

# Findings



Opening reception at the Museum of Chinese in the Americas for photographer Corky Lee's exhibition "Not on the Menu: From Asian/Pacific Islander Roots to American Reality." Photo courtesy of Museum of Chinese in the Americas.

*"We must stop this annual [budget] dance of arrhythmia that makes us all dysfunctional."*

— Museum Director

*"Public policy ought to insist upon some allocation of public space for art and culture purposes."*

— Corporate Executive

## 1. Examine existing cultural policy

**Despite its standing as the cultural capital of the world, New York City lacks a comprehensive and comprehensible cultural policy that benefits organizations of all sizes and disciplines, as well as artists in all boroughs, and thus optimizes the City's role as a national and international cultural capital.** "The present system for allocating funds lacks coherence as well as a central, clearly defined operating policy with established priorities."<sup>4</sup> This conclusion was drawn in *The Report of the Mayor's Committee on Cultural Policy*, published by a committee appointed in 1974 by then-mayor Abraham Beame and chaired by Martin Segal. Based on our survey of New Yorkers and discussions within the arts community, this statement could still be made today.

- **There is a widespread lack of understanding of the goals and priorities of City funding.** Many Blueprint respondents commented on the lack of information available on the City funding process and the need for funding mechanisms that will support the entire cultural ecosystem and its full complement of organizations of various sizes, ages, disciplines, and locales. Others commented on the complexities of navigating a funding system without clear and measurable goals and priorities. And still others looked for points of intersection where strategic alliances could be formed with a broader array of City agencies.
- **The lack of clearly articulated policies to guide funding has allowed perceptions of inequity to take root.** Designating allocations to particular cultural organizations is the purview of the City's elected officials. Given the lack of clearly articulated policies to guide those allocations, many Blueprint respondents expressed heartfelt concerns about what they see as racial, ethnic, and borough inequities. As one leader of a community-based organization explained, "While the term 'equity' has been bounced around for a number of years, funding is still not reflective of demographics." The challenges to addressing perceptions of inequities are further complicated by the fact that Manhattan has a concentration of arts and cultural organizations not matched in other boroughs, as the map on p. 75 demonstrates. (Furthermore, given the large number of organizations located in the borough, many members of the cultural community feel that there are serious inequities *within* Manhattan itself.)
- **Information on the cultural sector is inadequate.** The lack of current, accurate data on the cultural sector obstructs informed decision-making and the ability to devise strategies, forecast conditions, or respond with appropriate policy alternatives. One of the major obstacles for research for the Blueprint Project was the dearth of centralized data on the sector, from attendance and income to infrastructure — notably workforce, space, and funding.
- **The lack of a comprehensive cultural policy makes it difficult to plan for either the short or the long term.** As the sidebar on funding in the 1990s illustrates (see p. 21), the consequences of the economic recession that began in 1989 were still playing out well into the middle of the following decade. Consequently, a number of well-respected and effective organizations had to shut their doors, and individual artists, if they were able

## Benchmark: Funding in the 1990s

The effects on culture of declines in public funding, especially City support, in the 1990s continue to reverberate today. The decade proved to be a period of great instability for the arts and cultural sector, even for the most stable organizations.

Cultural organizations secure support and revenue from an array of sources, including government agencies at the federal, state, and local levels, earned income, and private contributions from individual donors, foundations, and corporations. Like individuals with investments, organizations may be able to weather changes in any one area of support through a diversified portfolio of government income, and earned and donated dollars. However, over the last decade, support from all these sources has decreased.

From the steep recession that began in 1989 and lingered until 1992, the City made an uneven and sluggish recovery. In 1992, the City's support of the cultural sector fell by nearly a quarter in inflation-adjusted terms from its high in 1988. In FY 2000 DCA received 14% less than it did in 1988 as a percentage of the City's budget. In effect, the declining share of funds DCA receives as a percentage of the City's overall expense budget spending each year has cost DCA nearly \$250 million in inflation-adjusted spending over the last twelve years – funds that could have preserved more collections, provided more jobs, and educated and served more citizens.

In 1993, funding to organizations in New York City from the New York State Council on the Arts (NYSCA) was cut in half. Shortly thereafter, the City's cultural sector lost

more than a quarter of its previous federal funding (see chart below). Funding from the National Endowment for the Arts (NEA) alone plummeted by more than 70% in just four years. And, except for writers, individual artists lost all federal support for their work.

