

# THE COUNCIL OF THE CITY OF NEW YORK

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Report to the Committee on Finance and the Committee on Cultural Affairs, Libraries,  
International Intergroup Relations on the Fiscal 2019 Executive Budget for

## **Department of Cultural Affairs**

May 18, 2018

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## Department of Cultural Affairs Executive Budget Overview

<p><b>Fiscal 2019 Executive Budget - \$147 million</b></p> <p><b>Less than one percent (0.17%)</b> of the City's Budget</p> <p><b>\$145.3 million</b> in City funds</p> <p><b>60</b> Headcount</p> <p><b>659</b> Contracts</p>	<p><b>2019 Executive Budget by Program Area</b> (\$ in '000s)</p> <table border="1"> <thead> <tr> <th>Program Area</th> <th>Budget (\$ in '000s)</th> </tr> </thead> <tbody> <tr> <td>Cultural Institutions</td> <td>\$109,250</td> </tr> <tr> <td>Cultural Programs</td> <td>\$31,068</td> </tr> <tr> <td>Office of the Commissioner</td> <td>\$6,681</td> </tr> </tbody> </table>	Program Area	Budget (\$ in '000s)	Cultural Institutions	\$109,250	Cultural Programs	\$31,068	Office of the Commissioner	\$6,681
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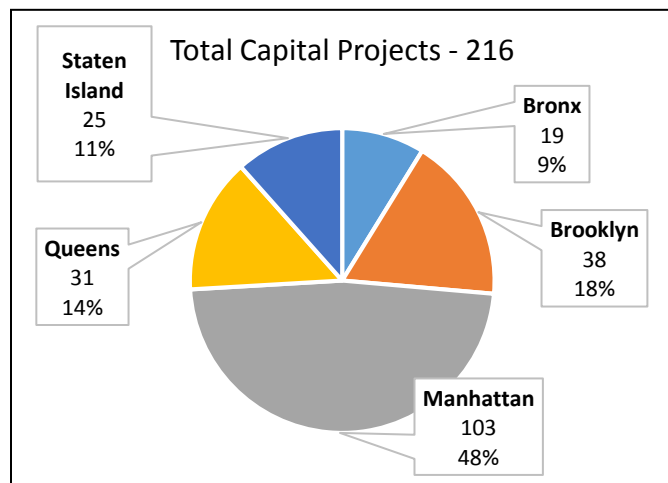
**Executive Budget Changes**

The Fiscal 2019 Executive Plan includes the following changes:

- A \$3.2 million increase in the agency's budget from the Fiscal 2019 Preliminary Plan of \$143.8 million to a current plan at \$147 million;
- An increase in headcount of 1 from 59 in the Fiscal 2019 Preliminary Plan to 60 in the Executive Plan;
- New Needs totaling \$1.4 million in Fiscal 2019;
- Other Adjustments increase DCLA's budget by \$801,000 in Fiscal 2018 and by \$1.8 million in Fiscal 2019; and
- DCLA's Savings Program includes \$264,000 in Fiscal 2019.

**Council's 2019 Budget Response**

The Council called on the Administration to increase the budget for the Department of Cultural Affairs (DCLA) by \$10 million. The Executive Plan however does not reflect this funding. This was funding that the Administration included at adoption of the Fiscal 2018 Budget but is not included in Fiscal 2019 and beyond. In order to ensure that the goals and intentions of the CreateNYC Cultural Plan are accomplished, the cultural community needs additional funding so that they can increase their current programming to achieve the Plan's objectives. The Plan is ambitious and will require significant investment.



**Capital Budget: Fiscal 2018 – Fiscal 2022**

- \$1.2 billion in appropriations
- \$34.1 million in actual commitments
- \$986.2 million in Fiscal 2018-2022 in Executive Commitment Plan
- Less than one (0.2) percent more than the \$984.6 million scheduled in the Preliminary Commitment Plan
- 1.2 percent of the City's total \$82 billion Executive Commitment Plan
- 1,275 Projects
- 563 Budget Lines

## Department of Cultural Affairs Overview

This report presents a review of the Department of Cultural Affairs' (DCLA or the Department) Fiscal 2019 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2018, followed by a review of the significant budget actions introduced in the Fiscal 2019 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of the Department of Cultural Affairs' Capital Strategy and Fiscal 2018 to Fiscal 2022 Plan follows the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2018 and Fiscal 2019 Budgets since Adoption of the Fiscal 2018 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2019 Preliminary Budget Report for the Department of Cultural Affairs at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2018/03/FY19-Department-of-Cultural-Affairs.pdf>.

