

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito  
Speaker of the Council

Hon. James Van Bramer  
Chair, Committee on Cultural Affairs  
Libraries, International Intergroup Relations



## Hearing on the Fiscal 2015 Preliminary Budget & the Fiscal 2014 Preliminary Mayor's Management Report

Department of Cultural Affairs

March 11, 2014

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## Department of Cultural Affairs Overview

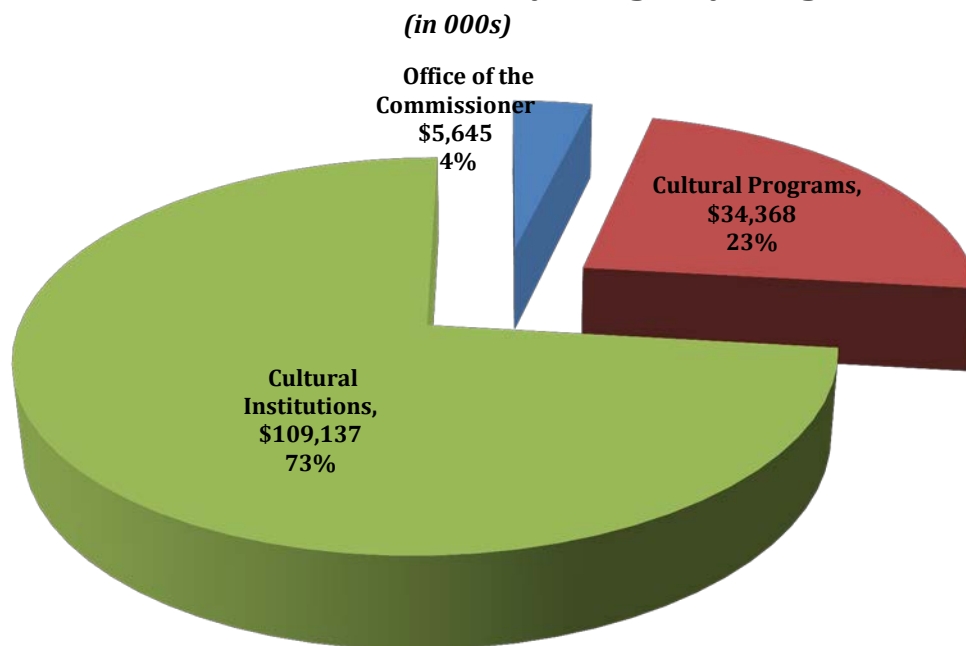
The Department of Cultural Affairs (DCLA) provides support, advocacy, and technical assistance to the City’s cultural community to ensure that the arts remain a central feature of civic and economic life in the City. The Department funds both energy and a portion of operating support for the 34 City-owned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

This report provides a review of the Department of Cultural Affairs’ Preliminary Budget for Fiscal 2015. The first section presents the DCLA’s total funding and highlights of the Fiscal 2015 expense and capital budgets. Following these highlights, the report analyzes the Department’s budget for the Office of the Commissioner, programs and the institutions group. Further, it provides information on actions included in the November and Preliminary Financial Plans. Finally, the report provides a review of the proposed capital budget managed by the Department, with a discussion of significant changes proposed to the Capital Plan.

### DCLA Funding

Approximately four percent of the Department’s total budget covers direct agency expenses; whereas, the remaining 96 percent of the Department’s budget supports not-for-profit arts organizations and the institutions. The chart below provides a breakdown of the Department’s funding.

**DCLA Fiscal 2015 Preliminary Budget by Program Area**



The following table, "Department of Cultural Affairs Financial Summary," provides an overview of the Department's total budget from Fiscal 2012 to the Preliminary Plan for Fiscal 2015, as well as the agency's funding sources.