In its 1999 study *Trends in Income Sources for New York City Cultural Organizations*, the Alliance for the Arts found that government funding as a share of total income for New York arts and cultural organizations has plunged by 62% since 1982. The portion of funding derived from all government sources dropped by nearly two-thirds, from 28.9% in FY 1982 to 11.1% in FY 1998.

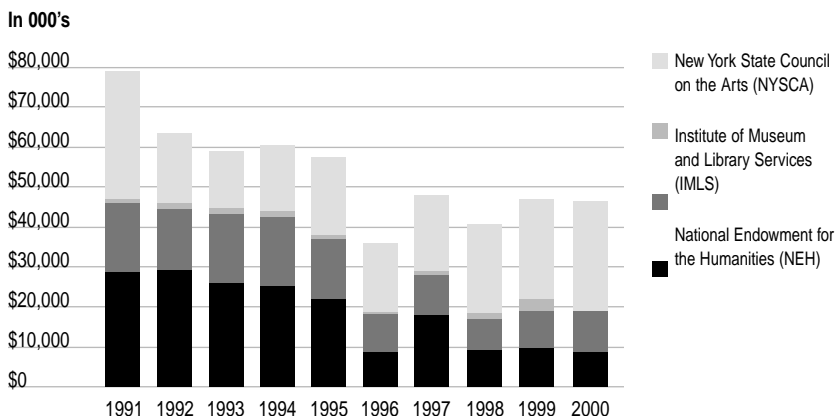
In the 1990s, the cultural community saw a modest increase in foundation support, largely resulting from growing endowments and the creation of several significant philanthropic entities. According to the Foundation Center, national arts funding – as measured in grant dollars – increased by one fifth, from \$726.2 million to \$891.2 million during the period 1992-96. But while foundation support for the arts increased, its growth rate was only half the rate of foundation giving overall for all sectors. More problematically, corporate foundations are giving less now: their philanthropy to the arts and culture has declined by nearly one eighth as a share of overall foundation arts giving.<sup>5</sup> These trends underline the greater need for City funding today and for collaborative efforts between government and private organizations.

Several private initiatives, such as the Lila Wallace-Reader's Digest Fund Arts Stabilization Initiative, were created during this critical period of losses in government support. They provide concrete examples of the kinds of

creative – and collaborative – efforts for funding that the City needs to foster. The Stabilization Initiative was supported with \$3.5 million from the Wallace Fund and \$500,000 from the DCA as local partners, and \$2.5 million from the National Arts Stabilization Fund, a nonprofit corporation that works with communities to strengthen arts organizations by developing managerial and financial skills (now called National Arts Stabilization). The program was designed to help stabilize small to medium-sized New York arts organizations through grants, short-term loans, and technical assistance, and it was administered by the National Arts Stabilization Fund. Aggregate financial results for the twelve grantees were significant. Their total working capital improved by \$10 million. Their aggregate operating budgets grew 34%, earned revenue increased 61%, and contributed revenue grew by 31%. Additional benefits included an increase in the size and expertise of their staffs and boards and their instituting and regular updating of long-range plans.

What can be learned from the 1990s and the Stabilization Initiative's efforts to address the challenges of the decade? First, research and trend analysis provides invaluable information for forecasting and responding to changes in the environment in which cultural organizations operate. Second, strategic support for cultural organizations tailored to their capacity through leveraged funding, long-range planning, sound analysis, and financial investment, can reap solid benefits – even in a time of economic uncertainty. Finally, DCA's critical part in the Stabilization Initiative's achievements is indicative of the role a strengthened agency can and must play in meeting the challenges of the next four years.

### Combined Federal and State Funding to New York City, 1991–2000



Source: NYSCA, IMLS, NEH, NEA



Laura Knoop Very, William Burden, Leah Summers, Mel Ulrich in Mozart's *The Magic Flute* at New York City Opera. Photo by Carol Rosegg.

City support for DCA has ebbed and flowed over the past 30 years. Its variability, in part, is a function of the lack of a comprehensive City cultural policy and plan.

