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**Report to the Committee on Finance and the
Committee on Cultural Affairs, Libraries and
International Intergroup Relations on the Fiscal
2023 Executive Plan and the Fiscal 2023
Executive Capital Commitment Plan**
Department of Cultural Affairs

May 13, 2022

(Report Prepared by Aliya Ali)



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Department of Cultural Affairs Fiscal 2023 Executive Budget Snapshot



Budget Response Council Priorities

- \$50 million to provide additional support to the city's Cultural Institution Groups (CIGs)

New Needs Other Significant New Needs

- **Capital Equipment Headcount.** \$170,000 in Fiscal 2023-2026 for 3 additional positions.
- **Recovery Blueprint.** \$5.2 million in Fiscal 2023 for programs and initiatives as outlined in the Mayor's Economic Blueprint for Recovery.
- **Restored PS Funding.** \$162,100 in Fiscal 2023-2026 for the restoration of 2 full time positions that were cut in the Preliminary Plan.
- **Soho/Noho Arts Funds Administration.** \$75,000 in Fiscal 2022 for the Soho/Noho Neighborhood Plan administered by the Arts Fund.

Other Adjustments Adjustments in the Executive Budget

- **ExCEL Round 2.** \$407,047 in Fiscal 2022 as a result of a Memorandum of Understanding (MOU) with DCAS. EXCEL uses PlaNYC expense funding for energy conservation initiatives.
- **Heat, Light and Power.** \$429,936 in Fiscal 2022 and \$4 million in Fiscal 2023-2026 for heat, light and power subsidy adjustment for cultural organizations based on actual energy usage.
- **I/C DCLA FY22.** \$195,000 in Fiscal 2022 in intra-city funding from The Department of Education (DOE) for Materials for the Arts staffing.

Major Agency Issues Agency Issues Identified

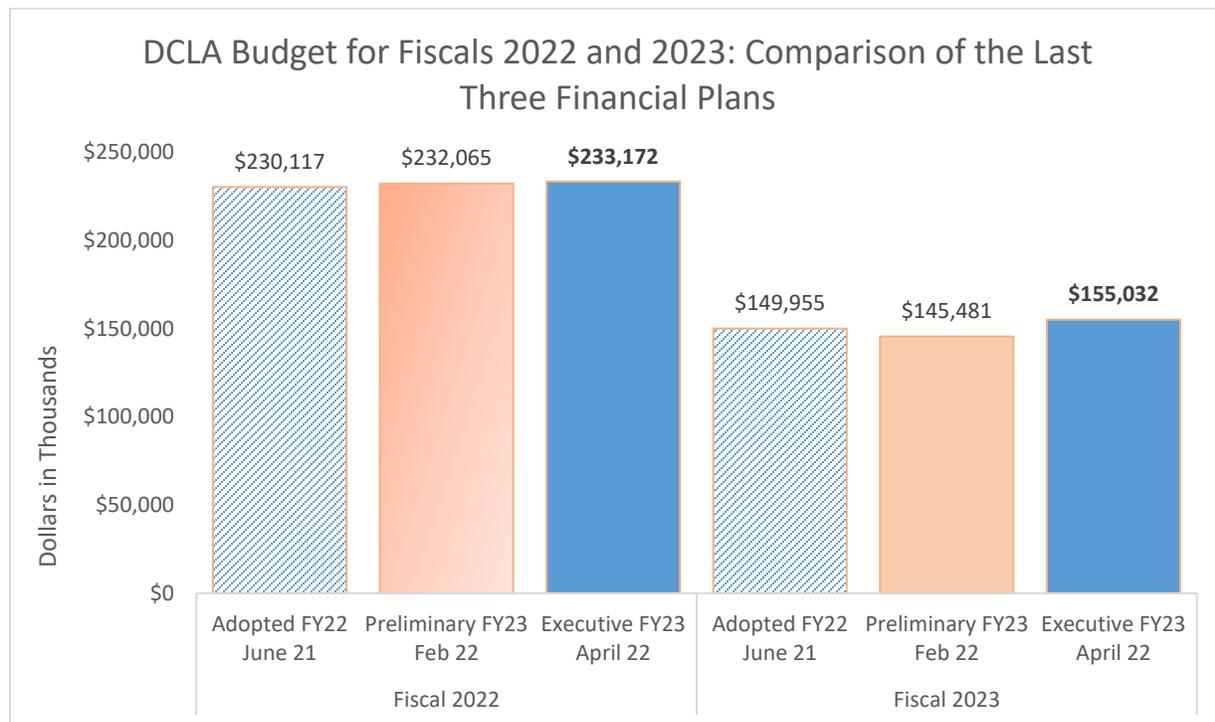
- **Additional Support.** No funding was added in the Executive Budget for additional support for the cultural community (\$50 million requested by the Council), in the Budget Response.

