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**Report to the Committee on Finance and the
Committee on Cultural Affairs on the Fiscal
2024 Executive Plan and the Fiscal 2024
Executive Capital Commitment Plan for the**

Department of Cultural Affairs

May 18, 2023

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Department of Cultural Affairs Budget Overview

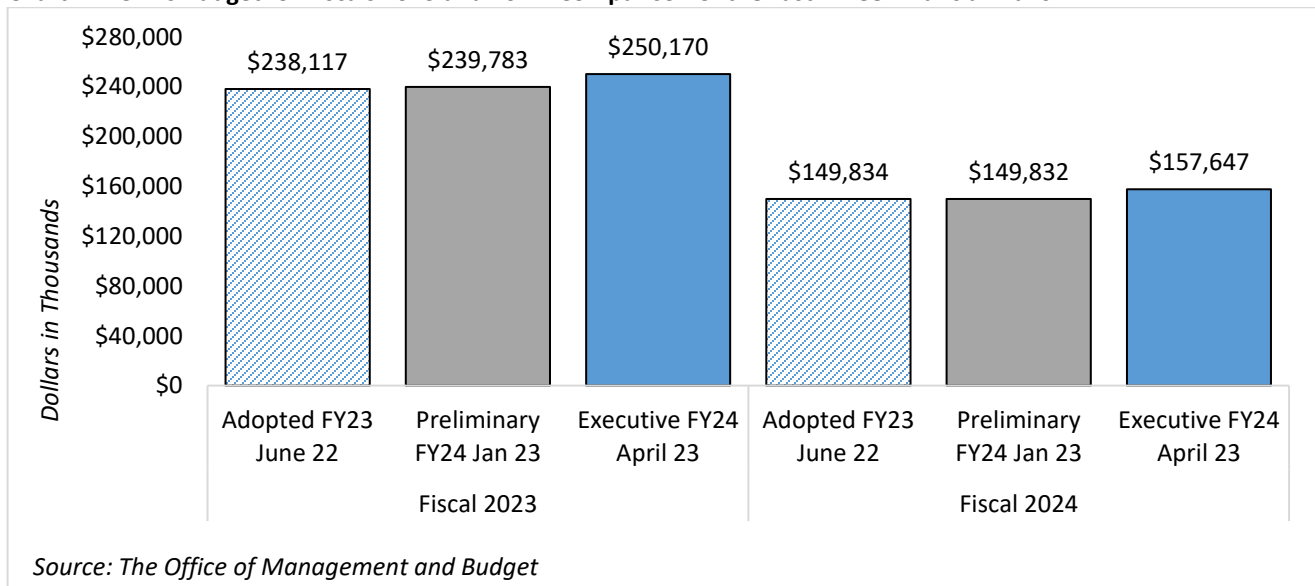
On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) which includes a proposed Fiscal 2024 budget of \$106.7 billion. This report offers a review of the Department of Cultural Affairs (the Department or DCLA) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DCLA’s Preliminary budget, please refer to the Fiscal 2024 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/DCLA-1.pdf>

The Department’s projected Fiscal 2024 budget of \$157.6 million represents less than one percent of the City’s proposed Fiscal 2024 budget in the Executive Plan.

DCLA’s Fiscal 2024 budget increased by \$7.8 million or 5.2 percent, from the \$149.8 million budgeted in the Fiscal 2024 Preliminary Financial Plan (Preliminary Plan) presented in January. The net increase is the result of a number of actions taken, most significant of which are \$5.1 million for DC37 Collective Bargaining Rate adjustment and \$2.6 million for an adjustment of the heat, light and power energy subsidy.

DCLA’s current proposed Fiscal 2023 budget in the Executive Plan is \$250.2 million, which is \$12.1 million, or 5.1 percent, larger than the agency’s \$238.1 million Fiscal 2023 Budget at adoption. The most notable changes were made in the Executive Plan. This includes a \$6.6 million increase for collective bargaining agreement, an increase of \$3.5 million in Fiscal 2023 for heat, light and power costs. Chart 1 presents a comparison of DCLA’s budget in Fiscals 2023 and 2024 across the last three financial plans.

Chart 1: DCLA’s Budget for Fiscals 2023 and 2024: Comparison of the Last Three Financial Plans



Personal Services and Headcount

DCLA’s Executive Plan includes funding for a total of 57 full-time positions in the current year, decreasing to 55 positions in Fiscal 2024. The current plan for Fiscal 2023 reflects an increase of two positions when compared to DCLA’s Fiscal 2023 headcount of 55 in the Adopted Budget.

