



Greater Milwaukee's Regional Cultural Assets: An Inventory of Pride

Presented to the Greater Milwaukee
Committee's Quality of Life Committee

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Partners:

Donor's Forum of Wisconsin

Public Policy Forum

University of Wisconsin-Milwaukee Center for Urban Initiatives

EXECUTIVE SUMMARY

Every great city, over the course of generations, has developed distinguished and defining cultural assets. These assets reflect a character that propels a forward thinking city into a place of destination and distinction. All over the world it is proven that great cultural assets are critical to being a leading community of choice in which to live visit.

Much is being written and spoken about the value of the “creative economy” or the “creative city” – activities which fuel our innovative capacity. Given that jobs, pay, and talent attraction in this creative sector* are rising faster than any other sector these days, it is no surprise that developing our creative assets, i.e. our innovation capacity, will help propel our region forward.

At the *Creative Cities Summit 2.0* held Oct 13-15, 2008 in Detroit, it was clear that those cities (regions) that work to understand, build and measure the vitality and sustainability of their ‘creative capital’ (human, technological, physical) will be leading the pack – in their economic growth, talent attraction and living attractiveness.

This inventory shows that Greater Milwaukee has an asset base to propel itself forward as a leading edge creative community – all we need now is to *create* the will and the way.

Why We Did This

The purpose of taking an inventory of our regional cultural asset base was to produce a snapshot of the current ‘state of the fiscal and physical health of our arts/cultural sector’. From here we can determine how to secure its future. It is our hope that the community at large will utilize this information to explore how Southeastern Wisconsin can optimize these assets in order to provide a distinctive quality of life advantage for our current population, and retain and attract people and businesses to the region.

We looked at fiscal health; the quality and physical conditions of facilities; trends of significant financial factors; and trends in organized private philanthropic giving.

We conducted an environmental scan of some key aspects of the cultural sector of the greater Milwaukee region. This is not an in-depth analysis of all cultural amenities but, rather, a review and analysis of key indicators and trends affecting the fiscal and physical health of the greater cultural sector.

What We Did

The Cultural Alliance worked with three research partners – UWM Center for Urban Initiatives and Research (UWM); Public Policy Forum (PPF); and the Donors Forum of Wisconsin (DFW).

The research components included:

- *surveying the seven county Southeastern Wisconsin (M7) area including Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha Counties – with an emphasis on Milwaukee County having the largest concentration of arts and culture institutions in the region. (UWM)*

(*The core creative industries include R&D, publishing, software, TV/radio, design, music, film, toys/games, advertising, arts, museums, architecture, crafts, video games, fashion. Source: John Howkins, *The Creative Economy: How People Make Money from Ideas*, 2001.)

- *In depth surveys of 25 nonprofit arts and culture organizations in Southeastern Wisconsin, including the largest and best know cultural assets as well as medium- and small-sized nonprofits*
- *In-depth surveys and other knowledge gathering efforts focused upon major culture and entertainment venues in the region*
- *analyzing the state of Milwaukee County funded quality of life amenities (PPF);*
 - *Including all County funded cultural amenities and the Park System*
- *outlining quality of life funding for the other six counties making up Milwaukee 7 (PPF);*
- *and assessing trends in private, organized philanthropy for arts and culture (DFW).*

What We Found

The *great news* is that we confirmed that the Milwaukee 7 region has a rich heritage of distinctive, nationally recognized, and widely varied cultural assets which contribute financially and educationally to our region.

- a. There are over 250 arts and culture organizations throughout our Milwaukee 7 region, reaching over 4.5 million people yearly. ** The Public Museum and the Zoo are over 125 years old and many others have been in our community for over 50 years. Over two-thirds of the groups studied here have received national attention and at least 10% are considered a top organization in their field.
 - i. Many of these organizations have increased their spending and time delivering arts education programs to our schools, to fill in for budget cuts. Some, like First Stage Children’s Theater and Milwaukee Youth Symphony Orchestra, are national educational models.
- b. Several large private/quasi-public venues (such as Bradley Center, Potawatomi Bingo, Summerfest) attract thousands of visitors from across the region and nationally – again, several have national reputations.
- c. Some local universities are deeply engaged in unique, nationally recognized arts and culture programming, including Alverno Presents, Marquette’s Haggerty Museum, and UWM Peck School of the Arts.
- d. Our Milwaukee County Parks is one of the most comprehensive urban parks systems in the country, with over 15,000 acres of parkland.

- e. In total, all counties within M 7 budgeted \$46 million of property tax levy on quality of life activities in 2008; 83% of those dollars will be spent by Milwaukee County.

The *not so great news* is that the infrastructure of our cultural asset base, i.e. our organizational capacity to function at a high quality level, is under severe strain for both current stability and future security.

(** Source: Public Policy Forum/Cultural Alliance 2006 *Arts and Culture Organizational Survey*)

- a. Close to \$200 million has been identified for infrastructure repair, capital improvements and endowment over the next five years for the surveyed nonprofit organizations. This includes deferred maintenance and desired capital improvements.
 - i. \$1.45 million for surveyed nonprofit groups deferred maintenance needs.
 - ii. \$162 million identified capital campaigns over next five years; from 15 nonprofit organizations, including endowment, program, capital. Most of these campaigns include some endowment monies.
 - iii. \$25 million for major maintenance and infrastructure repair for Milwaukee County institutions.
- b. The County Parks estimates \$277 million in potential repairs or replacement of infrastructure, updated from \$158 million in 2006. That said, prioritizing through a building/land use plan would likely reduce that number.
- c. Operating budgets of the surveyed organizations are just breaking even in aggregate, with some current deficit/debt challenges. Breakeven balances are leaving no room for creative risk or adding to net asset value.
- d. Audiences have been stagnant or lagging across the sector.

