

March 2021

The Cultural Affairs Department and Libraries Face Budget Reductions

After years of increases to the budgets of the city's Department of Cultural Affairs (DCLA) and for the city's three library systems, the 2022 Preliminary Budget included reductions to both. DCLA's budget declined from \$209.9 million in 2020 to \$193.1 million in 2021, a reduction of 8.0 percent. (Unless otherwise noted all years refer to city fiscal years.) The agency's 2022 budget is currently projected to be \$144.2 million, but it is common for substantial funding to be added to DCLA when the budget for the upcoming year is adopted, particularly by the City Council. The libraries' budgets totaled \$431.4 million in 2020 and dipped slightly to \$428.0 million for 2021. The libraries' budgets for 2022 currently total \$403.2 million, but as with DCLA, it is likely some additional funding will be added before the budget is adopted.

Passage of the American Rescue Plan Act (ARPA), which includes fiscal relief for the city and state, may allow the city to avoid budget cuts for DCLA and the libraries and even resume the upward trend in their funding. Changes to their budgets are unlikely before the Executive Budget is released in April and perhaps not until budget adoption in June. For now, this brief describes the current state of their budgets as shown in January's Preliminary Budget for 2022.

Cultural Affairs. The Covid-19 pandemic has ravaged the city's arts and cultural community, forcing its museums, botanical gardens, zoos, and other cultural organizations to close for several months and to operate at only 25 percent capacity when they were allowed to reopen. Arts and entertainment venues will be allowed to reopen as of April 2, with capacity limited to the lesser of 100 people or 33 percent. While the beginning of a return to pre-pandemic operations for cultural organizations is welcome news, the loss of revenue from ticket sales and canceled fundraisers over the past year, along with new expenses such as cleaning supplies and technology to enable virtual programming, has

severely impacted organizations' budgets, resulting in many cases in layoffs, furloughs, and even potential closures—particularly for the smallest organizations.

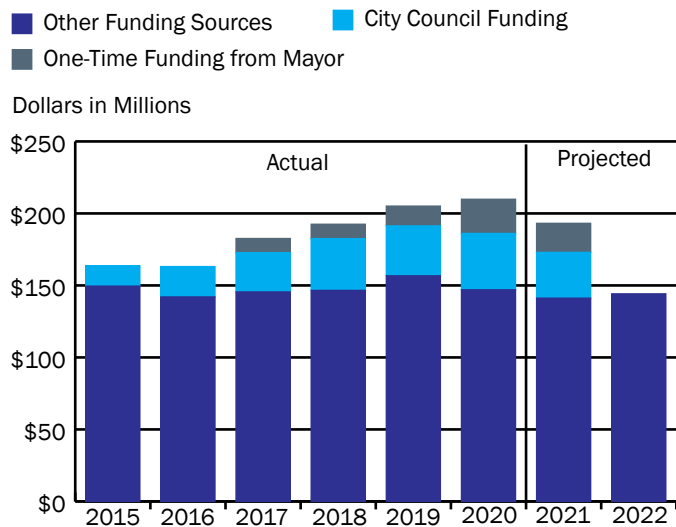
The federal, state, and city governments have all made efforts to help these organizations. As of March 1, institutions are able to apply for permits to hold outdoor, socially distanced, ticketed performances through the city's new Open Culture program. The city is also giving venues that formerly offered live performances assistance in applying for funding through the federal Shuttered Venue Operators Grant, established in December 2020 as part of the coronavirus stimulus package enacted that month. The ARPA also includes specific funding to support arts and cultural programming that local institutions can apply for. In addition, the state has organized pop-up performances across New York, funded with a mix of public and private dollars, to provide work for artists while entertaining residents.

The city's Department of Cultural Affairs funds over 1,000 cultural organizations throughout the city annually through two main programs: the Cultural Institutions Group (CIG) and the Cultural Development Fund (CDF). The 34 CIG members are located on city-owned property and are guaranteed DCLA funding every year. All other cultural organizations in the city may apply for grants through the CDF process.

As with most city agencies, DCLA's budget has been cut through successive rounds of financial plan actions since the pandemic began in March 2020. As of the 2022 Preliminary Budget, savings taken from DCLA's budget have totaled \$2.1 million for 2020, \$10.2 million for 2021, and \$5.4 million for 2022. Additionally, one-time funding for cultural organizations that was added by the de Blasio Administration at adoption last spring for 2021 was \$3.6



Department of Cultural Affairs Budget Steadily Increased for Years, Decreased in 2021



SOURCES: Mayor's Office of Management and Budget; City Council Schedule C
 NOTES: City Council funding is added when the budget is adopted, so it has not yet been added to DCLA's budget for 2022. In years that the Mayor's adds one-time funding, this is also typically added at budget adoption. "Other Funding Sources" is primarily baselined city funding as well as intracity, state, federal, other categorical, and inter-fund agreements funding.

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million less than what was added for 2020. Although these budget actions have reduced projected spending, actual funding for the Cultural Development Fund has continued to increase on a year-over-year basis from \$32.9 million in 2019 to \$38.4 million in 2020, and it is expected to total \$40.8 million in 2021. In contrast, most CIG organizations have seen small cuts to their subsidies in 2021 compared with 2020 and 2019.

