



**New York City Council**

Christine C. Quinn, Speaker

**Finance Division**

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**Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget**

**Department of Cultural Affairs**

March 16, 2010

**Committee on Cultural Affairs, Libraries and International  
Intergroup Relations**

Hon. James Van Bramer, Chair

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## Summary and Highlights

The Fiscal 2011 Preliminary Budget is \$121 million for the Department of Cultural Affairs (“DCA”), which is \$38 million less than the Fiscal 2010 Adopted Budget.

<b>Department of Cultural Affairs</b>						
<i>Dollars in Thousands</i>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>Difference,</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Jan Plan</b>	<b>Jan Plan</b>	<b>2010 – 2011*</b>
Personal Services	\$3,973	\$4,105	\$4,031	\$4,155	\$4,159	\$128
Other than Personal Services	157,303	147,282	154,963	149,404	116,600	(38,363)
<b>Department Total</b>	<b>\$161,276</b>	<b>\$151,387</b>	<b>\$158,994</b>	<b>\$153,559</b>	<b>\$120,759</b>	<b>(\$38,235)</b>

*\*Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 January Plan.*

The \$38 million reduction from the Fiscal 2010 Adopted Budget to the Fiscal 2011 Preliminary Budget is due to the Administration’s four percent and eight percent cost-savings programs as well as the elimination of over \$25 million in City Council restorations and initiatives in the Fiscal 2011 Preliminary Budget.

### Fiscal 2011 Preliminary Plan Highlights

- **Reduction to the Cultural Development Fund.** There is an approximate \$5.6 million reduction to the Cultural Development Fund in Fiscal 2011 and the outyears, which includes the non-restoration of \$3.5 million of Council funding provided in the Fiscal 2010 Adopted Budget (see section titled “Impact of Reductions to the Cultural Development Fund”).
- **Reduction to the Cultural Institutions Group.** There is a \$25 million reduction to the Cultural Institutions Group in Fiscal 2011 and the outyears, which includes the non-restoration of \$16 million of Council funding provided in the Fiscal 2010 Adopted Budget (see section titled “Impact of Reductions to the Cultural Institutions Group”).

# Department of Cultural Affairs

The DCA provides support, advocacy, and technical assistance to the City’s cultural community to ensure that the arts remain a central feature of civic and economic life in the City. The Department funds both energy and a portion of operating support for the 34 City-owned cultural institutions of the Cultural Institutions Group (“CIG” or “Institutions”) and the agency also supports, through its Cultural Development Fund (“CDF”) program, other not-for-profit cultural organizations (“Programs”). In addition, the DCA also operates the Materials for the Arts (“MFTA”) program, which distributes donated arts materials to public schools, cultural organizations, and social service programs and the Percent for Art program that commissions works of art in public spaces. The DCA continues to support the capital improvement of cultural facilities throughout the City.

### Key Public Services Areas

- Oversee City support for the operations and services of non-profit cultural organizations, which have a significant impact on the City’s economy and quality of life.
- Support the capital improvement of cultural facilities to better serve City residents and attract foreign and domestic tourists.
- Promote public appreciation of the arts and culture.

### Critical Objectives

- Award funding and make payments as quickly as possible to ensure that all segments of the public have access to a broad array of cultural activities.
- Encourage the contribution and use of donated materials with the goal of expanding resources available for cultural activities and promoting public awareness of the value of reusing materials.
- Provide efficient coordination and support for capital projects at cultural facilities and expedite the completion of these projects.
- Enhance public awareness of the array of cultural programming offered throughout the five boroughs.

