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**culture**  
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**New York**

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The Economic Impact of  
Capital Construction at  
NEW YORK CITY'S CULTURAL INSTITUTIONS

**2003–2010**

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## Acknowledgments

We are grateful for the cooperation of the directors and staff of cultural organizations throughout New York City who supplied the information that forms the basis of this study, and to the Independent Budget Office for information on City capital funding. Special thanks to the Department of Cultural Affairs for its cooperation in this study.

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Dear Friends,

The best cultural architecture gives form to the creativity it houses. As a result, New York City, which is home to 1,400 dynamic nonprofit cultural organizations, increasingly boasts some of the most important and innovative cultural buildings in the United States today.

At times, innovation comes as an extraordinary silhouette on the skyline—the New Museum for Contemporary Art is a notable recent example. At other times, it's about anticipating design trends, such as the focus on sustainability articulated in PlaNYC, Mayor Bloomberg's 30-year master plan for New York City. For example, the new visitors center at the Queens Botanic Garden will be the first LEED-platinum project in a City-owned building, and the Brooklyn Children's Museum, designed by Rafael Vinoly, stands poised to open in 2008 as the city's first LEED-certified museum.

And the cultural sector breaks new ground in more prosaic ways every day, whether it is a renovation of the beloved St. George's Theater in Staten Island, or energy-efficient lighting systems at cultural organizations throughout the five boroughs. From new affordable rehearsal space for artists at the Center for Performance Research, to improving wheelchair accessibility at Wave Hill, capital projects succeed when they extend an organization's ability to achieve its mission.

In the coming year, a number of capital projects conceived in the early days of this administration will come to fruition. In the wake of the economic downturn that followed the events of September 11, 2001, the Department of Cultural Affairs (DCA) worked creatively and intensively to deploy funding that would catalyze private sector investment in cultural facilities in all five boroughs. Highlights of these public-private efforts will include new programming space at the Studio Museum in Harlem, and groundbreakings for dramatic renovations at the Queens Museum of Art and the Museum of the Moving Image.

Since 1869, when the City launched the first public-private cultural partnership, the City's investment in cultural infrastructure has grown to \$1.4 billion for 2008 to 2011. In recent years, DCA has worked to provide new access to capital funding and private financing for non-City-owned institutions, and to ensure that culture plays an essential role in many of the City's economic development projects. This work has paid off: 10 years ago, DCA had projects at 44 organizations; today, we boast projects at 215 organizations that, taken together, expand public access, create new visitor amenities, sync with our priorities for design excellence and help maintain New York's global competitiveness as the creative capital of the world—one neighborhood at a time.

New Yorkers have long been supportive of capital improvements for cultural organizations because they provide good long term returns on investment—increasing quality of life, strengthening neighborhood identity, and driving economic impact throughout our five boroughs. This report begins to quantify some of those impacts of cultural construction, and it is our sincere hope that it will inspire new research into them.

I would like to thank Randy Bourscheidt and his team at Alliance for the Arts for their examination of the economic impact of cultural capital spending in New York City. I would also like to take this opportunity to thank my colleagues at DCA and in the cultural community, whose diligence and creativity are essential to nourishing and sustaining New York City's creative vitality.

Sincerely,

Kate D. Levin  
Commissioner, New York City Department of Cultural Affairs

November 2007

## Foreword

Architecture and culture are two measurements of the vitality of cities. When the cultural institutions of a great city are themselves actively building new and expanded facilities, it marks a high point of civilization. Such is the case in New York City now and for the past two decades.

The cultural organizations are leading this phenomenon themselves, but they are the beneficiaries of unprecedented financial support from the private sector and from the municipal government. This building boom expresses strong confidence in the future of the cultural institutions and of the city itself.

As this study makes clear, the largest source of funding for this construction activity is the private sector—individuals, corporations and foundations. But an important factor is a newly active public sector. The City of New York, having extended its capital budget support to private institutions not housed in City-owned property, has become the largest single funder of these projects.

The role of the City government is doubly important because it not only adds to and leverages additional private support, it also provides a public record of investment and a projection of planned construction. Together with the surveys designed and conducted by the Alliance for the Arts, this detailed documentation of City capital funding makes it possible to undertake the present study.

The result is that we can now make an accurate assessment of the economic impact of this spending and predict its future effect. This study updates our first effort, published in 2003, and indicates that the level of cultural construction activity remains high. This is welcome news not only for the cultural field but for everyone who works for the vitality of New York.

Of course, we do not build these institutions for economic reasons alone. They are the focus of our collective civic and cultural life, a source of pride as well as prosperity. But it bodes well for a city in a competitive world that it has the ability to renew itself. This is the New York City of 2007, and the Alliance for the Arts is proud to contribute to the public's understanding of the benefits of investment in cultural activity.

Randall Bourscheidt  
President

November 2007

## Introduction

The past two decades have been a period of tremendous growth of New York City's cultural infrastructure, only briefly interrupted by the attacks of September 11, 2001. Private donors and the city government are investing billions of dollars in new and expanded museums, theaters, concert halls and other facilities.

This report analyzes the economic impact of spending on new construction at the city's cultural institutions for the years 2003 to 2005, and for planned capital spending in the years 2006 to 2010.

It is a companion to the recently-published study conducted by the Alliance for the Arts, *The Arts as an Industry: Their Economic Importance to New York City and New York State* (2007).

These findings also update the Alliance's earlier report, *Culture Builds New York: The Economic Impact of Capital Construction at New York City Cultural Institutions* (2003), which tracked capital spending in the years 1992 to 2002, and measured the economic impact of that spending for the years 1997 to 2002 and for projected spending in the years 2003 to 2006. Still earlier, the 1993 report, *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region*, published by the Alliance for the Arts and the Port Authority of New York & New Jersey, included a measurement of total spending on capital projects at New York City nonprofit cultural institutions.

For this study, data on the total volume of capital investment in the years 2003 to 2005 and for planned spending in 2006 to 2010 were obtained through surveys conducted by the study team during the summer of 2005. Information on the City of New York's capital spending share is based on the City's reports of actual spending from 2003 to 2005, while planned spending in the years 2006 to 2010 is based on the City's 10-year capital plan.<sup>1</sup>

Included in the analyses of direct expenditures are long-term trends and patterns of capital spending by nonprofit cultural institutions, with detail by size of operational budget, by discipline and by borough.

