

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Daniel Dromm
Chair, Finance Committee

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



Report to the Committee on Finance and the Committee on Cultural Affairs,
Libraries, International Intergroup Relations on the
Fiscal 2022 Executive Plan, the Ten-Year Strategy for Fiscal 2022-2031,
and the Fiscal 2022 Executive Capital Commitment Plan for

Department of Cultural Affairs

May 10, 2021

Finance Division

Aliya Ali, Principal Financial Analyst
Crielhien Francisco, Unit Head

Latonia McKinney, Director
Regina Poreda Ryan, Deputy Director

Paul Scimone, Deputy Director
Nathan Toth, Deputy Director

Department of Cultural Affairs Overview

This report presents a review of the Department of Cultural Affairs' (DCLA or the Department) Fiscal 2022 Executive Budget. It includes 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 Budget and Budget Response. Analysis and highlights of the Department of Cultural Affairs' Capital Strategy and Fiscal 2021 to Fiscal 2025 Capital Commitment Plan follows the discussion of the Expense Budget. Appendix 1 reports the changes made to the Fiscal 2021 and Fiscal 2022 Budgets since Adoption of the Fiscal 2021 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2022 Preliminary Budget Report for the Department of Cultural Affairs at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2021/03/126-DCLA.pdf>

Below is a summary of key funding changes by program area and source when comparing the Department of Cultural Affairs' Fiscal 2022 Executive Budget to its Fiscal 2021 Adopted Budget.

Table 1: DCLA Financial Summary

<i>Dollars in Thousands</i>	FY19	FY20	FY21	Executive Plan		*Difference
	Actual	Actual	Adopted	FY21	FY22	FY21-FY22
Spending						
Personal Services	\$4,924	\$5,202	\$4,917	\$5,159	\$4,804	(\$113)
Other Than Personal Services	200,164	204,659	184,511	182,615	165,396	(19,115)
TOTAL	\$205,087	\$209,860	\$189,428	\$187,773	\$170,200	(\$19,227)
Budget by Program Area						
Office of the Commissioner	\$6,756	\$6,943	\$28,404	\$8,035	\$6,769	(\$21,635)
Cultural Programs	71,932	81,577	57,939	70,842	55,212	(2,726)
Cultural Institutions	126,400	121,340	103,085	108,897	108,219	5,134
TOTAL	\$205,087	\$209,860	\$189,428	\$187,773	\$170,200	(\$19,227)
Funding						
City Funds			\$188,903	\$181,455	\$144,884	(\$44,019)
Capital- IFA			249	257	288	39
State			3	3	3	0
Federal - Community Development			259	498	0	(259)
Other Categorical			0	36	0	0
Federal-Other			0	500	25,000	25,000
Intra City			13	5,024	26	13
TOTAL	\$205,087	\$209,860	\$189,428	\$187,773	\$170,200	(\$19,227)
Budgeted Headcount						
Full-Time Positions - Civilian	52	51	53	49	50	(3)
TOTAL	52	51	53	49	50	(3)
<i>*The difference of Fiscal 2021 Adopted Budget compared to Fiscal 2022 Executive Budget.</i>						

On April 26, 2021, the de Blasio Administration released the Executive Financial Plan for Fiscal 2021-2025 with a proposed budget for Fiscal 2022 of \$98.6 billion. The Department of Cultural

Affairs' (DCLA or the Department) Fiscal 2022 Executive Budget is \$170.2 million and represents less than one percent of the City's Executive Fiscal 2022 Budget.

The Department's Fiscal 2022 Executive Budget is \$19.2 million less across all program areas, when compared to the Fiscal 2021 Adopted Budget. This overall decrease is mostly due Council discretionary funding and the one-time addition of \$20.2 million by the Administration at Adoption of the Fiscal 2021 budget that is not included in the Fiscal 2022 Executive Budget. The decrease is partially offset by \$25 million in additional federal funding added to the Fiscal 2022 Executive Budget from Coronavirus Relief Funds.

