



Fiscal 2009 Preliminary Budget Hearings

❖ Committee on Cultural Affairs, Libraries & International Intergroup Relations

March 2008

Scheduled To Testify:

- *Department of Cultural Affairs*
- *Libraries (joint with Select Committee on Libraries)*

*Hon. Christine C. Quinn
Speaker of the Council*

*Hon. David I. Weprin, Chair
Committee on Finance*

*Hon. Domenic M. Recchia, Jr., Chair
Committee on Cultural Affairs, Libraries &
International Intergroup Relations*

*Hon. Vincent Gentile, Chair
Select Committee on Libraries*

*James Caras, Acting Director
Finance Division*

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DEPARTMENT OF CULTURAL AFFAIRS (126)

Agency Operations

The Department of Cultural Affairs (“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. DCA 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, 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. DCA continues to support the capital improvement of cultural facilities throughout the City.

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
City	\$167,903,136	\$167,994,636	\$146,120,641
Other Categorical	\$0	\$40,000	\$0
Capital IFA	\$70,013	\$70,013	\$70,013
State	\$0	\$78,536	\$0
Community Development	\$257,871	\$729,026	\$257,871
Federal-Other	\$0	\$628,293	\$0
Intra-City	\$310,500	\$1,669,042	\$310,500
Total	\$168,541,520	\$171,209,546	\$146,759,025

HEADCOUNT OVERVIEW

Headcount	Fiscal 2008 Adopted Budget	6/30/2008 Forecast	Fiscal 2009 Preliminary Budget
City	46	46	45
Non-City	3	3	3
Total	49	49	48

FUNDING ANALYSIS

The proposed Fiscal 2009 Preliminary Budget for the Department of Cultural Affairs is \$146.8 million, compared to \$168.5 million at Fiscal 2008 Adoption last year. This decrease is due to one-time additions being removed as well as a 5 percent reduction to the overall budget of the agency.

Last year, when the Fiscal 2008 Preliminary Budget was released, a historic agreement between the Council and the Administration changed the way cultural organizations receive City funding.

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Both the twenty-year old program budget lines and many one-time council leadership additions were eliminated, creating a central fund for program groups to apply for grants as well as a change in the way members of the CIG receive annual funds.

In Fiscal 2008 both institutions and programs were “held harmless” from a reduction to funds received in Fiscal 2007. The hold harmless program was for one-year and is not reflected in the Fiscal 2009 Preliminary Budget. In addition, in Fiscal 2008, through a City Council initiative, \$4 million in funds were made available for security enhancements to cultural institutions. This funding is not a part of the Fiscal 2009 Preliminary Budget.

Under the new funding process approximately \$30 million in funding was provided to non-CIG cultural organizations throughout the City. Many of those groups that received funding were granted a two-year agreement by the agency and DCA estimates that many new groups will enter the process this year. In Fiscal 2008 over 1000 organizations applied for funding.

The members of the CIG, who receive both operating and energy support from the City, will continue to receive baseline support, but with a planned 5 percent reduction in the upcoming fiscal year. The changes in Fiscal 2008 eliminated the annual baseline restoration and a new program called CultureStat was created, which will be in operation this fiscal year. .

New York City continues to serve as the “cultural capital of the world.” 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. With City support New York City’s arts community remains vibrant with many new programming ideas coming alive every year.

UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency’s spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e., salaries, overtime, etc.) or Other Than Personal Services (i.e., supplies, contracts, etc.) for a particular program, purpose, activity or institution.