The measurement of economic impact of capital spending for the 2003 to 2005 period and of planned capital spending for 2006 to 2010 utilizes the input-output model of New York City and the metropolitan region prepared by the Port Authority of New York & New Jersey, also used in the studies published in 1983, 1993 and 2007. While a different input-output model was used for the 2003 study, *Culture Builds New York*, the methodology, survey techniques and industry multipliers used in that study remain consistent.

This report is in special remembrance of our colleague, Amos Ilan, who passed away in November 2007. Amos worked with us closely on the economic impact analysis of this report. He was a pioneer in the application and integrity of using input-output analysis to study the importance of leading industries, and was a vital member of our team in researching the economic importance of the arts in New York, beginning with the initial study in 1983 and through the subsequent studies of 1993 and 2007. He made a major contribution to our understanding of the economic importance of the arts.

Rosemary Scanlon  
Study Director

Catherine Lanier  
Study Manager

<sup>1</sup> New York City's Independent Budget Office provided the information on the cultural segment of the City's capital planning documents.

## Economic Impact of Capital Expenditures

### 2003–2005

New York City cultural institutions spent \$1.4 billion on capital construction from 2003 to 2005. This activity generated the following results:

- **Economic impact of \$1.85 billion** for the three-year period
- An average of **3,460 full-time equivalent jobs** in each of the three years
- **\$560 million in wages** over the three-year period
- **\$40.6 million in taxes** to New York City over these three years, comprising:
  - Personal Income Tax (40 percent)
  - Sales and User Taxes (33 percent)
  - Business Taxes (27 percent).

New York City's economy benefits from capital investment at cultural organizations, first through direct spending—for renovations, for expansion or for new projects—and then from the subsequent ripple effects of more rounds of spending in the local economy. In the course of a capital project, money is spent on architecture and design services, for project management, and on labor, materials, equipment and furnishings.

The short-term construction economic impact of capital expenditures on cultural projects, from the beginning of planning and design to the completion of building and furnishing, is calculated by analyzing the expenditure patterns drawn from a sample of projects and using the input-output model for New York City of the Port Authority of New York & New Jersey. This model estimates the full effect on jobs, wages and sales of expenditures made to specific sectors, such as architectural and design services, professional services for project management, construction, and equipment and furniture. Dollars flowing to each of these sectors affect the city's economy somewhat differently. For example, money paid to local workers goes right into the household spending sector of the city's economy, while most of the money spent on equipment or construction material leaks out of the local economy.

Architecture and design is a critical component of these capital projects. The design of some capital projects at cultural organizations—such as the major renovation and expansion projects at the Museum of Modern Art or the Morgan Library & Museum, or the construction of the New Museum—

dramatically changes the institution or the cityscape. For others, such as the restoration of the historic roof at City Center or the façade at the Brooklyn Academy of Music, the capital improvement restores the original look and functionality of a cultural facility. Based on the survey results, the amount of a project devoted to design and architecture fees ranges from 7 percent to 10 percent of the total construction cost. Most of these expenditures go to New York City firms, although some of the largest design projects have been awarded to firms based elsewhere in the U.S. or outside the country.

Project management generally accounts for five to eight percent of the capital budget. Where City funds are the dominant source of capital funding, project management is sometimes handled by the City directly; for most major projects where private funds are the dominant source, project management is done by private firms.

Direct construction expenses for labor and material accounts for the bulk of the total cost of capital expenditures, ranging from 57 percent to 64 percent. Both project management and construction are largely conducted by locally-based firms.

Equipment and furniture accounts for between 18 percent to 21 percent of capital expenditures. This category includes sophisticated temperature and humidity control systems and lighting and sound systems as well as imported stone, wood and other materials. The range of items reflects the scope of New York City's cultural sector, from tents for the Big Apple Circus, designed in New York City but manufactured in Italy, to a system installed in a new greenhouse at the New York Botanical Garden that features eight different temperature and humidity zones for the propagation of the garden's extensive research collections as well as plants for display. In Brooklyn, the Mark Morris Dance Center was outfitted with the necessary lighting equipment, sound equipment, and structural underpinnings to create a flexible professional performance venue accommodating both recorded and live music. This equipment and the furnishings were imported from outside New York City, but were typically installed by specialized, locally-based labor.



## 2006–2010

Based on capital development plans reported by nonprofit cultural institutions and the City's capital budget, \$1.7 billion will be spent on nonprofit cultural facilities from 2006 to 2010. This capital program will generate:

- **Estimated economic impact of \$2.2 billion** (in 2005 dollars) over the five-year period
- **2,500 full-time equivalent jobs** in each of the five years
- **\$670 million in wages** over the five-year period
- **\$48.5 million in taxes** to New York City, comprising:
  - Personal Income Tax (40 percent)
  - Sales and User Taxes (33 percent)
  - Business Taxes (27 percent).

It should be noted that the total planned investment of \$1.7 billion for 2006 to 2010 represents an undercount, in that some projects that were in the earliest planning stages when the surveys were conducted will become firmer and move into the construction pipeline by 2010.<sup>2</sup> Nonetheless, this projected volume, measured here in 2005 dollars, represents an overall increase from the 2003 to 2005 period.

Over the longer term, cultural institutions nourish the quality of life of local residents and also provide a vital attraction for out-of-town visitors. Visitor surveys conducted for the companion study, *The Arts as an Industry*, as well as for earlier studies of the economic impact of the arts in New York City, confirm the economic importance of those visitors to New York City that are drawn specifically by the arts. The economic impact of these arts-motivated visitors was \$5.4 billion in 2005.<sup>3</sup>

In addition to the overall economic importance, specific studies by individual cultural organizations have documented the increase in visitors that result from the investment in major additions, expansions or renovations. For example, the Museum of Modern Art had 2.5 million visitors in 2005, the first full year of operation after the major renovation, almost a million more than in the 1990s. International visitors, long a significant component of MoMA's audience, were 40 percent of total attendance in 2005. In addition to the increased attendance, the city's economy benefits over the longer term from the increased operating expenditures that come with a significant expansion of cultural facilities, whether those expenditures are for additional staff, or for higher utility or ongoing maintenance costs.