The Department's Fiscal 2022 Executive Budget provides funding for 50 full-time positions across all divisions, which is three positions less than the headcount at the Fiscal 2021 Adopted Budget. The positions eliminated were vacant lines in the Commissioner's Unit, with a total associated dollar amount reduction of \$253,000.

New in the Executive Budget

DCLA's Fiscal 2022 Executive Budget introduces no new needs and a reduction of \$5.4 million in Other Adjustments in Fiscal 2021 and an increase of \$26 million in Fiscal 2022. Details on the adjustments in the Fiscal 2022 Executive Plan are listed below. Additionally, Appendix A lists the adjustments and savings in the November Plan and the Fiscal 2022 Preliminary and Executive Plans, which brings the agency's Fiscal 2022 Executive Budget to \$170.2 million.

Table 2: Adjustments in the Executive Plan

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
DCLA Budget as of the Fiscal 2021 Preliminary Budget	\$187,548	\$5,592	\$193,140	\$143,659	\$525	\$144,184
Other Adjustments						
CC Member Items Reallocation	(136)	0	(136)	0	0	0
CDBG funding transfer	0	0	0	0	(259)	(259)
CIG CB adjustment	13	0	13	13	0	13
City Service Corps (DCA)	2	0	2	(2)	0	(2)
Cultural Corp	0	0	0	0	25,000	25,000
Demand Response AMNH	0	8	8	0	0	0
Demand Response BM	0	3	3	0	0	0
Demand Response MET	0	4	4	0	0	0
Demand Response NYBG	0	16	16	0	0	0
Demand Response NYST	0	1	1	0	0	0
Demand Response QMA	0	2	2	0	0	0
Demand Response SNUG	0	2	2	0	0	0
ExCEL Round 2	0	29	29	0	0	0
Funding alignment	(11)	11	0	(11)	11	0
Heat, Light and Power	(5,966)	0	(5,966)	1,223	0	1,223
IC DC 37 ACF CB Adjustment	0	0	0	0	0	0
IC funding alignment	(9)	9	0	(9)	9	0
IC W/CULTURAL AFFAIRS	0	364	364	0	0	0
INTRA-CITY W/ CULTURAL AFFAIRS	0	30	30	0	0	0
INTRA-CITY W/DCLA- 2994	0	127	127	0	0	0
INTRA-CITY W/DCLA-2994	0	119	119	0	0	0
Lease Adjustment	0	0	0	11	0	11

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
MS Enterprise Licensing Agreement Realignment	14	0	14	0	0	0
Percent for Arts funding	0	0	0	0	31	31
Total Other Adjustments	(\$6,094)	\$726	(\$5,367)	\$1,225	\$24,792	\$26,017
TOTAL, All Changes	(\$6,094)	\$726	(\$5,367)	\$1,225	\$24,792	\$26,017
DCLA Budget as of the Fiscal 2022 Executive Budget	\$181,455	\$6,319	\$187,773	\$144,884	\$25,317	\$170,200

Other Adjustments

- **Cultural Corp.** The Fiscal 2022 Executive Plan includes \$25 million in Fiscal 2022 in Coronavirus Relief Funding. DCLA has yet to determine how this funding will be distributed.
- **Heat, Light and Power.** The Fiscal 2022 Executive Plan includes a reduction of \$5.9 million in Fiscal 2021 and an increase of \$1.2 million in Fiscal 2022 through Fiscal 2025 for the Heat, Light and Power budget. The adjustment is based on actual energy usage.
- **Expense for Conservation and Efficiency Leadership (EXCEL) Program.** The Fiscal 2022 Executive Plan includes an increase of \$29,375 in Fiscal 2021 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.
- **Demand Response Initiative.** The Fiscal 2022 Executive Plan includes an increase of \$36,000 in Fiscal 2021 for The Demand Response program, which is an electricity grid- and utility-run series of programs that not only reduces energy usage but also offers financial incentives to partner City facilities. During times of peak electricity demand or an emergency, participating buildings are paid to shed electric load to reduce the strain on New York City's electricity grid. Enrolled facilities shed electric load by turning off discretionary equipment and lighting, raising space temperatures, or running back-up generators when the grid is at risk for failure, usually during the hottest days of the year.
- **NYC Compost Project.** The Fiscal 2022 Executive Plan includes \$640,000 in Fiscal 2021 through Intra-City funding from the Department of Sanitation for the NYC Compost Project, which operates at several CIGs.

