Statement by

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Chairman, Board of Trustees

The Museum of Modern Art

New York State Commission on Cultural Resources

Albany, January 9, 1973

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Mr. Chairman and Members of the Commission:

I welcome very much this opportunity to present to the Commission some thoughts on the financial problems facing our cultural institutions in the State of New York and some possible approaches to alleviating those problems. The Conklin Commission is to be congratulated on the outstanding service it has rendered in the past three years, and particularly for its recognition of the crucial necessity for support of the arts through a partnership of private donors, both individual and corporate, and governmental funding agencies.

I would like first of all to emphasize, as this Commission seems to me to have been keenly aware from its establishment three years ago, that when we consider the plight of these institutions, we are not considering isolated institutions serving a small elitist following. We are talking about lively institutions that, in addition to giving our State distinction in the arts unequalled by any other state and many other nations, make a very real contribution to the economy of our state. You will recall that this Commission has reported that a considerable percentage of the $3.5 billion tourist business is attracted to the State of New York by its cultural institutions, that these institutions hold more than $6 billion worth of assets, employ 33,000 people, and spend more than $350 million per year, mostly within the State.

In the case of the institution with which I am associated, The Museum of Modern Art, the 400 people on its payroll currently earn, and pay State and City taxes on, $3,768,400 in salaries and wages. State income taxes alone withheld by the Museum in 1972 amounted to $140,400. In sales taxes, the Museum collects and pays to New York State and New York City almost $92,000 annually. For goods and services, for the main part purchased within the State, several million dollars are spent annually. Unlike many museums in the City of New York, however, The Museum of Modern Art receives no support whatever from the City, and from the State it will receive in the current fiscal year ending June 30, 1973, the sum of $110,000.

Perhaps even more important to the State's economy, however, is the indirect benefit it derives from the existence of such institutions as The Museum of Modern Art. They have stimulated the growth of the hundreds of commercial art galleries which flourish throughout the State. Their collections and research facilities have attracted thousands of talented people from all over the world to live and work in New York -- where they constitute a reservoir of talent available to such industries as advertising, film, television, publishing, printing and graphic arts, fashion and industrial design, and many others -- and where the cultural climate provides them with continuing stimuli to creative thought. Indeed, the presence of our great museums is undoubtedly a significant factor in New York's being the capital of so many of these industries in the United States, and with respect to most of them, in the entire world. Moreover, the great museums of the State of New York play a vital role in the education of our citizens -- from pre-school to university study and beyond, providing unique resources for the study and enjoyment of the visual arts.

From every standpoint, it seems to me that it is in the State's own interest to insure the health and survival of the museums which mean so much not only to the intellectual and cultural well-being of its people but also to the maintenance and growth of its economy. The Legislature has already recognized this in asserting leadership far beyond any other state in the appropriations which it has made for the program of the New York State Council on the Arts. But heartening though this has been, it is still not enough, either to make a significant difference to our inflation-ravaged institutions or to be even roughly commensurate with the benefits which they provide -- largely through the voluntary support of their Trustees and friends -- both esthetically and economically to the people of the State.

The Legislature has wisely and commendably undertaken a program for the conservation of the resources of our natural environment -- the waters, forests, beaches and other priceless resources which we have come to realize are irreplaceable. I am told that the State's budget for the current year provides the sum of $62 million for environmental conservation. Yet the equally priceless collections of works of art held by the museums of the State will be in comparable jeopardy if they are not properly looked after and maintained by the highly skilled professionals charged with their care. Without adequate climate control, security measures, mounting, framing and all the other precautions so often taken for granted, these works of art, which we have been entrusted to preserve for future generations, may well not survive for them to see. The very increase in the number of our visitors -- the so-called cultural explosion itself -- has gravely aggravated the problems of exhibiting works of art to the public. We are caught in a double bind -- the rising cost of accommodating the ever-growing number of visitors and the compounding increase in the costs of maintaining our premises and the priceless works of art which they contain.

In each of the past two years, the annual appropriation of the program of the New York State Council on the Arts has amounted to $14,500,000. I respectfully urge that this be increased, as soon as feasible, to an annual appropriation of at least $50 million, and that the Council be encouraged to apply a substantial portion of these funds for the general support of the continuing operations of the museums of our State. Without such help many can simply not survive, and the vitality of almost all will gravely suffer.

Though more and more people are using the resources of The Museum of Modern Art, the institution faces constant financial stress. In the fiscal year ended June 30, 1972, the overall cost of its operations came to $7,241,300. Its income from all sources combined amounted to $6,175,500, leaving us to shoulder an operating deficit of $1,065,800 -- and this notwithstanding the enforcement throughout the year of the most stringent economies possible without doing irreparable harm to our program. No funds for the purchase of works of art were available during the year -- a particularly critical problem for a museum whose fundamental purposes include keeping abreast of current developments in the visual arts of our time.

