



**NOTE ON THE FISCAL 2021 EXECUTIVE BUDGET FOR THE
COMMITTEE ON CULTURAL AFFAIRS, LIBRARIES, INTERNATIONAL INTERGROUP RELATIONS
MAY 29, 2020**

New York City Council

Hon. Corey Johnson,
Speaker
Hon. Daniel Dromm,
Chair, Finance Committee
Hon. James Van Bramer,
Cultural Affairs, Libraries,
International Intergroup
Relations

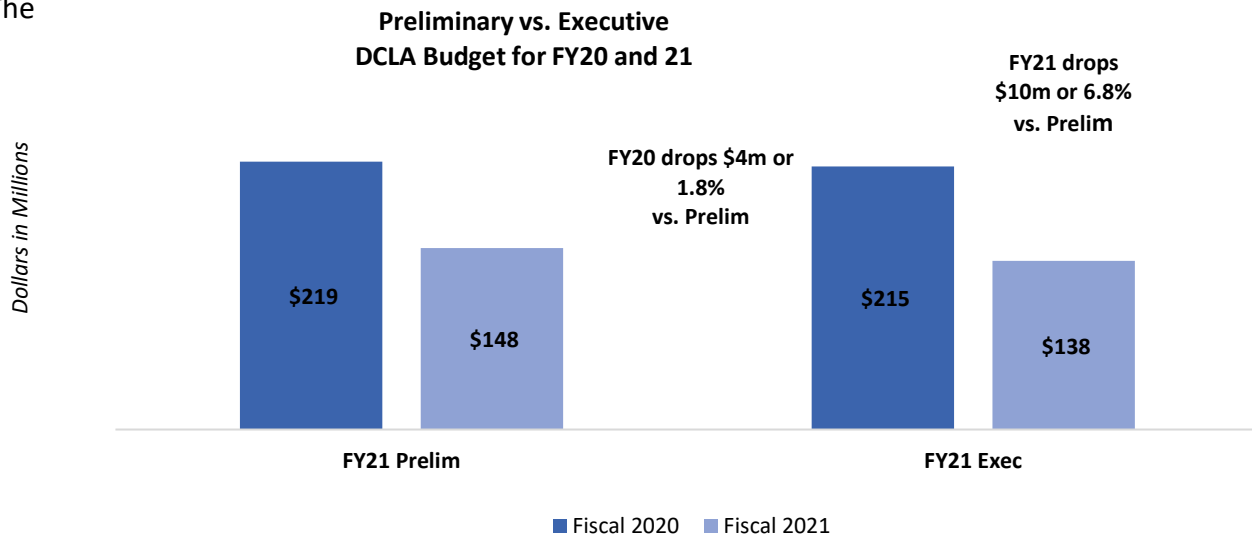
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On April 16, 2020, the de Blasio administration released the Executive Financial Plan for Fiscal 2020-2024 with a proposed budget for Fiscal 2021 of \$89.3 billion. The Department of Cultural Affairs' (DCLA or Department) Fiscal 2021 Executive Budget is \$137.5 million and represents less than one percent of the City's Executive Fiscal 2021 Budget. This budget note provides a summary of the changes in the Executive Budget for the Department introduced in the Financial Plan. Topics covered include the agency's response to the COVID-19 emergency, changes to the Expense and Capital Budgets, and agency issues.

DCLA Budget Overview

The



Department's Fiscal 2021 Executive Budget is \$137.5 million and provides funding for 54 full-time positions across all divisions. DCLA is mostly funded by City funds. The Fiscal 2021 Executive Budget introduces no new needs and a reduction of \$3.8 million in other adjustments in Fiscal 2020 and a reduction of \$10.6 million in Fiscal 2021.