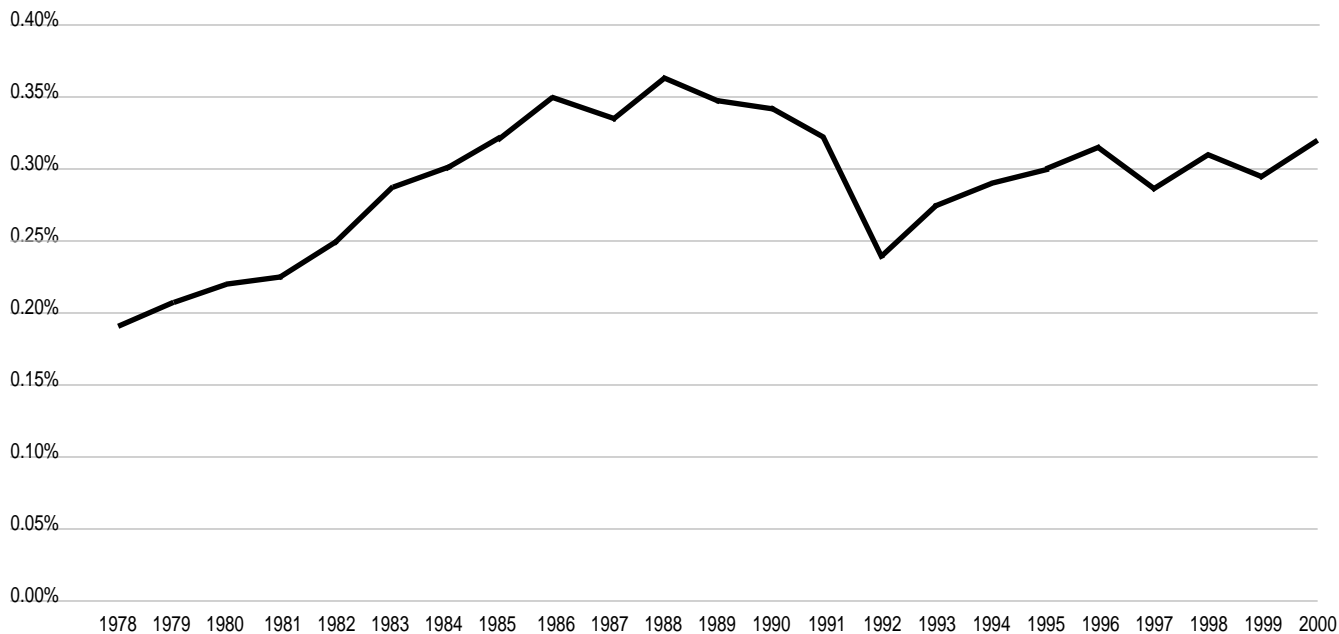
to remain in New York at all, have had to relocate from neighborhood to neighborhood. This need not be inevitable. An articulated cultural policy allows for strategic decision-making that takes economic forecasting and cultural trends into account.

## 2. Research and analyze the Department of Cultural Affairs' current funding structure

The Department of Cultural Affairs (DCA) plays a singular role in providing core funding for programs and operations and leveraging private support and earned income. DCA has been essential in administering funds directly and indirectly to organizations of every size and type in every borough, and in providing an array of technical assistance, in-kind support, and information. Through its expense and capital programs, it has supported and leveraged millions of dollars in improvements to cultural organizations, which has benefited the public, preserved collections, improved education and outreach, and maintained important facilities.

**The accomplishments of the Department of Cultural Affairs are substantial, but the agency requires significant strengthening to operate more effectively as an agent, catalyst, and convener for a large and complex cultural economy.** In a new era of cultural and civic life, DCA can become a better *agent*, to champion culture and cultural organizations with City and private leaders and agencies; a *catalyst*, to jumpstart key processes such as planning; and a *convener* of the cultural sector, government and private organizations, to tackle key issues affecting the field. DCA is the principal candidate to chart a comprehensive, transparent cultural policy for all five boroughs of the City. It can best represent our racial and

Department of Cultural Affairs Expense Budget Spending as Percent of Total NYC Spending



Source: New York City Independent Budget Office

ethnic diversity, the roles played by organizations of all sizes and by individual artists, their interactions with the commercial sector, and the ecology of arts and culture overall. Elected leaders, in concert with DCA and the cultural community, can review, develop, and implement new strategies to meet these complex needs..

For DCA to perform adequately in existing areas and expand into new ones, the executive levels of City government must encourage this transformation and enable DCA's Commissioner to serve as a leader and a spokesperson for a collaborative and catalytic City cultural policy.

