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Bay Area arts groups survive on the edge

By Karen D'Souza kdsouza@mercurynews.com
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It's a twist of dramatic irony worthy of the stage: Major Bay Area arts groups are, surprisingly, having a robust year at the box office, but slumping donations, absentee tech giants, and diminishing government and foundation funding have left many of them limping out of the long, hard recession.

"This is shaping up as our most difficult year yet," says Andrew Bales, president of Symphony Silicon Valley. "We continue to fight the good fight."

Attendance has increased this season for theaters, symphonies and museums from San Jose to San Francisco and Oakland. However, ticket sales are only a slice of the fundraising pie — about 34 percent nationwide, research by the National Endowment for the Arts shows. So just when arts leaders deserve to bask in their standing ovations, they are having to lay off performers, cut shows and crunch numbers as aid dwindles and, in the valley, most of the tech sector fails to chip in.

Even Berkeley Rep, which had its biggest seller ever last fall with the world premiere of the Broadway-bound Green Day musical "American Idiot," is hustling to break even by cutting staff 7 percent and trimming production expenses.

"We tried to anticipate the magnitude of the economic downturn and be proactive," says Susie Medak, managing director of Berkeley Rep. "It's a tough world out there. The arts have only, for brief moments in history, survived without subsidy."

Out of 27 arts groups surveyed by the Bay

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and furloughs to whittle away at a projected \$2 million deficit.

"The key is to find a way to survive, even in a reduced fashion," says Neal Benezra, director of the San Francisco Museum of Modern Art, "and hold out hope for the longer term."

Blame the predicament on tanking contributions, which represent almost 41 percent of total arts revenue in the most recent NEA report. For instance, the Hewlett Foundation has cut its performing arts grants by 40 percent since 2008. In just one year, donations to San Jose Stage Company have declined by 31 percent to \$341,344 from \$494,259, with the worst hit in corporate donations. Oakland Museum of California lost about \$900,000 of its funding from the city of Oakland over the last two years.

"Contributions are the really scary story," Medak says.

Valley giving lags

The miserly trend may be even worse in Silicon Valley, which operates in the shadow of San Francisco, and where arts groups receive little help from the multimillion-dollar tech companies headquartered nearby.

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"This is an area that has amassed great wealth," says James Reber, a consultant best known as the founder of San Jose Rep, "but not vast philanthropy with that wealth."

According to 1stACT Silicon Valley, an arts advocacy group that recently studied support for the arts locally, arts organizations in the valley fall below the national average in their receipt of individual contributions (31 percent vs. 14 percent). On the corporate front, the study showed that only 26 percent of the valley's Fortune 100 companies include the arts in their donations. And the top 25 corporate philanthropists in the valley spent just 13 percent of their charitable donations locally, which 1stACT concluded is below the national average.

"A lot of tech companies see themselves as global; they don't see themselves as local," says Sid Espinosa, director of citizenship at the Palo Alto branch of Microsoft.

As Bruce Davis, executive director of Arts Council Silicon Valley, another advocacy group, puts it: "They look out the window but they don't see what's in their backyard."

One reason tech companies give little to the arts is because they target what they see as core social issues. Mountain View-based Google focuses on education. Only a small portion of its donations go to the arts, including a \$30,000 grant to Mountain View's Community School of Music and Art. Microsoft also targets education, the environment and other causes. The company has, however, given \$150,000 to the Peninsula's TheatreWorks. Sunnyvale-based Yahoo opts to connect users with causes instead of writing checks.

"Our primary asset is our audience and our Web site. If we can provide information there, that's more valuable than a cash donation," says Meg Garlinghouse, senior director of Yahoo for Good. After Hurricane Katrina struck, Yahoo put a spotlight on New Orleans groups on its portal and raised \$45 million within 48 hours.

Apple, based in Cupertino, and eBay, based in San Jose, declined to comment.

Individuals step up

In this climate, wooing individual donors has become even more crucial. That's how San Francisco's American Conservatory Theater racked up a \$31 million endowment last year while San Francisco's Museum of Modern Art scored the rights to show the priceless collection of modern masters amassed by Gap founders Doris and Donald Fisher.

"Big-budget organizations have high-net-worth donors," says Marc Vogl, a program officer with the Hewlett Foundation. "It's about building relationships with those donors."

It's by no means easy, arts leaders say. "We are always out there with our tin cup," says Irene Dalis, general director of Opera San Jose.

Groups rely on those deep pockets to carry them through hard times. Ballet San Jose, for instance, found an angel in John C. Fry, owner of Fry's Electronics. Fry, a die-hard dance lover who rescued the ballet with a \$1 million gift in 2004, now sits on the ballet's board.

To be sure, there are other art lovers in the tech world. The David and Lucile Packard Foundation supports groups such as San Jose Rep. Frank Quatrone, CEO of San Francisco's Qatalyst Partners, a high-tech financial advisory firm, is a major donor to TheatreWorks. Palo Alto venture capitalist Burt McMurtry and his wife, Deedee, are key donors at ACT.

"So much of the money here is new money and you have to have money for a while before you feel comfortable giving it away," says Deedee McMurtry, who says it may take time for the valley to grow philanthropists.

As for corporate giving, there are some bright spots there as well. Applied Materials donates to Symphony Silicon Valley and San Jose Rep; SanDisk gives to TheatreWorks; Hitachi donates to San Jose Rep. Levi Strauss sponsored "American Idiot" at Berkeley Rep. Chevron is a major sponsor of Walnut Creek's Center Rep and San Francisco Symphony.

Going forward, some groups are seeing signs of a recovery. In the East Bay, the California Shakespeare Theater's recent gala raised \$530,000. San Jose Stage has a whopping 91 percent subscriber renewal rate (nationally, the average is 73 percent).

"The worst is past us," says Randall King, artistic director at San Jose Stage. "It's a lot less stressful than it was last year so I don't think we will lose any more arts groups."

However, others caution that if conditions worsen, more groups may flounder. So far the only major Bay Area arts institution to shutter was San Jose's American Musical Theatre in 2008. San Francisco's Magic Theatre and Shakespeare Santa Cruz avoided the same fate with emergency fundraising campaigns. The Willows Theatre closed its Concord venue but maintained its Martinez facility.

"Lots of groups have been holding their breath and trying to get by," Hewlett's Vogl says, "but after a few years of that some are going to start to pass out."

Davis, the arts advocate, agrees: "There's no room for error. One box office flop can kill you."

Bay Area News Group staff writers Sue Gilmore and Jennifer Modenessi contributed to this report. Contact Karen D'Souza at 408-271-3772.

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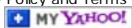
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