

Cultural Asset Inventory of the Milwaukee 7 Region

**A Report by the Greater Milwaukee Committee
November 10, 2008**



EXECUTIVE SUMMARY

All great communities, over the course of generations, develop distinguished and defining cultural assets. These assets reflect a character that propels a forward thinking community 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 and visit.

Much is being said about the value of the “creative economy” or the “creative community” – 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 move our region forward.

At the *Creative Cities Summit 2.0* held October, 2008 in Detroit, it was clear that those communities 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 the Milwaukee 7 region 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 talent 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 Milwaukee 7 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.

* 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.

What We Did

At the recommendation of the GMC Quality of Life Committee, the Greater Milwaukee Committee contracted with the Cultural Alliance of Greater Milwaukee to survey and evaluate the arts and cultural sector and county parks in southeastern Wisconsin. 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).

This research was conducted between April and October 2008, and included the following components:

- *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)*
 - *In depth surveys of 25 nonprofit arts and culture organizations in Southeastern Wisconsin, including the largest and best known 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);*
- *Assessing trends in private, organized philanthropy for arts and culture (DFW).*

What We Found

In total, the counties within the Milwaukee 7 region budgeted \$46 million of property tax levy for quality of life activities and organizations in 2008 as follows:

Milwaukee County:	\$38 million (\$25 million for county parks, \$13 million for cultural amenities)
Waukesha County:	\$3.4 million
Washington County:	\$1.8 million
Racine County:	\$1.4 million
Kenosha County:	\$1.2 million
Ozaukee County:	\$204,000
Walworth County:	\$ 53,000

Milwaukee County institutions estimate that nearly 50% of their patrons come from outside the county. (A 2006 Cultural Alliance survey indicated 49% of cultural households come from outside Milwaukee County and 17% from outside the M7 region)*

**Geodemographic Mapping Study* by Decision Support Partners, 2006

The *great news* is we confirmed that the Milwaukee 7 region has a rich heritage of distinctive, nationally recognized, and widely varied cultural assets. They contribute an economic impact of over \$250 million in our region, including over \$33 million in state and local taxes, while engaging more than 3,000 employees and 9,000 volunteers.** And, they contribute significantly to the education of our region – with UPAF members alone serving over 400,000 children.

- a. There are more than 250 arts and cultural organizations throughout our Milwaukee 7 region, reaching over 4.5 million people yearly.
 - i. The Public Museum and the Zoo are more than 125 years old and many others have been in our community for more than 50 years.
 - ii. Over two-thirds of the groups studied here have received national attention and at least 10% are considered a top organization in their field.
 - iii. Many of these organizations have increased their spending and time delivering arts education programs to our schools, to make up 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 cultural programming, including Alverno Presents, Marquette's Haggerty Museum, and UWM Peck School of the Arts.
- d. Milwaukee County Parks is one of the most comprehensive urban parks systems in the country, with over 15,000 acres of parkland.

The *worrisome 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.

- a. Over \$400 million has been identified for infrastructure repair, capital improvements and endowment over the next five years for the cultural amenities surveyed in this study. This includes deferred maintenance and desired capital improvements.

Nonprofit Organizations - \$163 million:

- i. \$1.45 million for surveyed nonprofit groups deferred maintenance needs.
- ii. \$162 million identified capital campaigns over the next five years; from 15 nonprofit organizations, including endowment, program, and capital. Most of these campaigns include some endowment monies.

** Source: Americans for the Arts, *Arts and Economic Prosperity III*, 2007

Milwaukee County funded amenities- \$302 million:

- i. \$25 million for major maintenance and infrastructure repair for Milwaukee County institutions.
 - ii. \$277 million in potential repairs or replacement of infrastructure for Milwaukee County Parks
- b. The Milwaukee County Parks estimate above for potential repairs or replacement of infrastructure has been updated from \$158 million in 2006. That said, the Parks Director has indicated that 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, when 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 times 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 more than the other six counties in the M7 region, its support has decreased \$7 million during this decade in inflation-adjusted dollars.
- d. Some Milwaukee County funded institutions/departments have worked very hard to develop earned revenue to offset flat 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.
- e. 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?