Below is a summary of key funding changes by program area and source when comparing the Department of Cultural Affairs' Fiscal 2019 Executive Budget to its Fiscal 2018 Adopted Budget.

<b>DCLA Financial Summary</b>						
<i>Dollars in Thousands</i>						
	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>Executive Plan</b>		<b>*Difference</b>
<i>Dollars in Thousands</i>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>FY18</b>	<b>FY19</b>	<b>FY18-FY19</b>
<b>Spending</b>						
Personal Services	\$4,467	\$4,872	\$5,169	\$4,686	\$5,070	(\$99)
Other Than Personal Services	158,639	177,720	183,596	190,156	141,929	(41,667)
<b>TOTAL</b>	<b>\$163,106</b>	<b>\$182,593</b>	<b>\$188,765</b>	<b>\$194,842</b>	<b>\$146,999</b>	<b>(\$41,766)</b>
<b>Budget by Program Area</b>						
Office of the Commissioner	6,135	6,816	7,159	6,961	6,681	(\$479)
Cultural Programs	48,584	58,807	71,073	66,521	31,068	(40,005)
Cultural Institutions	108,387	116,970	110,532	121,360	109,250	(1,282)
<b>TOTAL</b>	<b>\$163,106</b>	<b>\$182,593</b>	<b>\$188,765</b>	<b>\$194,842</b>	<b>\$146,999</b>	<b>(\$41,766)</b>
<b>Funding</b>						
City Funds			188,088	186,548	145,322	(\$42,766)
Other Categorical			0	1,137	1,000	1,000
Capital- IFA			243	243	243	0
State			3	3	3	0
Federal - Community Development			251	426	251	0
Intra City			180	6,484	180	0
<b>TOTAL</b>	<b>\$163,106</b>	<b>\$182,593</b>	<b>\$188,765</b>	<b>\$194,842</b>	<b>\$146,999</b>	<b>(\$41,766)</b>
<b>Budgeted Headcount</b>						
Full-Time Positions - Civilian	51	53	61	59	60	(1)
<b>TOTAL</b>	<b>51</b>	<b>53</b>	<b>61</b>	<b>59</b>	<b>60</b>	<b>(1)</b>

*\*The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Executive Budget.*

The Department's Fiscal 2019 Executive Budget is decreasing by \$41.8 million across all program areas, when compared to the Fiscal 2018 Adopted Budget. This overall decrease is mostly due to Council discretionary funding in Fiscal 2018 that is not included in the Fiscal 2019 Preliminary Budget.

The Department's Fiscal 2019 Executive Budget provides funding for 60 full-time positions across all divisions, which is one position less than the headcount at the Fiscal 2018 Adopted Budget.

There is one additional position reflected in the Executive Budget when compared to the Preliminary Budget. In the Executive Plan, DCLA's headcount has increased by three and decreased by two, resulting in a net change of one headcount.

	<b>Headcount</b>
<b><i>Fiscal 2018 Adopted Budget</i></b>	61
Vacancy Reduction – Citywide Savings Initiative	(2)
<b><i>Fiscal 2019 Preliminary Budget</i></b>	<b>59</b>
Monuments Special Project Archivists	2
Percent for Art	1
Vacancy Reduction – Citywide Savings Initiative	(2)
<b><i>Net Headcount Increase in Fiscal 2019 Executive Plan</i></b>	<b>60</b>

## New in the Executive Budget

DCLA's Fiscal 2019 Executive Budget introduces \$1.4 million in new needs and \$1.8 million in Other Adjustments in Fiscal 2019. These include the following.