SOURCE: Mayor’s Management Report

## Department of Cultural Affairs Financial Summary

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference 2010–2011*
<b>Budget by Program Area</b>						
Office of the Commissioner	\$4,752	\$5,127	\$5,278	\$5,402	\$5,406	\$128
Cultural Programs	35,491	29,298	33,116	32,405	19,676	(13,440)
Cultural Institutions	121,033	116,961	120,600	115,752	95,677	(24,923)
<b>TOTAL</b>	<b>\$161,276</b>	<b>\$151,387</b>	<b>\$158,995</b>	<b>\$153,559</b>	<b>\$120,759</b>	<b>(\$38,236)</b>
<b>Funding</b>						
City Funds	NA	NA	\$158,351	\$151,971	\$120,129	(\$38,222)
<i>Memo: Council Funds</i>			27,838			
Other Categorical	NA	NA	NA	100,000	0	0
Capital - IFA	NA	NA	70	70	70	0
Federal – CDBG	NA	NA	263	648	263	0
Intra-City	NA	NA	311	771	297	(14)
<b>TOTAL</b>	<b>\$161,276</b>	<b>\$151,387</b>	<b>\$158,995</b>	<b>\$153,559</b>	<b>\$120,759</b>	<b>(\$38,236)</b>
<b>Positions</b>						
Fulltime Positions	48	47	48	48	48	0
<b>TOTAL</b>	<b>48</b>	<b>47</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>0</b>

\*Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 January Plan.

## Council Funding

City Council funding provides approximately 15.9 percent of the Department's annual City-funds operating budget. The Council has funded initiatives to expand arts education in the public school system and to ensure the existence of historically diverse performing arts organizations in the DCA budget. Finally, the Council provided \$19.5 million to restore cuts in the 2010 Adopted Budget. This Council funding is not included in the Fiscal 2011 Preliminary Plan.

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### FY 2010 Council Changes at Adoption by Program Area

*Dollars in Thousands*

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#### Cultural Programs

Cultural Development Fund Restoration	\$3,500
Cultural After School Adventure (CASA)	4,900
Coalition of Theaters of Color	800
Local Initiatives	2,259
<b>Subtotal</b>	<b>\$11,459</b>

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#### Cultural Institutions

PEG Restorations	\$16,000
Local Initiatives	179
<b>Subtotal</b>	<b>\$16,179</b>
<b>TOTAL</b>	<b>\$27,638</b>

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## Capital Program

### Capital Budget Summary

The January 2010 Capital Commitment Plan provides \$891 million through Fiscal 2010 to Fiscal 2013 for the Department (including City and Non-City funds), which represents less than one percent of the City's total \$39.14 billion January Plan through Fiscal 2010 to Fiscal 2013. The Department's January Commitment Plan through Fiscal 2010 to 2013 is 1.8 percent greater than the \$876 million scheduled in the September Commitment Plan, an increase of \$16 million.

Over the past five years, the Department has only committed an average of 24.4 percent of its annual capital plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2010 capital plan will be rolled into Fiscal 2011 thus greatly increasing the size of the Fiscal 2011-2014 capital plan. Since adoption last June, the Capital Commitment Plan for Fiscal 2010 has risen from \$630 million to \$671 million, an increase of \$41 million or six percent.

Currently the appropriations for the agency total \$666 million in City funds for Fiscal 2010. These appropriations are to be used to finance the Department's \$568 million City funded Fiscal 2010 Capital Commitment Plan. The agency has \$98 million or 17 percent more funding than it needs to meet its entire capital commitment program for the current fiscal year.

### Ten-Year Capital Program

The Department's ten-year capital program totals \$991 million. Of this total, \$560 million will be for essential reconstruction, which includes the strengthening of infrastructure at cultural institutions and improving and expanding cultural facilities to sustain increased public demand.

#### FY 2010 Adopted Capital Commitment Plan

<i>Dollars in thousands</i>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014-2019</b>
Capital Equipment	\$30,476	\$0	\$0	\$50	\$0
Essential Reconstruction of Facilities	559,656	60,969	20,185	125,828	95,152
New Technology and Construction	39,841	10,532	0	27,977	20,481
<b>TOTAL</b>	<b>\$629,973</b>	<b>\$71,501</b>	<b>\$20,185</b>	<b>\$153,855</b>	<b>\$115,633</b>

# Program Areas

## Office of the Commissioner

The Office of the Commissioner is responsible for the administration and monitoring of funds for the CIG and the Cultural Development Fund (CDF). The agency also assists (with other City agencies) in the management of various capital construction projects in both City-owned and non-City owned facilities housing cultural programs and other cultural groups. In addition, the Office of the Commissioner manages many public cultural events throughout the year.