DCLA Budget Overview

On April 26, 2022, the Administration released the Executive Financial Plan for Fiscal 2022-2026 (Executive Plan) with a proposed budget for Fiscal 2023 of \$99.7 billion. This report offers a review of the Department of Cultural Affairs (the Department or DCLA) Fiscal 2023 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DCLA’s Preliminary Budget, please refer to the Fiscal 2023 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/03/DCLA-FY23-Prelim-Hearing-Report-FINAL.pdf>

The Department’s projected Fiscal 2023 budget of \$155 million represents less than one percent of the City’s proposed Fiscal 2023 budget in the Executive Plan. DCLA’s proposed Fiscal 2022 budget is \$3.1 million, or 1.3 percent, larger than the agency’s Fiscal 2022 Adopted Budget (\$230.1 million).

DCLA’s Fiscal 2023 budget increased by \$9.6 million (6.6 percent), from the Preliminary Plan (\$145.5 million). The increase is the result of a number of actions taken, most significant of which are \$5.2 million for cultural organizations as outlined in the Mayor’s Blueprint for New York City’s Economic Recovery and \$4 million for an adjustment of the heat, light and power energy subsidy.



Personal Services and Headcount

DCLA’s Executive Plan includes funding for a total of 52 full-time position in the current fiscal year, increasing to 55 in Fiscal 2023. The Executive Plan remains unchanged in agency headcount of 52 since Fiscal 2022 adoption.

In the Executive Plan, funding for DCLA's personal services (all agency staffing related expenses) comprise \$5.6 million or 2.4 percent of the agency's total Fiscal 2022 plan of \$233.2 million. This number decreases to \$5.1 million or 3.3 percent of the agency's total Fiscal 2023 plan of \$155 million.

DCLA Spending and Headcount

<i>Dollars in Thousands</i>	2020	2021	2022	Executive Plan		*Difference
	Actual	Actual	Adopted	2022	2023	2022 - 2023
Spending						
Personal Services	\$5,202	\$5,321	\$5,227	\$5,581	\$5,133	(\$94)
Other Than Personal Services	204,659	179,761	224,889	227,590	149,899	(74,990)
TOTAL	\$209,861	\$185,082	\$230,116	\$233,171	\$155,032	(\$75,084)
Budgeted Headcount						
Full-Time Positions - Civilian	51	51	52	52	55	3
TOTAL	51	51	52	52	55	3

**The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Executive Budget.*

Funding Sources

DCLA's budget is financed by city funds as well as federal, state, intra-city and other categorical funds. In the current financial plan, the Department's primary funding source is city funds. City funds comprises 91.7 percent (\$213.8 million) of DCLA's total funding in the current fiscal year, down from the 94.4 percent (\$217.3 million) of the Department's Fiscal 2022 budget financed by city funds in the Adopted 2022 budget. City funds comprise 99.8 percent (\$154.7 million) of the Department's Executive Plan for Fiscal 2023.

