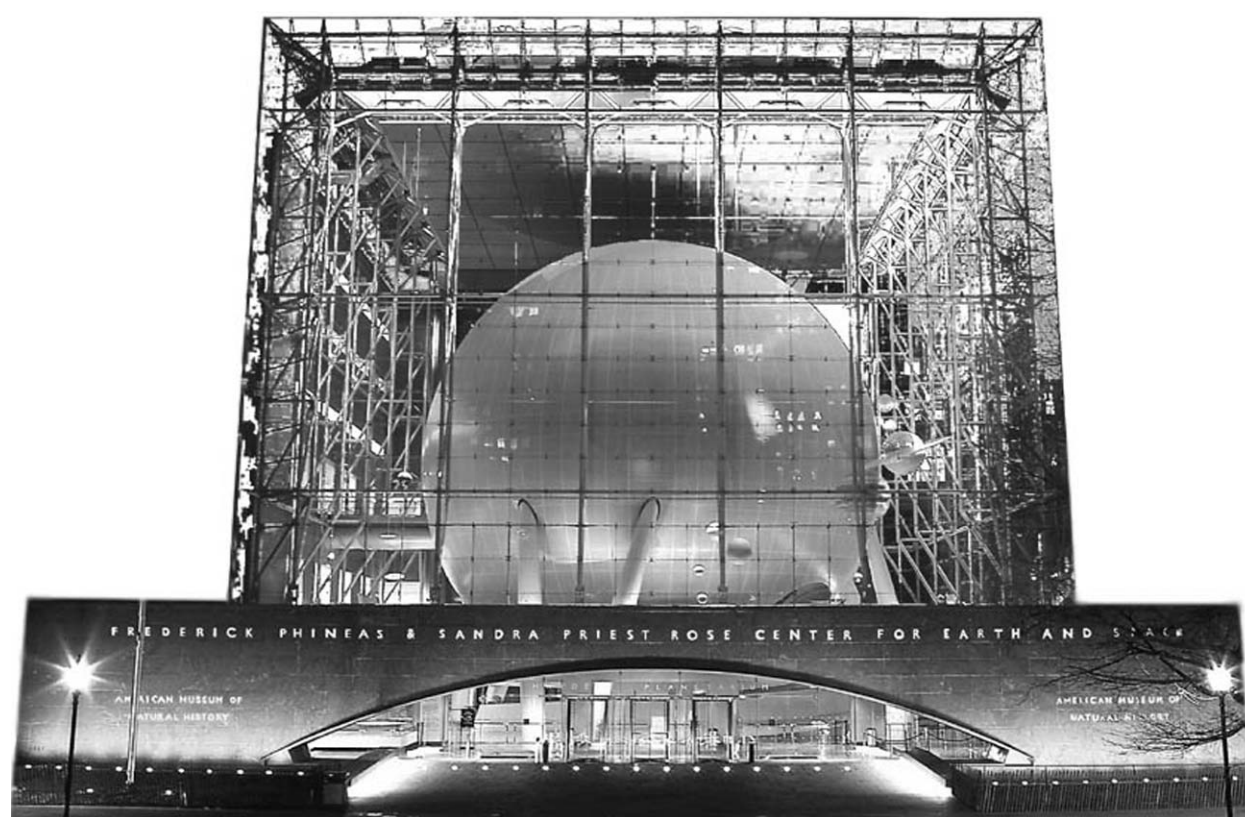


# CULTURE BUILDS NEW YORK

The Economic Impact of Capital Construction  
at New York City Cultural Institutions



*The Rose Center for Earth and Space  
American Museum of Natural History*

# CULTURE BUILDS NEW YORK

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at New York City Cultural Institutions

# Acknowledgments

We are grateful for the cooperation of the directors and staff of cultural organizations throughout New York City who supplied extensive information. In many cases they also agreed to be interviewed to help the research team understand the complexity and importance of capital projects.

We wish to thank Commissioner Kate D. Levin and Assistant Commissioner Susan Chin of the Department of Cultural Affairs for their cooperation and guidance. The Independent Budget Office and the Economic Development Corporation also provided guidance and assistance.

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This study was made possible by the generous support of the New York Building Congress and the Real Estate Board of New York. JPMorgan Chase provided invaluable assistance through its Summer Internship Program. The Alliance's research activities are supported in part by the Andy Warhol Foundation for the Visual Arts and by the City of New York, Michael R. Bloomberg, Mayor and Gifford Miller, Speaker, New York City Council.

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# Introduction

This study covers the years 1992–2002, a period of ambitious growth and renewal for hundreds of nonprofit cultural organizations in New York City, and provides a preliminary assessment of the construction planned for the years 2003–2006. This is the first study of the economic impact of capital construction projects at New York City cultural institutions. It continues a series of economic impact studies of the arts industry conducted by the Alliance for the Arts and the Port Authority of New York and New Jersey.

The widespread building and planning of new or expanded cultural facilities reflects the optimism and prosperity of the 1990s. Many building projects have been completed; others are under way or in various stages of planning. Some of these, such as the recently completed Rose Center for Earth and Space at the American Museum of Natural History, the current expansion of the Museum of Modern Art, and the planned renovation of Lincoln Center, are once-in-a-century projects that will greatly enhance New York City's cultural importance on the world stage. The purpose of this study is to track all capital investments, large and small, to quantify their economic impact, and to estimate the impact that further construction could have over the next four years.

## Major Findings

- From 1992 to 2002, total public and private capital expenditures at New York City's nonprofit cultural institutions amounted to \$2.4 billion.
- From 1997 to 2002, capital expenditures of \$1.8 billion generated \$2.3 billion in total economic impact, including:
  - \$512 million in wages
  - 2,255 full-time equivalent jobs in each of the six years
  - \$36 million in personal income, sales and corporate taxes to the City.
- Capital funding from the City of New York for capital projects amounts to one-quarter of the total spent but helps leverage private and other government funds by a ratio of three to one.
- Nearly half of the funding for cultural building projects is supplied by individual donors.

The benefit to New York City derived from these building projects is magnified by the fact that most of the construction labor and management and the design are local.

Although funding from the City of New York did not increase significantly until the late 1990s, the City's renewed commitment to investing in its great cultural institutions contributed significantly to the growth in capital investment over the decade. City capital funding accounts for a much greater percentage of overall capital expenditures than it does of overall operating expenditures, and that City participation is critical even when it accounts for a small percentage of total capital spending on a given project. A major policy change in 1997 opened the door to City capital funding for all nonprofit organizations, not just those in City-owned facilities, expanding the impact of City capital funding.

This report tells a story of success. The benefits to the construction industry and building trades and other segments of New York City's economy are quantifiable and significant: In just the past half decade, these investments generated \$2.3 billion in economic impact and nearly 2,300 jobs each year. The result of this building is an enhanced cultural infrastructure that will continue to serve the city and attract tourists. This upbeat story has a somber final chapter, however, reflecting the ramifications of September 11 and the current economic downturn. Some large-scale projects, such as a new Guggenheim Museum in Lower Manhattan, have been abandoned. The City's important role as the financial partner of many private donors may well diminish, at least temporarily. As of this writing, a reduction of 30 percent in the City's capital appropriations for cultural projects has been proposed.

The benefits of enhancing the cultural infrastructure, and the public-private partnership required to fund these buildings, are important to remember as we plan for New York City's economic revival. The data compiled and the analyses conducted for this report establish an important foundation of knowledge and a framework for future studies.

Randall Bourscheidt  
President  
Alliance for the Arts

June 2003

# Executive Summary

This study describes a period of sizable growth in capital investment at nonprofit cultural institutions from 1992 to 2002, calculates the economic impact of that spending, and estimates the potential impact of spending planned for the 2003–2006 period. The report also describes the volume, trends and role of New York City’s share in funding these projects. The findings in this report represent more than 90 percent of all capital investment at cultural institutions receiving capital funding from New York City.

Based on information about 138 cultural organizations, total spending on capital projects from 1992 to 2002 amounted to \$2.4 billion in current dollars, or \$2.6 billion in constant 2002 dollars.

## **Economic Impact—1997–2002**

The economic impact on New York City of capital expenditures over the past six years is \$2.3 billion, based on direct expenditures of \$1.8 billion. This impact includes:

- \$512 million in wages
- 2,255 full-time equivalent jobs annually over the six-year period
- \$36 million in City personal income, sales and corporate taxes.

## **Projected Economic Impact—2003–2006**

The economic impact projected for the next four years is \$2.7 billion, based on a total planned investment of \$2.2 billion, as reported by survey respondents:

- \$599 million in wages
- 3,960 full-time equivalent jobs annually over the four-year period
- \$42 million in City personal income, sales and corporate taxes.

However, these future benefits are now threatened by proposed reductions to New York City’s capital expenditures and by uncertain prospects for the economy and the equity markets, which could dampen important sources of private giving.

## **Sources of Funding**

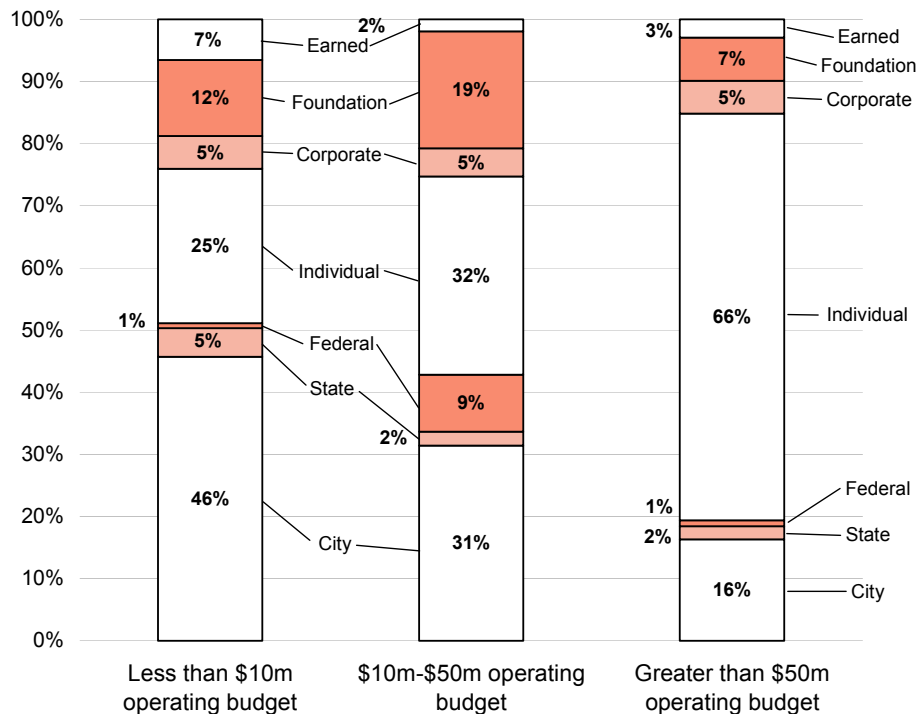
The two principal sources for capital funds are individual contributions and the City of New York. Individual contributions have been the most important single source of funding for capital projects in New York City’s cultural sector, providing half of total capital funding from 1997 to 2002. New York City’s share of capital funding amounted to 26 percent over the same period. However, the City’s Capital Budget is the major source of funding for improvements to small and midsize organizations, which receive far less support from the private sector.

- Organizations with operating budgets of more than \$50 million derive two-thirds (66 percent) of their income for capital projects from individuals and 16 percent from the City.
- Organizations with operating budgets from \$10 million to \$50 million derive one-third (32 percent) of the required funds from individuals and almost one-third (31 percent) from the City.
- Organizations with budgets under \$10 million derive nearly half (46 percent) of the required funds for capital improvements from the City and one-quarter (25 percent) from individuals.

## Chart 1

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Sources of Capital Funds by Operating Budget Size, 1997–2002



Source: Alliance for the Arts

### Nature of City Capital Funding

The reach of City funding has expanded markedly over the study period. Historically, City capital funding of cultural organizations was allocated to organizations with operating agreements with New York City or other organizations in City-owned facilities. Currently, cultural organizations without ties to the City through operating agreements or City-owned facilities are eligible for City capital funds. This policy shift has dramatically increased the number of capital projects in the New York City budget.



This expansion in eligibility is evident in an examination of the City budget in 1992 and 2002. In 1992, the City budget included funding for 49 cultural organizations (46 through the Department of Cultural Affairs, and three through the Economic Development Corporation). By 2002, 138 cultural organizations had been included in the New York City budget, with 124 receiving capital money through the Department of Cultural Affairs, and 21 through the Economic Development Corporation. Seven organizations also received capital funds through both DCA and EDC.

## **Impact of City Funding**

New York City's funding of capital projects in the cultural sector is considered crucial. Indeed, the City's share of total capital spending for the 138 organizations included in this study (26 percent from 1997 to 2002) is more than three times as great as its share of total operating expenditures for all Department of Cultural Affairs-funded organizations in 1999 (7.5 percent).<sup>1</sup> And for many of New York's smaller cultural organizations, the City provides most or all of their capital funding.

The importance of City funding, however, is even greater than its share of total funding suggests. Survey respondents consistently emphasized the leveraging factor of the City's capital commitment. Even when the City provides a small share of total capital funding, its involvement is pivotal to attracting private funding for organizations of all budget sizes.