## Department of Cultural Affairs Financial Summary

<i>Dollars in Thousands</i>	2012	2013	2014	2014	2015	Difference
	Actual	Actual	Adopted	Prelim. Plan	Prelim. Plan	2014-2015*
<b>Budget by Program Area</b>						
Office of the Commissioner	\$5,302	\$5,323	\$5,662	\$6,130	\$5,645	(\$17)
Cultural Programs	36,011	35,963	37,444	38,543	34,368	(3,076)
Cultural Institutions	106,435	105,196	\$113,669	117,573	109,137	(4,532)
<b>TOTAL</b>	<b>\$147,748</b>	<b>\$146,482</b>	<b>\$156,775</b>	<b>\$162,246</b>	<b>\$149,150</b>	<b>(\$7,625)</b>
<b>Funding</b>						
City Funds			\$156,121	\$156,379	\$148,496	(\$7,625)
Other Categorical			0	0	0	0
Capital - IFA			237	237	237	0
State			0	186	0	0
Federal – CDBG			237	590	237	0
Federal - Other			0	1,871	0	0
Intra-City			180	2,983	180	0
<b>TOTAL</b>	<b>\$147,748</b>	<b>\$146,482</b>	<b>\$156,775</b>	<b>\$162,246</b>	<b>\$149,150</b>	<b>(\$7,625)</b>
<b>Positions</b>						
Full-time Positions (Budgeted)	48	48	48	49	49	1
<b>TOTAL</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>49</b>	<b>49</b>	<b>1</b>

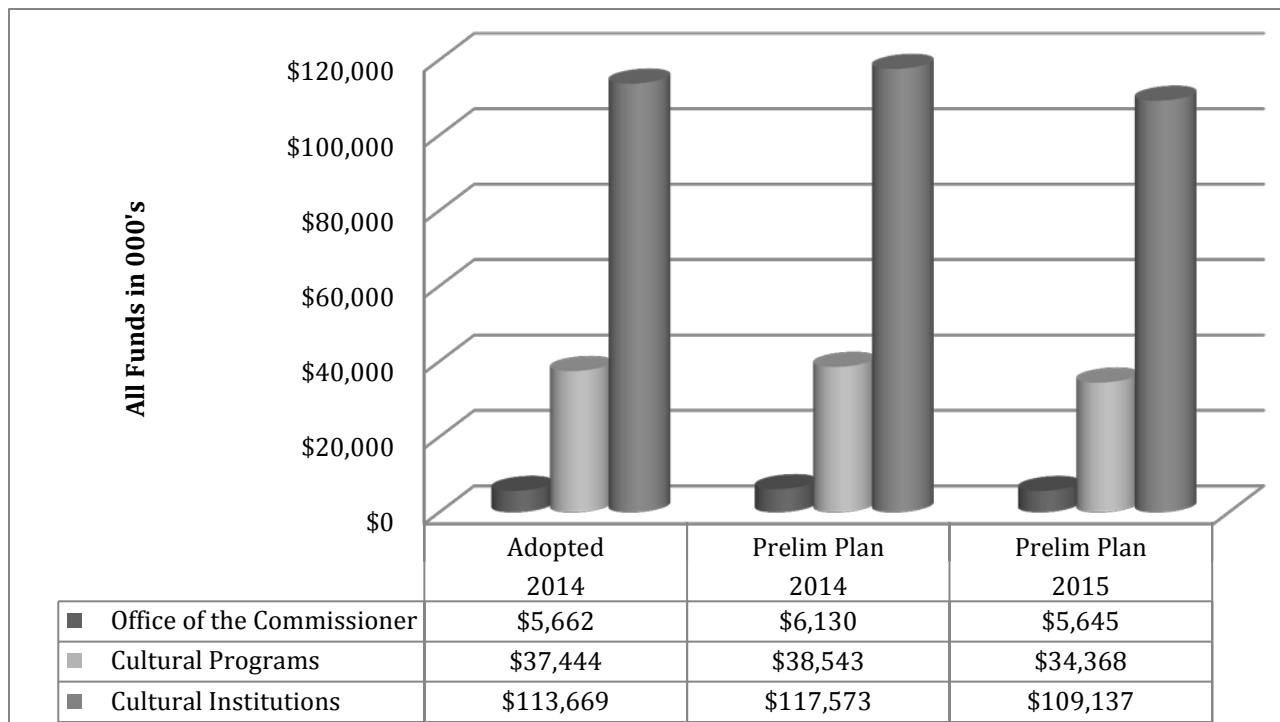
\*The difference of the Fiscal 2014 Adopted compared to the Fiscal 2015 Preliminary Plan funding.