<i>Dollars in Thousands</i>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Adopted</b>	<b>2010 Jan Plan</b>	<b>2011 Jan Plan</b>	<b>Difference 2010-2011*</b>
<b>Spending</b>						
<b>Personal Services</b>						
Full-Time Salaried - Uniform	\$1	\$0	\$0	\$0	\$0	\$0
Full-Time Salaried - Civilian	3,208	3,264	3,560	3,689	3,693	133
Other Salaried and Unsalariad	680	663	446	442	442	(4)
Additional Gross Pay	83	178	25	25	25	0
Overtime - Civilian	2	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal, PS</b>	<b>\$3,973</b>	<b>\$4,105</b>	<b>\$4,031</b>	<b>\$4,155</b>	<b>\$4,159</b>	<b>\$128</b>
<b>Other than Personal Services</b>						
Supplies and Materials	\$45	\$45	\$63	\$46	\$45	(\$18)
Property and Equipment	78	6	15	110	117	102
Other Services and Charges	547	850	931	944	940	9
Contractual Services	108	121	238	147	144	(94)
Fixed and Misc Charges	1	1	0	1	1	(1)
<b>Subtotal, OTPS</b>	<b>\$779</b>	<b>\$1,022</b>	<b>\$1,247</b>	<b>\$1,247</b>	<b>\$1,247</b>	<b>0</b>
<b>TOTAL</b>	<b>\$4,752</b>	<b>\$5,127</b>	<b>\$5,278</b>	<b>\$5,402</b>	<b>\$5,406</b>	<b>\$128</b>

\*Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 January Plan.

## Fiscal 2011 Preliminary Plan Actions

The increase in personal services to the Office of the Commissioner is due to collective bargaining increases for management.

## Performance Measures

	FY 07	FY 08	FY 09	Target FY 10	Target FY11	4- Month Actual FY09	4- Month Actual FY10
Operating support payments made to Cultural Institutions Group by the 5th day of each month (%)	100%	100%	100%	100%	100%	100%	100%
Average days to issue initial Cultural Development Fund payments after complying with all City requirements	NA	NA	5.6	*	*	6.5	9.8
Average days to issue program grant final payments	NA	6	6	*	*	NA	NA
MFTA transactions	4,743	4,994	5,593	5,000	5,500	1,783	1,710
Number of schools served by MFTA	591	545	631	550	600	292	307

## Cultural Programs

Non-profit cultural institutions and programs are one of the leading economic engines of the City. “Culturals” generate billions in taxable revenue, provide unparalleled educational opportunities for children and adults throughout the five boroughs and is a major employer of tens of thousands of New York City residents. The funding in this program is primarily for the Cultural Development Fund. Through negotiations between the City Council and the Administration, a fund of approximately \$30 million was created in Fiscal 2008 for these “Culturals.” This fund eliminated the two-decades old 172 “program lines” and funding under the old process by the Council. Now all groups that wish to receive City funding must go through a peer-based, merit-review application process. There were 880 groups that were granted funding awards through the Fiscal 2009 CDF process and over 900 groups that applied for Fiscal 2010 CDF awards. Additionally, there is funding in this area for special initiatives like the Cultural After School Adventure (CASA).

<i>Dollars in thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference 2010-2011*
<b>Spending</b>						
Cultural Programs	\$35,491	\$29,298	\$33,116	\$32,405	\$19,676	(\$13,440)
<b>TOTAL</b>	<b>\$35,491</b>	<b>\$29,298</b>	<b>\$33,116</b>	<b>\$32,405</b>	<b>\$19,676</b>	<b>(\$13,440)</b>

\*Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 January Plan.

## Fiscal 2011 Preliminary Plan Actions

- Reduction to the Cultural Development Fund.** When the CDF was established, it was the Council’s intention that the funding would not decrease each fiscal year. This has not been the case with the fund taking incremental reductions every fiscal year. There is a reduction to the CDF of over \$5 million, which includes the \$3.5 million that the Council restored in the Fiscal 2010 Adopted Budget, in the Preliminary Plan for Fiscal 2011 and the outyears. Furthermore, this equates to a loss of approximately \$11 million of City funding for the CDF since its inception in Fiscal 2008.