COVID-19 Pandemic

The sudden and complete disruption of New York City's cultural institutions as a result of COVID-19 was unprecedented and breathtaking. Many organizations had to conduct major layoffs in order to survive. 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. Organizations saw an unprecedented demand for an online presence and enhanced their digital infrastructure.

The Department of Cultural Affairs conducted a survey of the cultural community last spring. It captured the earliest weeks of the pandemic. The agency specifically earmarked funding for arts education in two ways.

- First through increased funding to 25 arts education groups and second, in funding for the Arts Educator Emergency Relief Fund, which was established by the Arts in Education Roundtable earlier this year. The New York City Arts in Education Roundtable is receiving \$375,000 through the Cultural Development Fund for the Arts Educator Emergency Relief Fund in Fiscal 2021. The Arts Educator Emergency Relief Fund includes contributions from the New York Community Trust and Booth Ferris Foundation and provided unrestricted grants to hundreds of arts education professionals who were hardest hit by the COVID-19 crisis.
- Additionally, more than 600 groups working in low-income neighborhoods and areas most affected by COVID-19 saw an increase in their Cultural Development Fund (CDF) allocations. The five local arts councils also saw a boost in funding, which will be passed along to individual artists and smaller nonprofits.

Unified advocacy resulted in inclusion of \$15 billion for ‘Save our Stages’ in the most recent stimulus plan passed by Congress. The Save our Stages Act provides grants to eligible live venue operators, producers, promoters, and talent representatives to address the economic effects of the COVID-19. The City has not yet received funding from the new measures, as the actual grant awards are still to be determined. The funding may be used for non-profit organizations and for-profit independent venues, Broadway theaters, movie theaters, as well as operators, promoters and producers. It is yet to be determined if the funds will flow through the City’s budget or go directly to organizations.

The Fiscal 2022 Enacted State Budget includes \$1 Billion for Small Business and Arts Relief and Recovery Assistance. Of this, \$40 million is for Arts and Cultural Organization Recovery Grant Program. This program will provide grants through the New York State Council on the Arts to eligible arts and cultural nonprofit organizations to assist in the recovery from the COVID-19 pandemic. As of now, there are no plans for State funding to flow through DCLA’s budget.

The City launched Curtains Up NYC, an initiative which will provide webinars three times a week that will review the Shuttered Venues Operators Grant program (also known as Save our Stages Act) and the application process. Trained counselors are available for virtual, one-on-one sessions. Services are free and began on February 10, 2021.

Preliminary Budget Response

The Fiscal 2022 Preliminary Plan did not adequately fund the City’s cultural organizations as they try to recover from the economic impacts of the COVID-19 pandemic. The cultural community is not only an economic driver but is also the foundation for much of what makes New York City vibrant, healthy, and alive. The Council called on the Administration to support cultural organizations by supporting the following three proposals in the Fiscal 2022 Executive Budget.

The Fiscal 2021 Adopted Budget included one-year funding totaling \$20.2 million to support several critical programs. This funding supported the Cultural Institution Groups (CIGs), provided across-the board grant increases for all Cultural Development Fund recipients, COVID-19 relief, arts education and impact grants, and funded energy grants and CreateNYC initiatives. The

Council called on the Administration to restore this funding. However, the Fiscal 2022 Executive Budget does not include this funding.