The proposed budget for the DCLA in Fiscal 2015 is \$149.2 million, which is five percent less than the Fiscal 2014 Adopted Budget. The \$7.6 million decrease in funding affects the funding for the non-profit cultural organizations and the institutions. The proposed budget for Fiscal 2015 includes \$34.3 million for the cultural programs, which is \$3.1 million less than the Fiscal 2014 Adopted Budget. The \$109 million proposed budget for the institutions of City tax-levy funds in Fiscal 2015 reflects a \$4.5 million decrease when compared to the Fiscal 2014 Adopted Budget of \$113.6 million. The \$7.6 million decrease is largely due to heat, light and power adjustments for the Cultural Institutions Group and the inclusion of discretionary funding in the Adopted 2014 budget.

The Department's Fiscal 2014 Preliminary Capital Budget is \$915 million. Please see the capital section of this report for more details.

## Fiscal 2015 Preliminary Budget Actions

- The November Financial Plan reflects the majority of changes for Fiscal 2014 which is not included in Fiscal 2015. Below are several intra-agency shifts in Fiscal 2014 that include:
  - Carnegie Hall concert series with the Department of Homeless Services;
  - All of the Botanical Garden affiliated institutions in CIG received funding from the Department of Sanitation for a composting project;
  - An additional \$125,000 was given to Brooklyn Arts Museum (BAM) for an energy conservation project for equipment that was not capital eligible;
  - A total of \$145,000 was allocated to the Materials for the Arts from the Department of Education to support part-time positions; and
  - DCLA continues to work closely with the Department for the Aging in the SPARC program.
- The NY Botanical Garden received State and federal funding for a transportation project; and the Department continues to receive FEMA funds for Superstorm Sandy related projects.



## Council Initiatives

City Council funding is twelve percent of the Department's City-funds budget for programs and the institutions, totaling \$19.4 million for Fiscal 2014. In addition to restoring reductions, this funding is for initiatives that expand arts education in the public school system and to ensure the existence of historically diverse performing arts organizations in the City. In the Fiscal 2014 Adopted Budget, there is one-year funding from the Administration as well, which made up 28 percent of the DCLA's funding for cultural programs and institutions. Both funding streams have been included in the Fiscal 2015 Preliminary Budget. The chart below outlines the Council's and the Administration's Fiscal 2014 restorations. All of the following restorations were baselined in the November Plan for Fiscal 2015 and in the outyears, except for the "local initiatives" which is one-year funding.

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### FY 2014 Council and Administration Funding at Adoption by Program Area

*Dollars in Thousands*

<b>Cultural Programs</b>	<b>City Council</b>	<b>Administration</b>	<b>Total</b>
Cultural Development Fund Restoration	\$4,000	\$10,313	\$14,313
Cultural After School Adventure (CASA)	5,100	0	5,100
Coalition of Theaters of Color	700	0	700
Design Week	100	0	100
Local Initiatives	3,019	0	3,019
<b>Subtotal</b>	<b>\$12,919</b>	<b>\$10,313</b>	<b>\$23,232</b>
<b>Cultural Institutions</b>			
PEG Restorations	\$6,000	\$33,779	\$39,779
Local Initiatives	508	0	508
<b>Subtotal</b>	<b>\$6,508</b>	<b>\$33,779</b>	<b>\$40,287</b>
<b>TOTAL</b>	<b>\$19,427</b>	<b>\$44,092</b>	<b>\$63,519</b>

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## 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 manages many public cultural events throughout the year.

<i>Dollars in Thousands</i>	<b>2012 Actual</b>	<b>2013 Actual</b>	<b>2014 Adopted</b>	<b>2014 Prelim. Plan</b>	<b>2015 Prelim. Plan</b>	<b>Difference, 2014 – 2015*</b>
Personal Services	\$4,041	\$3,943	\$4,207	\$4,496	\$4,213	\$6
Other than Personal Services	1,261	1,380	1,455	1,634	1,432	(23)
<b>TOTAL</b>	<b>\$5,302</b>	<b>\$5,323</b>	<b>\$5,662</b>	<b>\$6,130</b>	<b>\$5,645</b>	<b>(\$17)</b>
<b>Positions</b>						
Full-time Positions (Budgeted)	48	48	48	48	49	1
<b>TOTAL</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>49</b>	<b>1</b>

*\*The difference of the Fiscal 2014 Adopted compared to the Fiscal 2015 Preliminary Plan funding.*

The decrease in funding between the Fiscal 2015 Preliminary Budget and the Fiscal 2014 Adopted Budget is an adjustment in the OTPS budget. The budget also reflects an increase in headcount. This position previously existed in the Department as a full-time equivalent and was converted to a full-time position. No funding is attached to the increase in headcount.