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U/A#	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Office of Commissioner	\$3,925,414	\$4,110,414	\$3,865,746
	Total PS	\$3,925,414	\$4,110,414	\$3,865,746
002	Office of the Commissioner	\$893,850	\$893,850	\$925,168
003	Cultural Programs	\$35,621,571	\$36,141,226	\$26,236,913
004	Metropolitan Museum of Art	\$27,873,984	\$27,873,984	\$25,999,058
005	New York Botanical Garden	\$7,774,011	\$8,046,002	\$7,264,499
006	American Museum of Natural History	\$19,200,546	\$19,225,546	\$16,266,459
007	Wildlife Conservation Society	\$18,973,927	\$19,680,756	\$17,559,965
008	Brooklyn Museum	\$9,150,539	\$9,150,539	\$8,242,318
009	Brooklyn Children's Museum	\$2,206,554	\$2,206,554	\$2,063,992
010	Brooklyn Botanical Garden	\$4,287,344	\$4,682,268	\$3,969,083
011	Queens Botanical Garden	\$1,231,100	\$1,511,863	\$1,090,760
012	New York Hall of Science	\$2,369,533	\$2,369,533	\$2,115,127
013	Staten Island Institute Arts & Sciences	\$907,301	\$907,301	\$862,011
014	Staten Island Zoological Society	\$1,703,144	\$1,703,144	\$1,457,217
015	Staten Island Historical Society	\$840,402	\$840,402	\$766,647
016	Museum of the City of New York	\$1,670,574	\$1,670,574	\$1,444,733
017	Wave Hill	\$1,165,186	\$1,166,186	\$1,071,030
019	Brooklyn Academy of Music	\$3,791,781	\$3,791,781	\$2,971,803
020	Snug Harbor Cultural Center	\$2,192,152	\$2,418,016	\$1,849,547
021	Studio Museum in Harlem	\$1,009,129	\$1,009,129	\$905,446
022	Other Cultural Institutions	\$20,092,508	\$20,149,508	\$18,303,225
024	New York Shakespeare Festival	\$1,660,970	\$1,660,970	\$1,528,278
	Total OTPS	\$164,616,106	\$167,099,132	\$142,893,279
	Total Agency	\$168,541,520	\$171,209,546	\$146,759,025

PRELIMINARY BUDGET ACTIONS (\$000)

Description	Fiscal 2008			Fiscal 2009		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the October Plan	\$167,995	\$2,508	\$170,503	\$153,812	\$638	\$154,450
January Plan PEGs	(\$4,200)	\$0	(\$4,200)	(\$7,691)	\$0	
Total PEGs	(\$4,200)	\$0	(\$4,200)	(\$7,691)	\$0	(\$7,691)
Other Adjustments						
Hiring Freeze	(\$15)	\$0	(\$15)	(\$75)	\$0	(\$75)
Bronx Zoo Co-Gen Reimbursement	\$952	\$0	\$952	\$0	\$0	\$0
MFTA	\$24	\$0	\$24	\$59	\$0	\$59
Energy Steering Committee	\$200	\$0	\$200	\$0	\$0	\$0
Collective Bargaining	\$15	\$0	\$15	\$15	\$0	\$15
Heat, Light & Power	(\$2,187)	\$0	(\$2,187)	\$0	\$0	\$0
Zoo Feasibility Study (Fed)	\$0	\$628	\$628	\$0	\$0	\$0
Zoo Feasibility Study (State)	\$0	\$79	\$79	\$0	\$0	\$0
Total Other Adjustments	(\$1,011)	\$707	(\$304)	(\$1)	\$0	(\$1)
Total January Plan Budget Changes	(\$5,211)	\$707	(\$4,504)	(\$7,692)	\$0	(\$7,692)
Agency Budget as per the January Plan	\$162,784	\$3,215	\$165,999	\$146,120	\$638	\$146,758

Preliminary Budget Action Analysis

Programs to Eliminate the Gap (PEGs)

- **Institutions and Program Funding.** This funding decrease represents a change of 5 percent applied to the agency. In Fiscal 2009 and in the outyears a reduction of \$7.7 million will be applied.