Given the importance of the Cultural programs, the Council additionally called on the Administration to set aside federal relief dollars for financial assistance for independent arts and music venues that have been unable to open and will take a long time to reopen. These venues need assistance to pay back debt and for outfitting for safe re-opening. For the City's cultural organizations, there have been gaps in the funding eligibility of federal programs including employee caps and lack of direct focus on cultural institutions and federal dollars should be used to remedy this.

Finally, the Council urged the Administration to set aside federal relief dollars to help outdoor amusement parks that have been unable to open. At the onset of the COVID-19 pandemic, outdoor amusement parks had to shut down and continue to face financial insecurity and uncertainty. For the City's amusement parks, there have been gaps in the funding eligibility of federal programs including exclusion from The Shuttered Venue Operators Grant (SVOG), employee caps, and a lack of direct focus on amusement parks.

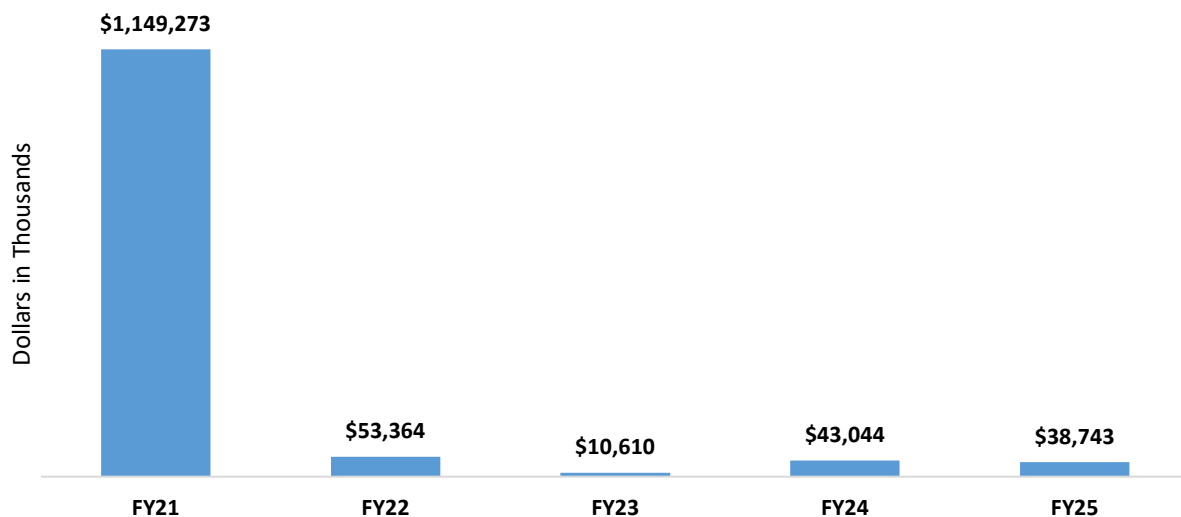
Fiscal 2022 Executive Budget: Capital

This section will provide an overview of the Capital Budget, Commitment Plan, and the Ten-Year Strategy 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, as well as the overall feasibility of DCLA's capital program.

Fiscal 2022 – Fiscal 2025 Executive Capital Budget

The Executive Capital Budget proposes appropriations for Fiscal 2022 through Fiscal 2025 and reauthorizes prior year appropriations. 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 2021 or the amount of funding that may be added to Fiscal 2022 in the Adopted Budget. This report provides an overview of the Capital Budget and Commitment Plan for DCLA.