In other cities in the United States and around the world, investment in major cultural facilities is now recognized as a significant element of a city's economic as well as cultural life, whether it is for new museums in Bilbao, in Milwaukee, or on the South Bank in London; or for major new concert halls in Los Angeles, Singapore or Philadelphia.

## History of Capital Investment at New York City Cultural Institutions Since 1982

Spending on capital projects at nonprofit cultural institutions in New York City has increased significantly since first measured for the 1982 to 1992 period.<sup>4</sup>

In 1982, total spending on capital projects at nonprofit cultural organizations in New York City totaled \$36.9 million, measured in 2005 dollars. In 2005, total capital spending measured \$452.3 million, and had reached a 23-year peak of \$518.9 million in 2003.

The contribution of New York City government to capital funding has also increased significantly over this period, from \$24.1 million in 1982 (in 2005 dollars) to \$130.9 million in 2005, and reaching a peak level of about \$175 million in both 2002 and in 2003.<sup>5</sup> City funding has a pronounced influence on private contributions and helps guarantee the success of the projects it supports.



Brooklyn Museum

Photo: Courtesy of Brooklyn Museum

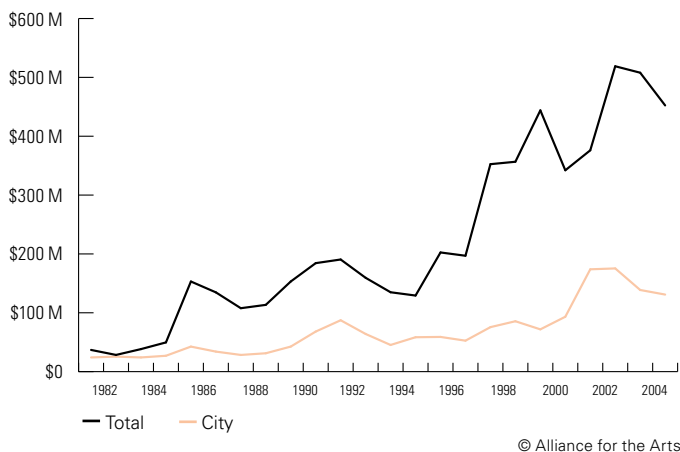
<sup>2</sup> In fact, \$500 million has been added to the City's capital plan for this period since the time of these surveys.

<sup>3</sup> *The Arts as an Industry: Their Economic Impact on New York and New York State* (Alliance for the Arts, 2007)

<sup>4</sup> *The Arts as an Industry: Their Economic Importance to the New York-New Jersey Metropolitan Region* (*The Port Authority of New York & New Jersey and the Alliance for the Arts*, 1993).

<sup>5</sup> Recent data from the City of New York indicate that the City's 2006 investment was \$127 million, close to the 2005 expenditure of \$130.9 million.

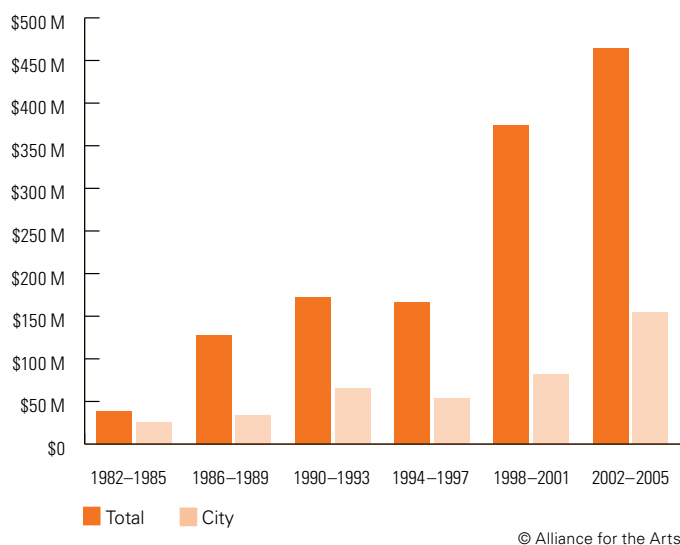
### Total and City Capital Expenditures 1982–2005 (2005 Dollars)



### Capital Spending Has Reached New Thresholds Since 1997

While the overall trend in capital expenditures shows a substantial rise since 1982, the trajectory of growth has accelerated since 1997, as seen in the following chart, which portrays the volume of average annual spending in four-year clusters beginning with the 1982 to 1985 period. By the 1998 to 2001 period, total average annual capital expenditures exceeded \$350 million, more than double the annual average spending from 1982 to 1997. Between 2002 and 2005, annual average expenditures surpassed \$450 million.

### Average Annual Capital Expenditures 1982–2005 (2005 Dollars)



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

The years since 1997 have seen the completion of several major new additions, expansions and renovations to New York City’s rich cultural offerings, including the Museum of Jewish Heritage in Battery Park City (1997); the Rose Center for Earth and Space at the American Museum of Natural History (2000); Zankel Hall, a new performance space at Carnegie Hall (2003); and the major complex of Jazz at Lincoln Center in the new Time Warner Center at Columbus Circle (2003).

The most recent period studied, from 2002 to 2005, included such major projects as the completion of the greatly expanded and redesigned Museum of Modern Art (2004); the major reconstruction and expansion to the Morgan Library & Museum (2006); and the major renovation of the American wing and the initial construction phase of the Greek and Roman Galleries in the Metropolitan Museum of Art, the latter of which opened to the public in April 2007. The Brooklyn Children’s Museum has undertaken a major project to double the size of its exhibition space, due to open in 2008.

Major expansions and renovations have also been completed or are underway at the New York Botanical Garden in the Bronx, the Bronx Zoo, the Brooklyn and the Queens Botanical Gardens, and at the New York Aquarium in Brooklyn. Recent openings include the Mark Morris Dance Center in the first new cultural facility in the BAM Cultural District and substantially renovated theaters at the Roundabout Theatre and the Manhattan Theatre Club.



Photo: Courtesy of Bronx Museum of the Arts

Bronx Museum of the Arts

## Capital Expenditures at New York City Nonprofit Cultural Institutions 2003–2005

Capital spending at New York City’s nonprofit cultural institutions totaled \$1.4 billion during the years 2003 to 2005. The City of New York accounted for \$428 million of this total expenditure, with City expenditures peaking at \$162 million in 2003. The City share of total spending ranged from 27.3 percent in 2004 to almost 34 percent in 2003.