The savings program for the 2022 Preliminary Budget included some cuts to DCLA's budget totaling \$633,000 for 2021 and \$4.7 million for 2022.¹ The 2022 savings in the Preliminary Budget come entirely from sharply reducing funding to CreateNYC, the Mayor's plan to foster equity and diversity in the city's cultural programs, which was originally funded at \$5 million annually. Since DCLA receives funding for CreateNYC as one lump sum at the beginning of the fiscal year, it is not yet clear which initiatives will be cut or eliminated for 2022. Last April's Executive Budget decreased CreateNYC funding by \$3.4 million for 2021, resulting in deferral of a study on the demographics of cultural workers and a pilot program that would assist selected cultural organizations with planning capital construction or renovation projects, as well as reductions in energy subsidies to cultural organizations—many of which have been closed or operating at lower capacity.

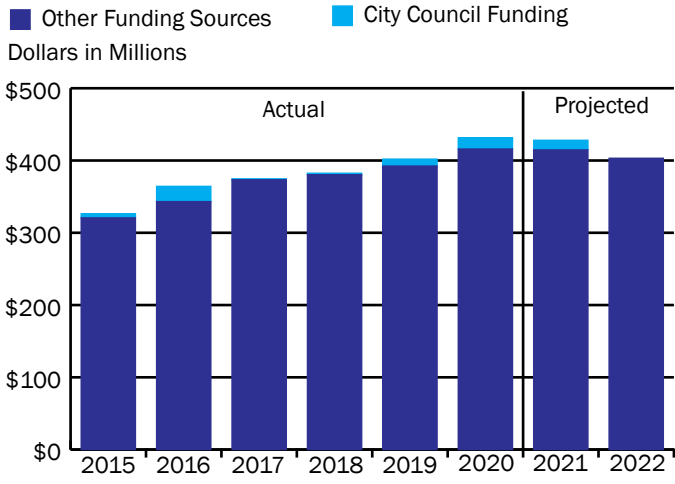
Most of the cuts for cultural programs in earlier Citywide Savings Plans have been reductions for one year only, but about \$650,000 in annual savings beginning in 2021 has come from eliminating a community arts development program, funding for subway performers, and vacant staff positions along with a citywide hiring freeze. In addition to the CreateNYC cut described above and these modest recurring savings, there were also one-time reductions in the 2021 budget for DCLA. These one-time cuts included reducing supplemental and emergency funding to organizations, decreasing the Metropolitan Museum of Art's operating subsidy by \$1 million in exchange for the same amount in capital funding, and temporarily redirecting some funding from additional grants the agency had planned to give to cultural organizations in 2021 to instead meet DCLA's own budget needs.

After years of increases—DCLA's expenditures totaled \$209.9 million in 2020, having grown at an annual average rate of 6.5 percent since 2016—its current budget for 2021 is now \$193.1 million, a reduction of 8.0 percent. While the Preliminary Budget includes DCLA funding of \$144.2 million for 2022, this figure does not take into account City Council funding for next year that will likely be added to the Adopted Budget in June (Council funding is only added for one year at a time). The Council funds several cultural initiatives every year and also gives discretionary funding to individual arts and cultural organizations through DCLA. This funding totaled \$39.1 million in 2020 and \$31.8 million in 2021. The current budget for 2022 also does not include any funding the de Blasio Administration might add at adoption; \$20.2 million in non-baselined funding was added for the 2021 budget when it was adopted last spring.

The 2022 budget also does not yet include intracity funding for various initiatives that are coordinated with other city agencies. In recent years this funding has amounted to roughly \$5 million to \$7 million annually, and since the 2021 budget only reflects \$4.3 million in intracity funding, it is likely that more will be added for 2021 as well.

Libraries. Along with arts and cultural organizations, libraries have also had to rework how they operate during the pandemic, for the most part shifting to offering solely online programming and keeping branches open only for book checkouts and returns. A few branches have also served as Learning Lab sites for children learning remotely or as Covid-19 testing centers. The city is served by three separate library systems: the New York Public Library, which provides services for Manhattan, Staten Island, and the Bronx; the Brooklyn Public Library; and the Queens Public Library.

Combined Libraries' Budgets Steadily Increased For Years, Decreased in 2021



SOURCES: Mayor's Office of Management and Budget; City Council Schedule C
 NOTES: Other Funding is primarily city funds. City Council funding is added at budget adoption, so it has not yet been added to the libraries' budgets for 2022.
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totalled \$13.3 million, a decrease from the Council's \$15.5 million allocation for 2020. Council funding for libraries has been much more variable than it has been for DCLA, and has made up a smaller portion of the libraries' budget. The Council provides support for a few broad-based library initiatives as well as discretionary funding to individual branches every year; in some years it also supplements Mayoral funding with lump sums for the libraries.

Total funding for the three systems is budgeted at \$428.0 million for 2021. While this is only a slight decrease from the \$431.4 million the libraries received in 2020, it represents the first year-over-year decline in library funding since 2013. The 2022 budget is currently \$403.2 million, but at least a few million dollars of Council initiatives and discretionary funding will likely be added when the budget is adopted. It is also possible that the Council could choose to use some of its funding as part of its budget adoption to partially or wholly restore the 2022 reduction with a lump sum addition to the library subsidies. Like DCLA's budget, the libraries' budgets also do not yet reflect 2022 intracity funding, which has totaled roughly \$4 million to \$6 million in recent years.

The Preliminary Budget cut subsidies for the systems by a total of \$4.3 million for 2021 and \$10.3 million for 2022. Additionally, library funding from the City Council for 2021

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Endnote

¹DCLA's savings in city funds total \$1.1 million for 2021, but \$500,000 of that amount is a funding swap with federal money rather than a cut to the agency's budget.