## 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 \$37 million was created for cultural organizations. This fund eliminated the two-decades old 172 “program lines”. Now, groups that wish to receive City funding must go through a peer-based, merit-review application process. Additionally, there is funding in this area for special initiatives like the Cultural After School Adventure (CASA). Approximately, 99 percent of contractual spending for this area is for payments to Cultural Development Fund recipients.

<i>Dollars in thousands</i>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>	<b>Difference</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Prelim. Plan</b>	<b>Prelim. Plan</b>	<b>2014–2015*</b>
<b>Spending</b>						
Cultural Programs	\$36,011	\$35,963	\$37,444	\$38,543	\$34,368	(\$3,076)
<b>TOTAL</b>	<b>\$36,011</b>	<b>\$35,963</b>	<b>\$37,444</b>	<b>\$38,543</b>	<b>\$34,368</b>	<b>(\$3,076)</b>

*\*The difference of the Fiscal 2014 Adopted compared to the Fiscal 2015 Preliminary Plan funding.*

## Cultural Development Fund

The projected budget for Fiscal 2015 includes \$29.3 million for the CDF and \$5.1 million for the Cultural After-School Adventures program; which is roughly \$3.1 million less than what was included in the Fiscal 2014 Adopted Budget. This decrease is mostly due to the absence of Council discretionary allocations that are only one-year funding. In the November Plan, a total of \$20 million was baselined; \$14.3 million is for cultural programs which will be used to continue to support staff, shows, exhibits, and events, as well as family discounts and educational programs; \$5.1 million for CASA programs, and \$700,000 for the Coalition for Theaters of Color initiative.

There were 1,040 applications submitted for Fiscal 2014 throughout New York City, which includes a current roster of approximately 351 multi-year grantees. Approximately 78 percent of the organizations that applied were funded.

## Cultural Institutions

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

<i>Dollars in Thousands</i>	2012 Actual	2013 Actual	2014 Adopted	2014 Prelim. Plan	2015 Prelim. Plan	Difference, 2014 – 2015*
<b>Spending</b>						
American Museum of Natural History	\$15,724	\$15,647	\$16,700	\$16,700	\$16,687	(\$13)
Brooklyn Academy of Music	2,655	2,473	2,755	2,828	2,559	(196)
Brooklyn Botanical Garden	3,914	3,823	3,635	4,034	3,589	(46)
Brooklyn Children's Museum	1,985	1,869	1,899	1,898	1,822	(77)
Brooklyn Museum	7,785	7,360	7,607	7,607	7,513	(94)
Metropolitan Museum of Art	24,018	23,525	27,777	27,777	26,502	(1,275)
Museum of the City of New York	1,506	1,452	1,925	1,925	1,856	(69)
New York Botanical Garden	6,581	6,529	6,698	7,997	6,461	(237)
New York Hall of Science	1,920	1,740	1,891	1,891	1,823	(68)
New York Shakespeare Festival	965	1,093	1,040	1,040	1,040	0
Queens Botanical Garden	1,495	1,513	1,006	1,730	940	(66)
Staten Island Institute of Arts & Sciences	720	720	739	743	729	(10)
Snug Harbor Cultural Center	739	2,402	1,654	2,314	1,654	0
Staten Island Historical Society	769	721	741	741	671	(70)
Staten Island Zoological Society	1,546	1,380	1,476	1,511	1,359	(117)
Studio Museum in Harlem	935	805	812	812	772	(40)
Wave Hill	994	977	1,208	1,208	1,170	(38)
Wildlife Conservation Society	14,500	14,695	16,782	16,784	15,341	(1,441)
Other Cultural Institutions	16,249	16,472	17,324	18,034	16,647	(677)
<b>TOTAL</b>	<b>\$104,999</b>	<b>\$105,196</b>	<b>\$113,669</b>	<b>\$117,574</b>	<b>\$109,135</b>	<b>(\$4,534)</b>

\*The difference of the Fiscal 2014 Adopted compared to the Fiscal 2015 Preliminary Plan funding.