- The Fiscal 2019 Executive Plan includes \$1.3 million in Fiscal 2019 through Fiscal 2022 for energy subsidies for organizations that are not part of the Cultural Institution Group (CIG), or non-CIGs.
- The Fiscal 2019 Executive Plan includes \$110,000 in Fiscal 2019 for two Monument Special Project archivists.
- The Fiscal 2019 Executive Plan includes \$60,000 in Fiscal 2019 through Fiscal 2022 for 1 Percent for Art and Monuments project manager position. Through this program, one percent of the budget for eligible municipal capital projects is allocated to the commission and installation of a work for permanent public art. Nearly 300 projects have been completed since the program's inception with accumulated artwork commissions of over \$41 million.
- The Fiscal 2019 Executive Plan includes \$508,000 from Fiscal 2018 through Fiscal 2022 for Cultural Institution Group (CIG) DC37 Collective Bargaining adjustment.
- The Fiscal 2019 Executive Plan includes \$52,100 in Fiscal 2018 as a result of a Memorandum of Understanding (MOU) with DCAS. EXCEL is the Expense for Conservation and Efficiency Leadership program, which uses PlaNYC expense funding for energy conservation initiatives. Funds are used for energy efficiency operations and maintenance measures, tools and equipment to assist facilities personnel, training programs, and outreach and communication efforts for awareness activities. Through this program, the Administration supports energy sustainability and funds cost-effective energy efficiency activities. DCLA reimburses cultural institutions for participating in the energy savings program.
- The Fiscal 2019 Executive Plan includes \$350,000 in Fiscal 2019 for Predevelopment for Affordable Artist Workspaces. In a joint effort with New York City Economic Development Corporation (NYCEDC), the agency will create affordable artist workspaces. As outlined in Mayor de Blasio's New York Works Jobs Plan, the effort to create affordable artist workspace is critical to the City's commitment to create 10,000 jobs across the creative and cultural sectors over the next ten years.
- The Fiscal 2019 Executive Plan includes \$17,690 for American Museum of Natural History, \$19,748 for Bronx Zoo, \$6,846 for Carnegie Hall, \$2,297 for Museum of the City of New York,

\$88,582 for New York Botanical Garden and \$1,447 for Queens Museum in Fiscal 2018 for Demand Response Initiative. The Demand Response program is an electricity grid- and utility-run series of programs which not only reduce energy usage but also offer financial incentives to partner City facilities. During times of peak electricity demand or an emergency, participating buildings are paid to shed electric load to reduce the strain on New York City's electricity grid. Enrolled facilities shed electric load by turning off discretionary equipment and lighting, raising space temperatures, or running back-up generators when the grid is at risk for failure, usually during the hottest days of the year.

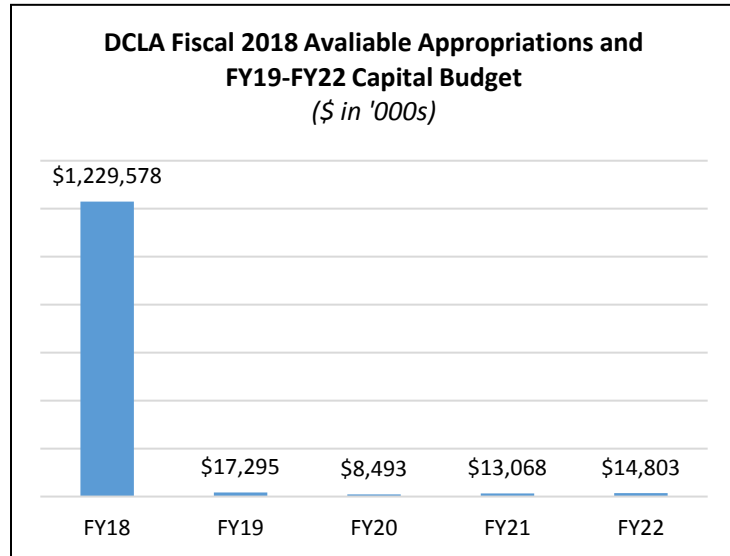
- The Fiscal 2019 Executive Plan includes \$264,000 in savings of which \$142,000 is through the reduction of two vacant positions and \$122,000 is through hiring freeze.

