

THE COUNCIL OF THE CITY OF NEW YORK



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Hearing on the Mayor's Fiscal 2013 Executive Budget

Department of Cultural Affairs

May 14, 2012

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Agency Overview

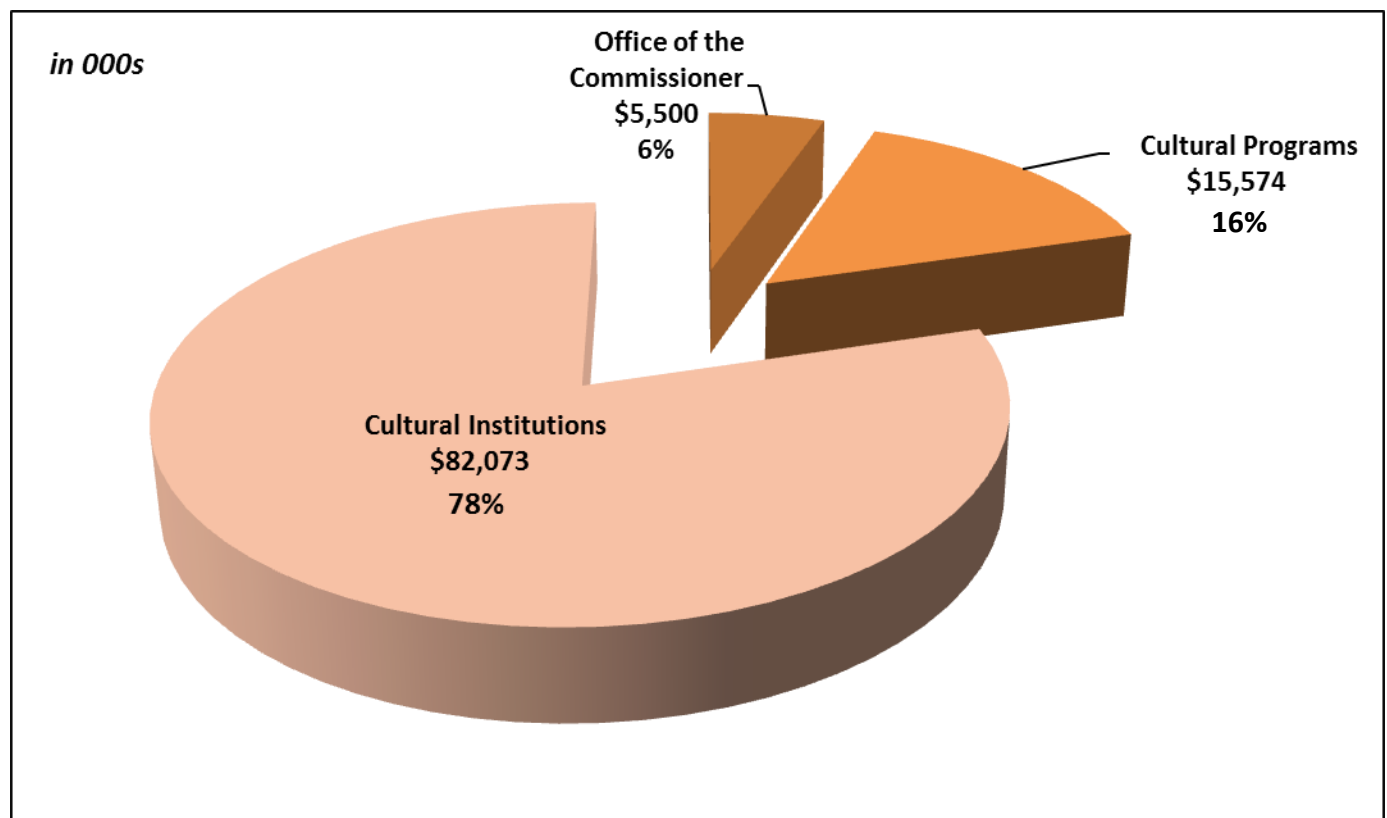
The Department of Cultural Affairs (DCA) provides support, advocacy, and technical assistance to the City's cultural community to ensure that the arts remain a central feature of civic and economic life in the City. The Department funds both energy and a portion of operating support for the 34 City-owned 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.