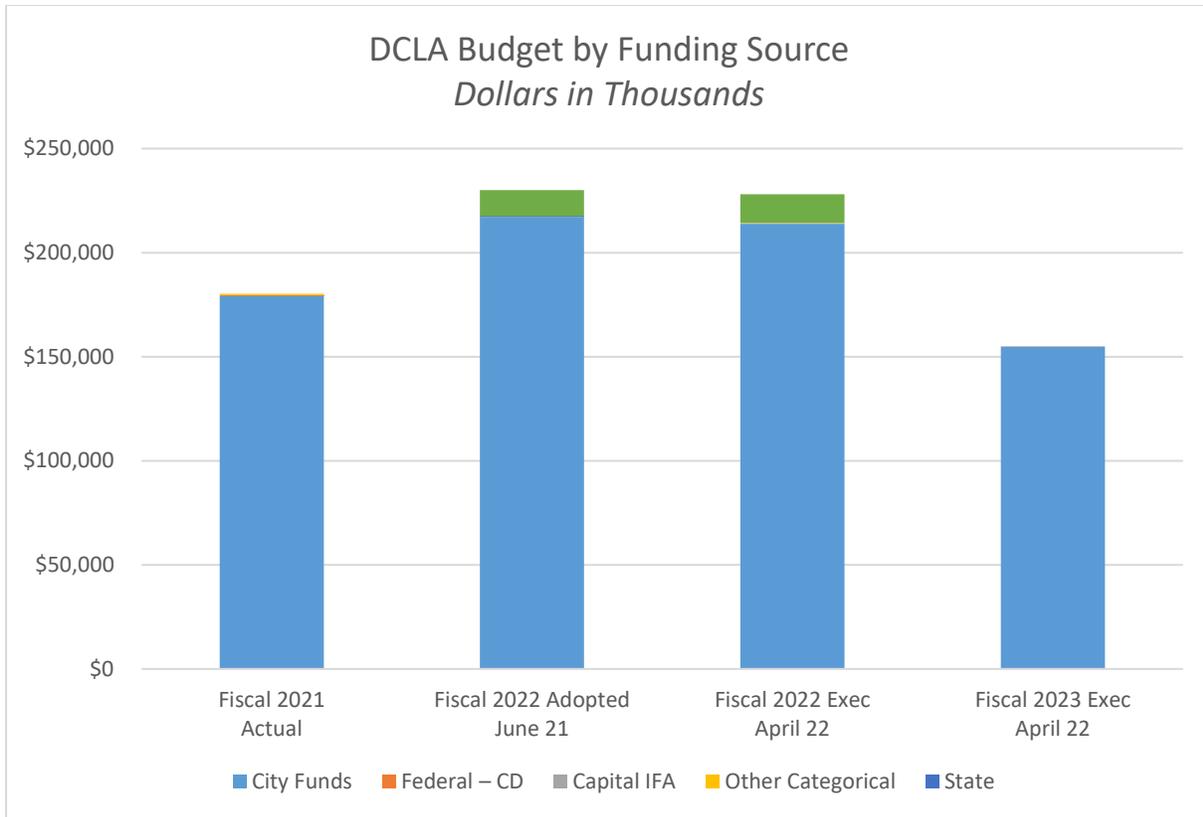
The \$1.1 million increase in DCLA's Fiscal 2022 and \$9.6 million increase in its Fiscal 2023 budget between the Preliminary Budget and the Executive Plan is primarily the result of modifications to the city budget. These changes include:

City Funding

City funding increases by \$9.6 million in Fiscal 2023 when compared to the Preliminary Plan.

- An increase of \$5.2 million in Fiscal 2023 for programs and initiatives as outlined in the Mayor's Blueprint for economic Recovery; and
- An adjustment of \$429,936 in Fiscal 2022 and \$4 million in Fiscal 2023-2026 for heat, light and power subsidy for the cultural organizations.

See Appendix A for a complete list of all changes reflected in DCLA's Fiscal 2022 and 2023 budgets since adoption.