- 62 percent of all cultural organizations and 81 percent of those with operating budgets over \$10 million reported that a commitment from the City helps private fundraising efforts in the early stages of capital campaigns. These large organizations account for 79 percent of total capital spending.
- 53 percent of all cultural organizations and 57 percent of those with operating budgets over \$10 million reported that the City's commitment renews momentum in mid-campaign for private fundraising.
- 69 percent of respondents said that New York City provided significant support for maintaining the infrastructure of cultural facilities.

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<sup>1</sup> Alliance for the Arts, *Who Pays for the Arts? Income for the Nonprofit Cultural Industry in New York City* (2001).

## Twenty Years of Capital Investment in New York City Cultural Institutions

In viewing long-term trends since 1982, total capital spending by New York City's nonprofit cultural institutions increased twelvefold in real terms from 1982 to 2000, peaking at \$382 million in 2000 (the equivalent of \$402 million in constant 2002 dollars).

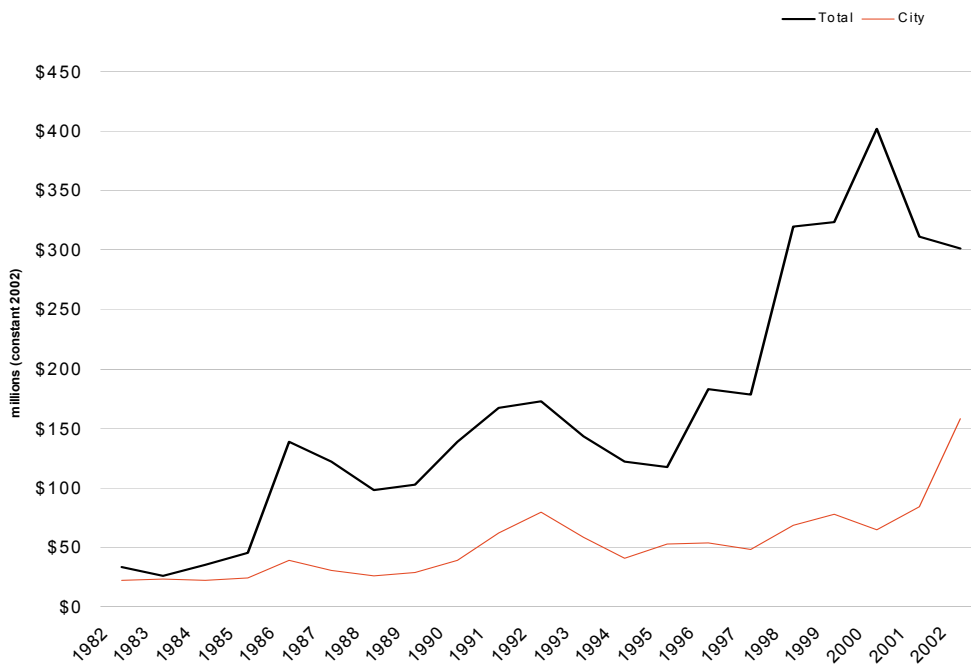
From 1982 to 2002, New York City's share of capital spending on cultural projects totaled \$1.1 billion, measured in 2002 dollars. In the early 1980s, City funding in the arts accounted for more than half of total investment spending.

### Chart 2

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

#### Total and New York City Capital Expenditures, 1982–2002

Adjusted for inflation



Source: Alliance for the Arts. Data for 1982–1992 from Port Authority of New York & New Jersey and Alliance for the Arts, *The Arts as an Industry* (1993).

# I. A Growing Cultural Infrastructure: 1992–2002

This report analyzes capital projects at a variety of nonprofit cultural institutions, all of which received some capital funding from the City of New York. In all, 138 organizations were found to meet these criteria. The study is based on survey responses from 78 of these institutions, augmented by information on City government capital funding. It is estimated that the projects at these 78 institutions constitute more than 90 percent of the total capital spending by the group of 138. These organizations, both large and small and located in all five boroughs, include museums, theaters, concert halls, botanical gardens, zoos and historic houses.

The capital projects examined in this study range from the construction of new facilities (often the expansion of existing institutions) to infrastructure improvements (often renovations of existing facilities).

## Total Capital Expenditures, 1992–2002

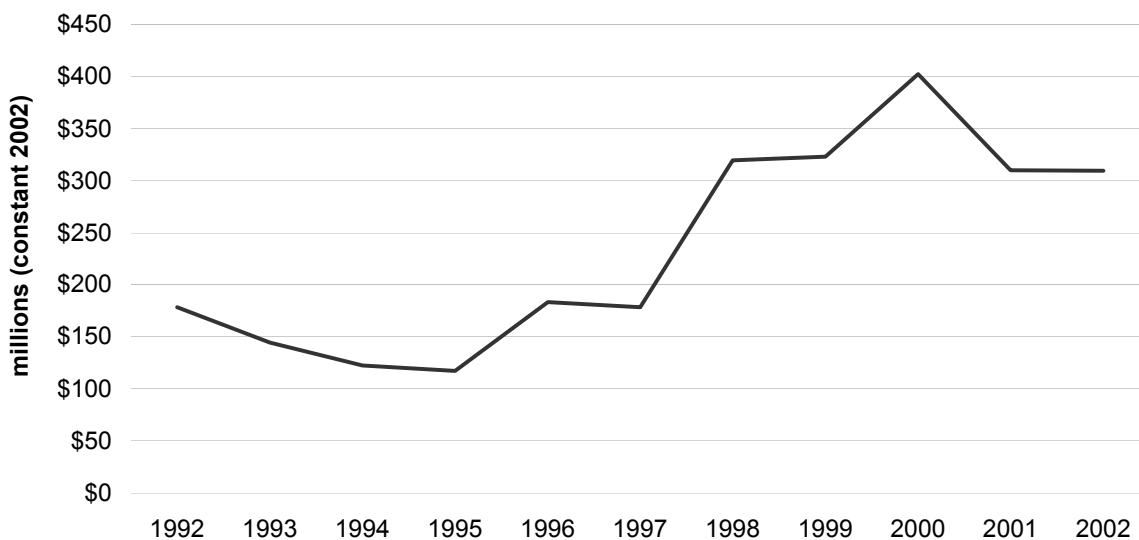
A total of \$2.4 billion was expended on capital projects at New York City nonprofit cultural organizations from 1992 to 2002, expressed in current dollars. Following a major increase of investment levels during the years 1982–1992, total capital spending declined from 1992 to 1995 and then more than tripled again from 1995 to 2000. Total investment peaked in the year 2000 at \$382 million (a twelvefold increase from the level of investment in 1982) and then dropped to \$305 million in 2001 and to \$301 million in 2002.

**Chart 3**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total Capital Expenditures on Cultural Facilities, 1992-2002

Adjusted for inflation



Source: Alliance for the Arts and the New York City Office of Management & Budget  
Note: See Appendix A (page 25) for comparison of adjusted and unadjusted figures.

Measured in constant 2002 dollars, a total of \$2.6 billion was invested in New York City’s nonprofit capital projects from 1992 to 2002. (See Appendix A: Total and New York City Capital Expenditures in Current and Constant 2002 Dollars, 1992-2002, page 25.)

### New York City Capital Expenditures, 1992–2002

Measured in current year dollars, New York City spent a cumulative total of \$712.8 million for capital projects at cultural institutions from 1992 to 2002. City capital funds accounted for 31 percent of the total spent on all construction during these years.

Adjusted for inflation, New York City’s capital spending in the nonprofit arts sector was a cumulative \$786.1 million (in constant 2002 dollars) between 1992 and 2002. On an annual basis from 1992 to 2001, expenditures in constant dollars ranged from a low of \$41.1 million in 1994 to \$84.5 million in 2001, rising dramatically to \$157.6 million in 2002.

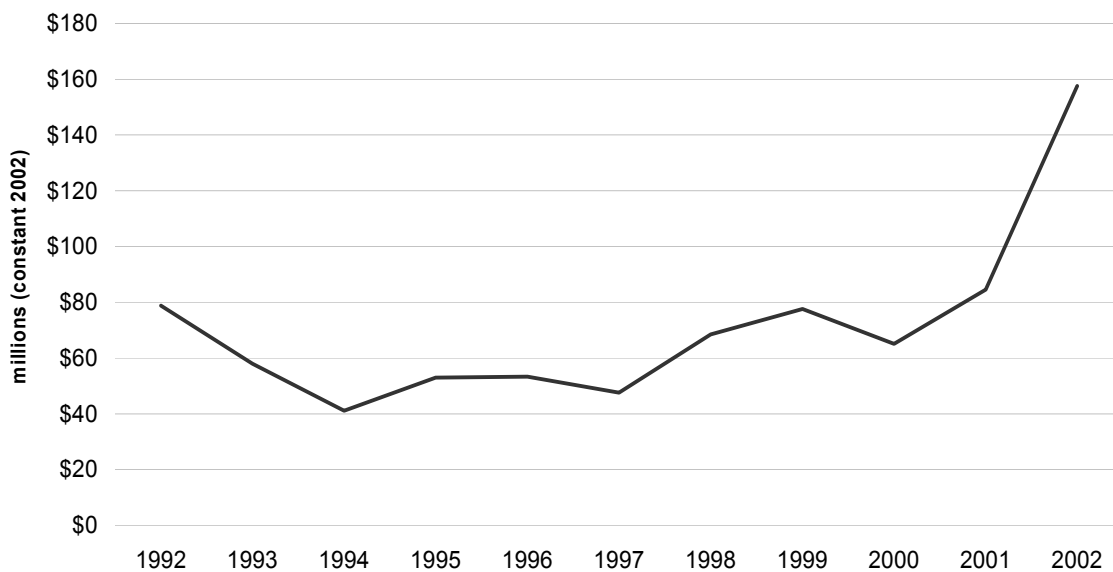
The pattern of spending was uneven from year to year, but the City’s commitments to capital funding of its cultural institutions decreased significantly during the early 1990s, to a low of \$33.9 million in 1994 (in current dollars). These were years when the New York City economy was in sharp recession, recovering only slowly in 1993 and 1994. Beginning in the late 1990s, the City’s capital commitments picked up strongly, to \$82.7 million in 2001, and nearly doubled again to a level of \$157.6 million in 2002.

#### Chart 4

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Expenditures on Cultural Facilities from New York City Capital Budget, 1992–2002

Adjusted for inflation



Source: Alliance for the Arts and the New York City Office of Management & Budget  
Note: See Appendix A (page 25) for comparison of adjusted and unadjusted figures.

In 1997, a major policy change that opened the door to City capital funding at non-City-owned facilities took effect. This policy change greatly increased the number of organizations receiving City capital money, from the 32 institutions with City operating agreements, which received virtually all City funds in 1992, to the 138 organizations receiving City capital funding by 2002. Appendix D (page 35) tracks the growth in City funding for these City-funded institutions as well as for cultural tenants in City-owned facilities and for all other New York City cultural organizations receiving City capital funds.

### Trends in Planned Expenditures, 2003–2006

Based on the survey responses from the cultural institutions, capital spending would total \$2.2 billion from 2003 to 2006. This amount for the four-year period, if fully realized, would continue to be a substantial investment.

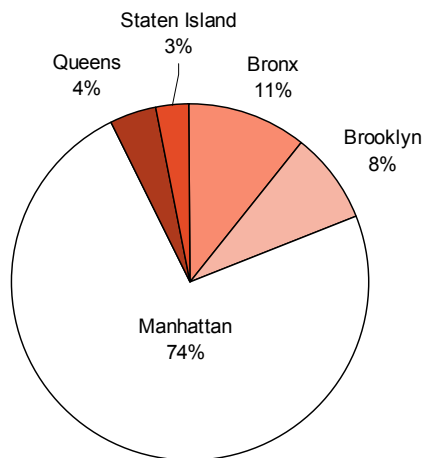
Some organizations are counting on City funding for 100 percent of their capital projects, and 28 percent of the total funding for capital projects planned over the next four years is expected to come from the City of New York. However, the Executive Budget published on April 15, 2003, proposes reductions of 30 percent over the next 10 years in City capital funding for cultural projects.

### Capital Expenditures by Borough, 1992–2002

Taking into account all public and private funds, about three-quarters of capital expenditures from 1992 to 2002 were made in Manhattan. The Bronx accounts for 11 percent of total capital spending, followed by Brooklyn with 8 percent, Queens with 4 percent, and Staten Island with 3 percent. Note that City funding is distributed more evenly among the boroughs, as indicated in Chart 6 below.