In the Executive Plan, funding for DCLA’s personal services (PS), all agency staffing related expenses, comprises \$5.8 million or 2.3 percent of the agency’s total Fiscal 2023 Budget. This decreases to \$5.7 million, or 3.6 percent, in Fiscal 2024.

Table 1: DCLA Spending and Budgeted Headcount Summary						
<i>Dollars in Thousands</i>	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Spending						
Personal Services	\$5,321	\$5,271	\$5,133	\$5,848	\$5,673	\$541
Other Than Personal Services	179,762	224,532	232,984	244,322	151,974	(81,010)
TOTAL	\$185,082	\$229,803	\$238,116	\$250,170	\$157,647	(\$80,469)
Budgeted Headcount						
Full-Time Positions - Civilian	51	49	55	57	55	0
TOTAL	51	49	55	57	55	0

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Funding Sources

DCLA’s budget is financed by city funds as well as federal, intra-city, and other categorical funds. In the current financial plan, the Department’s primary funding source is city funds. City funds comprise 99.3 percent (\$248.5 million) of DCLA’s total funding in the current fiscal year, slightly down from the 99.7 percent (\$237.5 million) of the Department’s budget financed by city funds in the Adopted 2023 budget. City Funds comprises 99.8 percent (\$157.3 million) of the Department’s Executive Plan for Fiscal 2024.

The \$10.4 million increase in DCLA’s Fiscal 2023 and \$7.8 million increase in its Fiscal 2024 budget between the 2024 Preliminary Budget and the 2024 Executive Plan is primarily the result of modifications to City funds. These changes include:

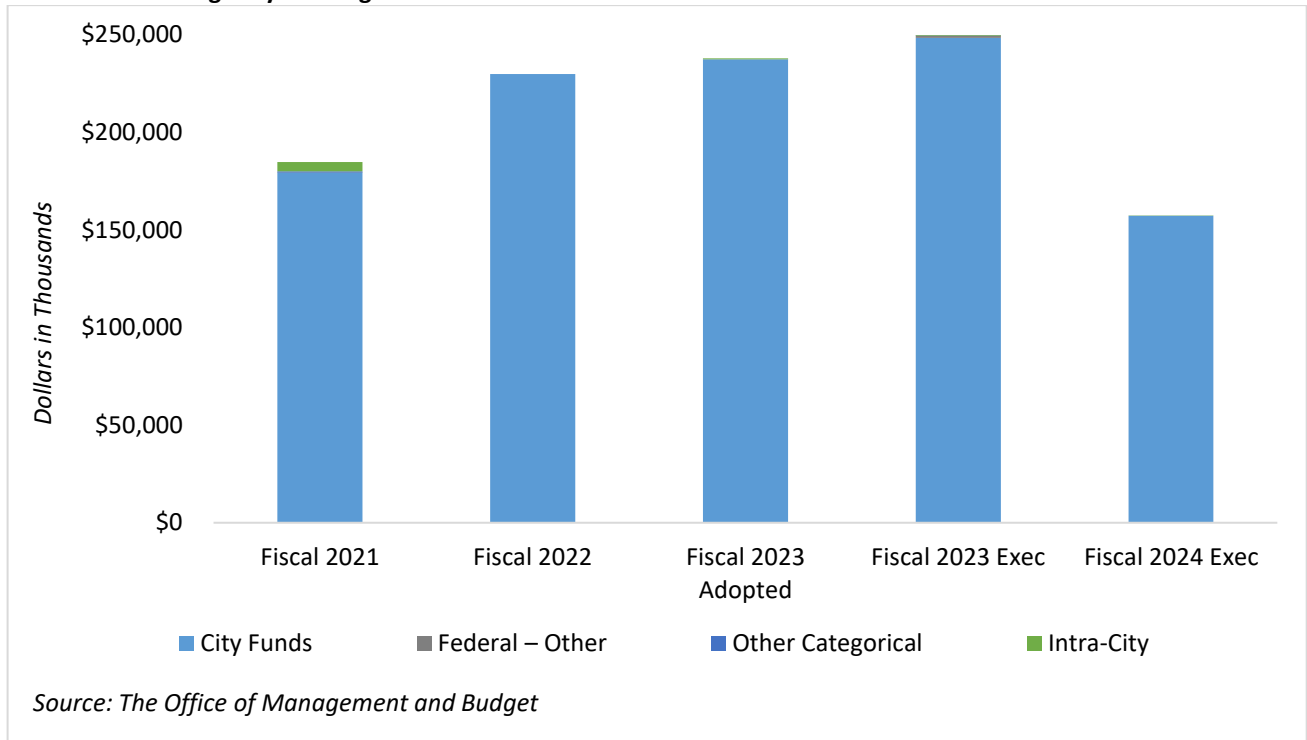
City Funding

City funding increases by \$10.3 million in Fiscal 2023 and \$7.8 million in Fiscal 2024 when compared to the Preliminary Plan.