This report provides a review of the Department of Cultural Affairs' Executive Budget for Fiscal 2013. This report analyzes the Department's budget for the Office of the Commissioner, programs, and the institutions group, as well as a review of the proposed capital budget managed by the Department.

Funding Summary

Approximately six percent of the Department's total budget covers direct agency expenses; whereas, the remaining 94 percent of the Department's budget supports not-for-profit arts organizations and the institutions. Below is a chart outlining the Department's budget.

The DCA Fiscal 2013 Executive Budget by Program Area



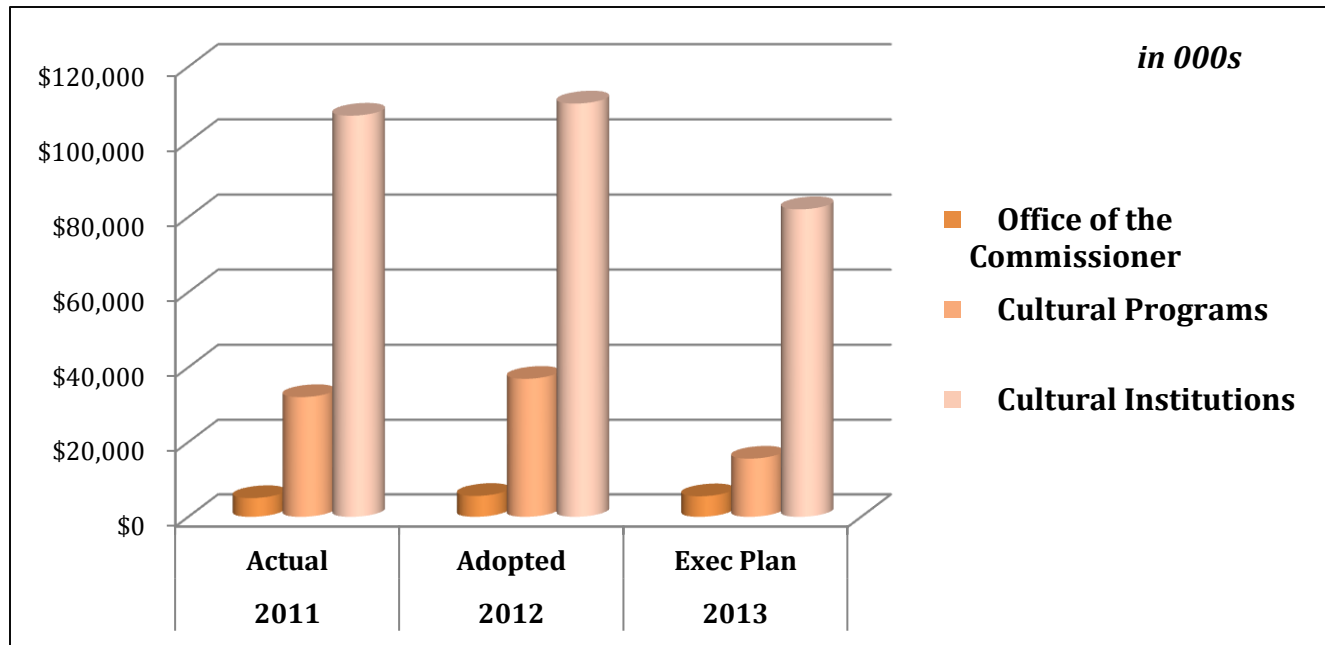
The following table, "Department of Cultural Affairs Financial Summary," provides an overview of the Department's budget from Fiscal 2011 to the Executive Plan for Fiscal 2013, as well as the agency's funding sources.