<i>Dollars in Thousands</i>	2021	2022	Executive Plan		*Difference
	Actual	Adopted	2022	2023	2022 - 2023
Funding					
City Funds	\$179,330	\$217,250	\$213,822	\$154,718	(\$62,532)
Federal – CD	119	0	0	0	0
Capital IFA	208	288	288	288	0
Other Categorical	521	0	171	0	0
State	0	3	0	0	(3)
Intra-City	4,905	26	5,071	26	0
Federal – Other	0	12,550	13,818	0	(12,550)
TOTAL	\$185,083	\$230,117	\$233,170	\$155,032	(\$75,085)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Executive Budget.

Program Area Budgets

In order to provide for better transparency within agency budgets, in 2007 at the behest of the City Council, the Administration began providing agency budgets broken down by program areas for fifteen of the City’s agencies. The programmatic budgets provide a summary of planned spending in each functional area of an agency.

Budget by Program Area <i>Dollars in Thousands</i>	2020	2021	2022	Executive Plan		*Difference
	Actual	Actual	Adopted	2022	2023	2022 - 2023
Office of the Commissioner	\$6,943	\$7,733	\$9,453	\$8,889	\$8,683	(\$769)
Cultural Institutions	121,340	107,162	136,503	141,847	111,136	(25,367)
Cultural Programs	81,577	70,187	84,161	82,435	35,212	(48,949)
Total	\$209,860	\$185,082	\$230,117	\$233,171	\$155,031	(\$75,085)

**The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Executive Budget.*

DCLA's program budget includes three program areas. The Executive Budget includes changes planned for DCLA's budget in Fiscal 2023 in every program area. The reduction when compared to the Fiscal 2022 Adopted Budget in all areas is largely a function of City Council funds and a one-time funding in Fiscal 2022, which are not included in Fiscal 2023. The Administration also implemented the Program to Eliminate the Gap (PEG) in Fiscal 2023 Preliminary Plan, which reduced the size of the expense budget.

Changes since the Preliminary Budget by Spending Type

At each financial plan, an agency will submit changes to its budget from the prior plan. These changes are comprised of new needs that have not previously been included in their budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans.

The summary of all changes made to DCLA's financial plan since adoption can be found in Appendix A.

New Needs

DCLA's Executive Budget includes \$75,000 in new needs in Fiscal 2022 and \$5.5 million in Fiscal 2023 in four areas.

- **Capital Equipment Headcount.** The Fiscal 2023 Executive Plan includes \$170,000 in Fiscal 2023-2026 for three additional positions. The additional positions include two equipment project managers and one procurement analyst.
- **Recovery Blueprint.** The Fiscal 2023 Executive Plan includes \$5.2 million in Fiscal 2023 for programs and initiatives as outlined in the Mayor's Economic Blueprint for Recovery.
- **Restored PS Funding.** The Fiscal 2023 Executive Plan includes \$162,100 in Fiscal 2023-2026 for the restoration of two full-time positions that were cut in the Preliminary Plan.
- **Soho/Noho Arts Funds Administration.** The Fiscal 2023 Executive Plan includes \$75,000 in Fiscal 2022 for the Soho/Noho Neighborhood Plan administered by the Arts Fund.

Other Adjustments

DCLA's Executive Budget includes \$1 million in other adjustments in Fiscal 2022 and \$4 million in Fiscal 2023 in three areas.

- **ExCEL Round 2.** The Fiscal 2023 Executive Plan includes \$407,047 in Fiscal 2022 as a result of a Memorandum of Understanding (MOU) with DCAS. EXCEL uses PlaNYC expense funding for

energy conservation initiatives. Specifically, these 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 2023 Executive Plan includes \$429,936 in Fiscal 2022 and \$4 million in Fiscal 2023-2026 for heat, light and power subsidy adjustments for cultural organizations. These adjustments are based on actual energy usage.
- **I/C DCLA FY22.** The Fiscal 2023 Executive Plan includes \$195,000 in Fiscal 2022 in intra-city funding from The Department of Education (DOE) for Materials for the Arts staffing. Materials for Arts is a creative reuse center which provides New York City arts nonprofits, public schools and agencies with access to free materials.