The November Plan included roughly \$40 million in baselined funding for CIGs for Fiscal 2015 and in the outyears. The baselined funding allows each member of the CIG to focus on its increased cultural programming, expanded number of specialty activities and events, and serve the City's record-breaking number of tourists. However, the institutions face a loss of \$4.5 million in operational support in Fiscal 2015 due to \$4 million in heat, light and power adjustments and the absence of Council discretionary allocations of \$500,000.

# Capital Program

## Agency Overview

The DCLA 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. The DCLA 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 the DCLA’s jurisdiction, many of which are landmarks, comprise over 9.8 million square feet of space. Currently, the agency is managing 343 capital projects at approximately 192 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

### 2014-2017 Commitment Plan: November and Preliminary Budgets

*Dollars in Thousands*

	FY14	FY15	FY16	FY17	Total
<b>November</b>					
Total Capital Plan	\$873,063	\$24,395	\$8,585	\$9,443	\$915,486
<b>Prelim</b>					
Total Capital Plan	\$872,703	\$24,395	\$8,585	\$9,443	\$915,126
<b>Change</b>					
Level	(\$360)	\$0	\$0	\$0	(\$360)
Percentage	-0.04%	0.00%	0.00%	0.00%	-0.04%

The total City Capital Commitment Plan for Fiscal 2014 has increased from \$21.2 billion in the November Capital Commitment Plan to \$21.3 billion in the Preliminary Capital Commitment Plan, an increase of \$163 million, or less than one percent. For the Department of Cultural Affairs, the

Capital Commitment Plan has decreased by \$360,000; or .04 percent from the November Plan of \$915,486 to \$915,126 in the Preliminary Plan.

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. In Fiscal Year 2013, the Department of Cultural Affairs committed \$176.2 million or about 26.7 percent of its annual capital plan. Therefore, it is assumed that a significant portion of the agency's Fiscal 2014 Capital Plan will be rolled into Fiscal 2015, thus increasing the size of the Fiscal 2015-2018 Capital Plan.

## **Preliminary Capital Budget Highlights**

Major changes and highlights in the Department's Preliminary Capital Plan for Fiscal 2014-2017 include:

### **Brooklyn Botanic Garden**

The Brooklyn Botanic Garden's South Garden Redevelopment consists of projects taken from the Garden's Master Plan that will help meet that plan's goals of strengthening sustainable operations and improving connections to surrounding neighborhoods. The project will construct a new Garden entrance at Flatbush Avenue, a newly expanded Children's Discovery Garden and a Café renovation. The project is currently in construction, with an opening planned for Spring, 2015. Phase 2, which received funding in FY14, will install a comprehensive system to capture rainfall and filter and recirculate captured water, thereby reducing the use of fresh water and minimizing stormwater outflow while also creating a new Water Garden at the existing Terminal Pond. This phase of the project is expected to commence in late summer 2014.

### **Irish Arts Center**

This project will construct a new cultural center and performance space. The expanded facility will allow the Center become New York's leading multi-disciplinary promoter of Irish arts and culture. The new 40,000 sf facility will be constructed on and adjacent to the existing IAC facility and will include a 199-seat performing arts venue, rehearsal space and dressing areas, exhibition space for both visual arts and historical/cultural educational exhibitions, classroom space, a dance studio, a language lab and administrative offices. The project is currently in design by the government of Ireland's Office of Public Works, and the IAC is actively fundraising for the project.

### **Billie Holiday Theater**

The Billie Holiday Theater, located in Bedford Stuyvesant, specializes in African-American dramatic arts, and other affordable access to theater. The organization's scope of work is the interior reconstruction and reorganization of an existing theater with state of the art technology, providing the BHT staff and community a venue with greater flexibility in its programming. This new technology and flexibility will enable BHT to present two or more different productions in one day. Project is in final design. DDC is anticipating a construction kick-off in August 2014.