- The Executive Plan includes an increase of \$6.6 million in Fiscal 2023 and \$5.1 million in Fiscal 2024 to fund the cost of the DC 37 Collective Bargaining Rate increase and retroactive payments from May 26, 2021.
- The Executive Plan includes additional funding of \$3.5 million in Fiscal 2023 and \$2.6 million in Fiscal 2024 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 2023 and 2024 budgets since adoption of the Fiscal 2023 budget.

Chart 2: DCLA Budget by Funding Source



Dollars in Thousands	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Funding						
City Funds			\$237,471	\$248,459	\$157,312	(\$80,159)
Federal – Other			0	1,024	0	0
Federal – CD			0	0	0	0
Capital IFA			288	295	295	7
State			0	0	0	0
Other Categorical			0	16	0	0
Intra-City			358	375	40	(318)
TOTAL	\$185,083	\$229,803	\$238,116	\$250,170	\$157,647	(\$80,469)

*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 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. DCLA’s budget, while not divided into program areas, is divided by units of appropriation (UAs) that summarize program areas. These UAs can be grouped into three main areas of spending as summarized in Table 3.

Table 3:DCLA Financial Summary						
Dollars in Thousands	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Budget by Program Area						
Office of the Commissioner	\$7,733	\$8,062	\$8,683	\$9,018	\$8,790	106
Cultural Institutions	19,648	35,893	27,404	26,153	17,701	(9,703)
Cultural Programs	157,701	185,848	202,029	214,999	131,157	(70,873)
TOTAL	\$185,082	\$229,803	\$238,116	\$250,170	\$157,647	(80,469)

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

The Executive Plan includes changes planned for DCLA’s budget in Fiscal 2024 in every program area as compared to Fiscal 2023 at adoption. The difference is largely a function of City Council discretionary funds not yet reflected in the Fiscal 2024 budget and one-time Administration funding of \$40.0 million for Cultural Institution Group (CIGs), and all Cultural Development Fund recipients in the Fiscal 2023 Adopted Budget.

Executive Plan Changes

At each financial plan, agencies submit changes to their budget from the prior plan. These changes are comprised of new needs that have not previously been included in the agency’s budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs or Programs to Eliminate the Gap (PEG) 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.

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

New Needs

DCLA’s Executive Plan does not include new needs.

Other Adjustments

DCLA’s Executive Plan includes \$10.4 million in other adjustments in Fiscal 2023 and \$7.8 million in Fiscal 2024 in two areas:

- **DC 37 Collective Bargaining Adjustment** – The Executive Plan includes an additional \$6.6 million in Fiscal 2023, \$5.1 million in Fiscal 2024, and \$8.6 million in Fiscal 2026-2027 for costs associated with the DC 37 collective bargaining agreement. This funding is the impact of the DC37 collective bargaining increase for the Cultural Institutions and Department of Cultural Affairs agency staff.
- **Heat, Light and Power** – The Executive Plan includes an additional \$3.5 million in Fiscal 2023 and \$2.6 million in Fiscal 2024 and in the outyears for heat, light and power costs. This is for a year-to-date usage adjustment to the heat, light and power subsidy for all CIG’s receiving energy support.

Program to Eliminate the Gap (PEG)

DCLA has no PEG’s in the Executive Plan.

Fiscal 2024 Preliminary Budget Response

In the City Council’s Fiscal 2024 Preliminary Budget Response (Budget Response)¹, the Council identified one area of concern relating to the City’s cultural organizations as they face challenges recovering from the economic impacts of the COVID-19 pandemic.

The Executive Plan did not include the funding for the Council’s priority set forth in the Budget Response related to Cultural funding.

Table 4: FY24 Budget Response Items

#	Response Priority	Amount Requested	Amount in the Exec Budget
1	Additional Support for the Cultural Community	\$50.0 Million	\$0

- Additional Support for the Cultural Community:** The Council called on the Administration to support cultural organizations by adding an additional \$50 million as baseline funding in Fiscal 2024 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 included in the Executive Plan.