**Chart 5** CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

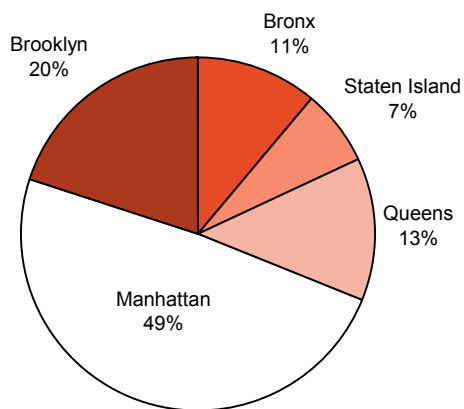
**Total Expenditures by Borough, 1992–2002**



Source: Alliance for the Arts

**Chart 6** CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

**City Expenditures by Borough, 1992–2002**



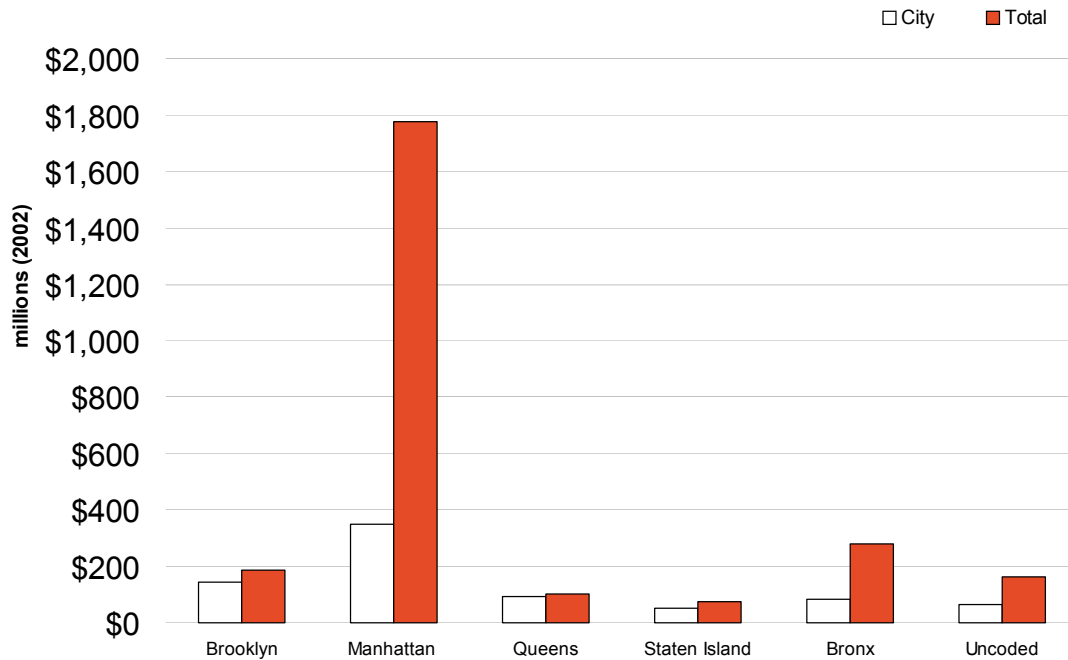
Source: Alliance for the Arts

The share of total capital expenditures provided by City funding varies considerably by borough. While Manhattan organizations receive the most City dollars, those funds account for a relatively small share of total investment in Manhattan nonprofit cultural facilities, as indicated in the following chart.<sup>2</sup> The Bronx also receives a relatively small proportion of total capital funding from the City. As a whole, organizations in Brooklyn, Queens and Staten Island are much more reliant on City capital funds.

**Chart 7**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

**City and Total Capital Expenditures by Borough, 1992–2002<sup>3</sup>**



Source: Alliance for the Arts and the New York City Office of Management & Budget  
Note that Appendix B (page 26) presents further detail on trends in total and City capital expenditures from 1992 to 2002 by borough.

<sup>2</sup>Manhattan, with its large concentration of major institutions, receives the largest share of total capital investment, slightly less than its proportion (87 percent) of City operating assistance from the Expense Budget.

<sup>3</sup>Includes City funding by borough and that portion of total funding that can be linked to coded City funding.

## Capital Expenditures by Operating Budget Size, 1992–2002

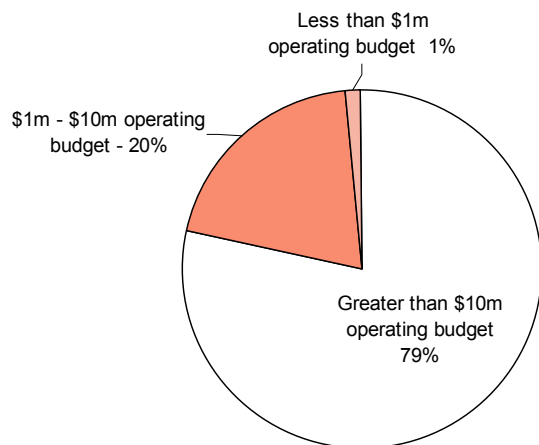
Over the study period most capital investment at nonprofit cultural facilities occurred at organizations with operating budgets of more than \$10 million. The 25 organizations in this budget category, which accounted for 71 percent of total 1999 operating income of all arts groups funded by DCA, account for 79 percent of all capital investment from 1992 to 2002.<sup>4</sup> Organizations with operating income of \$1 million to \$10 million accounted for 20 percent of capital investment. Organizations with operating incomes of less than \$1 million accounted for only 1 percent of total capital investment. (See Appendix C, page 32, for trends in City and total capital spending by organizational budget size.)

Organizations with budgets greater than \$10 million received cumulative capital funds of \$477 million from the City from 1992 to 2002, or 60 percent of City capital funds to cultural institutions. Organizations with operating budgets from \$1 million to \$10 million received a total of \$194.1 million from the City over the study period, or 25 percent of the total expenditures. Organizations with operating budgets of under \$1 million received total capital funding from the City of \$30.7 million, or 4 percent of the total. (The remaining 11 percent of City expenditures could not be coded by these classifications.)

**Chart 8**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

**Total Capital Expenditures by Size of Organization, 1992–2002**

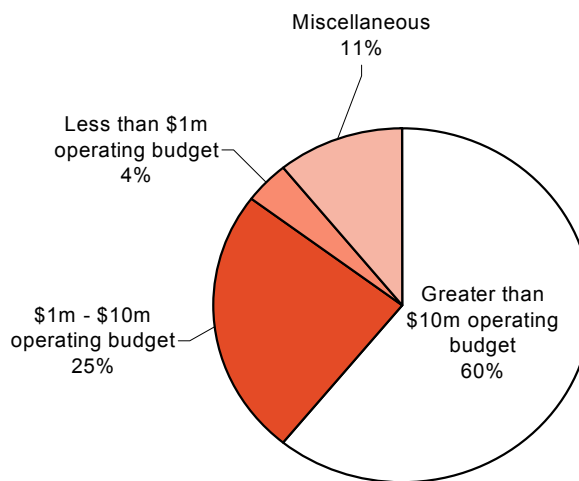


Source: Alliance for the Arts and the New York City Office of Management & Budget

**Chart 9**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

**Expenditures from New York City Capital Budget by Size of Organization, 1992–2002**



Source: Alliance for the Arts and the New York City Office of Management & Budget

A review of City expenditures by size of organization reveals a sharply delineated pattern of investment over the 11-year period, as the City's capital spending moved toward significant support of its largest organizations by 2002.

<sup>4</sup>Who Pays for the Arts?

From 1992 to 1996 organizations with operating budgets of \$10 million or larger received half of all City capital investment, while organizations with operating budgets from \$1 million to \$10 million received 35 percent and organizations with operating budgets less than \$1 million received 6.4 percent (the remainder of the total was not coded to an organization in these years).

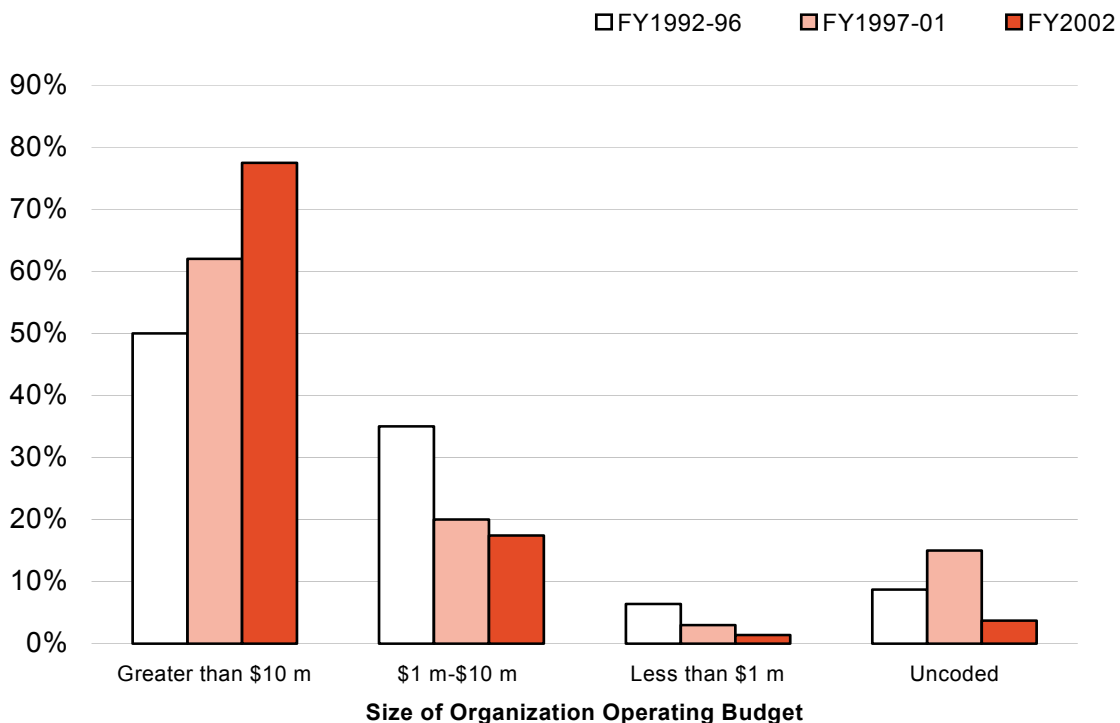
From 1997 to 2001, the proportion of City capital spending at organizations with operating budgets of more than \$10 million grew to almost 62 percent, while the proportion of investment flowing to organizations with operating budgets from \$1 million to \$10 million dropped to 20 percent and to organizations with operating budgets less than \$1 million to 3 percent. (Note that 15 percent of the records could not be coded by organization during this time frame.)

By 2002 New York City had sharply increased its level of investment in the organizations with operating budgets of more than \$10 million to \$122 million, or 77.5 percent of all City capital spending for its nonprofit arts institutions for that year. The amounts directed to organizations with operating budgets from \$1 million to \$10 million edged back to a 17.4 percent share and that to organizations with operating budgets less than \$1 million fell to 1.4 percent of total.

**Chart 10**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

**Share of Expenditures from New York City Capital Budget by Size of Organization, 1992–2002**



Source: Alliance for the Arts and the New York City Office of Management & Budget



## II. The Economic Impact of Capital Expenditures

This chapter presents an assessment of the impact of spending on capital projects at cultural facilities, which has been calculated for the period from 1997 to 2002 (see note in Chapter V, “Scope and Methodology”) and projected for 2003 to 2006.

Capital spending at New York City cultural institutions generates substantial *short-term* impact on New York City’s economy through contracts given to construction, architecture and design firms that are located in the City; direct purchases to related industries in the City’s economy; and the earnings of New York City residents hired to perform this work.

As construction management and design firms are hired for projects, they in turn hire workers and make purchases from other firms. As these suppliers (“direct expenditures”) make purchases from their suppliers (“indirect expenditures”) and workers spend their wages (“induced expenditures”), the impact of this income/spending cycle ripples through the economy, affecting all industries that supply construction and architectural firms as well as those industries supplying the related household sector.

To identify the major components of expenditure flows and the percentage of contracting for design, architecture and project management that was directed to New York City firms, survey respondents were asked to provide additional detail on one major project during the last five years of the study period (1997–2002). The resulting detail from this portion of the survey was used in the calculation of economic impact of nonprofit cultural facilities investment on New York City.

### Direct Expenditures

Between 1997 and 2002, capital investment from all sources in nonprofit cultural organizations in New York City totaled a cumulative \$1.8 billion in 2002 dollars.

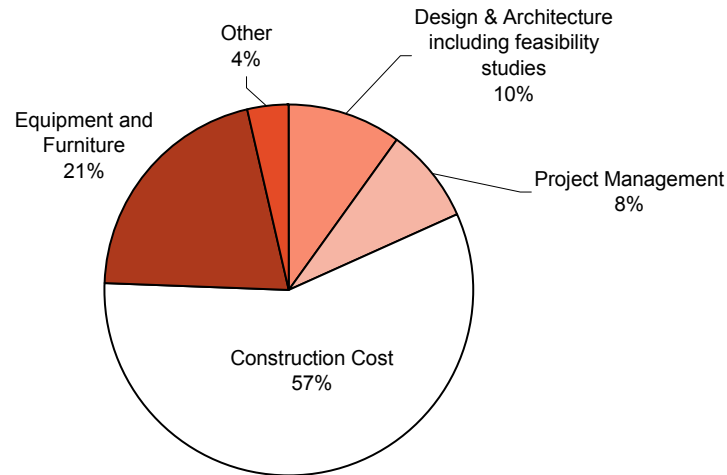
The largest portion (57 percent) of direct expenditures on capital projects during these years went to construction, which is a largely local industry. The project management that oversees the construction, which is also largely local, accounted for 8 percent of expenditures. Planning and design fees, including feasibility studies, accounted for 10 percent of expenditures; about 85 percent of this amount was paid to New York City firms.