Other Adjustments

- **Hiring Freeze and Vacancy Reduction Program.** This initiative reflects savings of \$75,000 in Fiscal 2009 and a savings of \$100,000 in the outyears from the partial elimination of vacancies and replacement of future attrition.
- **Collective Bargaining Adjustment.** Beginning in Fiscal 2008, annual funds totaling approximately \$15,000 are being transferred from the Labor Reserve in the Miscellaneous Budget to the budget of DCA to cover the costs associated with recent collective bargaining settlements. This \$15,000 is reflected in Fiscal 2009 and the outyears.
- **Materials for the Arts (MFTA).** This increase represents a change to the MFTA program due to a recent expansion of the program's space in Long Island City. This \$59,000 increase in Fiscal 2009 and the outyears is for a cleaning and maintenance contract.

LIBRARIES (035-039)

NYPL – Research Libraries (035)

New York Public Library (037)

Brooklyn Public Library (038)

Queens Public Library (039)

Agency Operations

Library services in New York City are provided through three independent systems: the Brooklyn Public Library, the New York Public Library and the Queens Borough Public Library. These systems operate over 200 local library branches throughout the City and four research library centers in Manhattan. The libraries offer free and open access to books, periodicals, electronic resources and non-print materials. Career services, internet access, along with educational, cultural and recreational programming for adults, young adults and children, are also provided. The total collection of the three systems include 400 electronic databases and more than 65 million books, periodicals and other circulating and reference items. The city provides both direct operating support and energy in all facilities.

FUNDING SUMMARY- All City-Funded

	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
Expense Budget			
Research Libraries	\$25,086,889	\$25,086,889	\$24,098,096
New York Public Library	\$119,955,477	\$119,955,477	\$115,244,033
Brooklyn Public Library	\$88,288,770	\$88,288,770	\$84,786,788
Queens Borough Public Library	\$86,801,448	\$86,801,448	\$83,318,861
Total Libraries	\$320,132,584	\$320,132,584	\$307,447,778

FUNDING ANALYSIS

The current level of City support for the libraries is \$320 million. The amount allocated to each system is as follows: New York Public Library-Research (“NYPL-Research”), \$25 million; NYPL-Branches (“NYPL-Branches”), \$120 million; Brooklyn Public Library (“BPL”), \$88.3 million; and Queens Borough Public Library (“QBPL”), \$86.8 million.

In the past, the preliminary budget would feature a funding cut of what was allocated by the City Council in the previous fiscal year. In Fiscal 2007 an agreement was reached with the Administration, baselining approximately \$40 million in library funding. The Fiscal 2007 agreement ended the so-called “budget dance” and enabled the three library systems to guarantee a level of service without the threat of a cut. In Fiscal 2008 the Council went a step further and, with the Administration, baselined over \$40 million to provide six-day service throughout the City. This agreement has led to an increase Saturday and weekday service along with increases in staff, technology and other needed resources. This historic agreement has enabled libraries to finally get back to the service levels they had before the events of September 11, 2001.

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The Fiscal 2009 Preliminary Budget allocates a total of \$307.5 million in funding for all three systems. This figure is reflective of the new baseline amount reduced by the city-wide 5 percent reduction. This reduction of \$16.2 million will effect library hours and staffing levels in the next fiscal year. In addition, the City Council, as part of its Cultural After School Adventure (CASA) program, allocated \$300,000 to each library system to enhance after school activities in the branch libraries. This one-time add of \$900,000 is not included in the Fiscal 2009 Preliminary Budget.

The totals above and throughout this document represent the actual amount of City funding. In both the Fiscal 2008 Adopted Budget and the current Fiscal 2009 Preliminary Budget, the City has “pre-paid” a significant amount of funding from the current fiscal year into the next. Because the libraries receive a “lump-sum” payment to support operations, the City is able to fund this payment for the upcoming fiscal year from funds in the current fiscal year. In the Fiscal 2008 Adopted Budget a total of \$273 million was pre-paid and in the Fiscal 2009 Preliminary Budget \$225 million is the total prepayment for all three library systems.