Capital Plan Overview

On April 26, 2023, Mayor Eric Adams released the Executive Capital Commitment Plan for Fiscal 2023-2027 (the Commitment Plan), the Fiscal 2024-2027 Executive Capital Budget (the Capital Budget) and the Fiscal 2024-2033 Ten-Year Capital Strategy (the Strategy).

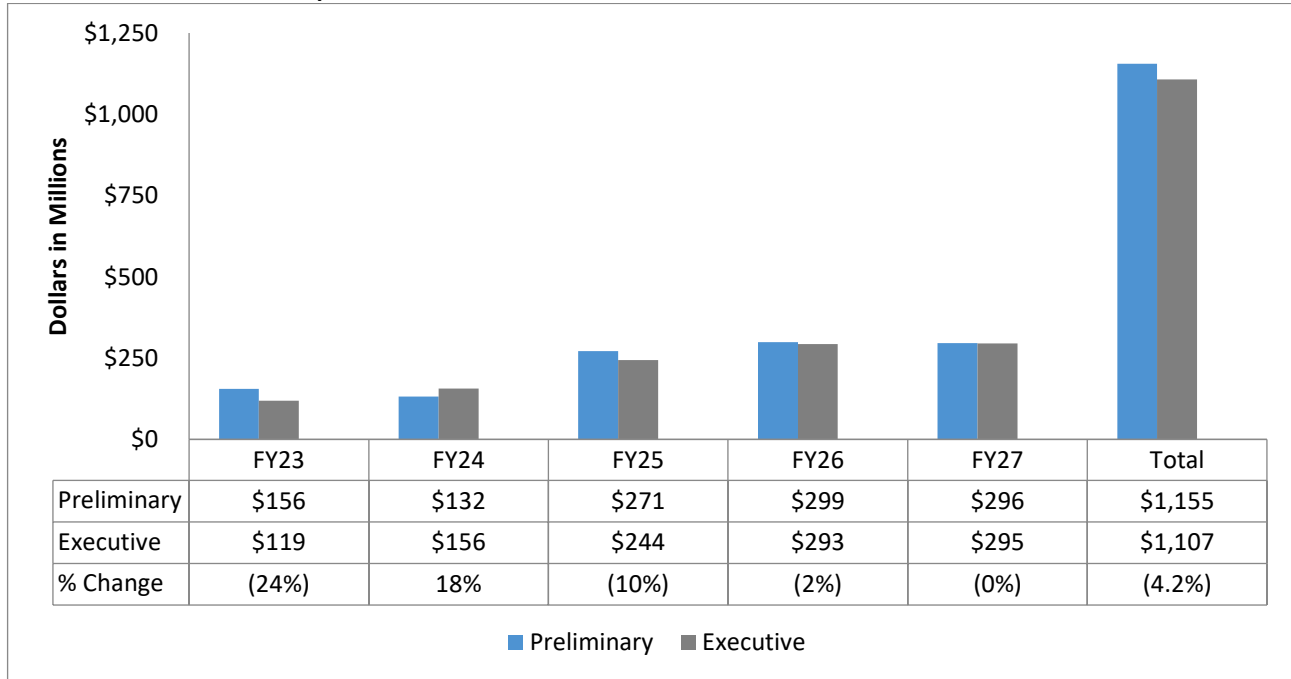
This section provides an overview of the Commitment Plan and the Strategy for the Department of Cultural Affairs.

¹ The full response can be found at: <http://council.nyc.gov/wp-content/uploads/2023/04/Fiscal-2024-Preliminary-Budget-Response.pdf>

Fiscal 2023-2027 Capital Commitment Plan

DCLA’s commitments for Fiscal 2023 through 2027 as presented in the Fiscal 2024 Capital Commitment Plan totals \$1.1 billion, (4.2 percent) less than the total for the same period presented in the Preliminary Capital Commitment Plan released in January. The Department’s planned commitment comprise 1.1 percent of the City’s total \$97.9 billion Fiscal 2023 through 2027 plan.

Chart 3: Fiscal 2023-2027 Capital Commitment Plan



As illustrated in Chart 3, the amount of commitments planned for each year of the plan period is incrementally increasing, with 10.7 percent of the entire planned expenditure in the current year, 14.1 percent in Fiscal 2024, and 22.0 percent, 26.5 percent, and 26.7 percent in Fiscals 2025, 2026, and 2027 respectively.

