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An Equity Framework for the NYC Cultural Plan Necessitates Amendments to the Current Arts Funding Distribution Policies and Processes:

- Our research shows that the present arts funding process amounts to a ***de facto*** cultural policy that has systematically underfunded small and mid-sized arts nonprofits and groups led by people of color (which are mostly small) for decades.
- For example, past DCLA adopted budgets confirm that the *vast majority* of tax-derived funding for NYC arts groups (nearly 80%) goes directly to a small elite group of 33 organizations, the Cultural Institutions Group or “CIGs” with a median budget size of \$8.3 million.¹ Three out of the 33 reported budgets over **\$400 million** in 2013, according to their IRS Form 990 filings.
- Not only are these 33 chosen organizations guaranteed the lion's share of funding on an ongoing basis, but, crucially, they are granted these funds ***without the need to go through the time and resource-consuming competitive grant process*** that the City's other 1,000 diverse culturals – the so-called “programs group” must traverse.
- What this means is that, paradoxically, the institutions that are best positioned to withstand this competitive drain on scarce human resources, *are precisely the ones who are currently exempt from the requirement.*
- Compounding this inequity, Cultural Affairs grants *additional important benefits* to the CIGs, from subsidized utilities and insurance to the ability to expend grant funds on necessary organizational infrastructure (staff salaries, administration, et. al.) ***that could play an essential role in improving the health of the wider organizational ecology if they were extended to the field as a whole.***
- **In order to transition this system toward equity and improve the health of the majority of cultural organizations, the coalition proposes the following:**
 1. **The Cultural Plan should call for transparency about the benefits afforded to CIGs, in addition to their much larger share of the DCLA budget.** These benefits should also be explained in the DCLA's Annual Report, where at present there is hardly any information on the CIGs, as compared with what is published for the “programs group.”
 2. **The Cultural Plan should call for transparency about what the criteria are for becoming a CIG.** What is the process that an organization should pursue if they are interested in obtaining CIG status?
 3. **Help cut operating costs *across the sector* by implementing baseline general operating support for the “programs groups,” not just for the CIGs. Leverage this moment to take action in response to the wealth of data proving the detrimental effects of the current short-term project grant-based system** in

¹ In fiscal years 2015 and 2016, for example, between 76 and 78 percent of the Department of Cultural Affairs' expense budget was allocated directly to the 33 CIGs. “DCLA FY15 Adopted Budget,” <http://www.nyc.gov/html/dcla/downloads/pdf/DCLA%20FY15%20Adopted%20Budget.pdf>, accessed September 24, 2016. “FY2016 DCLA Adopted Budget Summary,” <http://ccsnypd.org/html/dcla/downloads/pdf/FY2016%20DCLA%20Adopted%20Budget%20Summary.pdf>,

sustaining a “nonprofit starvation cycle” which studies show has impacted **ethnically and culturally** specific organizations most negatively.²

4. **Given this, the Cultural Plan should establish a dedicated general funding program of \$5 million for organizations of color that is written into the City’s arts and culture budget**. Seize this opportunity to correct the deep underinvestment and competitive burden on small and mid-sized organizations that have resulted from current policy. **With budgets in the small to mid-sized range, even the City’s most venerable arts and cultural organizations of color continue to receive piddling amounts of public funding as compared with the CIGs who have benefitted from decades of financial support including critical general operating dollars**. The Cultural Plan should begin to reverse this in equity by providing a stable source of support that will allow orgs of color and small and mid-sizes organizations to invest in their operations in the manner necessary to promote further development. Those who insist such a funding program is impossible lack the motivation to get the job done. In San Francisco in 2014, for example, after the city released a damning study on the allocations to organizations serving communities of color through its Grants for the Arts (GFTA) agency, cultural equity activists asked that resources be redirected from GFTA to the San Francisco Arts Commission’s Cultural Equity Grants program, eventually winning a commitment of more than \$2 million in new funds from Mayor Ed Lee.
5. Finally, we believe that more impactful than continuing to try to diversify white organizations, **such as the new CUNY internship funding for the CIGs, the Cultural Plan should redirect resources to the organizations of color that are already doing this work, AND that do not ignore or feel uncomfortable talking about the reasons such programs are needed in the first place**. These programs have **tremendous appeal and benefits for historically underrepresented arts professionals**, but because they fail to use the safe language of so-called “diversity,” the work is not always well understood or received by private funders. Given the outrageous findings of the 2016 report, “Diversity in the New York City Department of Cultural Affairs Community,” that analyzing staff diversity by budget reveals a clear pattern: **as an organization’s budget increases so does its percent of whitenon-Hispanic employees**, the case for public support for the underfunded small and mid-sized organizations offering effective professional development programs for historically underrepresented candidates would seem obvious.

That the City budget for FY 2017 incorporates a 10-million-dollar increase for arts and culture is amazing. But now it’s time to ask hard questions about how that funding is to be shared. **Will the current inequitable system reign, or can the Cultural Plan help reform the system toward equity?**

² For a recent discussion of funder policies that limit investment in “indirect costs” and their role in sustaining a sector-wide “nonprofit starvation cycle,” see Jeri Eckhart-Queenan, Michael Etzel, & Sridhar Prasad, “Pay-What-It-Takes Philanthropy,” *Stanford Social Innovation Review* (Summer 2016), accessed September 1, 2016, http://ssir.org/up_for_debate/article/pay_what_it_takes_philanthropy. For an analysis of the especially detrimental impact on ethnocultural arts organizations of the project grant-based system “endemic to the arts support environment,” see M.P. Matlon, I. Van Haastrecht, & K. Wittig Mengüç, *Figuring the Plural: Needs and Supports of Canadian and US Ethnocultural Arts Organizations* (Chicago, IL: Plural, 2014), 298 – 328, accessed September 1, 2016, <http://www.pluralculture.org/programs-services/figuring-the-plural-book/>.