Year	Total Capital Spending	New York City Spending	City Share of Total
2003	\$482.5 M	\$163.1 M	33.8%
2004	\$489.1 M	\$133.6 M	27.3%
2005	\$452.3 M	\$130.9 M	29.0%
<b>Total</b>	<b>\$1.424 B</b>	<b>\$427.6 M</b>	<b>30.0%</b>

© Alliance for the Arts

Note: These figures are not adjusted for inflation.

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

Of the nonprofit cultural organizations analyzed for this study, 104 had capital expenditures totaling \$1.4 billion during the years 2003 to 2005. Three organizations—the Museum of Modern Art, the Metropolitan Museum of Art and Jazz at Lincoln Center—together accounted for almost half (44 percent) of all capital expenditures at cultural organizations during this four-year period. Other organizations with large capital expenditures during these years included the New York Botanical Garden, the Museum of Jewish Heritage, the Morgan Library & Museum, the New York Hall of Science, the Bronx Zoo, the American Museum of Natural History and the Brooklyn Museum.



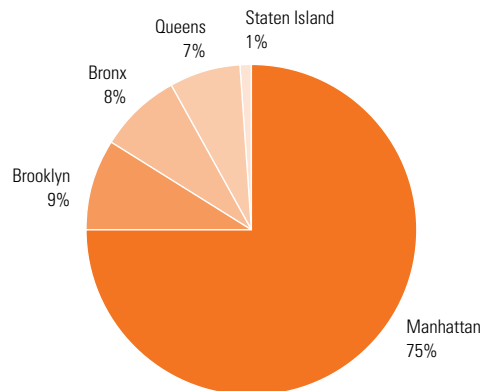
Photo: Courtesy of Museum of Modern Art

Museum of Modern Art

### By Borough

Taking into account all public and private funds, three-fourths of total capital expenditures from 2003 to 2005 were made in Manhattan. Brooklyn accounted for nine percent, the Bronx for eight percent, Queens for seven percent and Staten Island for one percent.

### Total Capital Expenditures by Borough 2003–2005



© Alliance for the Arts

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



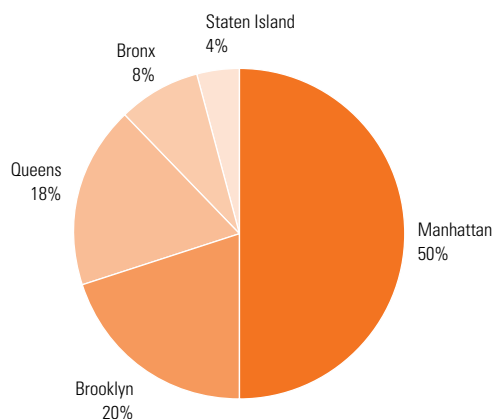
Photo: Courtesy of Jazz at Lincoln Center

Jazz at Lincoln Center

Funding by the City government amounts to a larger share of projects outside Manhattan, although half of the City's investment in 2003 to 2005 was directed to projects in Manhattan.

Of New York City's capital spending of \$428 million during the three years 2003 to 2005, 50 percent went to organizations in Manhattan, while 20 percent of City funding went to capital projects in Brooklyn, 18 percent to Queens, 8 percent to the Bronx and 4 percent to Staten Island.

### City Capital Expenditures by Borough 2003–2005

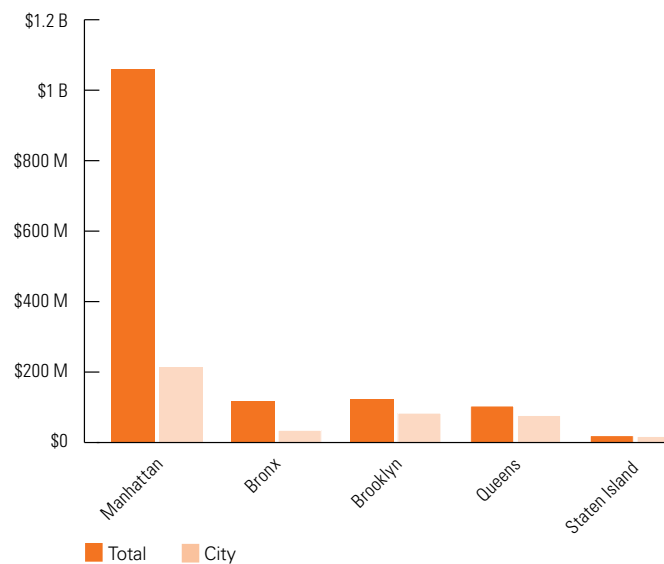


© Alliance for the Arts

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

Within each borough, the pattern of total and City spending varies considerably by size of organization. In the boroughs with the largest cultural institutions, most of the capital expenditures from 2003 to 2005 were paid for with private donations. In Manhattan, 80 percent of capital expenditures came from private sources, and in the Bronx, 71 percent came from private sources. In the other three boroughs, City funding accounted for most of the total in capital expenditures, comprising 72 percent of total capital expenditures in Brooklyn, 75 percent in Queens and 88 percent in Staten Island. Major projects were completed in all boroughs.

### Total and City Capital Expenditures by Borough 2003–2005



© Alliance for the Arts

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

The pattern of total and City spending by borough in the period 2003 to 2005 is similar to the previous decade, as shown in the table below.