The diminished fund would be stretched to supply the increasing programmatic needs of approximately 1,000 organizations across the City. Many of these cultural organizations are implementing workforce and program reductions for cost-savings purposes as private patronage, institutional giving, and government support is down.

- City Council Initiatives.** The Fiscal 2011 Preliminary Plan has a \$166,000 reduction in Fiscal 2010 and does not include the \$4.9 million in Fiscal 2011 and the outyears for the CASA initiative. In addition, the Preliminary Plan has a \$25,000 reduction in Fiscal 2010 and does not include the funding in Fiscal 2011 and the outyears for the Coalition of Theaters of Color.

<b>FY 2010 Council Changes at Adoption by Program Area</b>	
<i>Dollars in Thousands</i>	
<b>Cultural Programs</b>	
Cultural After School Adventure (CASA)	\$4,900
Coalition of Theaters of Color	800
<b>TOTAL</b>	<b>\$5,700</b>

## Cultural Institutions

The basic framework for the public-private partnerships between New York City and its 34 cultural institutions was established in the 19<sup>th</sup> century. The State of New York passed legislation that incorporated the institutions and authorized the City to build facilities and lease them and the City-owned parkland on which they sat to the new private institutions. The partnership stipulated that the City would provide these institutions with land, facilities, and funds for maintenance and security. The private institutions in turn would develop specialized cultural services and collections which would be available to the general public. These 34 cultural institutions are members of the Cultural Institutions Group (CIG).

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference 2010-2011*
<b>Spending</b>						
American Museum of Natural History	\$16,468	\$17,366	\$17,823	\$17,143	\$14,011	(\$3,812)
Brooklyn Academy of Music	3,772	3,112	2,999	2,865	2,141	(857)
Brooklyn Botanical Garden	4,624	4,534	4,084	4,020	2,967	(1,116)
Brooklyn Children's Museum	2,192	2,290	2,554	2,452	1,961	(593)
Brooklyn Museum	9,004	9,178	9,017	8,630	6,528	(2,489)
Metropolitan Museum of Art	23,984	26,779	28,417	26,856	23,859	(4,558)
Museum of the City of New York	1,773	1,781	2,230	2,159	1,812	(418)
New York Botanical Garden	7,697	7,697	7,712	7,487	5,784	(1,928)
New York Hall of Science	2,321	2,114	2,160	2,090	1,668	(492)
New York Shakespeare Festival	1,288	1,058	1,053	1,010	806	(247)
Queens Botanical Garden	1,566	1,345	1,142	1,182	822	(319)
Staten Island Institute of Arts & Sciences	985	862	831	785	568	(262)
Snug Harbor Cultural Center	2,516	1,936	1,704	1,723	1,349	(354)
Staten Island Historical Society	883	776	820	780	561	(258)
Staten Island Zoological Society	1,782	1,620	1,595	1,523	1,181	(414)
Studio Museum in Harlem	956	867	941	901	657	(284)
Wave Hill	1,187	1,094	1,077	1,024	771	(306)
Wildlife Conservation Society	18,612	16,966	17,353	16,603	13,857	(3,496)
Other Cultural Institutions	19,424	15,587	17,089	16,519	14,371	(2,718)
<b>TOTAL</b>	<b>\$121,033</b>	<b>\$116,961</b>	<b>\$120,600</b>	<b>\$115,752</b>	<b>\$95,677</b>	<b>(\$24,923)</b>

\*Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 January Plan.

## Fiscal 2011 Preliminary Plan Actions

- **Reduction to the Cultural Institutions Group.** The Preliminary Plan has a \$25 million reduction, which includes the \$16 million of Council funding put in the Fiscal 2010 Adopted Budget and approximately \$13.9 million in additional cuts, to the operating budget of the CIG.

When the Department implements a funding reduction program mandated by the Administration, it applies the reduction equally to the CIG. It is problematic for the institutions when the Department applies this policy because an institution with an operational City support of \$500,000 will receive the same cut as an institution with an operational City support of \$10 million.