- **The funding system has not adapted to address the needs of a range of organizations.** City funding is critical for those organizations that currently receive it. It supports core operations and programs and is vital in leveraging private funds. Yet the current City funding system has not adapted to the diversity of organizations that have emerged over the past 30 years and the variety of ways that cultural funding has evolved. DCA's range of available funding does not reflect the complexity of needs of cultural organizations across the spectrum, from incubator and technical assistance support to capacity-building and endowment funds.
- **Significant numbers of New York's cultural organizations lack access to City funding.** Under today's funding system, some large, well-known, and respected organizations, important mid-sized organizations, and innovative small organizations are ineligible

### DCA Applicants and Grantees, FY 2001, by Budget and Discipline

While complete information on New York's rich and diverse cultural sector is not available, an examination of DCA's grantees in fiscal year 2001 indicates the size and scope of the City's cultural industry.\* The combined operating budgets of the institutions and DCA applicants alone was \$1.8 billion in FY 1999.

#### Organization Classified by Budget Size

Overall, 71% of the agency's grantees have budgets under \$1 million and 29% have budgets over \$1 million.

- 57% of the agency's grantees, such as Puppetworks and the Museum of Chinese in the Americas, have operating budgets under \$500,000 per year.
- 14% have budgets above \$500,000 but less than \$1 million, such as Mind Builders Creative Arts in the Bronx and the Isamu Noguchi Foundation in Queens.
- 13% of the cultural groups have operating budgets greater than \$1 million but less than \$2.5 million, and include the Public Art Fund, the Staten Island Historical Society, and Queens Theatre in the Park.
- 7% have budgets over \$2.5 million and less than \$5 million, with the Donald Byrd Dance Company and Poets & Writers numbered among them.
- 3% have budgets over \$5 million and less than \$10 million, including the Theatre Development Fund and the South Street Seaport Museum.

- 6% have budgets that exceed \$10 million, including the Asia Society and the Solomon R. Guggenheim Museum.

#### Organizations Classified by Discipline

- More than half of DCA-grantee cultural organizations can be grouped in the theater (23%), music (21%), and dance (10%) disciplines, as represented by the Kings County Shakespeare Company, Jazz at Lincoln Center, and Dancing in the Streets, respectively.
- The cultural sector includes multidisciplinary groups (17%), like American Indian Community House; visual art organizations (7%), such as Dumbo Arts Center in Brooklyn; and museums (7%), such as El Museo del Barrio.
- Electronic Arts Intermix is representative of the 3% of the sector that works with film, video, or audio, while the Jewish Heritage Writing Project and the West Indian American Day Carnival Association stand as examples of the literature and folk art disciplines, which each claim 2% of the field.
- The remaining disciplines funded by the DCA each account for 1% or less of the sector and include: architecture/design grantees such as the Municipal Art Society; craft organizations like Elder Craftsmen; photography grantees as represented by En Foco in

the Bronx; botanic gardens such as Wave Hill; zoo grantees like the Staten Island Zoological Society; science institutions such as the New York Hall of Science in Queens; and humanities-related institutions, such as the Sandy Ground Historical Society in Staten Island.

#### A Closer Look at the Cultural Institutions Groups

Cultural Institutions Groups (CIGs) can also be looked at by discipline and budget.

- Budgets for 3% are above \$500,000 but below \$1 million; 38% have budgets between \$1 to \$2.5 million; 12% have budgets between \$2.5 million and \$5 million; 12% have budgets between \$5 and \$10 million; and 35% have budgets over \$10 million. Overall, more than half (53%) of the CIGs have budgets below \$5 million.
- By discipline, 21% of CIGs are art museums; 18% are multi-discipline; 15% are history museums; 15% are botanical gardens; 9% are theaters; 6% are children's museums; 6% are zoos; and music, natural history, science, and other each represent 3% of the 34-member group.

\*Classification by budget size was based on data from FY 2001 grantees. Classification by discipline was based on data from FY 2001 applicants.



Magnolia Plaza. © Brooklyn Botanic Garden.

*“Through arts education, a person can transform himself or herself and become ‘more’ which is, after all, the driving promise of New York City”*

— Community Leader

for operating support. In FY 2000, approximately 72% of cultural organizations received little or no City support.<sup>6</sup>

In FY 2000, 95% of the DCA grant budget was allocated to line items for both Cultural Institutions Group members and those groups that receive City-adopted budget allocations; the remaining 5% was allocated to competitive grants. Of the 95%, approximately 85% was allocated to Cultural Institutions Group Members and 15% to those groups that receive City-adopted budget allocations for their programs. Of the remaining 5%, \$5 million is allocated for Challenge grants, \$1 million is awarded competitively through Program Development Funds, and nearly \$350,000 is regranted by borough arts councils.

