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July 9, 2019

The Honorable Gale A. Brewer
Manhattan Borough President
1 Centre Street, 19th Floor
New York, NY 10007

Dear Borough President Brewer: 

At your request, the Independent Budget Office reviewed the role of New York City's arts and cultural sector in the local economy. In particular, we examined the employment, wages, location, and industry type of the city's arts and cultural organizations. Our analysis, which covers 2014 through 2017, draws upon data from the New York State Department of Labor's Quarterly Census of Employment and Wages, the city's most recent adopted operating and capital budgets, and a sample of audited financial statements filed by selected cultural organizations with the Internal Revenue Service. Our findings are summarized below, and the enclosed memo contains additional details and our methodology.

I BO estimates there were close to 3,900 arts and cultural organizations with nearly 44,000 employees operating in New York City in 2017. These organizations paid \$3.3 billion in wages in 2017, or \$75,183 per employee on average. In the same year, the arts and cultural sector accounted for 0.9 percent of both total employment and wages in New York City. From 2014 through 2017, employment at the city's arts and cultural establishments grew at an annual average rate of 2.7 percent—slightly faster than overall city employment over the same period, which grew at an annual rate of 2.3 percent. Aggregate arts and cultural sector wages grew even faster compared with overall wage growth, rising at an average annual rate of 5.9 percent, compared with citywide aggregate wage growth of 4.4 percent.

The arts and cultural economy is centered in Manhattan, which had the largest share of the sector's jobs (80.7 percent in 2017) and wages (87.7 percent). In terms of industry in each year, the greatest share of jobs came from the organizations categorized as Theater Companies & Dinner Theaters, which accounted for 26.5 percent of all arts and cultural jobs in 2017. This was followed by jobs at museums (22.2 percent) and arts promoters with facilities (14.8 percent).

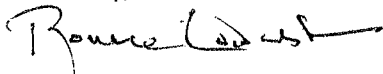
We also provide additional details on a subset of New York City's arts and cultural sector: city-owned cultural institutions (CIGs). In 2017, the city had 33 CIGs, which are independent private nonprofits that operate on city-owned property (such as museums and zoos). In exchange for city funding, CIGs are

expected to provide cultural services that are accessible to all New Yorkers. In 2017, the CIGs employed 10,444 workers, paying \$621 million in wages, or nearly \$60,000 per employee on average. Employment and wages at the city's CIGs constituted about 20 percent of the sector's jobs and wages. In terms of location, employment at CIGs was somewhat more dispersed among the five boroughs compared with the overall arts and cultural sector, although most jobs (57.4 percent) were still located in Manhattan.

The city provides both operating and capital support to the CIGs. Operating support to CIGs was relatively steady over the 2014 through 2017 study period, averaging \$111 million a year. While the city's total operating funding for the CIGs varied little from one year to the next, some institutions received much more city support than others—from an average of \$25 million a year for the Metropolitan Museum of Art (the city's largest CIG in terms of employment) to \$396,000 on average for the Staten Island Children's Museum. Capital funding for CIGs over the same four-year period totaled \$234 million and showed more year-to-year variation than annual operating support. City capital support for CIGs totaled \$86 million in 2014 compared with \$26 million committed in 2017. The Wildlife Conservation Society received half of the city's total capital investments over the four-year period. Most of these funds supported rebuilding and capital improvements at the New York Aquarium in Brooklyn, which was severely damaged in Superstorm Sandy.

If you have any questions or would like additional information, please feel free to contact me at RonnieL@ibo.nyc.ny.us or (212) 442-0225 or Conrad Pattillo, who researched and produced the memo, at ConradP@ibo.nyc.ny.us or (212) 341-6090.