In addition, these are applied to the City's operational support only and not to the allocated energy funding. Energy funding is not a part of the funding reduction program by the Administration. Even if

an institution implements energy cost-savings programs, any unspent energy funding cannot be applied to the institution's operational support. Thus, there is a larger percentage cut than what is mandated by the Administration to the CIG. For example in the Fiscal 2010 Adopted Budget, 39 percent of the total budget is set aside for energy funding, which would be held harmless from any mid-year cuts (see chart below). Therefore, the 3.4 percent mid-year reduction becomes a 4.4 percent, or \$5.3 million, reduction because it is applied only to the \$73 million operating budget of the CIG.

### Funding Breakdown at Fiscal 2010 Adoption for the Cultural Institutions Group

*Dollars in Thousands*

INSTITUTION	Operating	Energy	TOTAL	% Energy
American Museum of Natural History	\$10,339	\$7,484	\$17,823	42%
Brooklyn Academy of Music	2,336	662	2,999	22%
Brooklyn Botanic Garden	3,406	678	4,084	17%
Brooklyn Children's Museum	1,800	755	2,554	30%
Brooklyn Museum	6,793	2,224	9,017	25%
Metropolitan Museum of Art	12,471	15,946	28,417	56%
Museum of the City of New York	1,247	983	2,230	44%
New York Botanical Garden	5,233	2,479	7,712	32%
New York Hall of Science	1,471	689	2,160	32%
New York Shakespeare Festival	754	299	1,053	28%
Queens Botanical Garden	963	178	1,142	16%
Snug Harbor/Botanical Garden	1,081	622	1,704	37%
Staten Island Historical Society	693	127	820	15%
Staten Island Institute of Arts & Sciences	801	30	831	4%
Staten Island Zoological Society	1,263	332	1,595	21%
Studio Museum in Harlem	688	253	941	27%
Wave Hill	935	142	1,077	13%
Wildlife Conservation Society	10,596	6,757	17,353	39%
Other Cultural Institutions	10,608	6,481	17,089	38%
<b>TOTAL</b>	<b>\$73,478</b>	<b>\$47,121</b>	<b>\$120,599</b>	<b>39%</b>

Although each member of the CIG has increased its cultural programming, expanded its number of specialty activities and events, and served the City's record-breaking tourism, there has been a steady decline in City support over the fiscal years. These reductions have resulted in the decrease of shows, exhibits, and events for the 2009-2010 season at most institutions, including family discounts and educational programs. Furthermore, the fiscal relief provided by the City Council through funding restorations for Fiscal 2010 is now threatened by the proposed reductions to the Department's budget in the Fiscal 2011 Preliminary Plan.

**Performance Measures**

	FY 07	FY 08	FY 09	Target FY 10	Target FY11	4- Month Actual FY09	4- Month Actual FY10
Number of visitors to the Cultural Institutions Group	18,466,095	19,092,865	18,882,316	*	*	NA	NA

## Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of June 2009 Plan</b>	<b>\$158,350</b>	<b>\$644</b>	<b>\$158,994</b>	<b>\$130,518</b>	<b>\$644</b>	<b>\$131,162</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Reduction to Cultural Subsidies (4% in FY10 and 8% in outyears)	(\$6,367)	\$0	(\$6,367)	(\$10,512)	\$0	(\$10,512)
<b>Total, PEGs</b>	<b>(\$6,367)</b>	<b>\$0</b>	<b>(\$6,367)</b>	<b>(\$10,512)</b>	<b>\$0</b>	<b>(\$10,512)</b>
<b>Other Adjustments</b>						
FY10 Mod 1 Member Items Realignment	(\$136)	\$0	(\$136)	\$0	\$0	\$0
Collective Bargaining Increase for Managers	124	0	124	124	0	124
Put up FY10 CADP Funds	0	385	385	0	0	0
Put up ASAP Funds	0	100	100	0		0
Intracity	0	458	458	0	(13)	(13)
<b>Total, Other Adjustments</b>	<b>(\$12)</b>	<b>\$943</b>	<b>\$931</b>	<b>\$124</b>	<b>(\$13)</b>	<b>\$111</b>
<b>Agency Budget as of January 2010 Plan</b>	<b>\$151,971</b>	<b>\$1,587</b>	<b>\$153,558</b>	<b>\$120,130</b>	<b>\$631</b>	<b>\$120,761</b>