Department of Cultural Affairs Financial Summary					
<i>Dollars in Thousands</i>					
	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference 2012–2013*
Budget by Program Area					
Office of the Commissioner	\$5,011	\$5,591	\$5,623	\$5,500	(\$91)
Cultural Programs	32,051	36,943	36,379	15,574	(21,369)
Cultural Institutions	106,988	110,216	110,116	82,073	(28,143)
TOTAL	\$144,050	\$152,751	\$152,118	\$103,147	(\$49,604)
Funding					
City Funds	NA	\$151,954	\$147,638	\$102,377	(\$49,578)
Other Categorical	NA	0	0	0	0
Capital - IFA	NA	237	237	237	0
State	NA	0	247	0	0
Federal – CDBG	NA	263	736	237	(26)
Federal - Other	NA	0	1,477	0	0
Intra-City	NA	297	1,783	297	0
TOTAL	\$144,050	\$152,751	\$152,118	\$103,147	(\$49,604)
Positions					
Full-time Positions (Budgeted)	48	48	48	48	0
TOTAL	48	48	48	48	0

*The difference of the Fiscal 2012 Adopted compared to the Fiscal 2013 Executive Plan funding.

Fiscal 2013 Executive Budget Actions

- ☑ There is an \$8.4 million adjustment to fund energy costs for the institutions in Fiscal 2013.
- ☑ The approximate \$6 million November Plan PEG for the institutions and cultural programs, as well as the \$42 million restoration at adoption, was not restored in the Executive Budget for Fiscal 2013.
- ☑ The Department's Fiscal 2012 Executive Capital Budget is at \$389 million, which is a decrease of \$36 million from the Preliminary Capital Budget. This decrease reflects the funding for various projects being rolled into Fiscal 2013 and the outyears.



The proposed budget for DCA in Fiscal 2013 is 67 percent less than the Fiscal 2012 Adopted Budget. The \$49 million decrease in funding is due to the exclusion of the \$42 million restoration and Council initiatives, the \$6 million reduction from the November Plan, and the reduction of other adjustments included in the Executive Budget.

Initiatives and Restorations

City Council funding provides approximately 25 percent of the Department's annual City-funds budget for programs and the institutions, which totaled \$39 million in the Fiscal 2012 Adopted Budget. In addition to partially restoring reductions, the City Council funds initiatives that expand arts education in the public school system and ensure the existence of historically diverse performing arts organizations in the City. This funding, along with the Administration's partial restoration, is not included in the Fiscal 2013 Executive Budget. The chart below outlines the Fiscal 2012 restorations and initiatives.

FY 2012 Council and Administration Funding at Adoption by Program Area

Dollars in Thousands

Cultural Programs	City Council	Administration	Total
Cultural Development Fund Restoration	\$9,000	\$2,289	\$11,289
Cultural After School Adventure (CASA)	5,100	0	5,100
Coalition of Theaters of Color	700	0	700
Local Initiatives	3,361	0	3,361
Subtotal	\$18,161	\$2,289	\$20,450
Cultural Institutions			
PEG Restorations	\$20,549	\$10,451	\$31,000
Local Initiatives	434	0	434
Subtotal	\$20,983	\$10,451	\$31,434
TOTAL	\$39,144	\$12,740	\$51,884

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 includes the staff for the Materials for the Arts program and manages many public cultural events throughout the year.

Office of the Commissioner - Department of Cultural Affairs

Dollars in Thousands

	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference 2012 – 2013*
Personal Services	\$3,910	\$4,160	\$4,108	\$4,160	\$0
Other than Personal Services	1,102	1,432	1,515	1,341	(91)
Department Total	\$5,011	\$5,591	\$5,623	\$5,500	(\$91)
Positions					
Full-time Positions (Budgeted)	48	48	48	48	0
Full-time Positions (Actual)	48	48	41	41	(7)
TOTAL	48	48	41	41	(7)

**The difference of the Fiscal 2012 Adopted compared to the Fiscal 2013 Executive Plan funding.*

The decrease in OTPS funding is for an adjustment in lease expenses for Fiscal 2013. The Administration anticipates that the Department would spend about \$91,000 less for its office space lease.

