



How Federal Budget Changes Could Impact New York City Cultural Organizations

IBO's Federal Changes, Local Impacts series is a collection of short reports that examine areas of New York City's budget, economy, and operations that are particularly reliant on federal funding, subject to notable federal policy changes, or both. These reports are intended to inform public discussion by objectively highlighting how federal decisions may affect the City. IBO encourages readers to visit its [website](#) to explore additional topics covered in this series.

Since the One Big Beautiful Bill Act/H.R. 1 was enacted in July 2025, the Trump administration has indicated that, beginning in September, it will refer to the measure as the "Working Families Tax Cut Act." In this report, IBO continues to use the bill's original name.

Introduction

On May 2, 2025, the [White House's 2026 budget request](#) letter identified the National Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), and the Institute of Museum and Library Services (IMLS) for elimination. These are the primary federal agencies that award funding for arts and culture programs in the United States. While each agency administers grants to arts and culture organizations, they each have a different focus.

The first two agencies, NEA and NEH, were created in 1965 under the [National Foundation on the Arts and the Humanities Act](#), with missions to "promote progress and scholarship in the humanities and the arts." NEA [funds projects across artistic disciplines](#) including dance, design, music, theater, opera, visual arts, and arts education. The agency also supports research, [state and regional arts agencies](#), and national initiatives such as their program for [military service members and veterans](#). NEH, meanwhile, promotes the humanities—fields such as history, literature and classics, languages and linguistics, philosophy, and religion. The agency provides [funding opportunities](#) to museums, libraries, universities, schools, and media organizations for research, education, preservation, and public programs in the humanities. NEH also funds [state humanities councils](#), offers individual fellowships for scholars, and supports initiatives like digital preservation, endangered languages, and public humanities projects. The third federal cultural agency, IMLS, was established 31 years after the NEA and NEH under the [Museum and Library Services Act of 1996](#). Its mandate

is to “stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages.” [IMLS funding](#) is directed toward museums, libraries, and archives for purposes such as collection assessment and preservation, workforce development, and public programming. Like both NEA and NEH, a substantial portion of IMLS funding is directed to the state level, specifically toward [state library administrative agencies](#).

In 2025, the NEA and NEH budgets each totaled [\\$207 million](#), and the IMLS budget was [\\$295 million](#). (All years refer to federal fiscal years.) For comparison, New York City’s primary arts and culture agency, the Department of Cultural Affairs (DCLA), received \$300 million in City fiscal year 2026 in the City’s most recent Adopted Budget, passed in June 2025. DCLA is the largest municipal funder of the arts in the country. In addition to DCLA, NYC’s arts organizations may also receive City funding through [procurement contracts with other agencies](#), such as the Department of Education, the Department of Youth and Community Development, and the Department of Parks and Recreation.

Due to the [importance of the creative economy](#) in the City—which draws [tens of millions of tourists](#) every year—and therefore the potential risk that changes to this funding presents to cultural activity in NYC, IBO calculated the total amount awarded by these agencies to nonprofit organizations based in the City. IBO compiled and analyzed NEA, NEH, and IMLS grants from 2019 through 2024 to identify trends and assess the possible impact of changes to federal funding priorities and grant recissions—the cancellation or repeal of grants initially approved for disbursement—on the City’s cultural sector. IBO used 2019 as the starting point for this research to capture pre-pandemic funding levels, prior to the disbursement of federal relief dollars. IBO did not include 2025 because complete funding information was not available at the time of analysis.

IBO found that:

- New York City organizations collectively received an average of \$38 million annually in funding from all three agencies combined, with \$32 million awarded in 2024.
- NEA and NEH funding fluctuated more than IMLS funding over this period. The amount awarded by NEA and NEH increased substantially during the time of COVID-19 relief packages and has been declining since, whereas IMLS funding has stayed relatively low but consistent.
- While the vast majority of City grantees from these agencies received funding from only one agency (89%), many organizations received funding in multiple years, exacerbating the risk of changes to federal funding. For example, a typical NYC grantee received funding from the NEA in three of the six years covered by this report.
- Manhattan-based organizations, which are the majority of cultural nonprofits in the City, received the largest portion of these funds compared with organizations based in the other boroughs both by number of organizations funded and total amount awarded. Manhattan-based nonprofits also generally received larger grants, on average, compared with organizations in other boroughs. It is important to note that grantee organizations may provide programming outside of the borough where they are headquartered; this analysis does not show the geographic distribution of programs funded by these agencies.

The underlying data for this report and additional analyses can be found in a publicly available [spreadsheet produced by IBO](#). City organizations may have also received funding from non-cultural federal entities that are also at risk, such as the [National Science Foundation](#); that funding is not included in this analysis.¹

Federal Funding Analysis

As a whole, New York City organizations received about 7% (\$32 million) of all funding awarded by NEA, NEH, and IMLS in 2024 nationwide, as shown in Figure 1. This share is relatively high, considering that the City makes up [2.6% of the U.S. population](#). However, IBO estimates that the City is home to 5% of all arts, cultural, and humanities organizations in the country.¹ Figure 2 shows that of the 7% of federal funding, NEA and NEH account for the majority of funds, as has been the case since 2019. Awards granted by the federal cultural agencies increased between 2019 and 2021, due to the infusion of federal funds during the COVID-19 pandemic and have since declined to pre-pandemic levels. In 2019, NEA awards represented 39% of the total funding awarded by all three agencies to City organizations, NEH awards accounted for 42%, and IMLS's share was 19%. In 2024, NEA awards represented more than half (52%) of the total funding awarded by all three agencies to City organizations, NEH awards accounted for 28%, and IMLS's share was 20%.