Sincerely,



Ronnie Lowenstein

Memorandum

To: George Sweeting
 From: Conrad P. Pattillo
 Date: July 9, 2019
 Subject: Economic Activity in New York City’s Arts and Cultural Sector

IBO reviewed the employment, wages, location, and industry type of the city’s arts and cultural sector from 2014 through 2017. Using the North American Industry Classification System (NAICS) codes, IBO defined arts and cultural organization as entities that: (1) specialize in the creation of music, theatrical, dance, or film productions; (2) preserve the city’s natural or historical assets for public enjoyment (botanical gardens, zoos, historical sites, or museums); (3) support the arts as a charitable organization or advocacy group (arts foundations), or (4) market the arts.¹

IBO estimates there were close to 3,900 arts and cultural entities with nearly 44,000 employees operating within the five boroughs in 2017. These establishments paid out roughly \$3.3 billion in wages, or \$75,183 per employee on average, according to data from the New York State Department of Labor’s Quarterly Census of Employment and Wages. Thirty-seven of these arts and cultural organizations accounted for roughly half of all the sector’s employment (nearly 20,600 jobs) and wages (\$1.6 billion) in 2017. For perspective, however, as a share of overall city employment and wages in the same year, New York City’s arts and cultural sector accounted for only 0.9 percent of the total.

Growth in the Arts and Cultural Sector 2014 through 2017

From 2014 through 2017, employment at the city’s arts and cultural establishments grew at an annual average rate of 2.7 percent, as sector employment increased by 3,405 jobs over the period. In contrast, citywide employment over the same period grew at an annual rate of 2.3 percent. Aggregate wages for the sector grew faster than employment, expanding at an average annual rate of 5.9 percent, compared with citywide aggregate wage growth of 4.4 percent. Overall, sector wages increased by an estimated \$514 million over the four-year period.

New York City’s Arts & Cultural Sector Key Economic Indicators: 2014–2017					
<i>Dollars in millions</i>					
	2014	2015	2016	2017	Average Annual Change
Total Wages	\$2,779.6	\$3,094.6	\$3,111.8	\$3,294.0	5.9%
Average Employment	40,408	41,929	42,503	43,813	2.7%
Number of Organizations	3,592	3,750	3,828	3,896	2.8%

SOURCE: New York State Department of Labor’s Quarterly Census of Employment and Wages
 NOTES: Employment is the average of monthly employment reported in each year. Wages are the total of monthly wages reported in each year.

New York City Independent Budget Office

Arts & Cultural Sector Wages and Employment by Borough

Employment in the arts and cultural sector—as measured both by number of jobs and share of total wages paid—is concentrated in Manhattan, with little variation year over year. In 2017, 80.7 percent of the arts and cultural sector’s jobs and 87.7 percent of the sector’s wages were located in Manhattan. This was followed by Brooklyn, with 8.8 percent of arts and cultural jobs and 6.3 percent of wages. The Bronx was home to 5.2 percent of arts and cultural jobs and 3.4 percent of wages. Queens was home to 4.3 percent of arts and cultural jobs, which accounted for 2.2 percent of the wages in the sector. Staten Island had the fewest arts and cultural jobs at just 1.0 percent and only 0.5 percent of total wages.

New York City’s Arts & Cultural Economy				
Average Employment and Total Wages by Borough: 2017				
<i>Dollars in millions</i>				
	Average Employment		Total Wages	
Manhattan	35,346	80.7%	\$2,887.9	87.7%
Brooklyn	3,872	8.8%	\$206.5	6.3%
Bronx	2,291	5.2%	\$111.3	3.4%
Queens	1,874	4.3%	\$72.7	2.2%
Staten Island	431	1.0%	\$15.7	0.5%
Totals	43,813	100%	\$3,294.0	100%
SOURCE: New York State Department of Labor’s Quarterly Census of Employment and Wages				
NOTES: Employment is the average of monthly employment reported in 2017.				
Wages are the total of monthly wages reported in 2017. Columns may not sum due to rounding.				
<i>New York City Independent Budget Office</i>				

Arts & Cultural Subsectors

IBO also examined employment and wages in the 11 NAICS industry codes that are subsectors of New York City’s arts and cultural sector. The distribution of jobs across the subsectors was very similar from year to year. In each year, the greatest share of jobs came from the organizations categorized as Theater Companies & Dinner Theaters, which accounted for 26.5 percent of all arts and cultural jobs in 2017. This was followed by jobs at museums (22.2 percent), and arts promoters with facilities (14.8 percent). Employment was lowest at nature parks and “other performing arts companies.”