\$148.1 Million Fiscal 2021 Preliminary	Executive Plan Changes	\$137.5 Million Fiscal 2021 Executive
<ul style="list-style-type: none"> • PS: \$5.1M • OTPS: \$143M • Headcount: 55 	<ul style="list-style-type: none"> • New Needs: None • Other Adjustments: (\$10.6M) • PEGs: (\$8.9M) <ul style="list-style-type: none"> • Unspent Programmatic Funding • CIG Supplemental Fund • CreateNYC Funding 	<ul style="list-style-type: none"> • PS: \$5M • OTPS: \$132.5M • Headcount: 54

Changes introduced in the Executive Plan lower the Department of Cultural Affairs’ budget for Fiscal 2021 by \$10.6 million. The major changes are described below:

Executive Plan Changes

PEG Program

- **Unspent Programmatic Funding.** The Fiscal 2021 Executive Plan includes a reduction of \$1.5 million from savings in Fiscal 2020 achieved through unspent programmatic funding. This includes \$641,000 from CreateNYC programs, \$79,000 Cultural Development Funds (CDF), \$30,000 Cultural Institution Group (CIG) emergency funds, \$172,000 from Affordable Real Estate for the Arts (AREA) initiative, \$149,000 emergency funds, \$300,000 from Building Community Capacity program and \$100,000 from Energy Coalition.
- **The Metropolitan Museum of Art Expense to Capital Swap.** The Fiscal 2021 Executive Plan includes a reduction of \$1 million in Fiscal 2021 for a capital swap that adds \$1 million to the MET’s capital budget, in exchange for a \$1 million reduction to the MET’s Fiscal 2021 operating subsidy. The Met is receiving additional capital funding in exchange for a reduction on the expense side.
- **Personal Services Re-Estimates.** The Fiscal 2021 Executive Plan includes a reduction of \$100,000 in Fiscal 2020 and \$83,000 in the out-years as a result of agency re-estimates. This was achieved through savings due to vacancies.
- **Building Community Capacity Program.** The Fiscal 2021 Executive Plan includes a reduction of \$300,000 in Fiscal 2021 and out-years through the elimination of the Building Community Capacity Program. This program worked to integrate cultural organizations with other community resources in specific low-income neighborhoods.
- **Subway Performer Funding.** The Fiscal 2021 Executive Plan includes a reduction of \$100,000 in Fiscal 2021 and out-years through the elimination of the Subway Performer Funding Program. This reduction fully eliminates the funding for this program that supported City subway train performers.

- **Grant Funds from MET Admission Change.** The Fiscal 2021 Executive Plan includes a reduction of \$2.1 million in Fiscal 2021 in grant funds available through the MET's admission change. Funding available from the City's agreement with the Metropolitan Museum on their admissions policy will be redirected to gap-closing in Fiscal 2021 instead of funding additional grants to cultural organizations.
- **CIGs Supplemental Fund.** The Fiscal 2021 Executive Plan includes a reduction of \$1 million in Fiscal 2021 through a one-time elimination of supplemental funds for cultural organizations. The supplemental funds allow the CIGs to apply on a year-to-year basis for additional funding outside of their City operating subsidy.
- **CreateNYC Funding.** The Fiscal 2021 Executive Plan includes a reduction of \$3.4 million in Fiscal 2021 in CreateNYC programs. CreateNYC is NYC's cultural plan that provides a long-term framework for promoting greater equity, access, diversity, and expanding opportunities for all residents to participate in the City's cultural life.
- **Reduction to Emergency Fund.** The Fiscal 2021 Executive Plan includes a reduction of \$400,000 in Fiscal 2021 in emergency funds. These funds are allocated in the event of serious, unforeseen circumstances at cultural organizations, both CIG and those funded through CDF.
- **Non-CIG Energy Subsidy.** The Fiscal 2021 Executive Plan includes a reduction of \$625,000 in Fiscal 2021 in energy subsidy for organizations that are on city property but are not CIG's.

Other Adjustments

- **Expense for Conservation and Efficiency Leadership (EXCEL) Program.** The Fiscal 2021 Executive Plan includes \$759,000 in Fiscal 2020 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.

- **Heat, Light and Power.** The Fiscal 2021 Executive Plan includes a reduction of \$3.2 million in Fiscal 2020 in heat, light and power expenses. The Office of Management and Budget (OMB) worked with New York City Department of Citywide Administrative Services (DCAS) to estimate energy savings, factoring in the impact of closures due to the virus.

Impact of COVID -19

When the Preliminary Budget was released in January 2020, the City's fiscal position was entirely different. During the intervening three months, the coronavirus disease or COVID-19 has ravaged our health-care system and our economy. Since then, cultural institutions had to shut down and face financial insecurity and uncertainty. The sudden and complete disruption of New York City's cultural institutions and community as a result of COVID-19 is unprecedented and breathtaking. All of the organizations had expected to see major traffic during spring break and are not able to host their large

fundraisers and galas. Institutions are doing whatever they can to support their staff, including partial furloughs and leadership pay cuts but many organizations have still needed to do major layoffs to be able to continue to exist.