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 audit 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 over \$400 million has been identified to address infrastructure and endowment issues in our arts and culture institutions and the Milwaukee County parks.
- Audiences from throughout the region, are hovering between slightly declining and steady, challenging earned income capacities.
- 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 of excellence and sustainability for ourselves. It is up to us to create the kind of community that will ensure our competitiveness and attractiveness as a region of choice.

What Do We Do Next?

The following ideas are suggested to move this conversation forward.

First, **continue the work of the GMC Milwaukee County Task Force**. The health of our arts and cultural sector is intertwined with the future sustainability of Milwaukee County, or any other governance structure responsible for cultural public funding. We look forward to the presentation of specific recommendations from this task force in 2009.

Second, **convene a “Creative Community Summit”** in the first quarter of 2009 in order to build our creative economy into a sustainable, distinguished and defining regional asset. This would include developing the assets of the creative nonprofit sector (arts and culture, historical and heritage, arts-related educational programs); creative individuals (visual artists, designers, media artists, architects, film makers, craftspeople, writers, production technicians); creative for-profit businesses (advertising, marketing, architecture, digital media, software, video gaming, art galleries, festivals) and creatively engaged employees in business (design engineers, R&D scientists). Census data for 2000 indicates that Milwaukee ranks 14th in the share of its total workforce employed in creative occupations. Therefore, just as we have a strong cultural asset base in this region, so too, do we have a wealth of creative talent

and businesses that, combined with our nonprofit organizations and institutions, have much to gain from investing in planning for the ongoing support of and growth in our creative capital. As a result, as a region we will all benefit from becoming a more creative community that will attract and retain innovative and creative talent and businesses so that our region can continue to grow and prosper.

The objective of this summit would be to outline a vision and road map to become a thriving, creative community – which will retain and attract talent and business while advancing our cultural and creative assets. This purposeful planning process will be designed to make this region a leading place of creativity and innovation.

In addition to this inventory we will be reviewing other regions that have vibrant and successful cultural sectors and creative economies to understand their public/private funding models and their infrastructure. The Argosy Foundation's *Milwaukee Arts and Culture District Research Report*, updated January 2008, will be very useful in moving this forward.

The GMC also calls on the Cultural Alliance to work with cultural organizations and institutions throughout the region to look for areas where, through collaboration and sharing of resources, efficiencies can be created, and duplication of efforts, programs and services minimized while maintaining artistic excellence.

We can define our own creative future, or we can do nothing. If we chose the latter, the quality of life assets and organizations that have defined and contributed to the high quality of life we have enjoyed for decades in the Milwaukee region will simply cease to exist over time. The choice is ours.

The Cultural Alliance of Greater Milwaukee was formed in 2005 and its mission is to strengthen, advance and represent the arts and culture sector as an essential asset for growing a vibrant, attractive region.

RESOURCES

Organizations Surveyed for this Cultural Asset Inventory

Non-Profit (UWM)

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
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

Other Cultural Venues (UWM)

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 (PPF)

Charles Allis/Villa Terrace Art Museums
Marcus Center for the Performing Arts
Milwaukee County Historical Society
Milwaukee County Zoo
Milwaukee Public Museum
War Memorial Center
CAMPAC (Cultural, Artistic and Musical
Programming Advisory Council)

Other Milwaukee 7 Counties (PPF)

Ozaukee – Cedarburg Cultural Center, Historical
Society, Ozaukee Art Center
Kenosha – Historical Society, Kemper Center
Waukesha – Historical Society
Washington – Historical Society
Racine – Heritage Museum, Zoo

Organizational Data Referenced for this Cultural Asset Inventory

Public Policy Forum/Cultural Alliance *Arts and Cultural Organizational Survey, 2006, updated in 2007*
Report of the Racine County Advisory Task Force on Funding for Quality of Life Programs, December 2006

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