Most of the remaining expenditures (21 percent) were for furniture and equipment. For the most part, these dollars “leak out” of the New York City economy since very little of the furniture and equipment installed as part of these projects is produced locally.

## Chart 11

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Direct Expenditures for Cultural Capital Projects, 1997–2002



Source: Alliance for the Arts

### Economic Impact

**Short-term impact.** From 1997 to 2002, the \$1.8 billion in direct capital expenditures at cultural institutions generated a total of \$2.3 billion (in constant 2002 dollars) in economic activity in New York City. This economic impact includes:

- An average of 2,255 full-time equivalent jobs each year over the six-year period
- \$512 million in wages for New York City residents
- \$36 million personal income, corporate and sales taxes to New York City.

The \$2.2 billion capital program planned for 2003–2006 would generate \$2.7 billion in economic activity (in constant 2002 dollars), comprising:

- An average of 3,960 full-time equivalent jobs each year over the four-year period
- \$599 million in earnings for New York City residents
- \$42 million in personal income, corporate and sales taxes to New York City.

The short-term effects of these expenditures for 1997–2002 and projected for 2003–2006 are presented in Table 1 below.

**Table 1**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

**Economic Impact of Capital Spending at New York City Cultural Institutions—  
Actual (1997–2002) and Projected (2003–2006)**

<u>FISCAL YEAR</u>	<u>DIRECT EXPENDITURES</u>	<u>OUTPUT</u>	<u>EARNINGS</u>	<u>EMPLOYMENT</u>	<u>NYC TAXES</u>
1997	\$ 178.34 m	\$ 226.33 m	\$ 49.75 m	1,315	\$3.57 m
1998	\$ 319.55 m	\$ 405.55 m	\$ 89.14 m	2,357	\$6.43 m
1999	\$ 323.21 m	\$ 410.20 m	\$ 90.16 m	2,384	\$6.34 m
2000	\$ 402.31 m	\$ 510.59 m	\$112.22 m	2,968	\$7.92 m
2001	\$ 310.05 m	\$ 393.49 m	\$ 86.49 m	2,287	\$5.93 m
2002	\$ 300.77 m	\$ 381.71 m	\$ 83.86 m	2,219	\$5.76 m
<b>Total 97-02*</b>	<b>\$1,834.23 m</b>	<b>\$2,327.88 m</b>	<b>\$511.64 m</b>	<b>Av/yr. 2,255</b>	<b>\$35.95 m</b>
<b>Planned 03-06</b>	<b>\$2,185.17 m</b>	<b>\$ 2,725.55 m</b>	<b>599.05 m</b>	<b>Av/yr. 3,960</b>	<b>\$ 41.73 m</b>

Source: Alliance for the Arts, TJ Spitznas and Associates, and the New York City Office of Management & Budget

\* Note: Totals may differ from sum of series due to rounding.

**Long-term impact.** Capital investment in major capital projects—whether for renovation, additions or new facilities—generates *longer-term* effects for the cultural institutions themselves and for the New York City economy. These investments enable the organizations to offer more (or better) productions or exhibitions, to accommodate a greater number of patrons, and to attract additional visitors from outside the city or the immediate metropolitan area. The expenditures of these visitors, in turn, have a major impact on the city’s economy.

These types of longer-term impacts are more difficult to quantify on an aggregate basis, although it is possible for individual organizations to chart the direct effects from a major capital project. For example, paid attendance at the American Museum of Natural History increased almost 60 percent from 1995 to 2001 with the opening of the Rose Center. Included in this overall growth in attendance is a substantial increase in international visitors, whose share grew from 7 percent of the museum’s attendance in 1995 to 25 percent in 2001.

At the Museum of Modern Art, the need for renovation was described in terms of both the display of artwork and attraction of visitors: “The renovation will satisfy our need for more space for the permanent collection. The scale of art since the 1980s is beyond what we could exhibit. The building was created in 1939 when art was domestically scaled. Remaining a vital institution of modern art required more forward collecting and a change in physical space. There is precious little money for acquisition—people want to leave [bequests] to institutions that have enough space to show their work.”<sup>5</sup>

<sup>5</sup>Statement by senior staff of MoMA to study team.

### III. Sources of Funds for Capital Investment

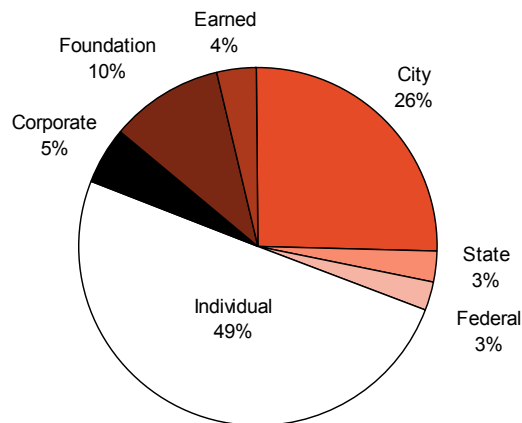
#### Sources of Total Funds for Capital Investment

Based on the survey responses for this study, individual contributions are the most important single source of funding for capital projects at New York City’s nonprofit cultural institutions, providing half of the total funds from 1997 to 2002. The City provided one-quarter of all capital funding during this period. Foundations provided 10 percent, and corporations provided 5 percent. State and federal funding each accounted for less than 3 percent.

**Chart 12**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

#### Sources of Capital Funds for Cultural Projects, 1997-2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

The pattern of funding sources for capital improvements among cultural organizations differs sharply from the sources of income for their operations. Individual contributions, while important to operations, contribute a much larger portion of capital budgets (49 percent) than operating budgets (16 percent). Compared to its significant share in capital improvements (26 percent), City funding accounts for a much smaller share (7.5 percent) of operations. Earned income, which provides 51 percent of operating income, is rarely used for capital projects. Other categories of income, derived from state and federal governments and corporations and foundations, account for similar shares of operating and capital income.<sup>6</sup>

<sup>6</sup>*Who Pays for the Arts?*

## Sources of Capital Funding by Budget Size

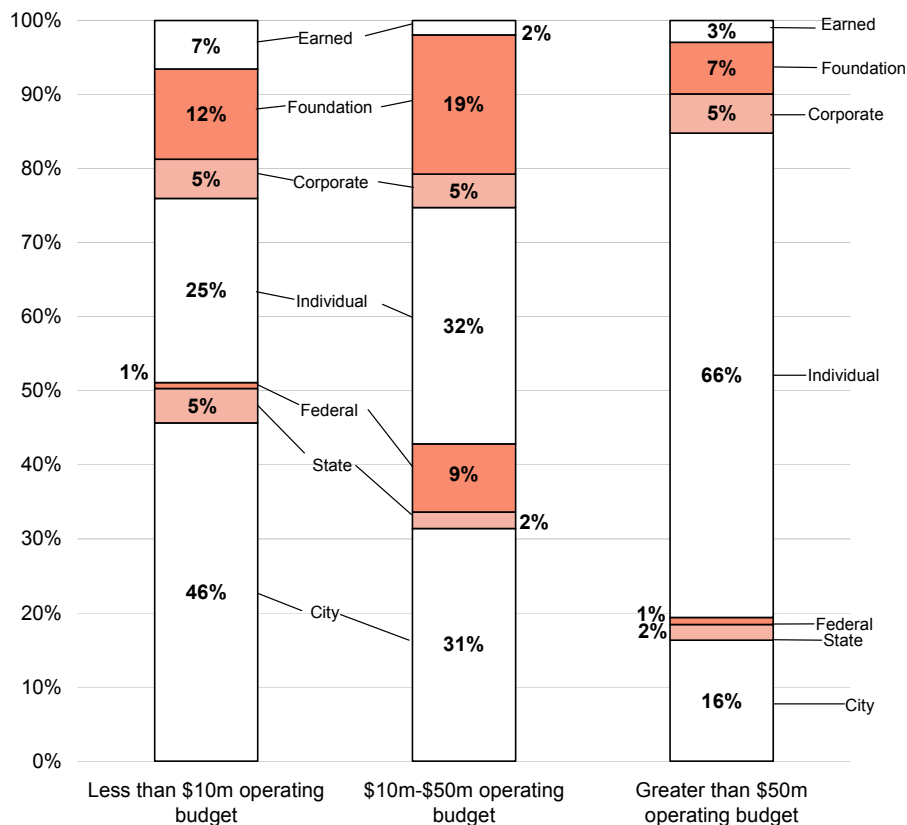
The patterns of funding sources for capital improvements vary markedly by the size of the operating budget of the organization. This is particularly true for the categories of funds that account for the largest shares: individual contributions and City funding. Organizations with operating budgets of over \$10 million derive most (57 percent) of their income for capital projects from individuals and one-fifth (20 percent) from the City. By contrast, organizations with budgets under \$10 million derive nearly half of their funds for capital from the City (46 percent) and only one-quarter from individuals.

This reliance on individual contributions rather than City funding is even more pronounced for the largest of the organizations with operating budgets of over \$10 million: those with operating budgets over \$50 million derive two-thirds (66 percent) of funding for capital projects from individuals and 16 percent from the City. Organizations with operating budgets ranging from \$10 million to \$50 million derive a third (32 percent) of funding for capital projects from individuals and a third (31 percent) from the City. Organizations with budgets under \$10 million derived 46 percent of capital improvement funds from the City and 25 percent from individuals.

**Chart 13**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Sources of Capital Funds by Operating Budget, 1997–2002



Source: Alliance for the Arts

## IV. New York City’s Role in Funding Cultural Projects

The City of New York provides capital funds to nonprofit cultural institutions for a wide variety of capital projects. The majority of survey respondents indicated that there was little difference between projects with and without City money, either because “all projects include City money” (38.5 percent), “they do not differ significantly” (9 percent), or a variety of “other” reasons, including “this is our first capital project” (9 percent). A significant minority (26 percent) indicated that projects with City money are more likely to focus on infrastructure and equipment.

Both survey responses and in-person interviews consistently highlighted the critical role of City funding. Survey respondents were asked to rank a series of statements that would describe the role of City funding in their capital planning. The rankings were offered on a scale of 1 to 5, from “very much” to “not at all.” (See Appendix F: Capital Projects Survey, page 40.)

The following results are based on the 78 responses to the survey, including a category for “no response” (N.R.). A majority of respondents reported that City funding:

- plays a major role, providing most or all of capital funding (57 percent)
- helps private fundraising efforts in early stages of capital campaigns (62 percent)
- renews momentum for private fundraising in mid-campaign (53 percent)
- provides particularly important support for infrastructure projects (69 percent).

### “A major role, providing most or all of capital funding.”

Fifty-seven percent of all respondents indicated that City funding played a major role and in many instances was the major source of funds in their overall capital investment plans.

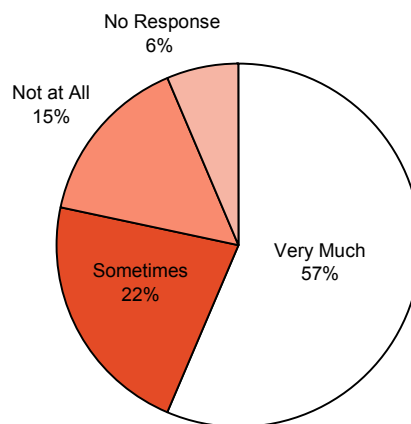
As one organization reported, “To put it simply, neither of our two projects [relocation and expansion] would have been possible without support from the City of New York. ... City funding made the crucial difference between doing the project and not doing the project.”

Only 15 percent of survey respondents indicated that City funding was not a major source of their overall capital funds.

**Chart 14**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

#### Major Role



Source: Alliance for the Arts

## “Helps private fundraising efforts in early stages of capital campaign.”

City capital funds were also considered to be of significant help in the early stages of a capital campaign, with this statement rated “very much” by 62 percent of respondents.

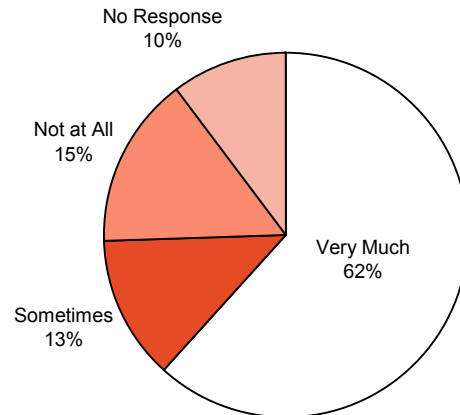
As one executive reported, “Even if the City’s funding is a small share of the total, [its] capital commitment is absolutely critical—once they make that up-front commitment, then other state, federal or private contributions will come into line.”

Only 15 percent of those responding reported that City funds were “not at all” a factor.

**Chart 15**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

### Helps in Early Stages



Source: Alliance for the Arts

## “Renews momentum for private fundraising in mid-campaign.”

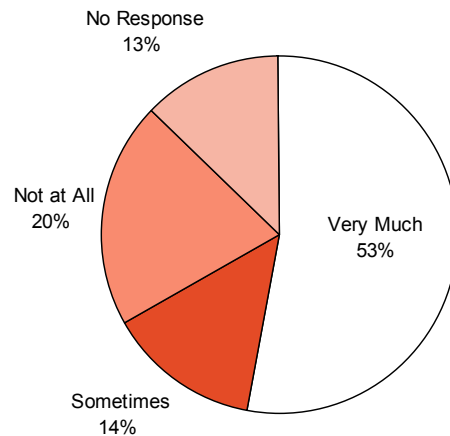
Fifty-three percent of respondents indicated that the City’s capital commitments helped in mid-campaign fundraising efforts.