In addition to cash flow issues, many organizations were unprepared for this crisis in terms of having the adequate infrastructure in place to address it. Some organizations have hired digital staff since closing their doors, while others have expressed the need for access to services such as human resources, legal, fundraising, financial, and even IT guidance or consultants. Many organizations have created or seen an unprecedented demand for an online presence and are enhancing their digital infrastructure.

The City's cultural institutions have expressed that there are gaps in the funding eligibility of federal programs including employee caps and lack of direct focus on Cultural institutions in the stimulus package. On March 27, 2020, the National Endowment for the Arts (NEA) announced they will be distributing \$75 million in Relief Aid to arts organizations in need across the country which is far less than the need of Cultural organizations in NYC, which can easily run into billions of dollars.

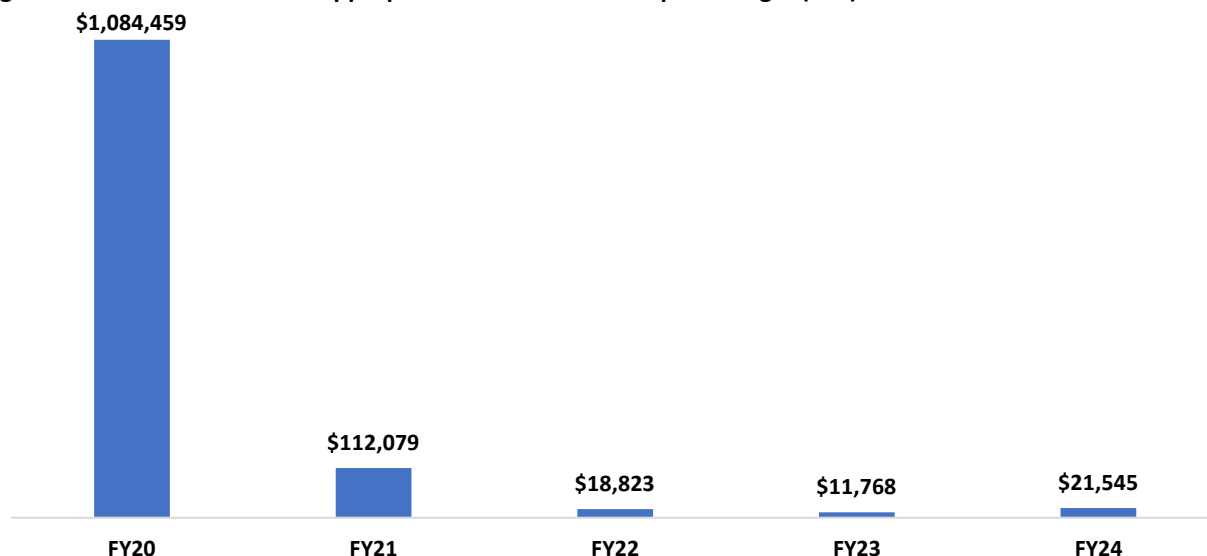
Capital Plan Overview

In April, the Administration released the Capital Commitment Plan for Fiscal 2020-2024 (the Commitment Plan) and the Fiscal 2021 Executive Capital Budget (the Capital Budget). This section will provide an overview of the Commitment Plan and Capital Budget for the Department of Cultural Affairs (DCLA). Each one of these documents should support and be well integrated with one another to properly execute the City's capital projects, as well as meet its infrastructure goals. We will examine to what extent this is occurring, where improvements need to be made, and the overall feasibility of DCLA's capital program.

Fiscal 2021 Executive Capital Budget and Commitment Plan for Fiscal 2020-2024

The Capital Budget provides the requested appropriations for Fiscal 2020 and planned appropriations for Fiscal 2021 to Fiscal 2024. Appropriations represent the legal authority to spend capital dollars and are what the Council votes on at budget adoption. The Commitment Plan, which is a five-year spending plan, is the plan to spend those appropriations. The Capital Budget is significantly less than the Capital Commitment Plan because it does not include the current appropriations for Fiscal 2020 or the amount of funding that may be reauthorized or rolled into Fiscal 2021 in the Executive and/or Adopted Budget. This report provides an overview of the Capital Budget and Commitment Plan for DCLA.

