4.6 million deficit from last season and expects a similar shortfall in 2010. The shortfall in fundraising will probably require the symphony to make cuts, including a freeze on salaries and reduced parks concerts. "We are dealing with longer term deficits now," said Eric Latzky, a spokesman for the New York Philharmonic. "There is no question that the economic environment has had a significant impact."

Many orchestras have called on staff and musicians to take pay freezes or cuts. In January, members of the Cleveland Symphony staged a one-day strike against a proposed 5 percent salary reduction. The final settlement froze wages for two years with a small increase in the third year. Meanwhile, members of the Seattle Symphony recently accepted a 5 percent pay cut through August. On top of that, musicians agreed to "donate" \$2,010 apiece to the orchestra.

The Honolulu Symphony declared bankruptcy in November and ceased operations, leaving musicians, including some who had recently moved from the mainland at substantial expense, out of work.

The largest component of an orchestra's expense is salaries. Since an orchestra must be of a certain size

and layoffs are not an option, production companies have sought to offset declining revenue by cutting compensation.

Over the past years, symphony musicians in Atlanta, Cincinnati, Baltimore and Philadelphia have had to take pay cuts. Musicians in the Utah Symphony gave back \$1.3 million in salary and benefits for the 2009-2010 season after giving up \$445,000 the previous year. Last year, musicians at the Minnesota Symphony agreed to a reduction in pensions and a wage freeze.

The Detroit Symphony reported in December that it is \$7 million short on its contributions to employee pensions. In recent years, the DSO management has asked musicians on several occasions for concessions. With the collapse of the Detroit-based US auto industry, the DSO has seen its corporate funding dry up, and it has had to tap into its endowment to meet costs. Last year, the unrestricted part of the DSO's endowment fell 31 percent, from \$54.6 million in 2008 to \$37.6 million in 2009. Last year's deficit was \$3.7 million, and management is predicting the shortfall could reach \$5 million in 2010 without cuts.

Opera companies are also struggling. The Michigan Opera Theatre made cuts to its 2009 season, taking the unprecedented step of canceling a scheduled production of *I Pagliacci*. Meanwhile, the Los Angeles Opera has cut back its 2010-2011 season due to budget troubles. It will stage only 42 performances of six operas. During the 2006-2007 season, the LA Opera gave 75 performances of 10 productions.

Sales of tickets, which can cost more than \$100 a seat, do not cover the full cost of maintaining an orchestra. As a consequence, symphony orchestras, which in the US receive relatively little public funding, have to rely on donations from corporations and wealthy individuals. Meanwhile, overall attendance at

US orchestral performances is in the midst of a long-term decline, falling 8 percent between 2002 and 2007, according to a study by the League of American Orchestras. This could reflect a number of factors, including declining discretionary income. One particularly disturbing trend is declining attendance by members of the younger generation. This is probably at least in part related to the deep cutbacks in music programs at the elementary and secondary level in public schools across the United States.

The crisis facing orchestras across the US comes at a time when governments from the federal to the local level are slashing support for the arts. Obama's proposed fiscal 2011 budget includes a \$6 million reduction for the National Endowment for Arts and the National Endowment for the Humanities, which stands at just \$161.3 million, less than the amount spent each day by the Pentagon.

Michigan led all states with an 80 percent cut in arts funding in fiscal 2009-2010. Michigan spent just \$2 million supporting the arts last year compared with \$26 million in 2001. Florida came next with a 65 percent cut followed by Illinois, which slashed 53 percent from its arts funding.

The Los Angeles City Council recently voted to eliminate the guaranteed funding of its arts agency. Currently, the Department of Cultural Affairs receives a percentage of the city's hotel tax. The city council is reviewing a proposal to rescind all arts grants that haven't been paid yet this year. The state of California, wracked by massive budget deficits, has all but eliminated funding for the arts. The state's arts budget, just \$6 million, is the lowest per capita in the United States.

New York state arts funding will be cut \$9.6 million under the 2010-2011 budget submitted by Democratic Governor David Paterson. Norma P. Munn of the New York City Arts Coalition called the proposed cuts "extraordinary."



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