Similarly, there was little variation in the distribution of wages across subsectors of arts and cultural organizations from 2014 through 2017. In each year, the greatest share of wages was paid by organizations categorized as Independent Artists, Writers & Performers, which accounted for 23.9 percent of all arts and cultural wages in 2017. This was followed by wages at theater and dinner theater companies (22.3 percent in 2017) and museums (19.0 percent). As with sector employment, nature parks and “other performing arts companies” had the lowest share of wages.

New York City's Arts & Cultural Economy Average Employment and Total Wages by Sub-Sector: 2017

Dollars in millions

	Average Employment		Total Wages	
Theater Companies and Dinner Theaters	11,599	26.5%	\$734.8	22.3%
Museums	9,735	22.2%	627.5	19.0%
Promoters of Performing Arts, Sports, and Similar Events with Facilities	6,480	14.8%	431.9	13.1%
Independent Artists, Writers, and Performers	3,869	8.8%	787.0	23.9%
Dance Companies	3,525	8.0%	161.1	4.9%
Zoos and Botanical Gardens	2,867	6.5%	136.0	4.1%
Promoters of Performing Arts, Sports, and Similar Events without Facilities	2,187	5.0%	154.0	4.7%
Musical Groups and Artists	1,788	4.1%	172.2	5.2%
Historical Sites	1,027	2.3%	50.6	1.5%
Nature Parks and Other Similar Institutions	641	1.5%	33.9	1.0%
Other Performing Arts Companies	96	0.2%	5.1	0.2%
Totals	43,813	100.0%	\$3,294.0	100.0%

SOURCE: New York State Department of Labor's Quarterly Census of Employment and Wages

NOTES: Employment is the average of monthly employment reported in 2017. Wages are the total of monthly wages reported in 2017. For the purpose of this analysis, the NAICS codes for the Flushing Council on Culture & Arts and the Jamaica Center for the Arts were reassigned to the NAICS code for Promoters of Performing Arts, Sports, and Similar Events with Facilities, while the Museum of Jewish Heritage was reassigned to the NAICS code for Museums. Columns may not sum due to rounding.

New York City Independent Budget Office

New York City's Cultural Institutions Group

The City of New York provides funding for 33 cultural institutions (a 34th was added recently) located on city-owned property and collectively referred to as the city's Cultural Institutions Group (CIG). In exchange for city funding, the CIGs are expected to provide cultural services that are accessible to all New Yorkers. In 2017 the CIGs made up nearly 24 percent of employment and nearly 19 percent of wages and salaries in the arts and cultural sector. CIGs employed 10,444 workers, paying \$621 million in wages, or roughly \$59,500 per employee on average. The CIGs generated an estimated \$2 billion in revenues, including admission and service fees, merchandise sales, member dues, investment and grant income, according to their most recently audited financial statements.²

New York City's Cultural Institutions Group Key Economic Indicators: 2014–2017					
<i>Dollars in millions</i>					
	2014	2015	2016	2017	Average Annual Change
Total Wages	\$530.2	\$561.7	\$578.0	\$620.9	5.4%
Average Employment	9,738	10,256	10,179	10,444	2.4%
Number of Organizations	33	33	33	33	0%

SOURCE: New York State Department of Labor's Quarterly Census of Employment and Wages
NOTES: Employment is the average of monthly employment reported in each year. Wages are the total of monthly wages reported in each year.

New York City Independent Budget Office

From 2014 through 2017, employment and wage growth for the 33 CIGs trailed overall sector growth slightly, with wages rising at an average annual rate of 5.4 percent (compared with 5.9 percent in the arts and cultural sector as a whole) and employment growing at an average annual rate of 2.4 percent (compared with 2.7 percent overall).

Employment and wages are highly concentrated at CIGs, with just three institutions making up roughly half of total CIG jobs and just over half of total CIG wages.