Figure 1: Fiscal 2021 Available Appropriations and FY22-25 Capital Budget



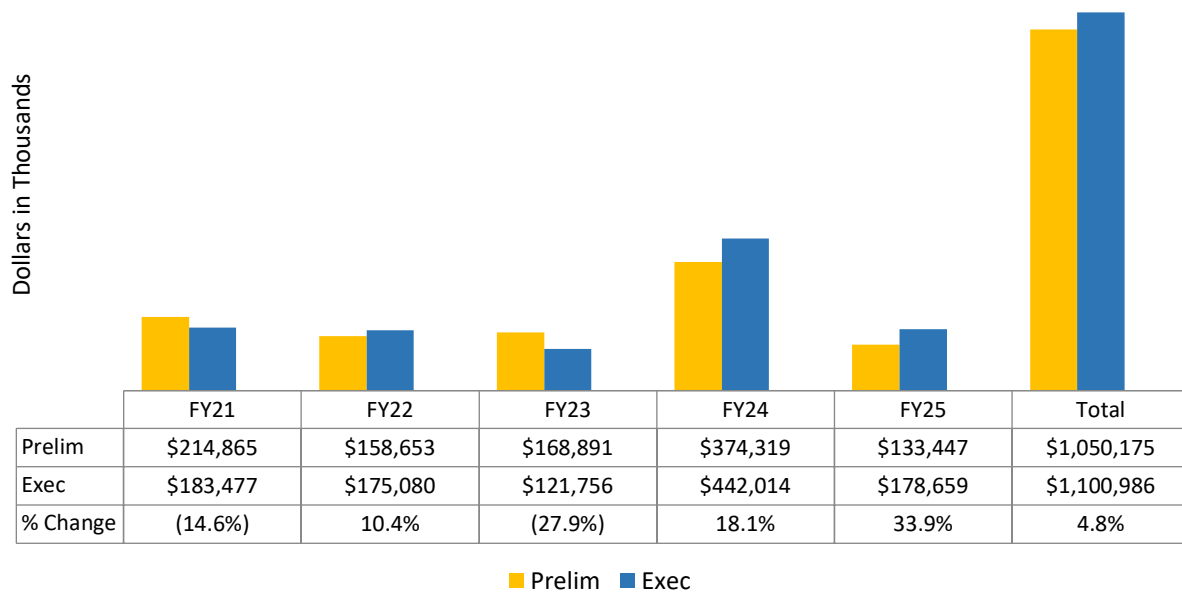
As shown in Figure 3, the Department of Cultural Affairs’ Fiscal 2022 Executive Capital Budget includes \$145.8 million in Fiscal 2022-2025. DCLA’s Fiscal 2022 Executive Capital Budget is an estimate of the additional appropriations needed in addition to the projected excess appropriations for Fiscal 2021 to fully fund the Department’s capital projects planned for next year. As of February 28 2021, DCLA had \$1.1 billion in available appropriations for Fiscal 2021. The Executive Budget proposes additional appropriations in Fiscal 2022 of \$53.4 million. The \$1.1 billion in available appropriations in the current year when compared to \$145.8 million combined for Fiscal 2022-2025 implies that the agency has historically front loaded its plan and now it has so much appropriations in the current year that there is little need for new appropriations moving forward. If DCLA adjusted its planning to reflect reality this issue would gradually right itself.

Typically, DCLA does not add capital funds during the Preliminary and Executive Budget with most of its final changes coming at adoption with large additions from both the Council and the Mayor. However, unlike in years past, there were no Mayoral additions to the Adopted Capital Budget for cultural organizations at Fiscal 2021 Adoption. The Executive Budget proposes very modest new appropriations, as is the routine.

Executive Commitment Plan for Fiscal 2021-2025

The Department of Cultural Affairs Executive Commitment Plan includes \$1.1 billion in Fiscal 2021-2025. This represents approximately 1.2 percent of the City’s total \$93 billion Executive Commitment Plan.

Figure 2: DCLA Commitment Plan



The total planned commitments for the DCLA remain essentially unchanged from the Preliminary Fiscal 2022 Commitment Plan, with a net increase of \$50,811, as illustrated in the figure above. The Executive Plan does, however, push commitments for this year and next into the later years of the Plan. Based on previous performance, it is unlikely that DCLA will meet the commitment target laid out in the Executive Plan.