### Total and City Capital Expenditures by Borough 1992–2002 and 2003–2005

Borough	Total Capital Expenditures		City Capital Expenditures	
	1992–2002	2003–2005	1992–2002	2003–2005
Manhattan	74%	76%	49%	50%
Bronx	11%	8%	11%	8%
Brooklyn	8%	8%	20%	20%
Queens	4%	7%	13%	18%
Staten Island	3%	1%	7%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

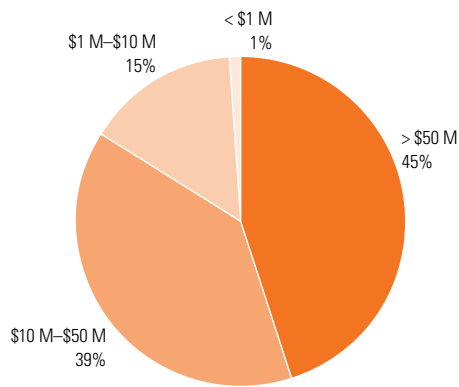
© Alliance for the Arts

Source: 1992–2002 data, Culture Builds New York: The Economic Impact of Capital Construction at New York City Cultural Institutions (Alliance for the Arts, 2003); 2003–2005 data, Alliance for the Arts and New York City Office of Management & Budget

## By Size of Operating Budget

The years 2003 through 2005 were a period of rapid expansion for the largest cultural institutions in New York City. As measured by the size of operating budgets, those organizations with annual operating budgets of \$10 million and over accounted for 84 percent of all capital spending. The very largest organizations—those with operating budgets of \$50 million and over—accounted for 45 percent of all capital spending.

### Total Capital Expenditures by Budget Size 2003–2005

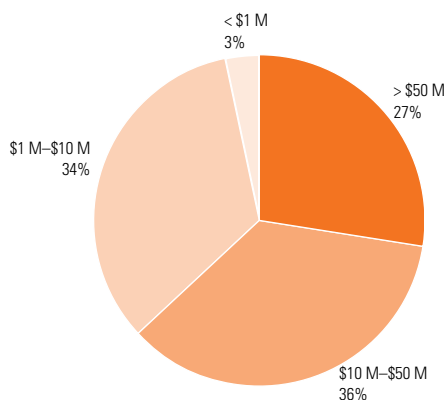


© Alliance for the Arts

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

Public funding from the City of New York followed this pattern, with 36 percent of City funding going to institutions with operating budgets of \$10 million to \$50 million and another 27 percent going to support the largest organizations, those with budgets of \$50 million and over. One-third of City capital funding went to those organizations with budgets of \$1 million to \$10 million.

### Recipients of City Capital Funding by Budget Size 2003–2005



© Alliance for the Arts

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

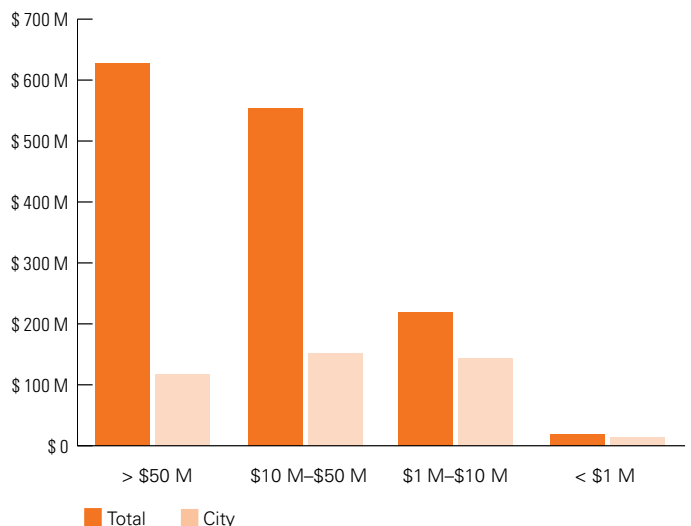


Photo: Courtesy of Queens Botanical Garden

Queens Botanical Garden

The City's share of total capital spending is particularly important for those organizations with annual operating budgets of less than \$1 million. Here, the City's 2003–2005 allocation of \$13.2 million comprised 72 percent of their total capital spending, although that volume only represents 3 percent of all City capital funding. City funding is also very important for those organizations with operating budgets in the \$1 million to \$10 million range, where the City's contributions of \$142.8 million in this three-year period accounted for 65 percent of their total capital spending. In contrast, since the largest institutions—those with budgets over \$10 million—have greater access to private sources of capital funding, the City share of all capital funds is smaller, at 22.7 percent (although the City's role is also considered to be a vital component in launching and completing a major investment; see Section VI).

### Total and City Capital Expenditure by Budget Size 2003–2005



© Alliance for the Arts

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

### Total and City-Funded Capital Expenditures by Budget Size 2003–2005

Operating Budget	Total Capital Expenditures	City-Funded Capital Expenditures	City Share
> \$50 M	\$627.9 M	\$116.9 M	18.6%
\$10 M–\$50 M	\$554 M	\$151.3 M	27.3%
\$1 M–\$10 M	\$219.1 M	\$142.8 M	65.2%
< \$1 M	\$18.2 M	\$13.2 M	72.5%
Unspecified	\$4.7 M	\$3.4 M	72.3%
<b>Total</b>	<b>\$1.424 B</b>	<b>\$427.6 M</b>	<b>30.0%</b>

© Alliance for the Arts

Note: These figures are not adjusted for inflation.

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

### By Discipline

Museums have been the great builders in New York City in recent years. The \$887 million in capital spending by museums dominated the total expenditures of all cultural institutions from 2003 to 2005, accounting for 62 percent of the \$1.4 billion in total expenditures. A significant portion of the capital program for the renovation of the Museum of Modern Art occurred during these three years (the museum reopened in November 2004), as well as the reconstruction of the Morgan Library & Museum and major renovations at the Metropolitan Museum of Art.

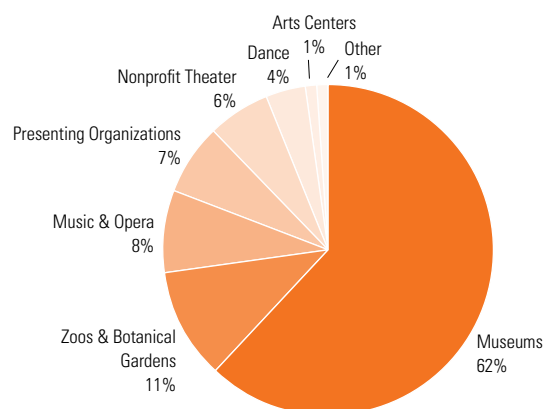
Capital spending by institutions in the performing arts totaled \$352.5 million, or 25 percent of the total. Zoos and botanical gardens were the third largest category, with total spending of \$152 million, or 11 percent of total spending.



