

The virus has arts groups hanging by a thread. Michael M. Kaiser has ideas about saving them.

By

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If you didn't know that the country's 100,000 nonprofit arts and cultural organizations live on the edge, consider [these statistics](#): the average museum and performing arts group operates with less than two months of working capital on hand and the average orchestra has a cushion of just 15 days.

Which is why the survival of many of these companies — particularly the wide swath of medium-size groups, with budgets of between about \$2 million and \$10 million — has arts leaders and patrons so worried. Experts in the field, such as Michael M. Kaiser, former president of the Kennedy Center who chairs the DeVos Institute for Arts Management at the University of Maryland, say the outlook for these groups is increasingly ominous.

Covid-19 has shut down the overwhelming majority of arts organizations, which means revenue has stopped cold. With every month of the pandemic that keeps them closed, the prospects of braving the crisis intact diminish, Kaiser says. [He has some recommendations](#) for how groups of all sizes might weather this unprecedented threat to their existence, with this alarming caveat:

"If this goes on for six months, then all bets are off. Then I think we're really starting the arts ecology over."

The cellphones of Kaiser and DeVos Institute President Brett Egan have been buzzing like crazy with entreaties for advice from executives of the hundreds of groups with which the institute works. While still at the Kennedy Center, which he headed from 2001 to 2014, Kaiser created a version of the institute, now a consultancy for nonprofit arts managers and trustees. Pro bono clients have included orchestras and hip-hop festivals, Utah's Sundance Institute and New York City's Apollo Theatre, 9/11 memorial and photography museums, Latinx dance troupes and regional theaters.

Surveying the arts landscape, Kaiser, in a phone interview, said there are huge financial challenges across the board, but that he reserves his greatest anxieties for those midsize outfits. The behemoth institutions in many cities, with the wealthiest and most devoted donors, will in all likelihood survive, he said. The smallest companies, the ones accustomed to working with meager resources, may also be well designed for the innovative flexibility required of trying times.

“The hardest are those midsize organizations,” he said. These are companies with a substantial payroll to meet and facilities of their own to maintain, or, as Kaiser put it: “That midsize organization which has an overhead — their productions are not cheap; they just opened something or were about to, on a budget and now with no revenue; they don’t have fancy donors. They’re the ones who have the biggest problem.”

He cited one company in this category in a major city, but asked that it not be identified. “It does really good work, and is having an amazingly good year. And now ... it’s over. They have a new show, bore all the costs of rehearsal and all the costs of sets and all the costs of marketing — and get zero. And they don’t have the access to David Rubenstein,” he added, referring to the billionaire philanthropist who chairs the Kennedy Center board.

Comparing the challenge to the fiscal calamities that ensued for the arts after 9/11 and the 2008 financial crisis, Kaiser said a covid-19 wipeout could go deeper. “And I would argue,” he said, “that the organizations that were the most interesting were the ones that survived the best.”

Being interesting, then, may not be such an entirely separate issue down the road from remaining solvent. To take risks with programming, in other words, becomes even more critical. “It’s not the time to get boring, even in your planning,” Kaiser said. “We have to be planning for exciting, important art, more than ever.”

That so many organizations exist with such a paltry rainy-day cushion does not necessarily indicate inadequate management. Egan, in a separate phone interview, observed that producing art on thin ice is a function of creativity. “Any cultural organization worth its salt pushes itself constantly to the point of exhaustion,” he said. “It’s in the mission-driven nature of the organization: The nature is not to sock away capital.”

Round House Theatre in Bethesda, with an \$8 million annual budget, is one of those midsize operations. It announced Thursday the discontinuation of its 2020-21 season: the canceling of three plays including the 2018 Pulitzer Prize winning “Cost of Living” by Martyna Majok, which will now move to the start of the 2021-22 season. The company’s leaders, artistic director Ryan Rilette and managing director Ed Zakreski, said in a Skype interview that they believed they were in a strong position to reemerge in good health.

“We are operating not from a position of weakness,” Zakreski said. “We had no debt, other than the debt for renovation,” was funded through a successful campaign. They paid the actors in “Cost of Living” two weeks’ severance, and unlike some companies that are [furloughing employees](#), they intend to keep paying their staff, and are offering art and education programs online.

It should be noted, however, that while the company has ambitions of accumulating a reserve fund that would last six months, at the moment expenses can be covered for about 2½ months. “We are not in a position where we have to immediately start laying off staff,” Rilette explained. “That said, we will need some help.”

The metaphorical vise in which arts organizations find themselves, Kaiser said, is that they want to express a need for assistance without looking desperate or as if they might not be around — what he called treading “very carefully between being forthright and whining.”

To that end, the institute has suggestions for mitigating the economic challenges. One that Egan outlined was a request of foundations that usually mandate money be committed to specific artistic projects. “Those institutions can waive restrictions on current grants,” he said, “so that you can use the funds to keep your people employed.” Egan also recommends that richer organizations revise rules that prevent the drawdown of their endowments to pay current costs: “Is this the time,” Egan asked, “to relax how much capital we need to keep?”

Some foundations already are looking at emergency aid, Egan said. But a more crucial ingredient of who survives may be the degree to which arts groups are viewed as necessities to their customers.

“I talk a lot about how organizations need to build their families, and make people in the community feel a part of their organizations,” Kaiser said. “Those organizations that do it well will do better coming out of coronavirus than those that don’t.”

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