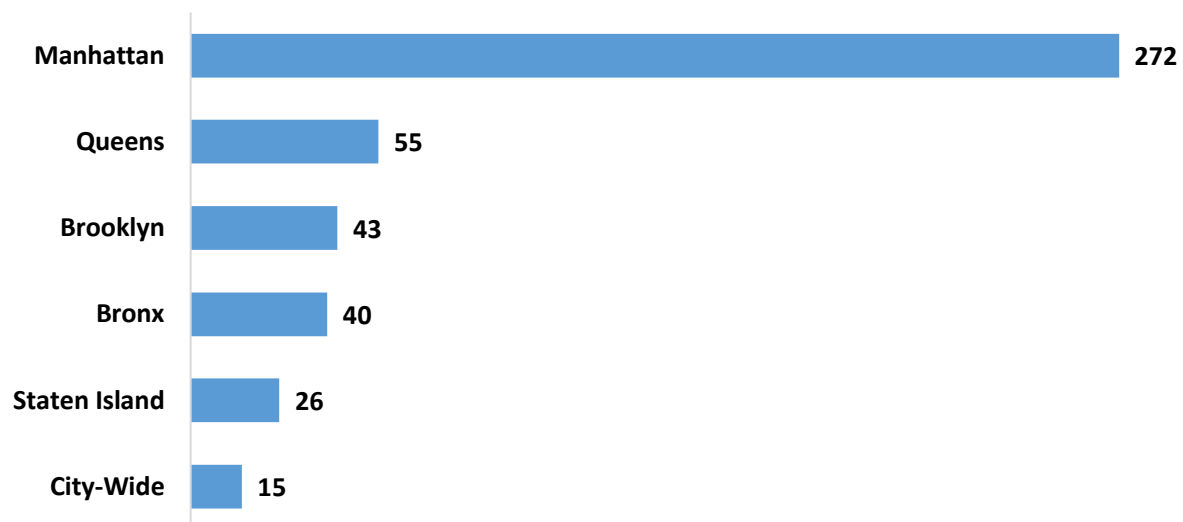
In Fiscal 2017, DCLA committed \$147.4 million or 27.2 percent of its annual capital plan of \$542 million. In Fiscal 2018, the Department committed \$75.4 million or 21.2 percent of its \$358.7

million plan. In Fiscal 2019 the Department committed \$216.9 million or 54.8 percent of its \$395.7 million plan. Fiscal 2019's high commitment rate was due to a few large project registrations. In Fiscal 2020 the agency committed \$126.5 million or 43.3 percent of its annual commitment plan of \$292.2 million. The lower commitment rate in Fiscal 2020 can be partially attributed to COVID19 which caused a temporary halt to capital projects. During the pandemic, there were no projects in DCLA's portfolio that were deemed essential to health and safety and allowed to continue.

The agency initiates projects in the order in which they are received and determined ready to proceed. Currently, DCLA is working to restart all projects with funding allocated in Fiscal 2020 and prior years that were put on pause as a result of the pandemic. After which, they will initiate the Fiscal 2021 funded projects that are ready to proceed.

Appendix B breaks out the active projects by borough and includes the number of organizations and funding amount in the capital plan for these projects. In the Fiscal 2022 Executive Plan, DCLA has a total of 451 projects for 225 organizations with a value of \$1.2 billion

Figure 3: DCLA Total Projects by Borough



Executive Ten-Year Capital Strategy Fiscal 2022-2031

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.