## Preliminary Budget Response

The Council called on the Administration to increase the budget for the Department of Cultural Affairs (DCLA) by \$10 million. This was funding that the Administration had added at Adoption of the Fiscal 2018 Budget but had not been baselined. The funding supported new and existing cultural organizations and artists to expand their service and provide creative and innovative programming. Part of the funding was allocated to local Arts Councils to administer on behalf of DCLA to reach deeper into the individual artists communities in each borough. The majority of the funding was allocated to cultural organizations that received Cultural Development Funding (CDF) support for Fiscal 2018. CDF is an annual grant-making process for New York City's nonprofit arts and cultural organizations. Through the CDF process, DCLA awards support for a vast array of programs provided by many of the City's largest cultural organizations as well as neighborhood-based groups that represent New York's extraordinary cultural breadth. The amount awarded is based on the budget size of each organization. This additional funding allowed DCLA to have its largest CDF allocation ever in Fiscal 2018. More than \$40 million was provided to over 900 Cultural Organizations across all five boroughs.

## Capital Program

### Fiscal 2019 Executive Capital Budget and Commitment Plan for Fiscal 2018-2022



DCLA’s Fiscal 2019 Executive Capital Budget includes \$53.7 million in Fiscal 2019-2022, with \$17.3 million in Fiscal 2019.<sup>1</sup> This represents less than one percent of the City’s total \$49.4 billion Capital Budget for 2019-2022. Available appropriations for Fiscal 2018 total \$1.23 billion. This includes \$1.21 billion in reauthorized prior appropriations and \$55.2 million in authorized appropriations, less actual commitments of \$34.1 million in the current fiscal year.

### Capital Commitment Plan

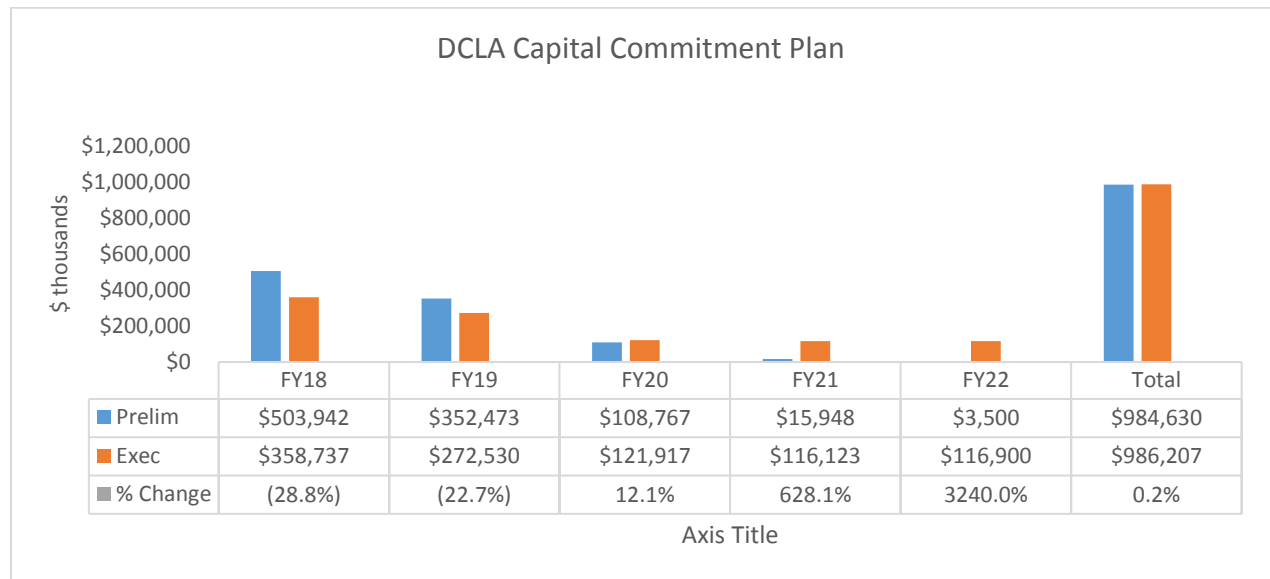
DCLA’s Executive Commitment Plan includes \$986.2 million in Fiscal 2018-2022. This represents 1.2 percent of the City’s total \$82 billion Executive Commitment Plan. The Department’s Capital Budget is significantly less than the Capital Commitment Plan because it does not include the current appropriations for Fiscal 2018, or the amount of funding that will be re-appropriated or rolled into the Fiscal 2019 Adopted Budget. DCLA’s Executive Commitment Plan for Fiscal 2018-2022 is less than one percent more than the \$984.6 million scheduled in the Preliminary Commitment Plan, an increase of \$1.6 million. Even though the Executive Commitment Plan is only slightly larger than the Preliminary Commitment Plan, the agency has shifted funding more evenly in the fiscal years with the out-years now reflecting more funding and the Fiscal 2018 funding reflecting more accurately what the agency is likely to commit. This Commitment Plan includes 563 budget lines and 1,275 project IDs.