Capital Highlights

Below is a description of key significant capital projects by borough in the Commitment Plan.

- Wildlife Conservation Society (WCS) New York Aquarium.** The Fiscal 2024 Executive Capital Commitment Plan includes \$49.4 million in federal and City funding in Fiscal 2023 through Fiscal 2027 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 mitigation features. The Wildlife Conservation Society (WCS), which is managing this project pursuant to a sub-grant agreement between WCS, DCLA and the New York City Economic Development Corporation (NYCEDC), anticipates that the 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 2024 Executive Capital Commitment Plan includes \$23.6 million in funding in Fiscal 2023 through Fiscal 2027 for the Bronx Museum of the Arts. This project will renovate and upgrade underused space in the South Wing Atrium 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 managed by the NYCEDC. Construction is scheduled for completion in 2025.
- **New-York Historical Society Building Annex.** The Fiscal 2024 Executive Capital Commitment Plan includes \$42.2 million in funding in Fiscal 2023 through Fiscal 2028 for the New York Historical Society (NYHS) Building. NYHS will construct a four-story expansion of the main building. The expansion will add approximately 65,280 total gross square feet to NYHS’s overall footprint. The existing loading dock at NYHS will be remodeled and a new, branded entrance on 76th Street will be dedicated for The American LGBTQ+ Museum's use. Currently the funds have been moved to Fiscal 2028 to meet budget targets, but can be restored as necessary when the project is fully-funded and ready to be initiated.
- **Queens Museum of Art Expansion Phase II.** The Fiscal 2024 Executive Capital Commitment Plan includes \$30.9 million in funding in Fiscal 2023 through Fiscal 2027 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 sq. ft. of undeveloped shell space overlooking Flushing Meadows Corona Park. Additionally, new art storage space will allow for proper care and storage for the Museum's fine art collection onsite.
- **Staten Island Museum Building B Renovation Phase I.** The Fiscal 2024 Executive Capital Commitment Plan includes \$17.4 million in funding in Fiscal 2023 through Fiscal 2027 for the Staten Island Museum. The project’s scope of work is upgrading the structural and mechanical systems of several buildings. The intent is to complete an interior renovation of the building with limited changes to the building’s exterior design.

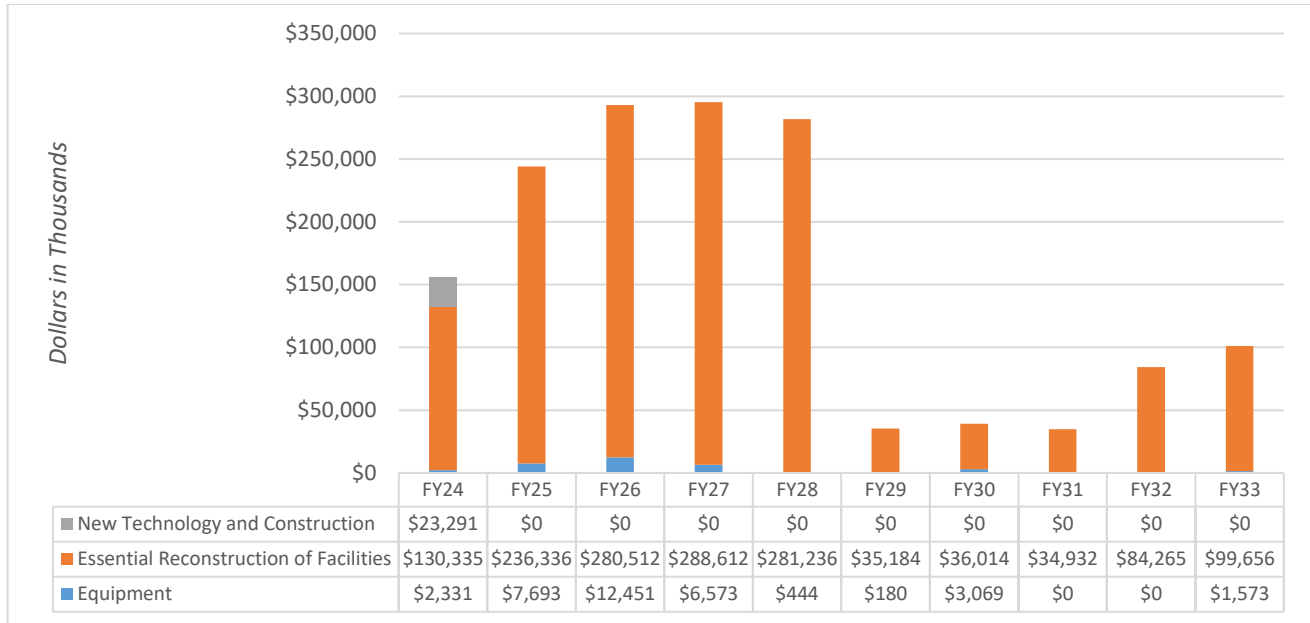
Executive Ten-Year Capital Strategy Fiscal 2024-2033