As one respondent told the interviewer, “The City’s capital commitment serves as a note of approval to our private funders, and creates a momentum which helps to finish the project.” Another executive reported, “In long fundraising campaigns, there are peaks and valleys of momentum, and City funding created momentum when it was needed.”

**Chart 16**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

### Renews Momentum



Source: Alliance for the Arts

## “Provides particularly significant support for infrastructure projects.”

The importance of New York City’s role in committing capital funds for basic infrastructure needs such as heating and air-conditioning, elevator construction and paving, is evident in the almost 70 percent positive response to this question.

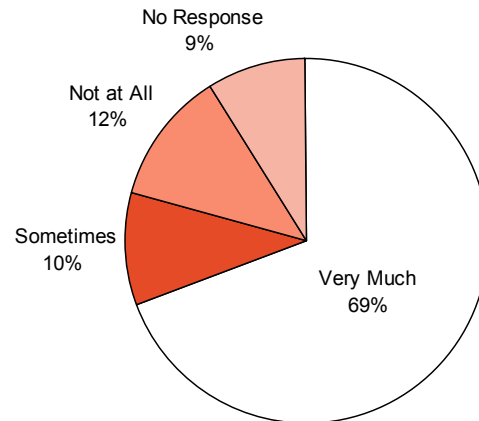
As one executive said, “City capital funding is vital for infrastructure needs, which are less attractive to private donors.”

Another 10 percent of survey respondents indicated that City funds were “sometimes” of particularly significant support.

**Chart 17**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

### Significant Support for Infrastructure



Source: Alliance for the Arts

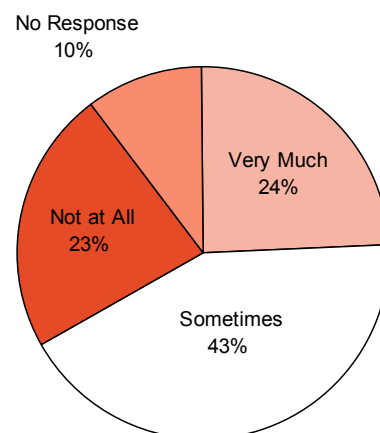
## “Constraints in terms of the requirements tied to City funding.”

Forty-three percent of respondents indicated “sometimes” to this question, while 24 percent of respondents replied “very much,” and 23 percent replied “not at all.”

**Chart 18**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

### City Funding Constraints



Source: Alliance for the Arts

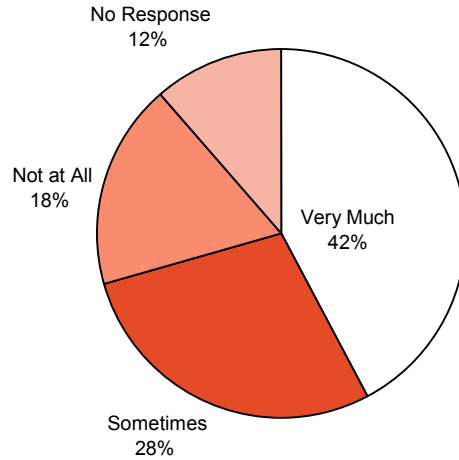


**“Causes delays because of the lag time between the appropriation and registration of contract.”**

A large percentage of respondents, 42 percent, indicated that capital construction was “very much” delayed by use of City funds, and another 28 percent indicated that this was the situation “sometimes,” either in the appropriation-to-release of funds stage or in the registration of contracts.

**Chart 19** CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at  
New York City Cultural Institutions

**City Funding Causes Delay**



Source: Alliance for the Arts

In summary, City support is viewed as critical to the capital programs of cultural organizations of all sizes. The sentiment expressed by a respondent from a community organization was echoed by many cultural leaders, “Thanks to the City’s support, [our organization] increased its capacity by 33 percent, and we are now serving many more community members of all ages, skill levels and backgrounds with quality low-cost music, education and concerts.”

## V. Scope and Methodology

The scope of this study encompasses capital investments at those cultural organizations that receive some capital funding from the City and that are primarily cultural organizations (as distinct from economic development projects with a cultural component). In all, 138 organizations were found to meet these criteria. In this report, the terms “nonprofit cultural” and “nonprofit arts” organizations or “cultural institutions” are used interchangeably.

### Data Collection

Information on the capital investments of these organizations was gathered by three methods:

1. A survey was mailed to the 138 groups defined in the scope. Usable results were returned by 78 organizations, including the largest nonprofit cultural institutions in the five boroughs. This response provided a very robust sample for analysis, accounting for 89 percent of City funding over the study period. It is estimated that total capital investment recorded from these surveys and City funding data is equal to about 92 percent of all City and other funding during the period.<sup>7</sup>

The survey requested information on capital spending from 1992 to 2002, projected capital spending from 2003 to 2006, and additional details including sources of funds for capital investment, expenditure patterns during the years 1997–2002, and assessments of the role of City funding.

Appendix E lists the organizations that have received capital funding from New York City from 1992 to 2002 and indicates which of these organizations participated in the survey. The aggregate amounts of capital spending are derived from the responses of 78 organizations.

Appendix F presents the survey sent to the 138 cultural organizations.

Yearly expenditure data from each organization participating in this study conform to that organization’s fiscal year. In most cases (68 percent), the organizations’ fiscal years were the same as the City’s fiscal year, ending June 30. Another 15 percent had fiscal years that were within three months of the City’s fiscal year. The remaining 17 percent had fiscal years more than three months different from the City’s fiscal year, including 10 percent that operate on a calendar-year basis. All yearly data are a composite of the fiscal years in which these data are recorded by the 78 organizations that completed the survey.

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<sup>7</sup>Assumes that nonparticipating organizations have the same proportion of City to total capital funding as organizations that participated in the survey. The capital projects reported in the survey responses account for 89 percent of total City funding (non-City funding equal to 69.3 percent total funding). City records account for all City funding (equal to 30.7 percent total funding:  $.89 \times .693 + .307 = .924$  or 92 percent.)

2. New York City data on funding for capital improvements were compiled with the help of the Department of Cultural Affairs and the Independent Budget Office from “liquidations” listed in Monthly Transaction Reports for the period 1992–2002 and from planned City capital funding to be channeled through the Department of Cultural Affairs to 2006 (as of September 2002).<sup>8</sup> It should be noted that the City liquidations are typically recorded before the cultural organization recognizes the expenditure; in some cases, the same expenditure is recorded in different years. This results in the anomaly of City funding appearing to exceed total capital spending in some years.
3. In-person interviews were conducted with the following 11 institutions: the American Museum of Natural History, ArtsConnection, the Brooklyn Children’s Museum, the Brooklyn Museum of Art, the Solomon R. Guggenheim Museum, Lincoln Center for the Performing Arts, the Museum of Modern Art, the New York Botanical Garden, the New York Hall of Science, the Roundabout Theatre and the Staten Island Botanical Garden.

Total and City capital expenditure data from 1982 to 1992, published in *The Arts as an Industry: Their Economic Importance to the New York–New Jersey Metropolitan Region* (The Port Authority of New York and New Jersey and the Alliance for the Arts, 1993), were used to generate and analyze long-term trends.

## Data Analysis

All quantitative data were assembled and integrated where possible by aligning data from the survey with data from the official City records to produce calculations of total expenditures. In those cases where the City records specified the organizations receiving funding but no data were available from the organizations themselves, City liquidations were used as a proxy for total expenditures. This accounted for only four percent of the total funding estimate over the 1992–2002 study period.

The resulting data are presented in both current and constant (inflation-adjusted) dollars, but constant fiscal 2002 dollars are used for the analysis. These dollars were adjusted using the Bureau of Labor Statistics Consumer Price Index for the New York Metropolitan Area. Each year’s data were adjusted individually. Current and constant dollar figures are closer than the rate of inflation over the decade would suggest because the greatest expenditures occurred in the last years of the study, which have been a period of very low inflation.

Findings are described for the entire city, as well as by borough and by the operating-budget-size categories developed in the report *Who Pays for the Arts?*

An economic impact analysis was conducted using the detailed findings from the survey on expenditure patterns and the RIMs II Input-Output model for New York City from the U.S. Department of Commerce. The economic impact analysis was conducted for the 1997–2002 period because this amount of time was considered long enough to accommodate the lumpiness inherent in capital investment activity and recent enough to utilize accurate detail.

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<sup>8</sup>“Liquidations” is the City term for expenditures from the Capital Budget (see Glossary, page 24).

Input-output analysis uses patterns of direct expenditures as inputs, and it estimates the full impact in total economic activity (output), earnings and employment as the initial expenditures ripple through the city's economy. This technique captures the effects of first-round or direct capital expenditures, such as spending that goes to labor, materials and equipment, rent and utilities, and also identifies the second and subsequent-round spending by suppliers and wage-earners. The sum of all the rounds of spending in the local economy comprises the total effects or economic impact on the economy.

New York City personal income taxes and corporate and sales taxes were estimated using the TJ Spitznas tax model for New York City.

## **Glossary of Terms**

**Liquidations**—refers to New York City's expenditure of funds from its Capital Budget.

**Fiscal Year**—the time period chosen for annual accounting purposes. For New York City this is July 1-June 30, but varies for the organizations included in the survey for this report.

**Current Dollar**—value of expenditures expressed as of the year incurred.

**Constant Dollar**—value of expenditure over a time period, adjusted to account for inflation.

**Constant 2002 Dollars**—value of expenditures over a time period, *e.g.*, 1992–2002, adjusted for inflation to express values as of prices in year 2002.

**Economic Impact**—calculation of the ripple effect on the economy of expenditures for a project.

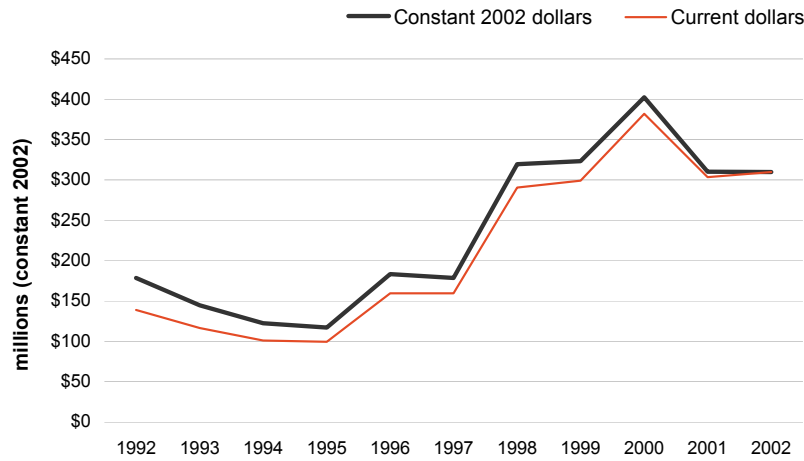
# Appendix A

## Total and New York City Capital Expenditures in Current and Constant 2002 Dollars, 1992–2002

**Chart 20**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total Capital Expenditures at Cultural Institutions, 1992–2002

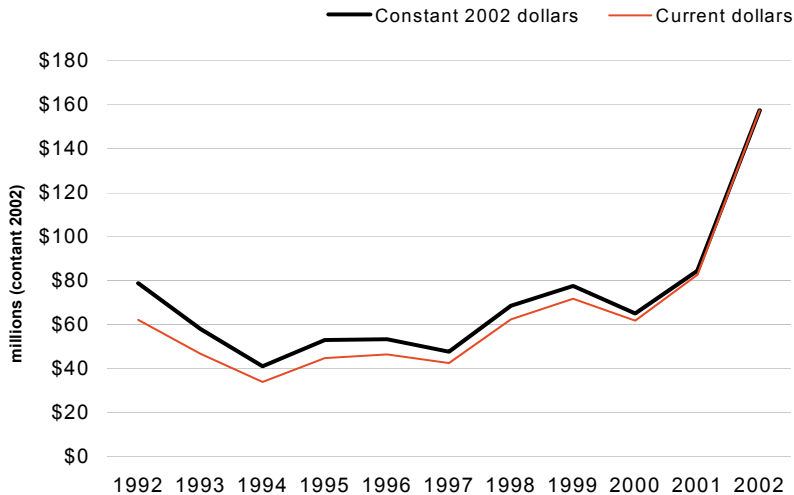


Source: Alliance for the Arts and the New York City Office of Management & Budget

**Chart 21**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total New York City Capital Expenditures at Cultural Institutions, 1992–2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