- **Grantmaking criteria and the decision-making process are not clearly defined.** Many Blueprint respondents commented on the lack of clearly established, articulated, and published criteria by which institutions become Cultural Institutions Group members or receive City-adopted budget allocations for their programs, and by which individual funding lines are increased or decreased. Furthermore, many emerging organizations — which function as the research and development arm for the cultural industry — have little hope of navigating through the current funding system to successfully apply for City support.
- **Declines in agency staffing have not kept pace, particularly in Capital Projects, thus impeding planning and full service to the cultural sector and the public at large.** The New York City Independent Budget Office reports that in FY 1988, DCA had 58 employees, while in FY 2000 there were 33 staff members — a drop of nearly one-half. While staff size dramatically decreased over this seven-year period, grant applications for programmatic support significantly increased and funds for Capital projects increased by more than 600%. Decreases in staffing, despite increasing caseloads, have impeded the agency’s ability to plan adequately.

### 3. Survey current levels of public participation in arts and culture

**There is enthusiastic participation in arts and culture among New Yorkers and strongly held beliefs about the benefits of that participation.** The Blueprint’s Fordham Institute Profile (see p. 37) found that almost half of all New Yorkers went to musical performances (49%), as well as art exhibitions and museums (43%), and more than a third went to the theater (36%) in the period April 2000 – April 2001. New Yorkers see significant benefits to engagement with the arts, including thinking more imaginatively (76%), and seeing things from other people’s perspectives (75%). Most (80%) wish they had engaged in arts and culture even more in their earlier years.<sup>7</sup>

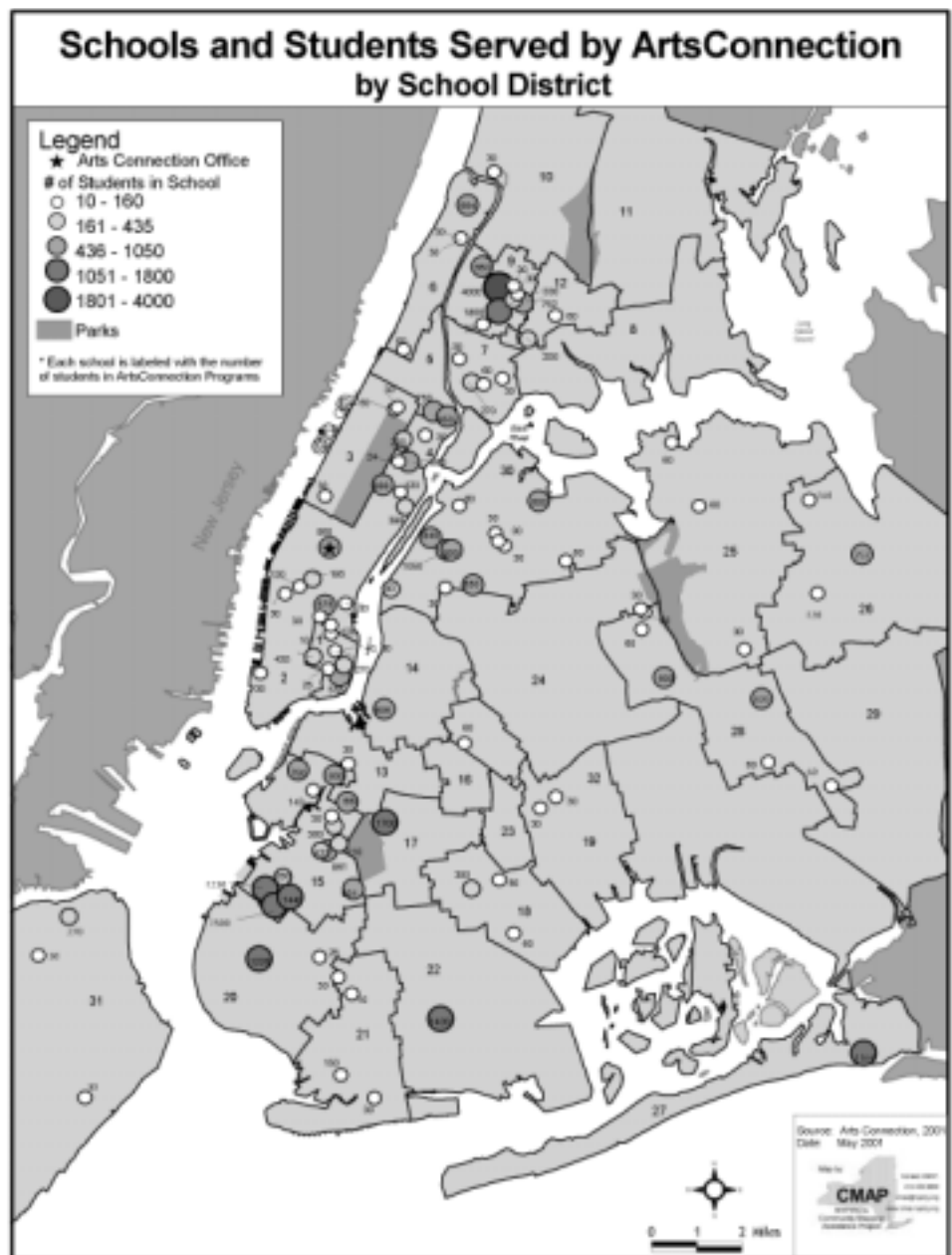
**But barriers exist that prevent many New Yorkers from participating fully in arts and culture.** More than 50% of New Yorkers reported that they would participate in arts and culture more often if barriers of access, cost, location, and lack of information were addressed.