Savings Program

N/A

Savings Restorations

N/A

Fiscal 2023 Preliminary Budget Response

In the Fiscal 2023 Preliminary Budget Response (Budget Response)¹, the Council identified an area of concern relating to Cultural funding. Below the Council’s proposals is discussed along with an analysis of how it was addressed in the Executive Plan.

- **Additional Support for the Cultural Community.** The Council called on the Administration to support cultural organizations by providing an additional \$50 million in the Executive Plan for the Department of Cultural Affairs to support Cultural Institution Group (CIGs), provide across-the-board grant increases for all Cultural Development Fund recipients and support the City’s artists. This funding was not added in the Executive Budget.

Response Priorities	Amount Requested	Amount Included in the Exec Budget
Additional Support for the Cultural Community	\$50 million	\$0

Federal and State Budget Risks

N/A

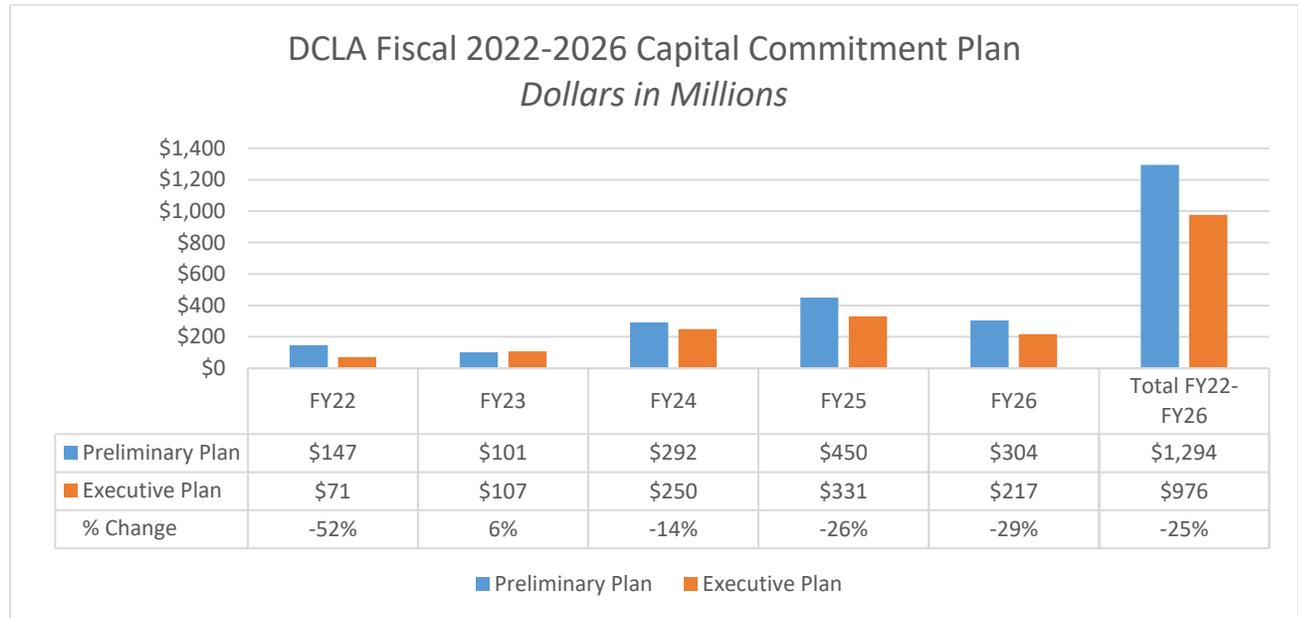
Capital Budget

DCLA’s capital program is presented in the Executive Capital Commitment Plan for Fiscal 2022-2026 (Commitment Plan).