# Appendix B

## Trends in Capital Expenditures by Borough

### The Bronx

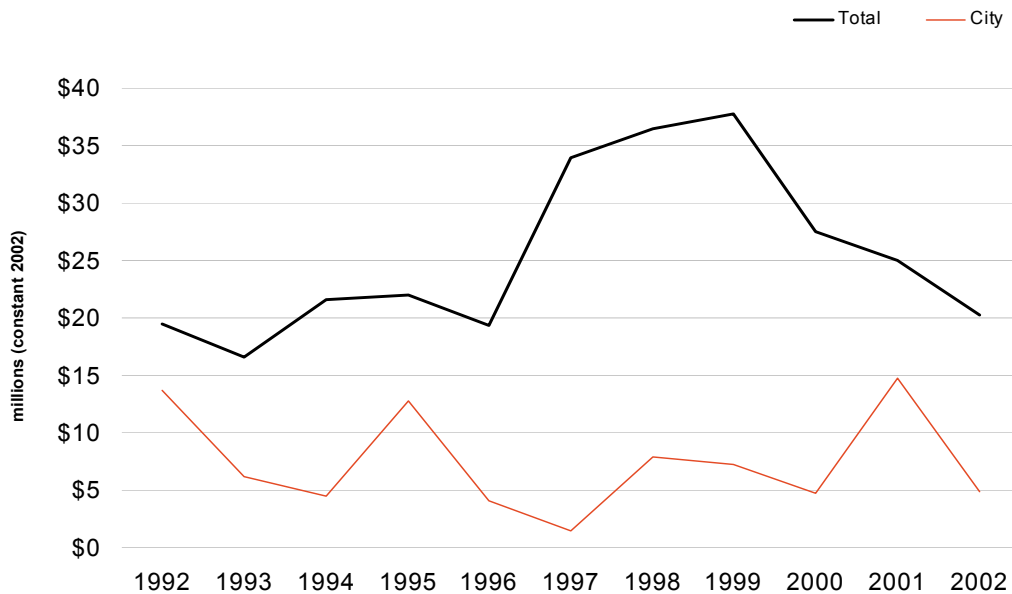
Total capital expenditures in Bronx cultural organizations were \$280.1 million between 1992 and 2002, measured in constant 2002 dollars. The pattern of spending was fairly steady over the study period with the exception of major capital projects at the Bronx Zoo and the New York Botanical Garden in the late 1990s, which boosted overall capital spending in the Bronx during those years.

New York City's capital spending in the nonprofit arts organizations in the Bronx totaled \$82.5 million in fiscal years 1992-2002, as measured in constant 2002 dollars. There was considerable year-to-year variation in the patterns of investment over these 10 years, ranging from a low of \$1.5 million in 1997 to the higher ranges of \$12.8 million in 1995, \$13.7 million in 1992, and \$14.7 million in 2001 (in constant 2002 dollars).

**Chart 22**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

**Total and City Capital Expenditures in the Bronx, 1992–2002**



Source: Alliance for the Arts and the New York City Office of Management & Budget

The City's share of capital spending accounted for 29 percent of the total \$280.1 million spent on cultural projects in the Bronx over this period.

## Brooklyn

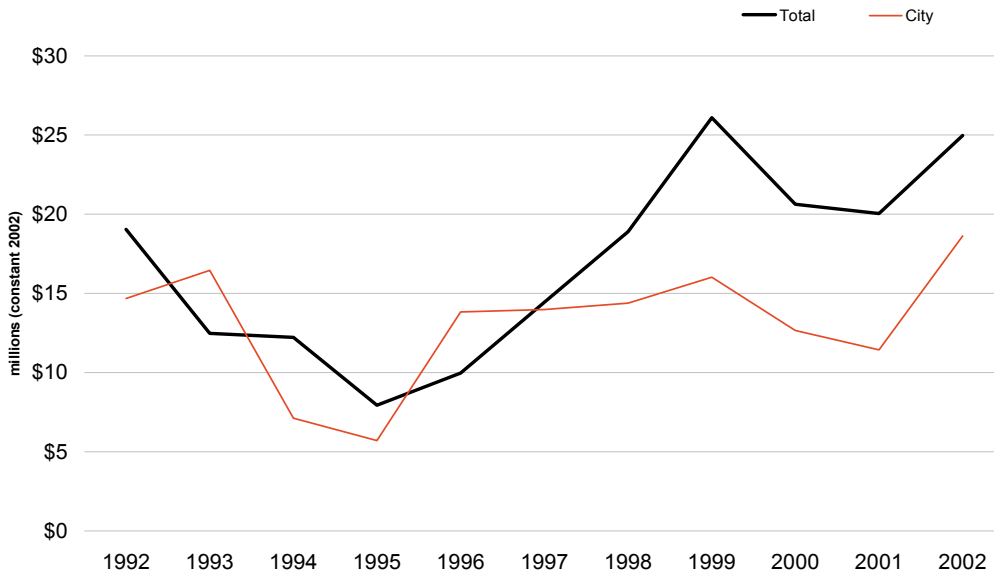
Capital expenditures at Brooklyn cultural organizations totaled \$186.7 million between 1992 and 2002 (in constant 2002 dollars). Capital spending remained generally stable from 1992 to 1995, but increased substantially in the latter part of the 1990s, from \$9.7 million in 1996 to \$25 million in 2002. Major projects at the Brooklyn Academy of Music (BAM), the Brooklyn Museum of Art, the Brooklyn Children’s Museum, the New York Aquarium and the Brooklyn Botanic Garden accounted for this increased level of investment.

New York City’s capital expenditures in Brooklyn totaled \$144.9 million in the years 1992–2002 (in constant 2002 dollars) and accounted for 78 percent of total capital investment in the borough. The level of the City’s annual spending varied considerably in this period, from a low of \$5.7 million in 1995 to moderate recovery in the 1997–1999 period, and finally reaching a peak of \$18.6 million in 2002.

**Chart 23**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total and City Capital Expenditures in Brooklyn, 1992-2002\*



Source: Alliance for the Arts and the New York City Office of Management & Budget

\*Note: The “Total” line is derived from information provided by cultural institutions and the “City” line from information provided by the New York City Office of Management & Budget. Because the City sometimes recognizes a given liquidation in the fiscal year before it is recorded by the cultural organization, there are instances when the “City” and “Total” lines cross.

## Manhattan

Total capital investment in Manhattan from all sources amounted to \$1.8 billion between 1992 and 2002, measured in constant 2002 dollars. The pattern of annual investment ranged between \$60 million to \$128 million from 1992 to 1997, and then increased dramatically in the years 1998, 1999 and 2000, when investment levels reached an 11-year peak of \$329 million.

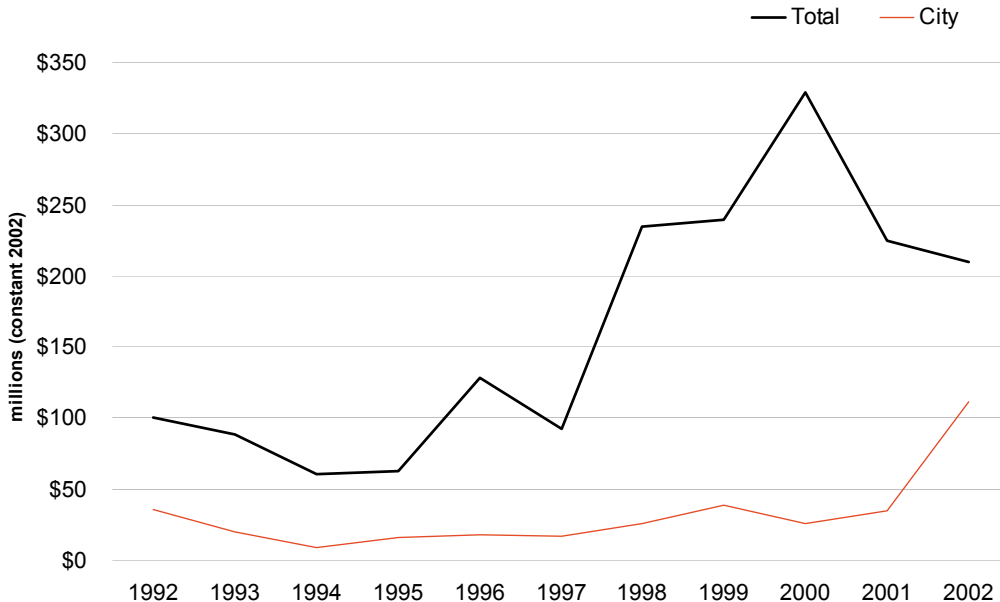
This late-decade surge in capital expenditure was due to significant increases across many organizations, but particularly reflects major capital projects at the American Museum of Natural History. In 2001 and 2002, expenditures remained robust although under the peak in 2000.

The major source of investment funds for cultural projects in Manhattan, particularly in the larger institutions, are individual donors, foundations, corporations and endowments. New York City's capital spending totaled \$350.4 million from 1992 through 2002, or about 20 percent of the total investment of \$1.8 billion in Manhattan organizations in that 11-year period (in constant 2002 dollars). The City's capital contributions form a relatively smaller share of total capital investment in Manhattan's nonprofit cultural projects than in the other boroughs, where the City's share of spending is the major component.

**Chart 24**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total and City Capital Expenditures in Manhattan, 1992-2002



Source: Alliance for the Arts and the New York City Office of Management & Budget



The City's annual levels of investment in Manhattan ranged under \$40 million over most years of the 1990s, from a low of \$9 million in 1994 to almost \$39 million in 1999 (in constant 2002 dollars). By 2002, the City's capital expenditures in Manhattan arts organizations tripled, to a level of \$111 million, as the City spent substantial levels of capital at such major institutions as the American Museum of Natural History, Lincoln Center, the Metropolitan Museum of Art, and particularly the Museum of Modern Art.

The uneven pattern of year-to-year spending tends to obscure the obvious increase in recent years in the City's capital effort in Manhattan's nonprofit arts institutions. Capital spending in the 1997–2001 interval was fully 45 percent higher than in the first part of the cycle, and spending in 2002 alone was almost 15 percent greater than in the first five years combined.

## **Queens**

Capital expenditures in Queens totaled \$103.75 million between 1992 and 2002. The pattern of investment from 1992 to 1997 reflects spending on projects at the New York Hall of Science, the Queens Museum of Art and P.S. 1 Contemporary Art Center. Spending declined in 1998 and remained at relatively low levels until 2001, when projects at the New York Hall of Science, the Queens Botanical Garden, Queens Theatre in the Park, Isamu Noguchi Garden Museum and P.S. 1 boosted spending significantly in the borough to levels seen in the early 1990s. Annual spending in the study period peaked in 2002 at \$15.5 million.

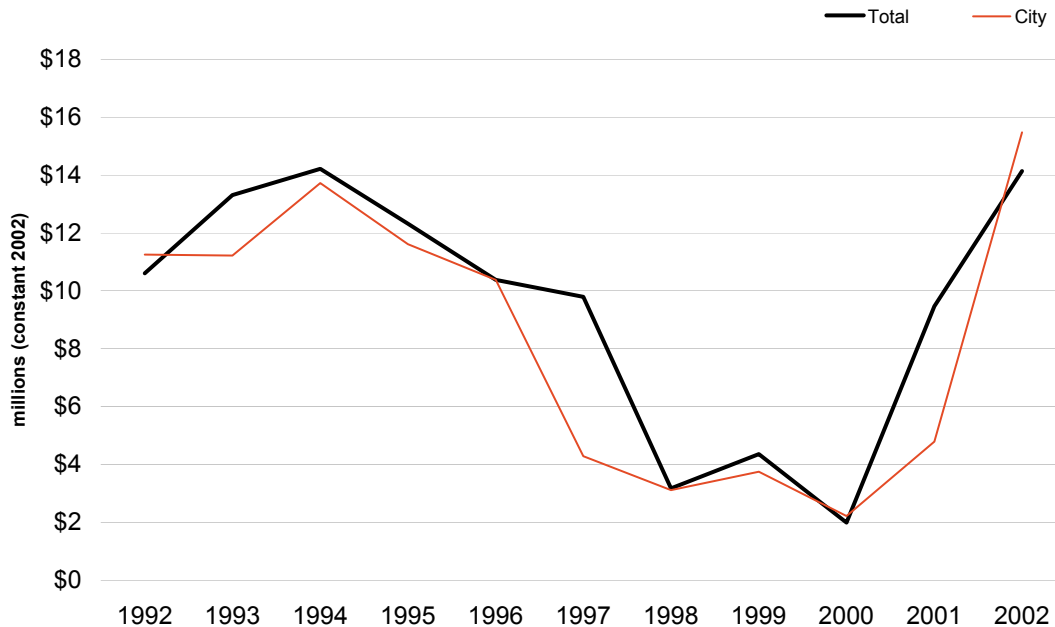
New York City's capital spending on cultural projects in Queens totaled \$91.8 million in the 1992–2002 period (in constant 2002 dollars). The City's funding represented 88 percent of all capital investment in Queens during these 11 years.

The City's capital spending in Queens was highest during the early years of the 1990s, and then fell to a low of \$2.2 million in 2000. Spending in the 1997–2001 period was nearly 70 percent less than the amount expended in the earlier 1992–1996 period. The City's capital funding increased sharply between from 2001 to 2002, when spending totaled \$15.4 million. This was spurred primarily by the City's substantial investments at the New York Hall of Science.