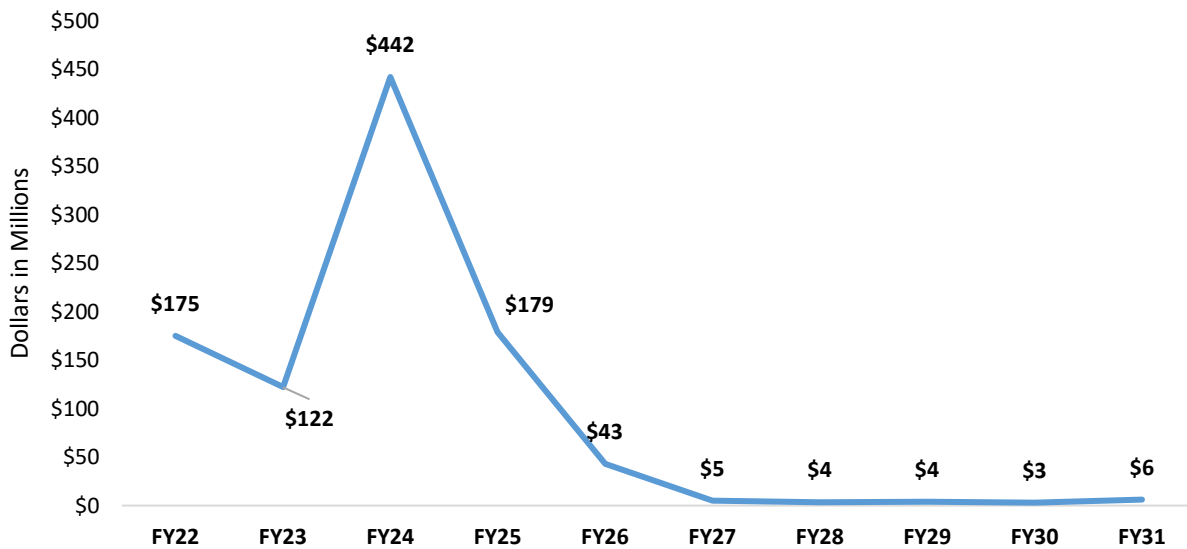
The City's Ten-Year Strategy totals \$133.7 billion (all funds). The Strategy provides information on the comprehensive infrastructure planning that the City undertakes and explains the connection between capital investment and strategic priorities. It is designed to help prioritize investment decisions 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.

For the Department of Cultural Affairs, the Ten-Year Strategy provides \$981.9 million in Fiscal 2022–2031 for capital construction and reconstruction projects.

DCLA's portfolio includes over 9.8 million gross square feet of space in City-owned buildings operated by the CIG and other cultural organizations under DCLA's jurisdiction, many of which

are landmarks. The agency has a robust capital program at both City-owned and privately-owned sites and is currently funding more than 435 capital projects on behalf of approximately 223 arts organizations, representing a cultural capital investment of \$981.9 million.

Figure 4: DCLA Executive Ten-Year Strategy



As illustrated in the chart above, the Ten-Year Capital Strategy contains almost all of its capital spending in the first four years. Unfortunately, this planning pattern is repeated in many other City agencies Ten-Year Strategies. The above spending plan essentially cuts capital spending to almost nothing for six out of the ten years of the plan. It is very unlikely that this Ten-Year Strategy accurately reflects how the funds will be used.

Highlights of the Executive Ten-Year Capital Strategy

The agency is investing \$981.9 million in capital support for the nonprofit cultural community to increase public service, provide greater access for the disabled, enhance exhibition and program space, better maintain and preserve historic buildings and increase protection of botanical, zoological and fine art collections.

Approximately \$1.7 billion of City funds were committed from 2010 through 2020 for the reconstruction, modernization, and expansion of these facilities, in addition to \$76.4 million planned in 2021.

- **Bronx Museum of the Arts.** An investment of \$19.4 million for the South Wing atrium renovation.
- **New York Botanical Garden.** An investment of \$10.4 million for the renovation of the worker’s operation center.
- **Brooklyn Botanic Garden.** An investment of \$5.3 million for the construction of a sustainable gardening center.
- **Staten Island Zoo.** An investment of \$8.9 million for the restoration of Clove Road visitor center.
- **MoMA PS1.** An investment of \$17.9 million for various upgrades, improvements and acquisitions.

- **Metropolitan Museum of Art.** An investment of \$31.6 million for the skylights replacement.
- **Queens Museum.** An investment of \$19 million for Phase II of the Queens Museum expansion project.
- **Snug Harbor Cultural Center.** An investment of \$24.4 million for various upgrades and improvements.
- **Queens Botanical Garden.** An investment of \$24.5 million for the construction of an education center.
- **Public Theater.** An investment of \$27.7 million for renovation of the Delacorte Theater.
- **South Street Seaport Museum.** An investment of \$5.9 million for Phase II of the restoration of the historic ship Wavertree.
- **Bronx Zoo.** An investment of \$10.6 million for the construction of the wildlife exhibit center.
- **Staten Island Museum.** An investment of \$8.4 million for the construction of a geo-thermal heating and cooling system.