Figure 3: Fiscal 2020 Available Appropriations and FY21-24 Capital Budget (000)



As shown above, the DCLA’s Fiscal 2021 Executive Capital Budget includes \$164.2 million in Fiscal 2021-2024. Available appropriations for Fiscal 2020 total \$1.1 billion. This includes \$1.1 billion in reauthorized prior appropriations and \$112.1 million in adopted appropriations for Fiscal 2020, less actual commitments in the current fiscal year.

The Fiscal 2021 Executive Capital Commitment Plan includes \$1.1 billion in Fiscal 2020-2024 for the Department of Cultural Affairs (including City and Non-City funds). This represents approximately one and a half percent of the City’s total \$83.2 billion Executive Plan for Fiscal 2020-2024. The agency’s Executive Capital Commitment Plan is less than one percent or \$8.8 million larger than the Preliminary Capital Commitment Plan.

The total available appropriations for Fiscal 2020 are \$1.1 billion against planned commitments totaling \$292.2 million. This excess balance of more than \$807.8 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.

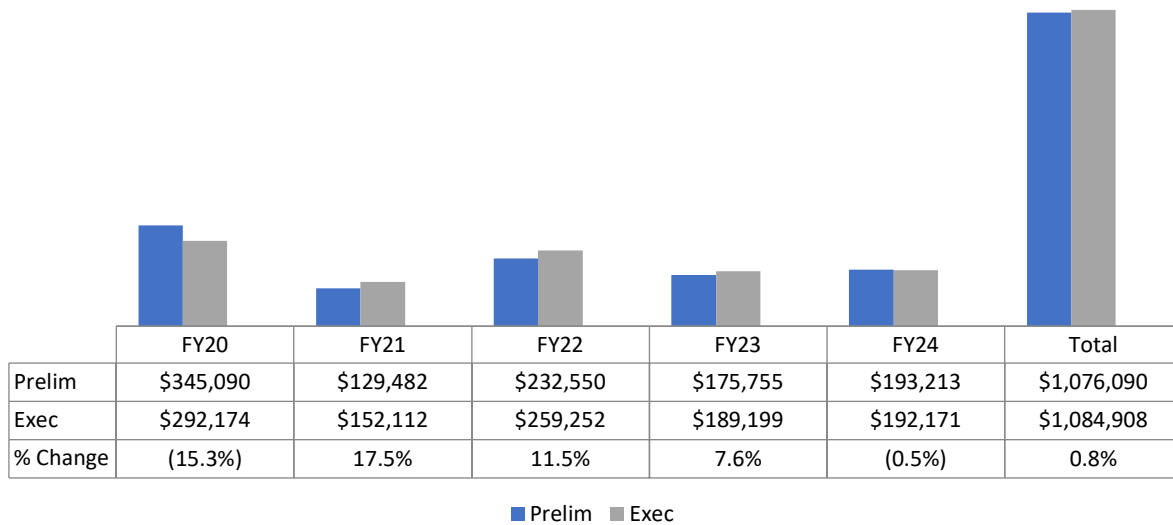
The majority of the capital projects span multiple fiscal years and it is therefore common practice for an agency to roll unspent capital funds into future fiscal years. Therefore, it is assumed that a significant portion of the agency’s Fiscal 2020 Capital Plan will be rolled into Fiscal 2021, thus increasing the size of the Fiscal 2021-2024 Capital Plan. In Fiscal 2017, DCLA committed \$147.4 million or 27.2 percent of its annual capital plan of \$542 million. In Fiscal 2018, the Department committed \$75.4 million or 21.2 percent of its annual capital plan of \$358.7 million. In Fiscal 2019 the Department committed \$216.9 million or 54.8 percent of its annual capital plan of \$395.7 million. Fiscal 2019’s high commitment rate is due to a few large project registrations including: the American Museum of Natural History Gilder Center, Studio Museum, Irish Arts Center, Helen Hayes Theater and several others. The DCLA Capital Team recently added a Budget Analyst position and have tried to be more strategic in its capital budget forecasting.

Historically, the Commitment Plan has frontloaded planned commitments for capital projects in the first year or two of the plan, and included unrealistically high planned commitments. At the Council’s

continued urging, that practice has largely ceased. Beginning with the Fiscal 2020 Executive Commitment Plan, agencies' Commitment Plans are now more accurate, reflecting more evenly distributed planned spending across all years of the plan.