## Chart 25

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total and City Capital Expenditures in Queens, 1992–2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

\*Note: The “Total” line is derived from information provided by cultural institutions and the “City” line from information provided by the New York City Office of Management & Budget. Because the City sometimes recognizes a given liquidation in the fiscal year before it is recorded by the cultural organization, there are instances when the “City” and “Total” lines cross.

## Staten Island

All capital spending on nonprofit cultural organizations in Staten Island totaled \$73.7 million between 1992 and 2002 (in constant 2002 dollars). Annual expenditures plunged from \$9.8 million in 1992 to \$2.1 million in 1993, with the completion of a major project at the Staten Island Zoological Society. Capital expenditures continued at modest levels from 1993 to 1996, but increased dramatically in 1997 to \$11.3 million with major expenditures at Snug Harbor, the Staten Island Children’s Museum and the Staten Island Zoological Society. Expenditures remained at high levels until 2000 and then fell back in 2001 and 2002, ending the study period at just below \$4 million in 2002.

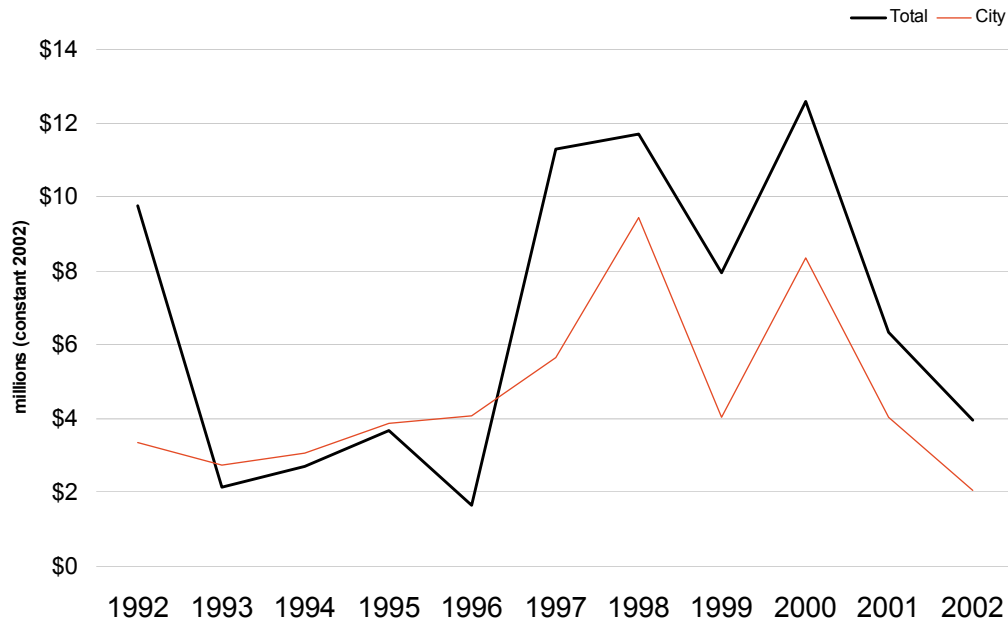
New York City’s capital spending on nonprofit cultural projects in Staten Island totaled \$50.7 million in the years 1992–2002, (in constant 2002 dollars). The City’s capital funds accounted for 69 percent of all capital expenditures during this period.

Unlike the pattern of spending in the other boroughs, the volume of City spending in Staten Island in 2002 was the lowest of any year in the 11 years, at a level of \$2 million. The peak year of City investment occurred in 2000, with a level of \$8.4 million.

## Chart 26

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total and City Capital Expenditures in Staten Island, 1992–2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

\*Note: The “Total” line is derived from information provided by cultural institutions and the “City” line from information provided by the New York City Office of Management & Budget. Because the City sometimes recognizes a given liquidation in the fiscal year before it is recorded by the cultural organization, there are instances when the “City” and “Total” lines cross.

# Appendix C

## Trends in Capital Expenditures by Budget Size

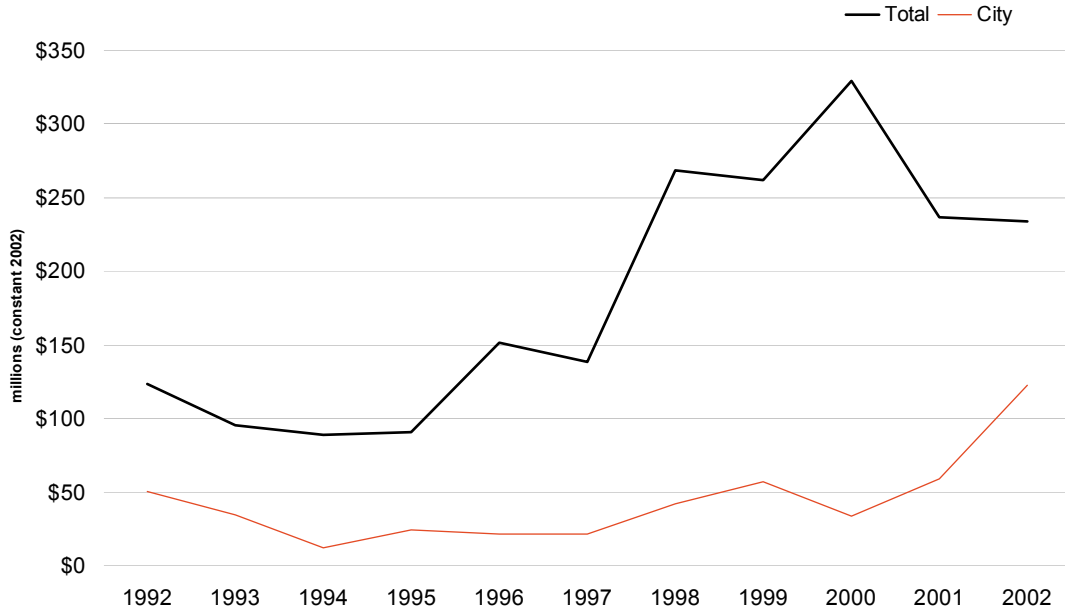
### Organizations with operating budgets of over \$10 million

Capital investments from all sources in organizations with operating budgets of more than \$10 million totaled \$2 billion from 1992 to 2002 (in constant 2002 dollars). Expenditures in 2002 were nearly double their volume over the level invested in 1992. These investments include significant ongoing expenditures to maintain the facilities of these major institutions as well as investment for major renovations, additions and new facilities. In the late 1990s, the booming economy allowed these organizations to add dramatically to their facilities with spectacular new additions, notably at the American Museum of Natural History and initiated at the Museum of Modern Art and the Metropolitan Museum of Art.

**Chart 27**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### Total and City Capital Expenditures in Organizations with Budgets Greater Than \$10 million, 1992–2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

## Organizations with operating budgets from \$1 million to \$10 million.

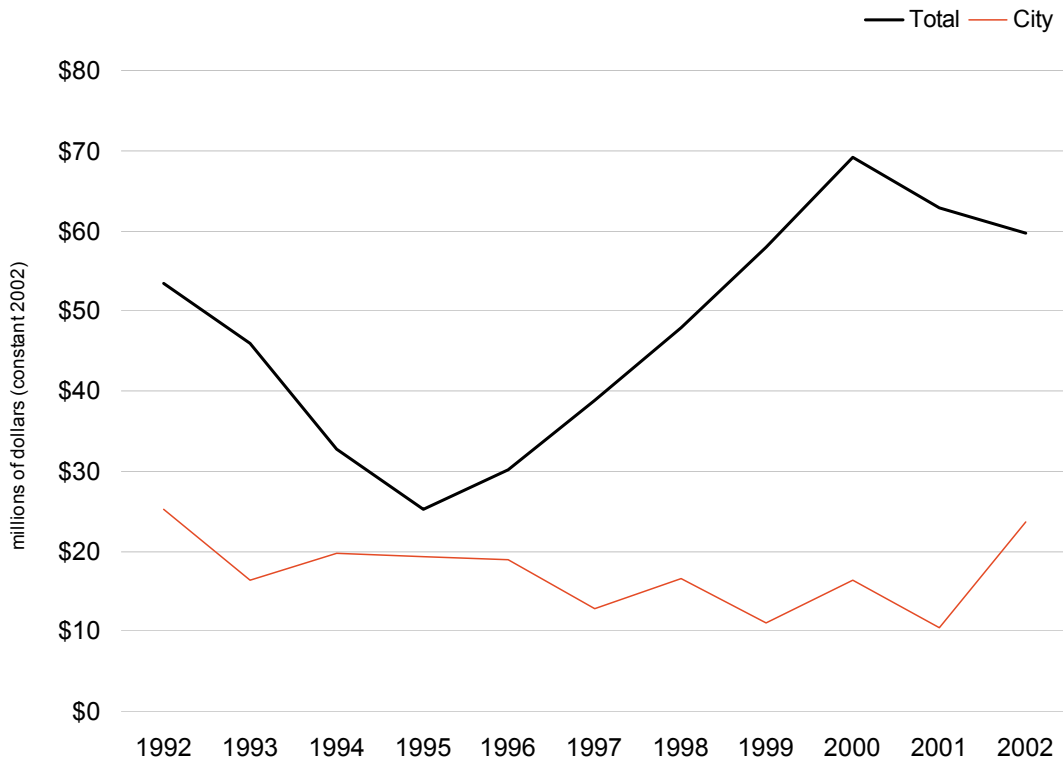
Capital investment at those organizations with operating budgets from \$1 million to \$10 million totaled \$523.8 million, a moderate increase of 12 percent in real terms over the 1992–2002 study period. From 1992 to 1995 investment declined significantly by 53 percent, rose sharply from 1995 to 2000, and edged down in 2001 and 2002.

The largest capital investments among this budget category over the study period were at the Center for Jewish History, the Jewish Museum, the Brooklyn Children’s Museum, the New York Hall of Science, the New-York Historical Society and the Queens Museum of Art.

### Chart 28

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

#### Total and City Capital Investment in Organizations with Budgets from \$1 to 10 million, 1992–2002



Source: Alliance for the Arts and the New York City Office of Management & Budget

New York City’s capital investments in this size of organization remained relatively constant over the study period.

## **Organizations with operating budgets of under \$1 million**

Capital investments at organizations with operating budgets of less than \$1 million totaled \$35.6 million, representing only 1 percent of total capital investment over the study period. However, the growth of expenditures for capital improvements from non-City sources in this portion of the cultural sector is striking. Whereas in 1992 capital expenditures at these organizations totaled just under \$1 million, the volume of spending began to increase in 1997, and by 2001 these organizations invested a total of \$11.7 million. The Rod Rodgers Dance Company, the Bronx Museum, the John A. Noble Collection, the National Lighthouse Museum, the Signature Theatre and Maspeth Town Hall led this segment in capital expenditures.

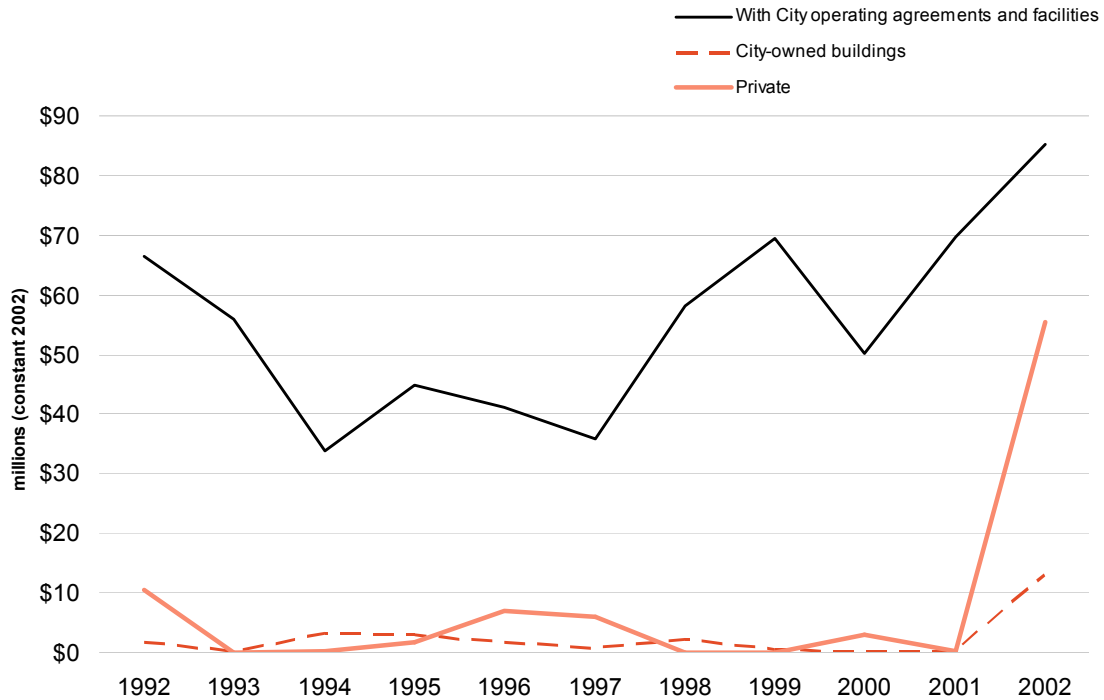
# Appendix D

## New York City Capital Funding by Type of Cultural Organization

**Chart 29**

CULTURE BUILDS NEW YORK:  
The Economic Impact of Capital Construction at New York City Cultural Institutions

### New York City Capital Funding by Type of Cultural Organization



Source: Alliance for the Arts and New York City Office of Management & Budget

The growth in City funding beginning in 1997 corresponds with the change in City policy opening the Capital Budget to institutions either owning their own facilities or leasing City-owned space. Prior to 1997, the Capital Budget was largely restricted to the 32 institutions with historic operating agreements with the City and occupying City-owned facilities long-term. These 32 institutions form a voluntary association called the Cultural Institutions Group (CIG). The steep increase in funding to cultural groups leasing City-owned facilities in 2002 is primarily due to grants to the Roundabout Theatre Company (\$4.8 million) and the Police Museum (\$4 million). The steep increase in the “private” organization line is due primarily to \$43 million in City capital expenditures in 2001–2002 to the Museum of Modern Art (MoMA). This change in policy appears to have driven an increase in overall funding.<sup>9</sup>

<sup>9</sup>In 2002, City capital grants averaged \$18.5 million to CIG member organizations, \$1.8 million to other organizations in City-owned facilities, and \$4.4 million to “private” organizations. The average grant to “private” organizations excepting MoMA was \$2.3 million.