- **Arts and cultural programs are of uneven access and quality in public schools.**

New Yorkers strongly believe in the educational importance of culture, especially arts in the schools and after school, but existing programs lack uniform high quality and, most important, are simply not available to all our children. The Fordham Study reports that 60% of parents think it is very important that their children are involved in the arts; 78% state that they would participate more often if there were more opportunities in school, and 75% say their participation would increase if there were more after-school programs. The City of New York has provided substantial financial and leadership support for arts education programs, for example through its allocation to Project ARTS (Arts Restoration Throughout the Schools); and private initiatives such as those of the Center for Arts Education, supported by the Annenberg Foundation, which have made important contributions (see p. 26). The ArtsConnection map on p. 23 demonstrates the extensive reach of one such organization. (ArtsConnection is a not-for-profit arts-in-education organization that trains and sends professional artists into New York City public schools.)

A November 2000 survey of the New York City Arts in Education Roundtable, an arts education service organization, reveals that New York City cultural organizations spend 10% of their budgets for education programs in New York City public schools. Furthermore, playing their role as part of the cultural enterprise, organizations match the monies they receive from the Board of Education by a ratio of nearly four to one. According to the Roundtable, a conservative estimate of the cultural community's spending in New York's schools is \$130 million. A need for comparable investment in other areas of cultural education — including areas of science and technology — was also cited by Blueprint respondents.

- **The costs of attending cultural events are too high for many New Yorkers to participate regularly.** The elderly and children from low-income families have the least access to arts and culture (e.g., only a third of senior citizens went to musical performances compared to over one half of adults). Many cultural organizations offer a generous array of free and reduced-price events and programs, from free performances at the Celebrate Brooklyn Festival to complimentary



admission hours at the Studio Museum in Harlem to suggested admission fees at the Queens Museum of Art. But the breadth of this issue requires both greater investment and a citywide strategy for addressing it.

- **Cultural offerings are not available in every neighborhood, and full information about cultural opportunities is lacking.** New Yorkers who do not live near cultural organizations lack adequate transportation to them, including buses for school children. Many large and mid-sized organizations have outreach programs, and community-based organizations provide valuable services to a variety of participants. But New York City is large and diverse, with concentrations of high-quality cultural organizations in every borough, as well as neighborhoods with little direct access to cultural programming. Again, large-scale issues demand coordinated approaches to ensure access, including the need to provide the public with fuller information about cultural events.

#### 4. Identify the major issues affecting artists and cultural organizations and their ability to serve all New Yorkers

**Inadequacies in the sector's infrastructure limit the ability of cultural organizations to deliver services to the public.** There are gaps in the cultural infrastructure that range from immediate needs for space, facilities, employees, and professional development opportunities

##### Major Arts Education Initiatives in New York City

Over the last three decades, DCA has supported educational programs and private funds raised by cultural organizations have underwritten programs in the public schools. In recent history, two initiatives have had a significant impact on arts education in the schools.