Cultural Institutions Group Wages and Employment by Borough

Employment at CIGs was somewhat more dispersed among the five boroughs compared with the overall arts and cultural sector, although most jobs (57.4 percent in 2017) are still located in Manhattan. These Manhattan-based CIGs paid 66.9 percent (\$415 million) of total 2017 wages for CIGs. Combined total wages for Bronx- and Brooklyn-based CIGs (\$168 million) comprised a 27.1 percent share, while total wages for CIGs in Queens and Staten Island trailed at a combined share of 6.0 percent (\$37 million). Manhattan CIGs' share of total wages (69.9 percent) was nearly 10 percentage points greater than its share of employment (57.4 percent).

New York City's Cultural Institutions Group Average Employment and Total Wages by Borough: 2017				
<i>Dollars in millions</i>				
	Average Employment		Total Wages	
Manhattan	5,993	57.4%	\$415.4	66.9%
Bronx	2,044	19.6%	\$103.1	16.6%
Brooklyn	1,393	13.3%	\$65.3	10.5%
Queens	773	7.4%	\$28.8	4.6%
Staten Island	242	2.3%	\$8.4	1.4%
Totals	10,444	100%	\$620.9	100%

SOURCE: New York State Department of Labor's Quarterly Census of Employment and Wages
NOTES: Employment is the average of monthly employment reported in 2017. Wages are the total of monthly wages reported in 2017. Columns may not sum due to rounding.

New York City Independent Budget Office

City Support for the Cultural Institutions Group

From 2014 through 2017, the city invested a total of approximately \$679 million in CIGs, including both operating and capital funding. Operating support to CIGs totaled \$445 million from 2014 through 2017, averaging about \$111 million a year. Operating support for each CIG was relatively steady over the four-year period, although there was substantial variation in how much support was received across CIGs. The greatest share of operating support each year went to the Metropolitan Museum of Art and the American Museum of Natural History, which received an average of \$25 million and \$16 million annually, respectively. The Wildlife Conservation Society ranked third in terms of city operational support, averaging \$14 million annually. CIGs that received the smallest share of city operating support include the Bronx County Historical Society and the Staten Island Children’s Museum.

New York City’s Support for the Cultural Institutions Group: 2014–2017					
<i>Dollars in millions</i>					
	2014	2015	2016	2017	Total Support
Operating Support	\$108.9	\$113.8	\$107.0	\$115.1	\$444.8
Capital Support	\$85.5	\$75.3	\$47.3	\$25.8	\$233.9
SOURCE: Mayor’s Office of Management and Budget					
<i>New York City Independent Budget Office</i>					

Capital funding for CIGs fell steadily over the same four-year period, from a high of \$86 million in 2014 to a low of \$26 million in 2017. The decline was driven by funding for the Wildlife Conservation Society, which received just over half (\$116.5 million) of the city’s total capital investments over the four-year period. Most of these funds supported reconstruction and capital improvements at the New York Aquarium in Brooklyn (\$101 million), which had suffered significant damage as a result of Superstorm Sandy. Among other capital investments, the American Museum of Natural History and the Staten Island Historical Society each received a total of \$11 million in capital funds from 2014 through 2017 for exterior improvements and other miscellaneous renovations.

ENDNOTES

¹To define the arts sector, IBO selected 11 NAICS codes: 711110, 711120, 711130, 711190, 711310, 711320, 711510, 712110, 712120, 712130, and 712190. While NAICS codes 711310 and 711320 are specific to organizations that market the arts (each categorized as “Promoters of Performing Arts, Sports & Similar Events”), IBO believes that the activities of the vast majority of these establishments are sufficiently focused on cultivating creativity, which is what distinguishes the arts and cultural sector from other sectors. IBO found that only 3 percent of the organizations that fall into these two NAICS codes were sports and other non-arts organizations. Estimates of the number of organizations, wages, and employment have been adjusted accordingly for these two NAICS codes to include only those promoters focused on the arts sector. Additionally, the New York City Department of Parks and Recreation and the U.S. Department of the Interior are included in NAICS codes 712190 for 2014 through 2017; IBO excluded these government agencies from our analysis.

²To arrive at estimated revenues for New York City cultural organizations operating in city-owned facilities, IBO relied on Form 990 data submitted to the IRS between 2015 and 2017, which is published online by ProPublica’s Nonprofit Explorer: <https://projects.propublica.org/nonprofits/>.