Of the Museum's gross revenues, $4,096,300, or 66.4%, was earned directly from its various activities, including restaurant operations and the sale of publications dealing with the arts. Of this sum, $738,700 was earned in admission receipts and $692,400 in dues paid by 29,700 Regular Members. In addition, the Museum received $294,400 from its 2,200 Contributing Members, $511,200 was contributed by other individuals, foundations and corporations for the general support of the Museum and a further $235,600 was contributed in subsidies for special programs. These contributions, totaling $1,041,200, constituted about 17% of the Museum's receipts. $918,000, or 14.9%, was returned by our endowment fund. $120,000, or 1.9% of the Museum's income, was granted by the New York State Council on the Arts toward the support of the Museum's Library and of its exhibition program. Apart from subsidies earmarked for special purposes by the National Endowment for the Arts, amounting to $113,000, the grant from the State Council was the only support received by the Museum from any governmental agency. The remaining $1,065,000 income gap, or operating deficit, had to be withdrawn from endowment -- a measure of desperation which becomes clearly serious because such withdrawals reduce the income from endowment in subsequent years. In the case of our withdrawal this year, the income that we will lose from this source in future years is $50,000 -- a trend of the gravest implications for the survival of an institution facing annual deficits of more than $1 million.

Revenues earned through the Museum's various activities have remained relatively stable during recent years. Notwithstanding inflation, we were able last year to keep our operating expenses within 1.4% of the year before. But the costs of operating and maintaining our buildings, of steam, electricity, cleaning and security, continue to spiral upward -- faster than our income can keep pace, faster than costs can be cut in other areas. In general there is no way for an art museum to offset rising costs by increased productivity. We are planning a strenuous effort to broaden our membership base -- now more than 32,000 persons and families -- and to seek increased support from the business community and governmental agencies. But unless these efforts are successful we will have no alternative but to reduce our services to some million people who use the Museum every year. In this connection, it is interesting to note that although all visitors pay an admission fee -- either at the door, ranging from 75 cents to $1.75, or through membership dues, the cost per visit depending upon the frequency of visits -- the average cost to the Museum of each gallery visitor is more than $5.00.

The Museum is seriously undercapitalized. Because of its youth and its rapid growth it has a relatively small endowment fund. A drive to raise an additional $21 million in capital funds was initiated three years ago. Thus far more than $19 million has been pledged to this campaign -- mainly by members of the Board of Trustees. But even after the $21 million goal has been reached, our projections for five years hence indicate a continuing gap of about $1 million between income and operating expenses -- despite the most stringent economies, and still without provision for the purchase funds so vitally necessary for a museum of modern art which, to maintain its vitality, must include the contemporary.

It is true, as I have mentioned, that we have been able during recent years to attract some aid from the National Endowment for the

Arts, and from a few large business corporations, in support of special projects -- as well as support from the New York State Council on the Arts for various continuing programs. It is often overlooked, however, that -- helpful as such grants are -- the basic and necessary costs of maintaining and operating the Museum's physical plant -- electricity, steam, cleaning and security -- which exceeded $1,430,000 last year, and over which we can exercise but little control, are seldom helped by grants of this sort.

It is gratifying to see that in the decade 1961 to 1971, corporate philanthropy across the nation almost doubled from $512 million in 1961 to $1 billion in 1971. It is also encouraging to see that the portion of these contributions dedicated to the support of cultural organizations has also doubled in the past five years -- until one notes that the share currently devoted to the support of the arts still amounts to less than one tenth of that amount -- $90 million out of the $1 billion given by corporations for all philanthropic programs. Clearly this is out of all proportion in a nation whose gross national product is almost $1 trillion. I earnestly hope that business organizations will give more help to institutions advancing the arts which have contributed so much to the society in which they flourish.

But, at most, even greatly increased corporate contributions can meet only a fraction of the steadily rising costs of operating our cultural institutions. And the day when the sole or even predominant support of these institutions can be left to a relatively few individuals of great means is past. Private fortunes of the vast dimensions of the past are being diluted by taxes, by inflationary pressures and by other factors, which also make the construction of great new private fortunes in the future less and less likely. The economic facts of life today offer no realistic alternative to government's assuming an increasingly high proportion of the financial responsibility for keeping these institutions going with the degree of excellence and effectiveness the public has come to expect of them. Moreover, government must look on this, not as an emergency measure, but as a continuing obligation.

Under an imaginative Governor and a perceptive Legislature, the State of New York has demonstrated outstanding leadership in this direction. It is time to re-assert that leadership in no uncertain terms. The most dramatic, the most effective and the most realistic way to do this is to raise the State's appropriation for the arts this year -- as I urged earlier in this statement -- to $50 million. Large as this amount may seem, compared to the record appropriation of $18 million three years ago, it is little more than six-tenths of one percent of the State's total revenues. Large as it may seem, it would meet less than one-seventh of the operating costs of our cultural institutions. But it is large enough to assure them -- and those millions of individuals and organizations, educational, social, civic and business, that use them -- that this State will not stand by and see the collapse or weakening by financial erosion of these institutions that have made New York the foremost center of the arts in the nation.