### **Carnegie Hall**

This project includes a comprehensive reconstruction of the Studio Tower, consisting of 175,000sf in three areas: (1) renovation of the non-performance areas; (2) upgrade of building systems; and (3) creation of a new educational center that will support and expand CH's music education programs. As part of the Studio Towers Renovation Project, a new 61,000 square foot Education Wing will be created which includes twenty –four new music rooms, including practice rooms, teaching studios and ensemble rooms. The rooms will be used for a variety of educational

activities including interactive events for children. Construction is expected to be complete in March, 2014, with a public opening with the kickoff of the fall season in September 2014.

### **Flushing Town Hall**

This project involves a complete HVAC upgrade to Flushing Town Hall and flooring replacement throughout the building. The scope also includes various improvements in the theater: new lighting, risers, seating boxes and mezzanine safety rail. FTH currently uses window AC units because their central HVAC system no longer functions. This upgrade will enable their gallery to function as a climate controlled space, increasing their programming flexibility and energy-efficiency. The project is expected to be complete by May 2014.

### **Staten Island Museum**

This project will reconstruct Building A at SHCC for a museum quality space for Staten Island Museum's collection and public programming. Relocation of SIM's exhibition and program spaces from their present location at 75 Stuyvesant Place to the landmark Buildings A & B at Snug Harbor will provide SIM with high visibility on the SHCC campus. The project will renovate 37,000 sq. ft. for museum quality gallery and program space, provide the new mechanical electrical systems necessary to secure certification. The renovation will finally allow SIM to exhibit a major portion of its art collection, currently in off-site storage, to the community. Major reconstruction includes construction a new five story structural system, creation of a closed loop geothermal heating and cooling system and a mechanical infrastructure for both buildings. An auditorium will provide a lecture hall and venue for local and visiting performing artists. The project will open to the public in October 2014.

## Appendix A

### Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of Adopted 2014 Plan</b>	<b>\$156,121</b>	<b>\$654</b>	<b>\$156,775</b>	<b>\$88,504</b>	<b>\$654</b>	<b>\$89,158</b>
<b>November and Preliminary Plan Adjustments</b>						
Nov. Cultural Institutions Subsidy & Program Groups	\$0	\$0	\$0	\$59,992	\$0	\$59,992
Nov. Cultural Intracity Funds	2,532	0	2,532	0	0	0
Nov. Cultural State Adjustments	0	186	186	0	0	0
Nov. Cultural City Adjustments	168	0	168	0	0	0
Nov. Cultural Fed & FEMA Adjustments	0	2,224	2,224	0	0	0
Prelim. Cultural Intracity Funds	0	270	270	0	0	0
Prelim. Lease Adjustment	91	0	91	0	0	0
<b>Total, Other Adjustments</b>	<b>\$2,792</b>	<b>\$2,680</b>	<b>\$5,471</b>	<b>\$59,992</b>	<b>\$0</b>	<b>\$59,992</b>
<b>Agency Budget as of Preliminary 2014 Plan</b>	<b>\$158,913</b>	<b>\$3,334</b>	<b>\$162,246</b>	<b>\$148,496</b>	<b>\$654</b>	<b>\$149,150</b>

## Appendix B

### Fiscal 2014 Preliminary Mayor's Management Report Performance Measures

	FY11	FY12	FY13	Target FY14	Target FY15	4-Month Actual FY13	4-Month Actual FY14
Operating support payments made to Cultural Institutions Group by the 5th day of each month (%)	100%	100%	100%	100%	100%	100%	100%
Average days to issue initial Cultural Development Fund payments after complying with all City requirements	7	6	6	7	7	5	5
Average days to issue program grant final payments	4	4	4	*	5	N/A	N/A
MFTA transactions	5,276	5,550	5,653	5,300	5,300	1,934	1,895
Number of schools, nonprofits, and City/State agencies served by MFTA	1,851	1,901	1,884	*	*	1,029	1,040
Number of visitors to the Cultural Institutions Group	18,743	20,188	20,264	*	*	N/A	N/A
Percentage of visitors using free admission and/or tickets	16%	21%	22%	*	*	N/A	N/A
New capital projects initiated (%)	99%	67%	63%	66%	66%	N/A	N/A

The PMMR illustrates some positive trends in the DCLA. The usage of free admission and/or tickets has increased. The Department's Materials for the Arts (MFTA) program transactions and the number of schools, nonprofits and City and State agencies served decreased.