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 area is primarily for the Cultural Development Fund (CDF). Through negotiations between the City Council and the Administration, a fund of approximately \$30 million was created in Fiscal 2008 for these cultural organizations. 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 are over 700 groups that have applied for Fiscal 2012 CDF awards. Additionally, there is funding in this area for special initiatives like the Cultural After School Adventure (CASA). Approximately, 99 percent of contractual spending for the Department is for payments to the Cultural Development Fund recipients

<i>Dollars in thousands</i>	2011 Actual	2012 Adopted	2012 Exec Plan	2013 Exec Plan	Difference 2012–2013*
Spending					
Cultural Programs	\$32,051	\$36,943	\$36,379	\$15,574	(\$21,369)
TOTAL	\$32,051	\$36,943	\$36,379	\$15,574	(\$21,369)

**The difference of the Fiscal 2012 Adopted compared to the Fiscal 2013 Executive Plan funding.*

Cultural Development Fund

The projected budget for Fiscal 2013 includes only \$15.5 million for the CDF, which is \$12.3 million less than what was included in the Fiscal 2012 Adopted Budget. This decrease is mostly due to the loss of \$11 million the Council and Administration put in at Adoption. In addition, the November Plan included approximately a \$1 million reduction to programs.

There were 896 grantees for Fiscal 2012, which includes a current roster of approximately 300 multi-year grantees, throughout New York City. The diminished fund would be insufficient to handle the increasing programmatic needs of approximately 1,000 organizations across the City.

Cultural Institutions

The basic framework for the public-private partnerships between New York City and its 34 cultural institutions was established in the 19th 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 33 cultural institutions are members of the Cultural Institutions Group (CIG).

The budget for the institutions is comprised of operational and energy support. The chart below provides a funding overview for the institutions.

	2011	2012	2012	2013	Difference, 2012 – 2013*
<i>Dollars in Thousands</i>	Actual	Adopted	Exec Plan	Exec Plan	
Spending					
American Museum of Natural History	\$15,917	\$16,796	\$16,139	\$12,752	(\$4,044)
Brooklyn Academy of Music	2,694	2,844	2,701	1,628	(1,216)
Brooklyn Botanical Garden	3,718	3,688	3,904	1,985	(1,703)
Brooklyn Children's Museum	1,874	1,913	2,026	971	(942)
Brooklyn Museum	7,593	7,787	7,823	4,545	(3,242)
Metropolitan Museum of Art	25,492	27,621	24,905	24,945	(2,676)
Museum of the City of New York	1,390	1,476	1,485	809	(667)
New York Botanical Garden	6,826	6,338	7,417	4,334	(2,004)
New York Hall of Science	1,938	1,926	1,914	1,195	(731)
New York Shakespeare Festival	917	1,007	989	600	(408)
Queens Botanical Garden	1,108	1,020	1,505	489	(531)
Staten Island Institute of Arts & Sciences	1,806	1,711	2,154	1,001	(710)
Snug Harbor Cultural Center	733	704	740	364	(341)
Staten Island Historical Society	724	776	769	348	(427)
Staten Island Zoological Society	1,484	1,513	1,595	773	(740)
Studio Museum in Harlem	859	821	918	482	(339)
Wave Hill	932	962	983	466	(496)
Wildlife Conservation Society	15,123	15,260	15,544	12,505	(2,755)
Other Cultural Institutions	15,862	16,054	16,606	11,882	(4,171)
TOTAL	\$106,988	\$110,216	\$110,116	\$82,073	(\$28,143)

*The difference of the Fiscal 2012 Adopted compared to the Fiscal 2013 Executive Plan funding.

Operational Support

The institutions face a loss of \$37 million in operational support in Fiscal 2013 due to the \$5 million funding reduction proposed in the November Plan and the exclusion of the \$31 million restoration. A \$36 million reduction would result in a loss of staff, shows, exhibits, and events at most institutions, as well as family discounts and educational programs.