# Appendix E

## Organizations Receiving City Capital Funding, 1992–2002

- \* Aaron Davis Hall
- Alley Pond Environmental Center (APEC)
- \* Alliance for the Arts
- \* Alliance of Resident Theatres/New York
- \* Alvin Ailey Dance Foundation
- American Ballet Theatre
- \* American Craft Museum
- \* American Folk Art Museum
- \* American Museum of Natural History
- \* American Museum of the Moving Image
- Apollo Theater Foundation
- Arts at St. Ann's/The St. Ann Center for Restoration and the Arts
- \* ArtsConnection
- Asia Society
- \* Big Apple Circus
- Black Spectrum Theater Company
- Boys Harbor
- \* BRIC/Brooklyn Information & Culture
- \* Bronx County Historical Society
- Bronx Dance Theater
- \* Bronx Museum of the Arts
- \* Brooklyn Academy of Music
- Brooklyn Botanic Garden
- \* Brooklyn Children's Museum
- \* Brooklyn Conservatory of Music
- Brooklyn Historical Railway Association Trolley
- Brooklyn Historical Society
- \* Brooklyn Museum of Art
- \* Brooklyn Philharmonic Symphony Orchestra
- Brooklyn Youth Chorus
- \* Carnegie Hall
- \* Center for Jewish History
- Center for the Urban Environment
- \* Center in Architecture/American Institute of Architects
- \* H.T. Chen & Dancers—Mulberry Street Theater
- Children's Museum of Manhattan
- \* City Center 55th Street Theater Foundation
- Clemente Soto Velez Cultural Center
- \* Dance Theater Workshop
- Dance Theatre of Harlem
- Duo Theater/Latino Theater Collective
- Dwyer Warehouse
- \* El Museo del Barrio
- Eldridge Street Project
- \* Elisa Monte Dance
- \* Flushing Town Hall (Flushing Council on Culture and the Arts)
- Genesis II Museum of International Black Culture
- \* Solomon R. Guggenheim Museum
- \* Harlem School for the Arts
- HERE Arts Center
- INTAR Hispanic American Arts Center
- \* International Center of Photography
- \* Intrepid Sea-Air-Space Museum
- Irish Arts Center/An Claidheamh Soluis
- \* Isamu Noguchi Foundation
- Jacob Lawrence Institute
- \* Jamaica Center for Arts and Learning
- \* Jazz at Lincoln Center
- Jewish Children's Museum
- \* Jewish Museum
- \* John A. Noble Collection
- \* Joyce Theater Foundation
- Kaufman Astoria Studios
- \* Kings Majestic Corporation
- La Mama E.T.C.
- League of American Theatres & Producers
- Lewis H. Latimer Fund (L.H.L. House)
- \* Lincoln Center for the Performing Arts
- \* Lower East Side Tenement Museum
- \* Lower Manhattan Cultural Council
- \* Mabou Mines Development Foundation
- \* Manhattan Theatre Club
- \* Mark Morris Dance Group
- \* Martha Graham Center of Contemporary Dance
- \* Maspeth Town Hall
- \* Metropolitan Museum of Art
- \* Metropolitan Opera Association
- \* Morgan Library
- MoCADA Museum
- \* Museum for African Art
- \* Museum of Jewish Heritage—A Living Memorial to the Holocaust
- \* Museum of Modern Art
- Museum of Television & Radio
- \* Museum of Chinese in the Americas
- \* Museum of the City of New York
- Museum of Women
- \* National Lighthouse Center and Museum
- \* National Museum of the American Indian
- National Museum of Catholic Art and History
- New Amsterdam Theater
- \* New York Botanical Garden
- \* New York Hall of Science
- New York Police Museum
- \* New York State Theater/City Center of Music & Drama (Opera and Ballet)
- \* New-York Historical Society
- \* P.S. 1 Contemporary Art Center
- P.S. 122
- Playwrights Horizons
- \* Public Theater/New York Shakespeare Festival

\* Respondents to Alliance for the Arts Capital Projects Survey



Puerto Rican Traveling Theatre Company  
 Puerto Rican Workshop  
 \* Queens Botanical Garden  
 \* Queens College Foundation for Louis Armstrong  
     Archives and House  
     Queens Council on the Arts  
     Queens County Family Court  
     Queens Historical Society  
 \* Queens Museum of Art  
 \* Queens Theatre in the Park  
     Repertorio Español  
 \* Rod Rodgers Dance Company  
 \* Rotunda Gallery/Brooklyn Information & Culture  
 \* Roundabout Theatre Company  
     Second Stage Theatre  
 \* Signature Theatre Company  
 \* Skyscraper Museum  
     Snug Harbor Cultural Center  
     South Street Seaport Museum  
     Southern Queens Park Association  
 \* Staten Island Botanical Garden  
 \* Staten Island Children's Museum

Staten Island Historical Society  
 Staten Island Institute of Arts & Sciences  
 Staten Island Zoo  
 \* Studio Museum in Harlem  
     Symphony Space  
     Taller Boricua Gallery  
     Town Hall  
     Theater for the New City  
 \* Vivian Beaumont Theater  
     Von King Cultural Arts Center  
 \* Wave Hill  
     Weeksville Society/Society for the  
         Preservation of Weeksville and  
         Bedford-Stuyvesant History  
 \* Wildlife Conservation Society  
     Women's Interart Center  
 \* Women's Project & Production  
     Working Waterfront Tugboat Project  
     YIVO Institute for Jewish Research  
     Young Dancers in Repertory

# Appendix F

## C A P I T A L P R O J E C T S U R V E Y

*a joint study by the Alliance for the Arts and the New York City Department of Cultural Affairs*

The purpose of this survey is to measure the economic impact of all capital projects at cultural organizations receiving City capital funding. All organization-specific information will be kept strictly confidential. This survey form is available at [www.allianceforarts.org/arc.html](http://www.allianceforarts.org/arc.html) in PDF format. We appreciate your participation.

### PART I GENERAL INFORMATION

**Organization** \_\_\_\_\_  
**Your borough** \_\_\_\_\_  
  
**Respondent's name** \_\_\_\_\_  
**Respondent's title** \_\_\_\_\_  
**Telephone** \_\_\_\_\_  
**Fax** \_\_\_\_\_ **E-mail** \_\_\_\_\_

**Staff person in charge of your capital budget?** \_\_\_\_\_  
**Title** \_\_\_\_\_  
**Telephone** \_\_\_\_\_  
**Fax** \_\_\_\_\_ **E-mail** \_\_\_\_\_

1. Annual operating budget for Fiscal Year 2001: \$\_\_\_\_\_. Year ending (mo/day) \_\_\_\_/\_\_\_\_
2. What percent of your FY 01 operating budget was derived from endowment income? \_\_\_\_\_%
3. Do you have facilities in city-owned property? \_\_\_\_ Yes \_\_\_\_ No
4. Do you receive annual expense funding from the City? \_\_\_\_ Yes \_\_\_\_ No
5. How much expense funding did you receive from the City in FY 01? \$\_\_\_\_\_

**PART II CAPITAL SPENDING FY 1992–2002, AND PLANNED FY 2002–2006**

6a. Was your first City capital appropriation in FY 1992 or after?  Yes (If 'yes', please answer question 4b)  
 No (If 'no', continue on to question 5)

6b. In what year was your first appropriation? \_\_\_\_\_

7. Please fill in the following fields for all capital expenditures (whether or not City funding was involved) made from Fiscal 1992 to the present.

<u>Year</u>	<u>Total Capital Expenditures</u>	<u>% City Funding</u>	<u>Titles of all capital projects</u>
FY 92	\$ _____	_____ %	_____
FY 93	\$ _____	_____ %	_____
FY 94	\$ _____	_____ %	_____
FY 95	\$ _____	_____ %	_____
FY 96	\$ _____	_____ %	_____
FY 97	\$ _____	_____ %	_____
FY 98	\$ _____	_____ %	_____
FY 99	\$ _____	_____ %	_____
FY 00	\$ _____	_____ %	_____
FY 01	\$ _____	_____ %	_____
FY 02	\$ _____	_____ %	_____

8. Please fill in the following fields for all capital expenditures (whether or not City funding is anticipated) planned for FY 2002-2006.

<u>Year</u>	<u>Total Capital Expenditures</u>	<u>% City Funding</u>	<u>Titles of all capital projects</u>
FY 02-06	\$ _____	_____ %	_____
<i>(do not include expenditures listed in FY 02 listed above)</i>			
			_____

**PART III. INCOME AND THE ROLE OF CITY FUNDING**

9. a. What was the total income raised for capital projects over the past 5 years? \$ \_\_\_\_\_

b. What is the goal for the next 5 years?

\$ \_\_\_\_\_

10. Often capital campaigns cover both the planning and construction funds necessary for the building of a new facility, and money dedicated to the future operations of the facility. (This money may be kept in the endowment or another special fund.) Over the past 5 years, what percentage of capital money raised from all sources has been or will be spent on the planning and construction of capital projects, and what percentage has been or will be reserved for operating these projects once they're completed?

Planning and construction \_\_\_\_\_%

Operations \_\_\_\_\_%

11. Estimate the percentage of total income for capital projects derived from the following sources over the last 5 years, and anticipated over the next five years. (This 'total income' amount should include any funds raised in capital campaigns for planning, construction and operations.)

	previous 5 years	next 5 years
<b>Government Funding</b>		
City	_____%	_____%
DCA % of total capital projects income	_____%	_____%
Other City % of total capital projects income	_____%	_____%
<i>(please specify agency)</i> _____		
State <i>(please specify agency)</i> _____	_____%	_____%
Federal <i>(please specify agency)</i> _____	_____%	_____%
<b>Private Contributions</b>		
Individual	_____%	_____%
Corporate	_____%	_____%
Foundation	_____%	_____%
<b>Earned Income</b>	_____%	_____%

12. Please rank the extent to which the following statements describe the role of City funding in your capital plan.

	very much	sometimes	not at all		
1	2	3	4	5	A major role, providing most or all capital funding
1	2	3	4	5	Helps private fundraising efforts in early stages of capital
1	2	3	4	5	Renews momentum for private fundraising in mid-campaign
1	2	3	4	5	Provides particularly significant support for infrastructure
1	2	3	4	5	Constraints in terms of the requirements tied to City funding
1	2	3	4	5	Causes delays because of the lag time between the appropriation and registration of contract
1	2	3	4	5	Helps leverage funds to operate new facilities

**PART IV CAPITAL PROJECT PROFILE**

**13. In general, how do capital projects with City capital money differ from those undertaken by your organization without City funding? (Check the one response that most closely reflects your organization's experience.)**

- All of our capital projects include City money.
- Projects with City money do not differ significantly from those without City money.
- Projects with City funding are more likely to focus on infrastructure and equipment than projects with no City money.
- Other (please describe) \_\_\_\_\_

**Please provide the following information for ONE significant and completed capital project that received City funding.**

**14. Project's title and brief description**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**15. What was the total cost of this project? \$ \_\_\_\_\_**

**16. What was the project's start date? \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ Completion date? \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_**  
mo/yr mo/yr

**17. Was this project (check as many as apply)**

- new construction?  a major renovation?
- an addition?  infrastructure renewal?
- other? (please explain) \_\_\_\_\_

**18. What percentage of income for this project was derived from City capital funding? \_\_\_\_\_%**

**19. When were City capital funds for this project**

**a. appropriated? \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_ b. made available? \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_**  
mo/yr mo/yr

**20. Please estimate the percentage of expenditures incurred in this capital project for the categories listed below.**

- Design/Architecture Fees (include planning and feasibility studies) \_\_\_\_\_%
- Project Management (include construction managers, owners reps, internal management) \_\_\_\_\_%
- Construction cost \_\_\_\_\_%
- Equipment and Furniture \_\_\_\_\_%
- Other (please specify) \_\_\_\_\_%

**21. About what percent of the total Design/Architecture fees were paid to firms with major NYC offices?**

less than 25%      25%-45%      46%-54%      55%-75%      76%-100%