And, perhaps the *most challenging news* is that our public/private funding model is potentially collapsing under pressure to serve the increasing needs of these assets.

- a. As public sector spending on health and human services has been squeezed at all levels of government, the philanthropic community has been asked to contribute more. This creates additional challenges for arts and culture programs and institutions, which then face greater competition in soliciting dollars from non-profit providers.
- b. Organizations surveyed estimate seeking at least \$54 million in endowment contributions, which added to their current \$92 million, brings the total to

\$146 million. This is just under two times the amount of their operating budgets (\$76 million). According to best practice in the arts industry, a respected endowment is between three time and four times the amount of their operating budgets.

- c. Milwaukee County tax levy expenditures on cultural amenities has increased slightly (in part attributed to accounting changes) between 2005-2008, and while Milwaukee County's tax levy support is considerably more than the other six counties in the M7 region, its support has decreased \$7 million during this decade in inflation-adjusted dollars.
- d. Milwaukee County is providing over 80% of the funding for our region's quality of life assets; and yet some of the Milwaukee County institutions estimate that nearly 50% of their patrons come from outside the county. Some may argue, therefore, Milwaukee County property tax payers are bearing a disproportionate burden for regional quality of life assets.
- e. Some Milwaukee County funded institutions/departments have worked very hard to develop earned revenue to offset or diminished property tax levy support; while progress has been made, current leadership believes that additional public funding reductions would be difficult to offset with earned income.
- f. Giving to arts and culture from organized private philanthropic sources (corporate and foundation) has not increased in recent years and is unlikely to increase in the immediate future. On the other hand, giving from individuals has been increasing for the surveyed nonprofit groups.

What Does All of This Mean - or, So What?

We have distinctive and long serving quality of life amenities; and their future is at risk. Choosing to sustain and enhance these amenities will transform an already distinctive regional asset into a lynchpin of a leading edge, innovative community.

Unfortunately, our inventory of the arts and culture sector has revealed a growing number of institutions that are struggling to survive in the face of diminished public and private support and growing investment needs (both endowment and capital).

- Within the relatively small scope of organizations surveyed in this study, a need for close to \$400 million has been identified to address infrastructure and endowment issues in our arts and culture institutions and our Milwaukee County parks.
- Audiences are hovering between slightly declining and steady, challenging earned income capacities. Audiences come from throughout the region, and beyond; yet, Milwaukee County property tax payers are bearing the largest burden for funding regional quality of life amenities compared with other counties.
- As a sign of private support picking up public funding slack, many arts organizations are increasingly filling the arts education gap in our schools.

We are at a crossroads. We can let things continue to drift forward as they have been (jumping from ‘saving’ an organization to the next crisis), or we can plan a future for ourselves of excellence and sustainability. It is up to us to create the kind of community that will ensure our competitiveness and attractiveness as a place of choice.

What Do We Do Next?

The following ideas are suggested to move this conversation forward.

- Begin a “creative community” planning process in order to build our creative capital into a sustainable, distinguished and defining regional asset. This would not only include the assets surveyed in this report, but also the for-profit creative industries identified on page 2.
- Review other regions that have vibrant and successful creative economies to understand their public/private funding models and their organizational infrastructure.
- Convene conversations that seriously review potential for strategic alliances and shared resources in order to reduce duplication of effort and maximize organizational efficiencies of the sector as a whole. Importantly, these conversations must respect the ‘marketplace’ and diversity of our offerings and creative expertise.

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Organizations Surveyed

Non-Profit

African-American Children's Theater
Cedarburg Cultural Center
Danceworks
Discovery World at Pier Wisconsin
First Stage Children's Theater
Florentine Opera Company
Gathering on the Green
Kenosha Symphony
Ko-Thi Dance Company
Latino Arts
Milwaukee Art Museum
Milwaukee Ballet Company
Milwaukee Chamber Theatre
Milwaukee Repertory Theater
Milwaukee Shakespeare Company
Milwaukee Symphony Orchestra

Other Cultural Venues

Alverno College
Bradley Center
Harley-Davidson Museum
Marquette University
Miller Park
Milwaukee World Festival
Potawatomi Bingo Casino
State Fair Park
University of Wisconsin-Milwaukee
Wisconsin Center District

Milwaukee County Funded

Charles Allis/Villa Terrace Art Museums
Marcus Center for the Performing Arts
Milwaukee County Historical Society

Milwaukee Youth Symphony Orchestra
Museum of Wisconsin Art
Racine Art Museum
Schauer Arts Center
Sharon Lynn Wilson Center for the Arts
Ten Chimneys Foundation
The Skylight
Wisconsin Conservatory of Music
Schlitz Audubon Nature Center

Milwaukee County Zoo
Milwaukee Public Museum
War Memorial Center
CAMPAC (Cultural, Artistic and Musical
Programming Advisory Council)

And, we utilized information available from the Public Policy Forum/Cultural Alliance *Arts and Cultural Organizational Survey, 2006, updated in 2007.*

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