##### The Annenberg Challenge and the Center for Arts Education

The New York City Annenberg Challenge for Arts Education was launched in March 1996 with the award of a five-year, \$12 million, two-for-one matching challenge grant to support the Center for Arts Education, a newly created, independent, nonprofit organization. The Center collaborates with the New York City Board of Education, the DCA, and the United Federation of Teachers to administer and provide leadership for a New York City Arts and Education Initiative.

From 1996 to 2001, the Center awarded almost \$21 million to arts education programs, including public funds from the Board of Education and DCA. These are directed through partnerships between 80 public schools and 135 cultural and community-based organizations, colleges, and universities. The programs reach 54,000 public school students and 22,000 parents, as well as 4,200 teachers and teaching artists in all five boroughs. In March 2001, the Annenberg Foundation awarded a second, \$12 million grant to New York's Center for Arts Education. This grant, coupled with a \$2.5 million commitment from the New York City Board of Education, will allow the Center to continue to support the arts in the City's public schools.

##### Project ARTS (Arts Restoration Throughout the Schools)

Launched by the Board of Education with the support of the Mayor's Office in the fall of 1997, Project ARTS was designed as a \$75 million, three-year incentive program to encourage schools to build their capacity to provide comprehensive arts education for all students by combining existing local resources with additional funds from the Board. The program components included direct instruction to students, professional development for staff, local curriculum development, and allocations for equipment, materials, and arts and cultural services. Since the completion of this three-year program, the Board of Education has continued to provide funds to develop standards-based arts education for all New York City public school children.



Abbey Lincoln at Aaron Davis Hall. Photo courtesy of Aaron Davis Hall.

to systemic needs in each borough. In all cases, the capacity of the sector must be increased in order to improve its public service.

- **A space crisis exists that particularly threatens small and mid-sized organizations in all disciplines and individual artists.** The Center for an Urban Future reports that many cultural organizations and artists are grappling with rents that have doubled or tripled. (See the full report on p. 49). Chelsea rents, for example, soared 262% over the last three calendar years. The City's high real estate prices and the resultant scarcity of space for production and presentation are forcing many arts organizations to relocate, sometimes far from their audiences, and threatening the elimination of some smaller cultural groups.

Underlining the crisis are the findings of a New York Foundation for the Arts-administered survey of FY 2000 applicants to the Department of Cultural Affairs: the majority of the cultural organizations recently applying to DCA lease their office and production space, and half of those leases expire by 2004.

- **The capacity of the sector to meet the challenges of a new era is insufficient.** Key portions of the cultural sector lack resources for sound financial management, fundraising, long-range planning, board development, marketing, professional development, and technical assistance programs. For example, facilities require resources to comply with the Americans with Disabilities Act to ensure access and participation for audiences of all abilities. And many organizations continue to lack basic technology. In a 2000 survey of presenting theaters and organizations in New York City, Brooklyn Information & Culture (BRIC) found that two-thirds of respondents did not use connectivity (Internet, ISDN, etc.) in their work, leaving them unable to meet the demands of an increasingly technology-reliant public. As for the City's cultural workforce, *The Chronicle of Philanthropy* notes that low salaries and benefits, which fail to compete in the open marketplace, can lead to unnecessary staff turnover and a loss of talent.<sup>8</sup>
- **Borough-specific issues need greater attention.** While New York's overall cultural infrastructure needs strengthening, so do the infrastructures of each borough. One positive early outcome of the Blueprint research resulted from the sponsoring of town hall meetings in the five boroughs. Participants universally remarked that the meetings helped to gather different parts of the field into a single entity, bringing added energy to their cultural communities.

Borough arts councils, often in partnership with DCA and other agencies, are central supports to smaller cultural and community-based organizations and artists themselves. They, and related service organizations, are significant catalysts in delivering services and support to local cultural groups — from administering regrant programs to providing technical assistance. This is particularly important given that such organizations not only have fewer financial resources than mid-sized and larger institutions, but they have less access to private funds, which are so vital to the mix of support that any organization needs to thrive.<sup>9</sup> The borough arts councils also serve as a rich resource for information about the activities taking place at a local level.



The Public Theater's 46th summer season of Shakespeare in Central Park features Billy Crudup and Joe Morton in William Shakespeare's *Measure for Measure* at The Delacorte Theater. Photo by Michal Daniel.