A natural result of more realistic timelines is capital projects extending beyond the Commitment Plan's five-year time frame. To address this the Administration has added Section VII, titled "Redistribution of the City's Capital Plan" to the Commitment Plan. What this section does is increase the transparency of the Commitment Plan by showing the distribution of funding beyond the required five years to ten years (Fiscal 2020 -2029). This extension allows the Council and the public to better differentiate between movement beyond the years of the Commitment Plan and a simple elimination of funding. DCLA's ten-year total is \$1.2 billion which is \$69.3 million greater than Department five-year plan. What this increase shows is the City's commitment to continuing many of its current projects beyond the time frame of the Capital Commitment Plan.

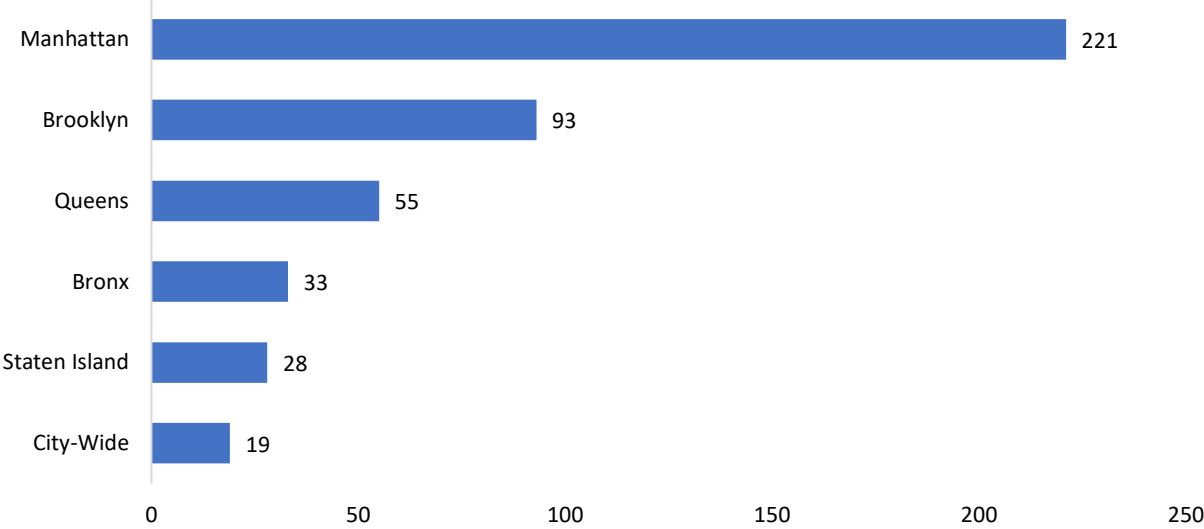
Figure 4: DCLA Commitment Plan ('000s)



In the Fiscal 2021 Executive Plan, DCLA has a total of 449 active projects for 225 organizations with a value of \$1.1 billion. This total only incorporates funds for active projects and not long-completed projects with a few thousand dollars in IFA remaining. DCLA did not add any new projects in the Executive Plan making the difference between the Executive and Preliminary Commitment Plans for Fiscal 2020 through Fiscal 2024 minimal.

However, some planned commitments have been moved into Fiscal 2021 through 2024 from Fiscal 2020 in keeping with the Council's recommendation to make the Commitment Plan more accurate. As illustrated in the figure below, Manhattan has the largest number of projects followed by Brooklyn.