Photo: Courtesy of Metropolitan Museum of Art

Metropolitan Museum of Art

### Total Capital Expenditures by Discipline 2003–2005

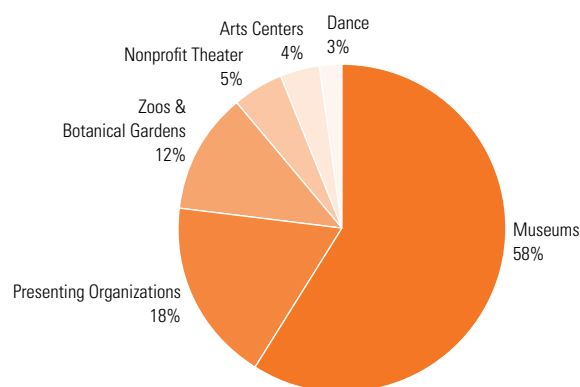


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Source: Alliance for the Arts and New York City Office of Management & Budget

New York City's contributions by discipline, which totaled \$428 million in the 2003 to 2005 period, were heavily directed toward the capital spending of museums, accounting for \$249 million or 58 percent of all City funding during this period. Substantial portions of the City's contributions were also directed towards the capital spending of presenting organizations and to zoos and botanical gardens. The City's share of total capital spending was especially important for presenting organizations, including Lincoln Center and the Brooklyn Academy of Music, providing a total of \$76.4 million for capital projects at presenting organizations, a volume that accounted for 81 percent of total spending on these projects.

### City Capital Expenditures by Discipline 2003–2005



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

## Total and City-Funded Capital Expenditures by Discipline 2003–2005

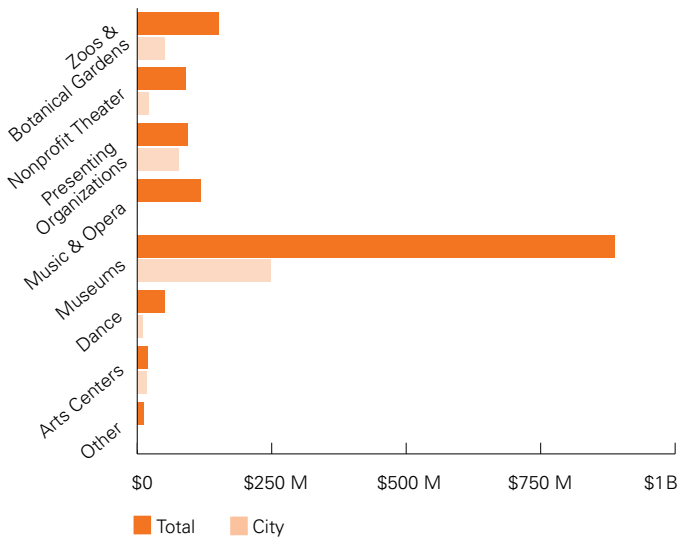
Discipline	Total Capital	City-Funded Capital Expenditures	City Share of Total
Museums	\$887.1 M	\$248.8 M	28%
Zoos & Botanical Gardens	\$152.4 M	\$51.2 M	33.6%
Music & Opera	\$117.2 M	\$0.8 M	0.7%
Presenting Organizations	\$94.3 M	\$76.4 M	81%
Nonprofit Theater	\$90.2 M	\$22 M	24.4%
Dance	\$50.8 M	\$10.7 M	21.1%
Arts Centers	\$20.3 M	\$17.2 M	84.7%
Other	\$11.8 M	\$0.5 M	4.2%
<b>Total</b>	<b>\$1.424 B</b>	<b>\$427.6 M</b>	<b>30%</b>

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Note: These figures are not adjusted for inflation.

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

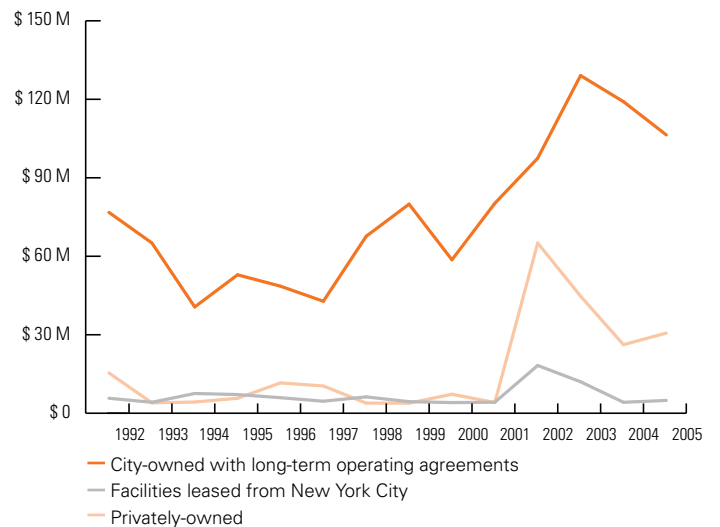
## Total and City Capital Expenditures by Discipline 2003–2005



© Alliance for the Arts

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

## New York City Capital Funding by Type of Ownership 1992–2005



© Alliance for the Arts

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

## Planned Capital Expenditures 2006–2010

Based on survey responses from cultural institutions and projections by the City of New York of planned capital funding, total capital spending from all sources is estimated to be \$1.7 billion during the years 2006 through 2010, measured in 2005 dollars. At an annual average of approximately \$340 million, this would appear to represent a decrease from the most recent levels of capital spending. However, these estimates are expressed in 2005 dollars, which will underestimate construction costs over the five-year period. Since the full extent of all capital funding was at a preliminary stage when the surveys were conducted in 2005, the possibility remains that actual capital spending will exceed this estimate by the year 2010.

New York City's planned capital spending is projected to continue to increase over the years 2006 to 2010. At \$836 million over the five-year period, City funding would average \$167 million per year, up from the \$148 million per year during 2003 to 2005.

The Metropolitan Museum of Art, the New York Aquarium and Lincoln Center are the sites of the greatest amount of planned spending, accounting for 40 percent of the total. Other organizations with very large capital programs planned for these years include, in order of size, the New York Botanical Garden, the Museum of the City of New York, the Brooklyn Academy of Music, the New Museum, the American Museum of Natural History, the Brooklyn Botanic Garden, the Queens Botanical Garden and the Brooklyn Museum.