The total available appropriations for Fiscal 2018 are \$1.2 billion against planned commitments totaling \$358.7 million. This excess balance of \$871.3 million in appropriations gives the Administration considerable flexibility within the capital plan. However, as the commitment of appropriations are legally bound to their budget line descriptions, this flexibility is more limited than it appears from this variance alone.

The majority of the capital projects span multiple fiscal years and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. However, this also makes it difficult to track when projects were originally scheduled and completed. In Fiscal 2017, the Department of Cultural Affairs committed \$147.4 million or 27.2 percent of its annual capital plan

<sup>1</sup> The Capital Budget provides the required appropriations for Fiscal 2019 and planned appropriations for the subsequent three-year capital program. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption.

of \$542 million. Therefore, it is expected that a significant portion of the agency’s Fiscal 2018 Capital Plan will be rolled into Fiscal 2019.



Below are descriptions for a significant project in each borough in the Fiscal 2019 Executive Budget. Typically, DCLA does not add capital funds during the Executive Budget with most of its final changes coming at adoption. DCLA did not add any new projects in the Executive Plan making the difference between the Executive and Preliminary Commitment Plans for Fiscal 2018 through Fiscal 2022 minimal. However, some planned commitments have been moved into Fiscal 2020 through 2022 from Fiscal 2018 and 2019 in keeping with the Council’s recommendation to make the Commitment Plan more accurate.

Bronx

**Wildlife Conservation Society (Bronx Zoo) Con-Ed Switchgear Upgrade – Phase I.** The Fiscal 2019 Executive Capital Plan includes \$12.5 million in City funding for Fiscal 2018 through Fiscal 2022 for this project. This project will upgrade the service equipment needed for the Bronx Zoo to enable the facility to receive back-up power from Con Edison in the event of an unplanned failure of the Cogeneration Plant or in the event of routine maintenance shutdowns of the plant.

Brooklyn

**Brooklyn Botanic Garden (BBG) South Garden Phase III.** The Fiscal 2019 Executive Capital Plan includes \$14 million in City funding for 2018 to Fiscal 2022 for BBG's South Garden Redevelopment. The redevelopment consists of three phased projects.

Queens

**Queens Museum Expansion Phase 2.** The Fiscal 2019 Executive Capital Plan includes \$16.8 million in City funding for Fiscal 2018 through Fiscal 2022 allocated toward the second phase of the renovation of Queens Museum facility in Flushing Meadows Corona Park. An additional \$3.1 million in State funds have carried over from the first phase of the project. Phase 2 of the expansion will provide education classrooms and art storage and will fit out space for a new branch of the Queens Library.

Manhattan

**American Museum of Natural History Science and Education Center.** The Fiscal 2019 Executive Capital Plan includes \$78.4 million in City funding for Fiscal 2018 through Fiscal 2022 for The Richard Gilder Center for Science, Education, and Innovation. The Gilder Center will add approximately 180,000 square feet of space to the museum campus, making necessary improvements to the museum's capacity to integrate scientific research, collections and exhibition with its educational programming.

**Studio Museum of Harlem.** The Fiscal 2019 Executive Capital Plan includes \$53.8 million in City funding for Fiscal 2018 through Fiscal 2022 allocated toward the construction of a new museum facility on 125<sup>th</sup> Street. This will create physical capacity to show more art, expand its programming, exhibit larger shows, and have more office and community space.