Operational support for the institutions has decreased by 67 percent since Fiscal 2008. This decrease is due to the PEGs implemented over the years, which is calculated only on the operational support for an institution and not on the institution's total budget. In addition, the

institutions have faced on average a 30 percent decline in foundation and corporate giving, as well as individual giving over the years. Therefore, there has been a rise in ticket prices, rental fees, and suggested donations to cover the loss of City support and private giving.

Energy Support

The Fiscal 2013 Executive Plan includes \$8.4 million to the institutions for energy funding in Fiscal 2013, which increases the energy support from \$43 million to \$52 million. In addition, this increases the total funding for the institutions to \$82 million. The Administration determines energy costs for the CIG using a formula derived by the Department of Citywide Administrative Services (DCAS). DCAS bases its formula on these variables:

- ✓ the previous year's energy usage;
- ✓ the energy surveys that are sent out each fiscal year; and
- ✓ any forecasted rate increases/decreases.

Each institution submits to DCA the energy survey, which asks whether any new wing, room, floor will come online or offline in the upcoming fiscal year. The DCA submits these surveys to DCAS. The type of utility used at each institution (gas vs. electric, etc.) and the varying prices of those utilities also account for the variability in the energy adjustments associated with a given plan. Therefore in reviewing the CIG energy budget over the years, the energy budget has small increases, especially since it is also not subjected to PEGs. Appendix B provides the energy and operating budget of each institution.

Any energy savings accrued over the fiscal year is not returned to the Department or to the institution to cover operational expenses, but instead, it becomes a savings for the City and reallocated for other purposes. For example, the Department and various institutions accumulated a savings of \$1.3 million in Fiscal 2012. The \$1.3 million would return to the City's general fund and not be applied to any other needs the Department or institutions may have in the current or next fiscal year.

Capital Program

Agency Overview

The DCA is the largest cultural funder in the nation, and works to create and expand access to public programming, provide technical assistance, build audiences, and ensure that arts and culture are central to the City's economic vitality and quality of life. DCA is currently investing capital support in the non-profit cultural community to increase public service, provide greater access for the disabled, enhance exhibition or performing space, better maintain and preserve historic buildings and increase protection of botanical, zoological and fine art collections. The CIG buildings under DCA's jurisdiction, many of which are landmarks, comprise over 9.8 million gross square feet. Currently, the agency is managing 337 capital projects at 180 arts organizations that are leading the way in sustainable architecture and design excellence.

Capital Program Goals

- ✓ To invest in and strengthen capital infrastructure at cultural organizations throughout the five boroughs;
- ✓ To invest in improving and expanding cultural facilities in ways that will increase the public's access and enjoyment;
- ✓ To invest in equipment and systems at cultural organizations, including vehicles, grounds keeping and communications systems; and
- ✓ To ensure compliance with legal mandates, code requirements, and address emergency situations as they arise.

Capital Budget Summary

2012-2016 Commitment Plan: Preliminary and Executive Budget

Dollars in Thousands

	FY12	FY13	FY14	FY15	FY16	Total
Prelim						
Total Capital Plan	\$421,241	\$198,328	\$30,448	\$14,032	\$8,585	\$672,634
Exec						
Total Capital Plan	\$384,379	\$247,698	\$33,498	\$15,532	\$8,585	\$689,692
Change						
Level	(\$36,862)	\$49,370	\$3,050	\$1,500	\$0	\$17,058
Percentage	-8.75%	24.89%	10.02%	10.69%	0.00%	2.54%

There is \$689 million for the DCA in the 2012-2016 May Capital Commitment Plan (including City and Non-City funds). This represents 1.7 percent of the City's total \$39.52 billion May Capital Commitment Plan. The Department's May Commitment Plan for Fiscal 2012-2016 is 2.5 percent more than the \$672 million scheduled in the February Commitment Plan, an increase of approximately \$17 million.