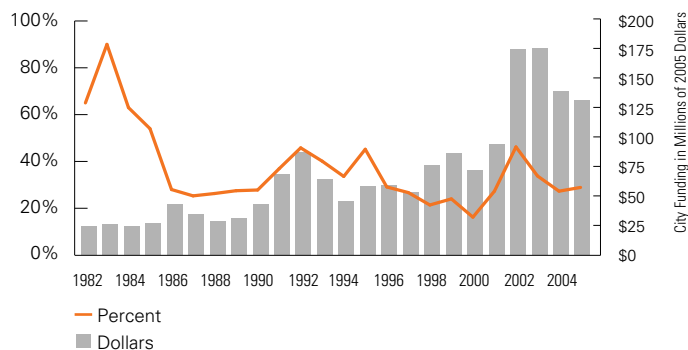
## A Note on the Importance of New York City Funding to Capital Investment in the City's Nonprofit Cultural Institutions

The amount of capital funding contributed by the City of New York for investment in nonprofit cultural institutions has grown significantly since 1982, from annual levels of approximately \$25 million (in 2005 dollars) during the early 1980s, to levels ranging as high as \$175 million in the years 2002 and 2003.

When first measured for the early 1980s, City funding was a vital source of funds for capital spending. It is notable that, particularly after 1984, private funding sources have become a much larger share of total capital expenditures, and as a result, the proportion of capital funding coming

from the City has declined from a high of 90 percent in 1983 to 29 percent of total capital expenditures in 2005.

### City Funding 1982–2005 in 2005 Dollars and as a Percent of Total Capital Spending



© Alliance for the Arts

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

However, the City's funding through the Department of Cultural Affairs forms a critical part of overall construction spending by nonprofit cultural institutions and the City remains a critical source of capital funding for the group of 34 City-owned organizations, as well as for smaller cultural organizations.

The importance of the City's role, even for those projects where its funding accounts for a smaller share of the total investment, was fully detailed by respondents to the surveys conducted for *Culture Builds New York*, published in 2003. The responses to several survey questions asked for that study made clear the pivotal role that City funding plays for the success of even the largest projects, by encouraging private funding of capital projects, or underscoring the decision to build. Those responses noted in the earlier study are worth recapping:

- 62 percent of all respondents reported that the commitment of City funding helps very much in the early stages of a capital campaign.
- A majority of respondents, 57 percent, represented heavily by the smaller cultural organizations, reported that the City plays a major role, providing most or all of their capital funding.
- 53 percent of respondents said that in mid-campaign, City funding very much renews the momentum for private fundraising.
- 69 percent of all respondents cited City funding as being particularly important in providing support for infrastructure projects.



## A Note on Sources of Funds for Capital Investment in Nonprofit Cultural Institutions in New York City

Questions on the sources of capital funding were not included in the survey questionnaire for 2005 on the assumption that patterns of funding would not have changed significantly in the three years since detailed findings were determined from the 2002 surveys.<sup>6</sup> However, it is worthwhile to restate the highlights of those important findings from the 2003 study.

Individual contributions were the most important source of total funding for capital projects in New York City’s nonprofit cultural institutions in the years 1997 to 2002, accounting for 49 percent of all funding. Capital funding from the City of New York was the second-most important source, providing 26 percent of all funding during those years, as seen in the following table.

### Sources of Capital Funds for Cultural Projects 1997–2002

Source	Percent Share
Individuals	49%
Public Sector	32%
City	26%
Federal	3%
State	3%
Private and Other	19%
Foundation	10%
Corporate	5%
Earned Income	4%
<b>Total</b>	<b>100%</b>

© Alliance for the Arts



Museum of Arts & Design

Allied Works

The surveys conducted for the 2003 study also found that the sources of funding for capital investment varied markedly by the size of the operating budget for investing institutions. Organizations with annual operating budgets of over \$10 million derived 57 percent of their income for capital from individuals. For the largest organizations, those with budgets over \$50 million, individual contributions provided an even greater share, 66 percent of all sources. Funding from the City of New York provided 16 percent of all funding for capital spending of these largest organizations.

In contrast, the funding provided by the City of New York was essential to capital investment for smaller organizations. Those with operating budgets of under \$10 million relied on the City for 46 percent of all funding, whereas funding from individuals amounted to 25 percent of all funding.

<sup>6</sup> These questions were included in the surveys that were conducted for Culture Builds New York: The Economic Impact of Capital Construction at New York City Cultural Institutions, (Alliance for the Arts, 2003). See detailed findings in Chapter III, p.16 in that report.

## Scope and Methodology

### Data Collection

Surveys were distributed to 122 cultural organizations during the summer of 2005 to determine total volume of capital expenditures during the years 2003 to 2005, and planned capital spending for the years 2006 to 2010. Usable results from the survey were returned by 62 organizations, and included detailed information on significant projects.

Information on City capital expenditures at these cultural organizations originates from the City's detailed capital plan, as analyzed by the New York City Independent Budget Office. A list of all organizations and the survey instrument is presented below. City funding for additional cultural projects in parks and other public venues is also included in the information from the Independent Budget Office, and is included in this analysis.

To describe long-term trends, the study analyzed 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* (Port Authority of New York & New Jersey and Alliance for the Arts, 1993); and data from 1992–2002 published in *Culture Builds New York: The Economic Impact of Capital Construction at New York City Cultural Institutions* (Alliance for the Arts, 2003).



Rafael Vinoly Architects

Brooklyn Children's Museum

### Data Analysis

Quantitative data from the survey and from the Independent Budget Office were assembled and integrated. In those cases where the City records specified that the organizations received capital liquidations but no data was available from the organizations themselves, City liquidations were used as a proxy for total expenditures.

The resulting data are presented in both current and constant (inflation-adjusted) dollars. Constant dollars are used in all long-term trends. These dollars were adjusted using the Bureau of Labor Statistics Consumer Price Index for the New York Metropolitan Area.

The findings from the study period from 2003 to 2005 are described for the entire city, as well as by borough, discipline and operating budget.