¹ The full response can be found at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/04/Fiscal-2023-Preliminary-Budget-Response-1-3.pdf>

DCLA’s commitments for Fiscal 2022 through 2026 as presented in the Commitment Plan total \$975.6 million, \$317.9 million less (24.6 percent) than the total of \$1.3 billion for the same period presented in the Preliminary Capital Commitment Plan released in February. The Department’s planned commitments comprise approximately one percent of the City’s total \$94.9 billion Fiscal 2022 through 2026 plan.

DCLA’s Fiscal 2022-2026 Capital Commitment Plan



The amount of commitments planned for each year of the plan period is disproportionately back-loaded, with 7.3 percent of the entire planned expenditure in the current year, 11 percent in Fiscal 2023, and 25.6, 33.9, and 22.2 percent in Fiscals 2024, 2025 and 2026 respectively.

Capital Highlights

Below is a description of a significant capital project in each borough in the current plan.

Wildlife Conservation Society (WCS) New York Aquarium. The Fiscal 2023 Executive Capital Plan includes \$23.3 million in federal and City funding for Fiscal 2022 through Fiscal 2026 for the WCS New York Aquarium. The Aquarium experienced severe flooding and damage from the storm surge associated with Hurricane Sandy in 2012 and has been only partially open since 2013. The goal of this FEMA-supported project is to restore the Aquarium to its pre-Sandy state with additional flood mitigation features. The WCS, which is managing this project pursuant to a Sub-grant Agreement between WCS, DCLA and the NYC Economic Development Corporation (NYCEDC), is targeting completion of publicly accessible spaces in 2022 and anticipates that remaining back-of-house spaces will be completed in 2025. FEMA funding is expected to reimburse the City for 90 percent of the cost of FEMA-eligible work. Project funds are being administered by the NYCEDC.

Bronx Museum of the Arts. The Fiscal 2023 Executive Capital Plan includes \$21.1 million in funding in Fiscal 2022 through Fiscal 2026 for the Bronx Museum of the Arts. This project will renovate and upgrade the South Wing Atrium and its underused spaces to create expanded program areas and improve visitor circulation between the Bronx Museum’s older South Wing and the more modern North Wing. Design and construction of the project is being managed by the NYCEDC. Construction is scheduled for completion 2025.

New-York Historical Society (N-YHS) Building Annex. The Fiscal 2023 Executive Capital Plan includes \$51.6 million in funding in Fiscal 2022 through Fiscal 2026 for the New-York Historical Society Building. N-YHS will construct a four-story expansion of the main building. The expansion will add approximately 65,280 square feet to N-YHS’s overall footprint. The existing loading dock at the building will be remodeled and a new, branded entrance on 76th Street will be dedicated for the American LGBTQ+ Museum's use.

Queens Museum of Art Expansion Phase II. The Fiscal 2023 Executive Capital Plan includes \$29.6 million in funding in Fiscal 2022 through Fiscal 2026 for the Queens Museum. Phase II of the Queens Museum expansion project will provide improvements that will better enable the Museum to fulfill its mission for accessibility, safety and comfort of all students, visitors, and staff. Additional classrooms and enhanced educational space will improve the learning experience and will allow the Museum to expand the number of schools they work with. The continued renovation will also transform 5,000 square feet of undeveloped shell space overlooking Flushing Meadows Corona Park. Additionally, new art storage space will allow for proper care and storage of the Museum's fine art collection onsite. Design kickoff was in early 2022.

Staten Island Museum Building B Renovation Phase I. The Fiscal 2023 Executive Capital Plan includes \$12.3 million in funding in Fiscal 2022 through Fiscal 2026 for the Staten Island Museum. The project includes the renovation of the structural and mechanical systems of the entire Building “B”. The intent is to complete an interior renovation of the building with limited changes to the exterior envelope of the building. This renovation will create a partial climate controlled museum quality environment for the museum’s Natural Science collection and exhibitions. Improvements included in the construction are: new ground floor structural system for the archival compact storage mechanism, new elevator pit and shaft, new electrical service and branch wiring, new mechanical and plumbing systems, new fire-rated stairs to the first floor and restoration of existing finishes.