Since adoption last June, the total Capital Commitment Plan for Fiscal 2013 has increased from \$7.35 billion to \$8.69 billion, an increase of \$1.33 billion or 24.9 percent. For the Department, the Capital Commitment Plan for Fiscal 2012 has decreased from \$479 million to \$384 million, a reduction of \$95 million or 19 percent since June. The majority of capital projects span multiple fiscal years, and it is therefore, common practice for an agency to roll unspent capital funds into future fiscal years.

Appendix A: Budget Actions in the November, February Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2011 Plan	\$151,954	\$797	\$152,751	\$100,059	\$771	\$100,830
Program to Eliminate the Gap (PEGs)						
Reduction to Cultural Subsidies (2% in FY12 and 6% in outyears)	(\$3,056)	\$0	(\$3,056)	(\$6,056)	\$0	(\$6,056)
Total, PEGs	(\$3,056)	\$0	(\$3,056)	(\$6,056)	\$0	(\$6,056)
Other Adjustments						
Member Items Realignment	\$23	\$0	\$23	\$0	\$0	\$0
MFTA	32	80	113	0	0	0
Heat, Light, Power	(1,315)	0	(1,315)	8,476	0	8,476
Lease Adjustment	0	0	0	(99)	0	(99)
Konica Minolta/Accenture Fee Transfer to DCAS	(0)	0	(0)	0	0	0
BCM Special Grants	0	37	37	0	0	0
Bronx Zoo Grants	0	537	537	0	0	0
NY Botanical Garden	0	882	882	0	0	0
Put up FY12 CADP Funds	0	473	473	0	0	0
Put up DEC funds-intern	0	5	5	0	0	0
Put Up FTA funds	0	60	60	0	0	0
NEA Funding	0	113	113	0	0	0
AARA Funding	0	10	10	0	0	0
Intracity	0	1,486	1,486	0	0	0
Total, Other Adjustments	(\$1,261)	\$3,683	\$2,422	\$8,377	\$0	\$8,377
Agency Budget as of May 2012 Plan	\$147,638	\$4,480	\$152,117	\$102,380	\$771	\$103,150

