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“The Barnes Museum's move to Philadelphia — and possibly oblivion”

The transfer will cost hundreds of millions, and unrealistic budgetary projections will put the very institution at risk.

by Tom Freudenheim and Robert Zaller, Special to the Los Angeles Times

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Is the new Barnes Museum headed for disaster? Designed to house the art collection of the Barnes Foundation, with its hundreds of Cezannes, Renoirs, Matissees, Picassos and other early modern masters, a new building is under construction in downtown Philadelphia where the collection is scheduled to move from its current home in Merion, Pa. Yet serious questions remain about the rationale for the move and the museum's long-term sustainability.

The direct and indirect costs of the move downtown, including site clearance and construction, the provision of a new endowment and a substantial inducement to the Barnes' previous administrator, Lincoln University, to relinquish majority control of its board of trustees, is \$300 million to \$400 million. More than half of these costs may be borne by taxpayers, including a \$100-million state appropriation and up to \$80 million in capital improvements for Lincoln.

The rationale for the move is that the Foundation, which squandered its endowment in the 1990s under then-director Richard Glanton, can no longer survive financially in Merion. It is obvious that a fraction of the resources being spent to move the Foundation, whose annual deficit has never exceeded \$1 million, could preserve the Barnes in Merion.

But aside from the wisdom and desirability of the move, can the new Barnes Museum be fiscally viable in Philadelphia?

The annual budget of the Barnes in Merion is \$5.5 million, according to figures provided by director Derek Gillman. Its budget as a museum in Philadelphia, according to Gillman, will be at least twice that amount. When court hearings on the move were held in 2004, a figure of \$12 million was submitted to the presiding judge. At that time, only \$7.5 million was identified in potential revenue. This was to come in equal parts from endowment; admissions, parking and concessions; and private donations.

Presumably to offset the anticipated revenue shortfall, the Foundation sought to raise an endowment of \$100 million, twice the sum mandated by the court as a condition of the move. At the same time, plans for the museum were scaled back from the original 120,000-square-foot design to one of 93,000. To meet the estimated construction cost of \$150 million, a fundraising campaign was undertaken by the Pew Charitable Trusts, which the Pew declared successfully met in 2006. Since then, \$12 million has been raised. The \$100-million endowment goal was quietly dropped, but the \$50-million court mandate appears far from being met as well.

In May, Gillman presented a new fiscal model for the Barnes in an article for the Philadelphia Inquirer. This called for 60% of revenue to come from admissions, parking and concessions, 20% from endowment, and 20% from private donors. The gate revenue presupposed annual paid admissions of 180,000.

These figures appear even more questionable than the previous model. According to the American Assn. of Museums, the median yield from admissions and concessions is 15% to 20% of total operating budgets, with an upside limit of about 25%.

If we take 20% as a reasonable estimate for the Barnes, that leaves 80% to be made up by endowment income and donations. If this is divided equally between them, as in both the 2004 and the Gillman models, it leaves us with a 20-40-40 split. To provide 40% of a \$12-million budget (\$4.8 million) would, however, require an endowment close to the \$100 million the Barnes conspicuously failed to raise in its earlier efforts.

If the more realistic \$50-million endowment goal is finally met, it would place a full 60% income burden on annual giving. In short, the actual revenue model would not be 60-20-20 but 20-20-60. No major museum in the country sustains itself on such a model.

The Barnes Foundation has a unique mission, yet its problems illustrate common issues affecting museums across the country. First, its plight is a result of fiscal improvidence, defective oversight and casual exploitation in the relationship between art institutions and their educational partners, alleged benefactors and public regulators.

In addition, many museums are suffering from overreach. It is true that museums have been hurt by the current recession, but the larger problem, epitomized by the Barnes, is the fallacy that bigger is better. It is the same fallacy that led to the corporate merger mania and too-big-to-fail banks. This is not surprising, since museum boards are dominated by business elites, and museum directors are hard put to justify their ever-escalating salaries if they cannot demonstrate growth. In the case of the Barnes, which was never intended to be a museum, its very purpose has become a travesty.

The Barnes Foundation has never drawn more than 60,000 visitors a year, and even assuming that an attendance level of 180,000 could be met, it is difficult to imagine it being sustained. Magnificent as it is, the Barnes collection is fixed and static by indenture and court order, even to the manner of its display. The Barnes will not be able to mount changing exhibitions without additional revenue, let alone compete with the blockbuster shows that its neighbor and new competitor, the Philadelphia Museum of Art, relies on. Gillman's calculation does not make any provision for inevitable decreases at the gate when the novelty of the new Barnes has worn off. This could add to the budgetary shortfall.

There may yet be another day in court for the Barnes. An advocacy group, the Friends of the Barnes, has filed suit to reopen the question of the move based on statements by former Pennsylvania Gov. Edward G. Rendell and former Atty. Gen. Mike Fisher in the documentary film, "The Art of the Steal," in which they boast of their role in forcing the Barnes board of trustees to cede operational control of the institution to nominees of the Pew Charitable Trusts. A preliminary hearing is scheduled for Friday.

Many will be listening.

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