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

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
DCLA Budget as of the Fiscal 2021 Adopted Budget	\$188,903	\$525	\$189,428	\$148,455	\$525	\$148,980
Other Adjustments						
City Services Corps (DCA)	(\$20)	\$0	(\$20)	\$0	\$0	\$0
Energy Personnel	0	125	125	0	0	0
ExCEL Projects	0	4,204	4,204	0	0	0
Labor Savings - Managerial and OJ Titles	(37)	0	(37)	0	0	0
CC Member Items Reallocation	(106)	0	(106)	0	0	0
Lease Adjustment	5	0	5	0	0	0
Put Up CADP Funds	0	239	239	0	0	0
CC Member Items Reallocation	(136)	0	(136)	0	0	0
CDBG funding transfer	0	0	0	0	(259)	(259)
CIG CB adjustment	13	0	13	13	0	13
City Service Corps (DCA)	2	0	2	(2)	0	(2)
Cultural Corp	0	0	0	0	25,000	25,000
Demand Response AMNH	0	8	8	0	0	0
Demand Response BM	0	3	3	0	0	0
Demand Response MET	0	4	4	0	0	0
Demand Response NYBG	0	16	16	0	0	0
Demand Response NYST	0	1	1	0	0	0
Demand Response QMA	0	2	2	0	0	0
Demand Response SNUG	0	2	2	0	0	0
ExCEL Round 2	0	29	29	0	0	0
Funding alignment	(11)	11	0	(11)	11	0
Heat, Light and Power	(5,966)	0	(5,966)	1,223	0	1,223
IC DC 37 ACF CB Adjustment	0	0	0	0	0	0
IC funding alignment	(9)	9	0	(9)	9	0
IC W/CULTURAL AFFAIRS	0	364	364	0	0	0
INTRA-CITY W/ CULTURAL AFFAIRS	0	30	30	0	0	0
INTRA-CITY W/DCLA- 2994	0	127	127	0	0	0
INTRA-CITY W/DCLA-2994	0	119	119	0	0	0
Lease Adjustment	0	0	0	11	0	11
MS Enterprise Licensing Agreement Realignment	14	0	14	0	0	0
Percent for Arts funding	0	0	0	0	31	31
Total Other Adjustments	(\$6,252)	\$5,294	(\$958)	\$1,225	\$24,792	\$26,017
Savings Program:						
Hiring Freeze	(\$64)	\$0	(\$64)	(\$85)	\$0	(\$85)
City/Federal funding swap	(500)	500	0	0	0	0
Hiring and Attrition Management	(64)	0	(64)	0	0	0
Lease adjustment	(159)	0	(159)	0	0	0
One year reduction to CreateNYC Funding	0	0	0	(4,711)	0	(4,711)
Programmatic funding adjustment	(410)	0	(410)	0	0	0
Total Savings Program	(1,197)	500	(697)	(4,796)	0	(4,796)
TOTAL, All Changes	(\$7,448)	\$5,794	(\$1,654)	(\$3,571)	\$24,792	\$21,221
DCLA Budget as of the Fiscal 2022 Executive Budget	\$181,455	\$6,319	\$187,774	\$144,884	\$25,317	\$170,201

Appendix B: Active Projects

Borough	Total Projects	Total Organizations	Amount in Plan
Bronx	40	14	\$108,550,000
Brooklyn	43	47	292,381,000
Manhattan	272	126	479,326,000
Queens	55	19	155,521,000
Staten Island	26	11	67,948,000
City-Wide	15	8	48,494,000
TOTAL	451	225	\$1,152,220,000