The Ten-Year Strategy is the City’s long term capital planning document which provides a framework for capital spending by agency. The Strategy is released every two years as mandated by the City Charter.

The City’s Ten-Year Strategy totals \$164.8 billion (all funds). The Strategy provides information on the comprehensive infrastructure planning that the City undertakes and explains the connection between capital investment and strategic priorities. It is designed to help prioritize investment decisions across all capital agencies and communicate to the public an integrated approach to capital planning across infrastructure types, in line with the growth of the City.

The Department of Cultural Affairs Ten-Year Strategy includes \$1.6 billion in Fiscal 2024–2033 for capital construction and reconstruction projects, including \$1.5 billion for improvement and renovations of facilities and \$34.3 million for Capital Equipment for Cultural Institutions.

Chart 4: Fiscal 2024-2033 Ten-Year Capital Strategy



As illustrated in Chart 4, the Ten-Year Capital Strategy contains almost all of its capital spending in the first five and the last two years. As such, it is very unlikely that this Ten-Year Strategy accurately reflects how the funds will be used.

Appendix A: Budget Actions since Fiscal 2023 Adoption

<i>Dollars In Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
DCLA Budget as of the Fiscal 2023 Adopted Budget	\$237,471	\$646	\$238,117	\$149,520	\$314	\$149,834
Other Adjustments						
DCLA DAC Funding FY23	0	176	176	0	0	0
Subtotal, Other Adjustments	\$0	\$176	\$176	\$0	\$0	\$0
PEGs Program:						
Met Expense to Capital Swap	(1,500)	0	(1,500)	0	0	0
Telecommunication Savings	(0)	0	(0)	(1)		(1)
Subtotal, PEGs	(\$1,500)	\$0	(\$1,500)	(\$1)	\$0	(\$1)
Total All Changes	(\$1,500)	\$176	(\$1,325)	(\$1)	\$0	(\$1)
DCLA Budget as of the Fiscal 2023 November	\$235,971	\$822	\$236,792	\$149,519	\$314	\$149,833
Other Adjustments:						
CC Member Item Reallocation	385	0	385	0	0	0
City Service Corps DCLA	(43)	0	(43)	0	0	0
DCLA DAC FY23 WCS Payment	849	0	849	0	0	0
Heat, Light and Power	1,799	0	1,799	0	0	0
IFA Adjustment	0	0	0	1	0	1
Total Other Adjustments	\$2,990	\$0	\$2,990	\$1	\$0	\$1
Total All Changes	\$2,990	\$0	\$2,990	\$1	\$0	\$1
DCLA Budget as of the Fiscal 2024 Preliminary Plan	\$238,961	\$822	\$239,782	\$149,519	\$314	\$149,833
FY24 Executive Plan, Other Adjustments:						
CC Member Item Reallocation	224	0	224	0	0	\$0
DC 37 Collective Bargaining Adjustment	6,604	25	6,629	5,080	21	5,101
Demand Response AMNH	0	1	1	0	0	0
Demand Response BM	0	1	1	0	0	0
Demand Response NYBG	0	8	8	0	0	0
Demand Response NYST	0	2	2	0	0	0
Demand Response QMA	0	1	1	0	0	0
Demand Response SNUG	0	0	0	0	0	0
FY23 Demand Response - MET	0	3	3	0	0	0
Heat, Light and Power	3,520	\$0	3,520	2,588	0	2,588
Lease Adjustment	0	0	0	127	0	127
Subtotal, Other Adjustments	\$10,347	\$41	\$10,388	\$7,794	\$21	\$7,815
TOTAL, All Changes	10,347	\$41	\$10,388	\$7,794	\$21	\$7,815
DCLA Budget as of the Fiscal 2024 Executive Plan	\$249,308	\$863	\$250,170	\$157,313	\$335	\$157,648