The economic impact analysis was based on the detailed findings from the surveys on project expenditure patterns and using the Port Authority's input-output model for New York City. Input-output analysis uses patterns of expenditures as inputs, and estimates the full impact in total economic activity, earnings and employment as the initial expenditures ripple through the city's economy. This technique captures the effects of first-round of direct capital expenditures for architectural and design services, project management, and construction and equipment, and also identifies the second and subsequent rounds of spending by suppliers and wage earners. The resulting multiplier is derived from this summation of direct, indirect and induced spending. The sum of all the rounds of spending in the local economy comprises the total economic impact.

## Appendix A

### Surveyed Organizations

African American Hall of Fame  
Alley Pond Environmental Center  
Alliance for the Arts\*  
Alliance of Resident Theatres/New York\*  
Alvin Ailey American Dance Theater\*  
American Ballet Theatre\*  
American Folk Art Museum\*  
American Museum of Natural History\*  
American Numismatic Society\*  
Apollo Theater  
ArtsConnection  
Asia Society and Museum  
Atlantic Theater Company\*  
Ballet Hispanico\*  
Big Apple Circus\*  
Black Spectrum Theatre  
Boys & Girls Harbor  
Broadway League  
Bronx County Historical Society  
Bronx Museum of the Arts  
Bronx Zoo\*  
Brooklyn Academy of Music\*  
Brooklyn Arts Council\*  
Brooklyn Botanic Garden\*  
Brooklyn Children's Museum\*  
Brooklyn Historical Society  
Brooklyn Museum\*  
Brooklyn Philharmonic\*  
Brooklyn Youth Chorus Academy  
Carnegie Hall\*  
Center for Architecture  
Center for Jewish History  
Central Park Zoo\*  
Cherry Lane Theatre  
Children's Museum of Manhattan\*  
Clemente Soto Velez Cultural Center  
Dance Theater Workshop\*  
Dance Theatre of Harlem  
Eldridge Street Project\*  
Flushing Town Hall  
Solomon R. Guggenheim Museum\*  
Harlem School of the Arts  
Harlem Stage  
HERE Arts Center\*  
INTAR Theatre  
Intrepid Sea, Air & Space Museum  
Irish Repertory Theatre\*  
Jamaica Center for Arts & Learning  
Jazz at Lincoln Center\*  
Jewish Children's Museum\*  
Jewish Museum\*  
Joyce Theater  
La Mama E.T.C.  
Lewis H. Latimer House  
Lincoln Center for the Performing Arts\*  
Lincoln Center Theater\*  
Louis Armstrong House  
Lower East Side Tenement Museum  
Lower Manhattan Cultural Council  
Manhattan Theatre Club\*  
Mark Morris Dance Group\*  
Martha Graham Center of Contemporary Dance  
Maspeth Town Hall Community Center  
Materials for the Arts  
Metropolitan Museum of Art\*  
Metropolitan Opera\*  
MoCADA  
Morgan Library & Museum\*  
El Museo del Barrio  
Museum for African Art  
Museum of Arts & Design  
Museum of Chinese in America\*  
Museum of Jewish Heritage—A Living Memorial  
to the Holocaust\*  
Museum of Modern Art\*  
Museum of Money & Financial Institutions  
Museum of the City of New York\*  
Museum of the Moving Image  
National Museum American Indian—Smithsonian Institution  
New Museum of Contemporary Art\*  
New York Aquarium\*  
New York Botanical Garden\*  
New York City Center\*  
New York Hall of Science\*  
New-York Historical Society\*  
Noguchi Museum\*  
P.S.1 Contemporary Art Center\*  
Performance Space 122  
Playwrights Horizons  
Pregones Theatre  
Public Theatre\*  
Puerto Rican Traveling Theatre  
Queens Botanical Garden\*  
Queens Council on the Arts  
Queens Museum of Art\*

Queens Theatre in the Park\*  
Queens Zoo\*  
Repertorio Español\*  
Rod Rodgers Dance Company\*  
Roundabout Theatre Company\*  
Second Stage Theatre  
Signature Theatre  
651 Arts  
Skyscraper Museum\*  
Snug Harbor Cultural Center\*  
South Street Seaport Museum  
Staten Island Botanical Garden  
Staten Island Children's Museum\*  
Staten Island Historical Society  
Staten Island Museum\*  
Staten Island Zoo  
Studio Museum in Harlem  
Symphony Space  
Town Hall\*  
Tribeca Film Institute  
Ukrainian Museum  
Wave Hill  
Weeksville Heritage Center  
Working Waterfront Tugboat Project  
York Theatre  
Young Dancers in Repertory

\* Respondents to Survey

*Note:* Information on City funding at nonresponding institutions was obtained from the New York City Independent Budget Office.

## Appendix B

### Capital Project Survey

The purpose of this survey is to measure the economic impact of all capital projects in cultural organizations as part of the ongoing study by the Alliance for the Arts to measure the economic impact of the arts on New York City and New York State.

#### 1. General Information

Organization \_\_\_\_\_

Respondent's name \_\_\_\_\_

Respondent's title \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

E-mail \_\_\_\_\_

#### 2. Please fill in your total capital expenditures made from Fiscal 2003 to the present.

FY 2003 \$ \_\_\_\_\_

FY 2004 \$ \_\_\_\_\_

FY 2005 \$ \_\_\_\_\_

#### 3. Please provide the following information for one significant capital project that was completed in 2005.

a. Project title and brief description: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

b. Was this project (check one):

new construction? \_\_\_\_\_ a major renovation? \_\_\_\_\_

an addition? \_\_\_\_\_ infrastructure renewal? \_\_\_\_\_

other? \_\_\_\_\_ (please explain) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

c. What was the project's start date?

\_\_\_\_\_ month/year

d. Completion date?

\_\_\_\_\_ month/year

e. What was the total cost of this project?

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

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

Design/Architecture fees \_\_\_\_\_ %

Project management \_\_\_\_\_ %

Construction cost \_\_\_\_\_ %

Equipment and furniture \_\_\_\_\_ %

Remaining (please specify) \_\_\_\_\_ %

Total to Equal 100 %

g. About what percent of the total Design/Architecture fees were paid to firms with major New York offices?

< 25% \_\_\_\_\_ 25%–45% \_\_\_\_\_ 46%–54% \_\_\_\_\_

55%–75% \_\_\_\_\_ 76%–100% \_\_\_\_\_

4. Please fill in the total for ALL capital expenditures planned for FY 2006–2010.

FY 06–10 \$ \_\_\_\_\_