Appendix B: CIG Budget Detail

INSTITUTION	FY12 Adopted Budget			6% NOVEMBER PLAN PEG			HLP ADJ	FY13 Executive Plan		
	Operating	Energy	TOTAL	\$	% OP	% TOT		Operating	Energy	TOTAL
American Museum of Natural History	8,914,451	7,881,672	16,796,123	(709,788)	-8.0%	-4.2%	1,023,537	3,846,594	8,905,209	12,751,803
Bronx County Historical Society	161,330	16,009	177,339	(12,853)	-8.0%	-7.2%	1,552	69,652	17,561	87,213
Bronx Museum of Art	605,380	209,417	814,797	(41,457)	-6.8%	-5.1%	7,866	224,671	217,283	441,954
Brooklyn Academy of Music	2,034,485	710,591	2,745,076	(160,886)	-7.9%	-5.9%	45,819	871,898	756,410	1,628,308
Brooklyn Botanic Garden	3,142,338	546,902	3,689,240	(250,221)	-8.0%	-6.8%	82,065	1,356,035	628,967	1,985,002
Brooklyn Children's Museum	1,734,856	257,847	1,992,703	(131,837)	-7.6%	-6.6%	(1,123)	714,472	256,724	971,196
Brooklyn Museum	5,875,171	1,911,646	7,786,817	(468,056)	-8.0%	-6.0%	96,303	2,536,565	2,007,949	4,544,514
Carnegie Hall	437,046	1,310,468	1,747,514	(34,141)	-7.8%	-2.0%	63,251	185,022	1,373,719	1,558,741
City Center Theater	696,073	737,395	1,433,468	(55,454)	-8.0%	-3.9%	69,370	300,524	806,765	1,107,289
El Museo del Barrio	517,905	189,964	707,869	(30,186)	-5.8%	-4.3%	15,282	163,590	205,246	368,836
El Museo Rent (Boys Harbor)	606,396	0	606,396	0	0.0%	0.0%	0	606,396	0	606,396
Flushing Town Hall	502,170	74,241	576,411	(31,471)	-6.3%	-5.5%	(433)	170,550	73,808	244,358
Jamaica Center for Arts & Learning	620,260	109,514	729,774	(41,846)	-6.7%	-5.7%	30,835	226,777	140,349	367,126
Lincoln Center	1,155,544	621,526	1,777,070	(91,501)	-7.9%	-5.1%	(117,444)	495,876	504,082	999,958
Metropolitan Museum of Art	10,802,182	16,384,361	27,186,543	(860,576)	-8.0%	-3.2%	3,896,386	4,663,767	20,280,747	24,944,514
Museum of the City of New York	1,144,160	331,340	1,475,500	(90,594)	-7.9%	-6.1%	(13,410)	490,962	317,930	808,892
Museum of the Jewish Heritage	565,704	635,490	1,201,194	(45,068)	-8.0%	-3.8%	93,487	244,239	728,977	973,216
Museum of the Moving Image	882,405	229,738	1,112,143	(65,757)	-7.5%	-5.9%	277,999	356,363	507,737	864,100
New York Botanical Garden	4,541,055	1,802,214	6,343,269	(359,382)	-7.9%	-5.7%	584,657	1,947,616	2,386,871	4,334,487
New York Hall of Science	1,342,278	583,797	1,926,075	(106,935)	-8.0%	-5.6%	32,137	579,519	615,934	1,195,453
New York Shakespeare Festival	694,926	310,578	1,005,504	(55,363)	-8.0%	-5.5%	(10,770)	300,030	299,808	599,838
New York State Theater	1,111,039	1,308,433	2,419,472	(88,513)	-8.0%	-3.7%	635,301	479,684	1,943,734	2,423,418
P.S.1/Contemporary Art Center	506,120	161,068	667,188	(40,321)	-8.0%	-6.0%	(6,713)	218,514	154,355	372,869
Queens Botanical Garden	941,261	113,694	1,054,955	(70,407)	-7.5%	-6.7%	(6,600)	381,557	107,094	488,651
Queens Museum of Art	877,701	0	877,701	(68,103)	-7.8%	-7.8%	0	369,073	0	369,073
Queens Theatre in the Park	571,830	51,635	623,465	(39,103)	-6.8%	-6.3%	(23,026)	211,913	28,609	240,522
Snug Harbor/Botanical Garden	1,067,170	713,807	1,780,977	(79,441)	-7.4%	-4.5%	(143,814)	430,521	569,993	1,000,514
Staten Island Childrens Museum	389,855	5,992	395,847	(26,916)	-6.9%	-6.8%	(3,239)	145,867	2,753	148,620
Staten Island Historical Society	645,671	108,754	754,425	(47,455)	-7.3%	-6.3%	(2,343)	257,177	106,411	363,588
Staten Island Institute of Arts & Sciences	746,221	29,512	775,733	(58,812)	-7.9%	-7.6%	0	318,722	29,512	348,234
Staten Island Zoological Society	1,309,745	303,040	1,612,785	(92,792)	-7.1%	-5.8%	(33,332)	502,871	269,708	772,579
Studio Museum in Harlem	659,299	241,709	901,008	(44,159)	-6.7%	-4.9%	1,298	239,315	243,007	482,322
Wave Hill	892,236	99,754	991,990	(68,692)	-7.7%	-6.9%	(6,315)	372,264	93,439	465,703
Wildlife Conservation Society (Aquarium)	1,953,409	0	1,953,409	(107,918)	-5.5%	-5.5%	0	584,844	0	584,844
Wildlife Conservation Society (Bronx Zoo)	6,243,910	5,939,847	12,183,757	(531,156)	-8.5%	-4.4%	1,879,028	2,878,521	7,818,875	10,697,396
Wildlife Conservation Society (Co-Gen)	1,223,036	0	1,223,036	0	0.0%	0.0%	0	1,223,036	0	1,223,036
TOTAL CULTURAL INSTITUTIONS	66,114,617	43,931,955	110,046,572	(5,007,160)	-7.6%	-4.6%	8,467,611	28,964,995	52,399,566	81,364,561