Appendix A: Budget Actions since Fiscal 2022 Adoption

<i>Dollars in Thousands</i>	FY22			FY23		
	City	Non-City	Total	City	Non-City	Total
DCLA Budget as of the Fiscal 2022 Adopted Budget	\$217,250	\$12,867	\$230,117	\$149,638	\$317	\$149,955
Other Adjustments						
City Artists Corp transfer	\$0	(\$652)	(\$652)	\$0	\$0	\$0
DAC funds for WCS	0	1,806	1,806	0	0	0
DCLA DAC funding	0	114	114	0	0	0
Demand Response AMNH	0	22	22	0	0	0
Demand Response BM1	0	4	4	0	0	0
Demand Response NYBG	0	33	33	0	0	0
Demand Response NYST	0	2	2	0	0	0
Demand Response QMA	0	7	7	0	0	0
Demand Response SNUG	0	1	1	0	0	0
Energy Personnel	0	125	125	0	0	0
ExCEL Projects	0	45	45	0	0	0
ExCEL Projects Round 1	0	\$4,274	4,274	0	0	0
FY22 Demand Response - MET	0	23	23	0	0	0
OSA Collective Bargaining adjustment	20	0	20	21	0	21
Public Art Fellow	0	80	80	0	0	0
Takedown of State funds	0	(3)	(3)	0	(3)	(3)
Total Adjustments	\$20	\$5,880	\$5,900	\$21	(\$3)	\$18
TOTAL, All Changes	\$20	\$5,880	\$5,900	\$21	(\$3)	\$18
DCLA Budget as of the Fiscal 2022 November Plan	\$217,271	\$18,748	\$236,019	\$149,659	\$314	\$149,973
Other Adjustment as of the Fiscal 2023 Preliminary Plan						
CC Member Items Reallocation	(\$502)	\$0	(\$502)	\$0	\$0	\$0
City Service Corps (DCLA)	(19)		(19)	(2)	0	(2)
Total Other Adjustments	(\$521)	\$0	(\$521)	(\$2)	\$0	(\$2)
PEGs Program:						
CIG Supplemental PEG	\$0	\$0	\$0	(\$1,000)	\$0	(\$1,000)
CreateNYC PEG	0	0	0	(3,333)	0	(3,333)
FY22 CDF PEG	(763)	0	(763)	0	0	0
FY22 Programmatic PEG	(1,511)	0	(1,511)	0	0	0
Met Expense to Capital Swap	(1,000)	0	(1,000)	0	0	0
Vacancy Reduction	(157)	0	(157)	(157)	0	(157)
Total Savings Program	(\$3,432)	\$0	(\$3,432)	(\$4,490)	\$0	(\$4,490)
TOTAL, All Changes	(\$3,953)	\$0	(\$3,953)	(\$4,492)	\$0	(\$4,492)
DCLA Budget as of the Fiscal 2023 Preliminary	\$213,317	\$18,748	\$232,065	\$145,167	\$314	\$145,481
New Needs as of the Fiscal 2023 Executive Plan						
Capital Equipment Headcount	\$0	\$0	\$0	\$170	\$0	\$170
Recovery Blueprint	0	0	0	5,200	0	5,200
Restored PS Funding	0	0	0	164	0	164
Soho/Noho Arts Funds Administration	75	0	75	0	0	0
Total New Needs	\$75	\$0	\$75	\$5,534	\$0	\$5,534
Other Adjustments						
ExCEL Round 2	\$0	\$407	\$407	\$0	\$0	\$0
Heat, Light and Power	430	0	430	4,016	0	4,016
I/C DCLA FY22	0	195	195	0	0	0
Total Other Adjustments	\$430	\$602	\$1,032	\$4,016	\$0	\$4,016
TOTAL, All Changes	\$505	\$602	\$1,107	\$9,550	\$0	\$9,550
DCLA Budget as of the Fiscal 2023 Executive	\$213,822	\$19,350	\$233,172	\$154,718	\$314	\$155,032