## Appendix 1: Fiscal 2019 Budget Actions since Fiscal 2018 Adoption

<i>Dollars in Thousands</i>	FY18			FY19		
	City	Non-City	Total	City	Non-City	Total
<b>DCLA Budget as of the Adopted FY18 Budget</b>	<b>\$188,087</b>	<b>\$677</b>	<b>\$188,764</b>	<b>\$142,337</b>	<b>\$677</b>	<b>\$143,014</b>
<b>New Needs</b>						
Energy Subsidies for Non-CIGs	\$0	\$0	\$0	\$1,250	\$0	\$1,250
Monuments Special Project Archivists	0	0	0	110	0	110
Percent for Art and Monuments Project Manager	0	0	0	60	0	60
<b>TOTAL, New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,420</b>	<b>\$0</b>	<b>\$1,420</b>
<b>Other Adjustments</b>						
DCLA PS Savings	(\$173)	\$0	(\$173)	(\$107)	\$0	(\$107)
Design Week Transfer to EDC	(100)	0	(100)	(100)	0	(100)
IC MOD FOR RED HOOK ART	0	23	23	0	0	0
IC W/BKLYN BOTANICAL GARDEN	0	668	668	0	0	0
IC W/CULTURAL AFFAIRS NYBG	0	441	441	0	0	0
IC W/CULTURAL AFFAIRS QUEENS	0	2,622	2,622	0	0	0
IC W/CULTURAL AFFAIRS SNUG H	0	830	830	0	0	0
Member Item Reallocation	320	0	320	0	0	0
Put Up CADP Funds	0	106	106	0	0	0
Put Up CADP Funds 2	0	70	70	0	0	0
ExCEL Program	0	1,201	1,201	0	0	0
Lease Adjustment	19	0	19	0	0	0
Metropolitan Museum of Art Admissions Policy Change.	0	1,000	1,000	0	1,000	1,000
Pilot program for scoping/pre-design services.	250	0	250	0	0	0
The American Museum of Natural History Expense to Capital Swap.	(1,000)	0	(1,000)	0	0	0
The Metropolitan Museum of Art Expense to Capital Swap.	(1,000)	0	(1,000)	0	0	0
American Museum of Natural History Demand Response	\$0	\$16	\$16	\$0	\$0	\$0
American Museum of Natural History Electricians Collective Bargaining	109	0	109	0	0	0
CIG DC37 Collective Bargaining Adjustment	508	0	508	508	0	508
City Council Member Item Reallocation	(95)	0	(95)	0	0	0
DC37 Collective Bargaining Adjustment	2	0	3	2	0	3
American Museum of Natural History Demand Response	0	2	2	0	0	0
Demand Response Bronx Zoo	0	20	20	0	0	0
Demand Response Carnegie Hall	0	7	7	0	0	0
Demand Response Museum of the City of New York	0	2	2	0	0	0
Demand Response New York Botanical Garden	0	89	89	0	0	0
Demand Response Queens Museum	0	1	1	0	0	0
Demand Response QMA	0	1	1	0	0	0
EXCEL Projects Round 2	0	52	52	0	0	0
Heat Light and Power	400	0	400	1,040	0	1,040
Intra City DCA FY18	0	195	195	0	0	0
Intra City with Cultural Affairs	0	273	273	0	0	0
Lease Adjustment	0	0	0	134	0	134
Predevelopment for Affordable Artists Workspaces	0	0	0	350	0	350
Personal Services and Programmatic Surplus	(780)	0	(780)	(122)	0	(122)
Vacancy Reductions	0	0	0	(142)	0	(142)
<b>TOTAL, Adjustments</b>	<b>(\$1,540)</b>	<b>\$7,617</b>	<b>\$6,077</b>	<b>\$1,564</b>	<b>\$1,000</b>	<b>\$2,564</b>
<b>TOTAL, All Changes</b>	<b>(\$1,540)</b>	<b>\$7,617</b>	<b>\$6,077</b>	<b>\$2,984</b>	<b>\$1,000</b>	<b>\$3,984</b>
<b>DCLA Budget as of the Executive FY19 Budget</b>	<b>\$186,548</b>	<b>\$8,293</b>	<b>\$194,841</b>	<b>\$145,321</b>	<b>\$1,677</b>	<b>\$146,998</b>