Libraries historically have supported New Yorkers of all ages, anchoring neighborhoods and communities, providing much more than they were designed to do. Libraries are playing more of a role in the daily lives of all residents. As we strive to increase and enhance educational opportunities for young people, all of our libraries are increasing their involvement in training our future through intensive after-school and summer programs. Libraries have also increased their role in providing services to our seniors, teaching them how to use the internet and offering greater and more varieties of programs.

The Council has historically taken a leadership roll in ensuring that libraries are funded and last year’s 6-day service agreement is a historic step in making sure that libraries are open longer and are accessible to all New Yorkers well into the future. The City Council understands the fiscal situation that the City faces now and in the immediate future and will work to balance the fiscal realities of the budget with the needs of all the residents of New York City.

UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency’s spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e., salaries, overtime, etc.) or Other Than Personal Services (i.e., supplies, contracts, etc.) for a particular program, purpose, activity or institution.

Research Libraries (U/A 001)

Funding in this unit of appropriation is a lump sum appropriation to the research libraries to acquire reference materials and fund the maintenance, security, energy and programs of the facilities. The four research libraries are the Library for the Performing Arts located at Lincoln Center, the Schomburg Center for Research in Black Culture located in Harlem, the Science, Industry and Business Library in Midtown and the main library on 5th Avenue and 42nd Street (Humanities and Social Science).

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U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Lump Sum	\$25,086,889	\$25,086,889	\$24,098,096
	Total Agency	\$25,086,889	\$25,086,889	\$24,098,096

New York Public Library (U/As 003 – 007)

Funding in these units of appropriation provide services for the New York Public Library at 86 branch libraries in the Bronx, Manhattan and Staten Island. Funds support staff, library materials and programs for all ages, including adult literacy programs, maintenance and energy. Also included in these U/As are funds to support services not available at all the branch libraries and certain specialty offices.

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
003	Lump Sum Manhattan	\$3,867,003	\$3,867,003	\$3,867,003
004	Lump Sum Bronx	\$2,659,763	\$2,659,763	\$2,659,763
005	Lump Sum Staten Island	\$792,420	\$792,420	\$792,420
006	Systemwide Services	\$111,274,163	\$111,274,163	\$106,562,719
007	Consultant & Advisory Services	\$1,362,128	\$1,362,128	\$1,362,128
	Total	\$119,955,477	\$119,955,477	\$115,244,033

Brooklyn Public Library (U/A 004)

Funding in this unit of appropriation provides services for the Brooklyn Public Library at 60 libraries in the Brooklyn. Funds support staff, library materials and programs for all ages, including adult literacy programs, maintenance and energy.

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Lump Sum	\$88,288,770	\$88,288,770	\$84,786,788
	Total Agency	\$88,288,770	\$88,288,770	\$84,786,788

Queens Borough Public Library (U/A 001)

Funding in this unit of appropriation provides services for the Queens Borough Public Library at 63 libraries in Queens. Funds support staff, library materials and programs for all ages, including adult literacy programs, maintenance and energy.

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
001	Lump Sum	\$86,801,448	\$86,801,448	\$83,318,861
	Total Agency	\$86,801,448	\$86,801,448	\$83,318,861

Programs to Eliminate the Gap (PEGs).

- **Subsidy Reduction.** This action represents a 5 percent decrease in baseline, lump-sum funding to each library system. The 5 percent reduction is an OMB mandate to all City agencies for Fiscal 2009 and is also reflected in the outyears.

Library System	Fiscal 2009 Preliminary Budget PEG
NYPL-Research	(\$1,268)
NYPL-Branches	(\$6,066)
BPL	(\$4,463)
QBPL	(\$4,385)
TOTAL	(\$16,182)

- **Prepayments.** Described above, this prepayment will be made in Fiscal 2008, funding approximately 73 percent of the operations in Fiscal 2009. The remainder of the funding will be available to each of the systems during Fiscal 2009.

Library System	Fiscal 2009 Preliminary Budget Prepayment
NYPL-Research	\$14,156
NYPL-Branches	\$84,757
BPL	\$64,039
QBPL	\$61,847
TOTAL	\$224,799