Figure 5: Total Projects by Borough



Appendix 1: DCLA Financial Summary

DCLA Financial Summary						
<i>Dollars in Thousands</i>						
	FY18	FY19	FY20	Executive Plan		*Difference
	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
Spending						
Personal Services	\$4,662	\$4,924	\$4,959	\$5,255	\$5,002	\$43
Other Than Personal Services	187,836	200,164	207,137	209,446	132,513	(74,624)
TOTAL	\$192,497	\$205,087	\$212,097	\$214,701	\$137,515	(\$74,582)
Budget by Program Area						
Office of the Commissioner	\$6,482	\$6,756	\$6,822	\$7,421	\$8,289	\$1,467
Cultural Programs	65,899	71,932	84,709	81,599	29,293	(55,416)
Cultural Institutions	120,117	126,400	120,566	125,681	99,933	(20,633)
TOTAL	\$192,497	\$205,087	\$212,097	\$214,701	\$137,515	(\$74,582)
Funding						
City Funds			\$211,576	\$207,239	\$136,990	(\$74,586)
Capital- IFA			248	248	249	1
State			3	3	3	0
Federal - Community Development			258	258	259	1
Other Categorical			0	465	0	0
Intra City			11	6,487	13	2
TOTAL	\$192,497	\$205,087	\$212,097	\$214,701	\$137,515	(\$74,582)
Budgeted Headcount						
Full-Time Positions - Civilian	50	52	55	54	54	(1)
TOTAL	50	52	55	54	54	(1)

**The difference of Fiscal 2020 Adopted Budget compared to Fiscal 2021 Executive Budget.*

Appendix 2: Budget Actions in the November, Preliminary and Executive Plans

<i>Dollars in Thousands</i>	FY20			FY21		
	City	Non-City	Total	City	Non-City	Total
Budget as of the Fiscal 2020 Adopted Budget	\$211,576	\$520	\$212,096	\$149,515	\$525	\$150,040
Other Adjustments						
Agency Phone Plan Review	\$1	\$0	\$1	\$1	\$0	\$1
CSBA Attorneys Collective Bargaining	19	0	19	21	0	21
Energy Personnel	0	125	125	0	0	0
EXCEL Projects	0	2,295	2,295	0	0	0
I/C W Cultural Queens	0	1,516	1,516	0	0	0
I/C W Cultural Affairs Snug	0	825	825	0	0	0
I/C W Cultural Affairs Brooklyn	0	706	706	0	0	0
I/C W Botanical Garden	0	349	349	0	0	0
L237 Collective Bargaining	97	0	97	162	0	162
PS Savings	(96)	0	(96)	(96)	0	(96)
Baseline Funding Correction	1,000	0	1,000	1,000	0	1,000
DCLA CC Member Items Reallocation	(303)	0	(303)	0	0	0
Lease Adjustment	27	0	27	0	0	0
PS Savings	(150)	0	(150)	0	0	0
The MET Expense to Capital Swap	0	0	0	(3,000)	0	(3,000)
Other Adjustments in the Executive Budget						
Agency CB CWA 1180	3	0	3	4	0	4
CB Adjustment for DC 37 and CWA 1180	63	0	63	72	0	72
DCLA CC Member Items Reallocation	(232)	0	(232)	0	0	0
EXCEL Projects	0	116	116	0	0	0
EXCEL Round 2	0	643	643	0	0	0
FY20 Revenue	0	465	465	0	0	0
Heat, Light and Power	(3,194)	0	(3,194)	(1,733)	0	(1,733)
I/C DCA FY20	0	195	195	0	0	0
Lease Adjustment	0	0	0	33	0	33
Takedown MOD from BBG -2994	0	(92)	(92)	0	0	0
Takedown MOD from QBG -2994	0	(81)	(81)	0	0	0
Takedown MOD from SHCC -2994	0	(36)	(36)	0	0	0
Takedown MOD from NYBG -2994	0	(86)	(86)	0	0	0
Elimination of BCC Funding	0	0	0	(300)	0	(300)
Elimination of Subway Performer Funding	0	0	0	(100)	0	(100)
One Year Elimination of CIG Supplemental Fund	0	0	0	(1,030)	0	(1,030)
One Year Elimination of Grant Funds from MET Admission Change	0	0	0	(2,074)	0	(2,074)
One Year reduction to Create NYC Funding	0	0	0	(3,375)	0	(3,375)
One year reduction to the emergency fund	0	0	0	(400)	0	(400)
Reduce Non-CIG Energy Subsidy by 50%	0	0	0	(625)	0	(625)
The Metropolitan Museum of Art Expense to Capital Swap	0	0	0	(1,000)	0	(1,000)
Unspent Programmatic Funding	(1,471)		(1,471)	0	0	0
Vacancy Reduction	(100)		(100)	(83)	0	(83)
TOTAL, All Changes	(\$4,336)	\$6,940	\$2,605	(\$12,522)	\$0	(\$12,522)
Budget as of the Fiscal 2021 Exec Budget	\$207,239	\$7,461	\$214,701	\$136,990	\$525	\$137,515