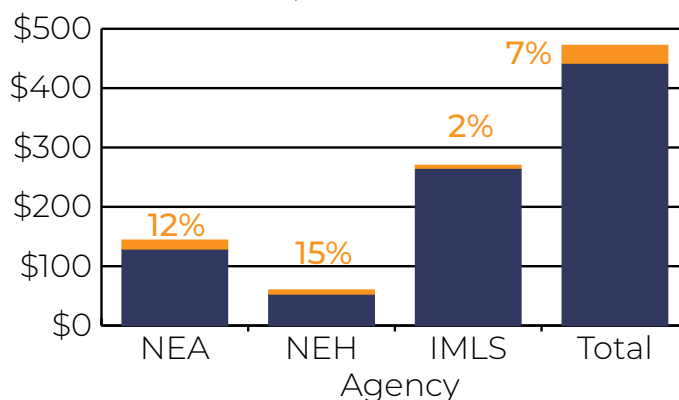
New York City nonprofits collectively received an annual average of \$38 million in funding from all three agencies from 2019 through 2024, with over \$45 million awarded in 2021 and \$32 million awarded in 2024. NEA funding to City organizations reached its highest point during this period in 2022 at \$22 million, a 55% increase from 2019. In

FIGURE 1

Share of Nationwide Funding to New York City in 2024

■ Nationwide Funding Without NYC
■ NYC Funding

Amount Awarded, Dollars in Millions



SOURCE: 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025. Nationwide 2024 award data from the NEH and IMLS grant search databases, retrieved May 6, 2025. Nationwide 2024 award data from the NEA grant search

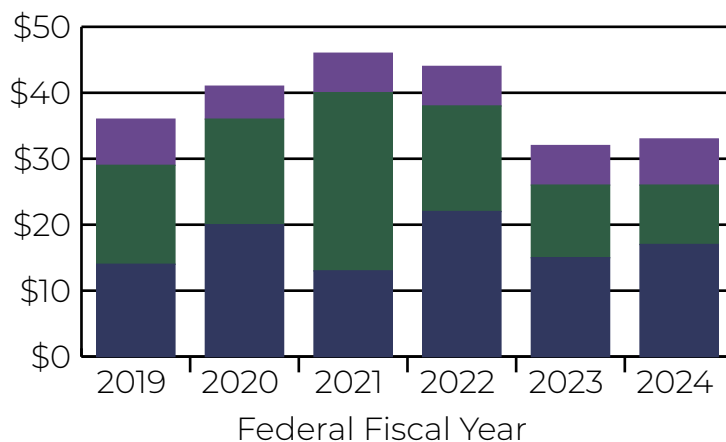
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FIGURE 2

Total Funding from NEA, NEH, and IMLS to NYC-based Organizations, 2019-2024

■ NEA ■ NEH ■ IMLS

Amount Awarded, Dollars in Millions

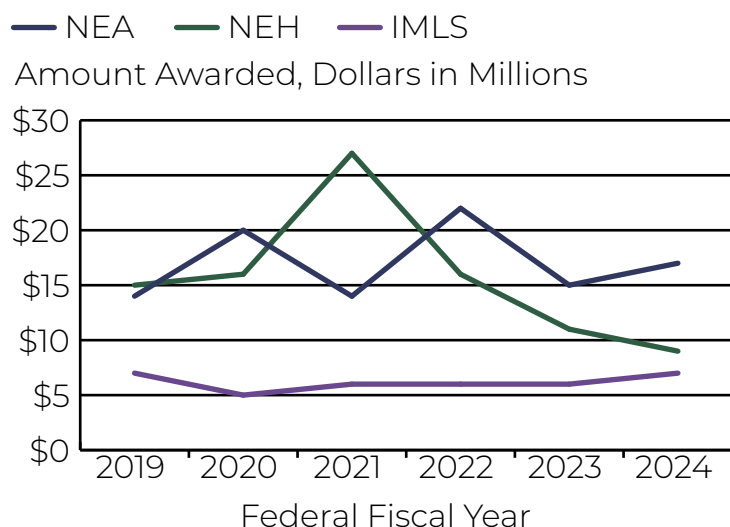


SOURCE: 2020 to 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025. 2019 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved June 11, 2025

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FIGURE 3

Federal Arts and Culture Funding Trends to New York City, 2019-2024



SOURCE: 2020 to 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025. 2019 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved June 11, 2025

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2024, NEA awards to City organizations totaled \$17 million. NEH funding reached its highest point in 2021 at \$27 million, a 79% increase from 2019. In 2024, NEH awards to City organizations totaled \$9 million. Both agencies distributed substantially more funding during the COVID-19 pandemic, but funding has decreased in more recent years. IMLS, on the other hand, awarded about \$7 million to City nonprofits in 2019 and has remained relatively consistent; City organizations received about \$7 million in 2024 (see Figure 3).

Organizations may be at additional risk from changes to federal priorities if they regularly receive grant funding from these agencies and/or if they receive funding from more than one of these agencies. IBO analyzed the frequency of support by each agency and found that NEA more commonly engages in

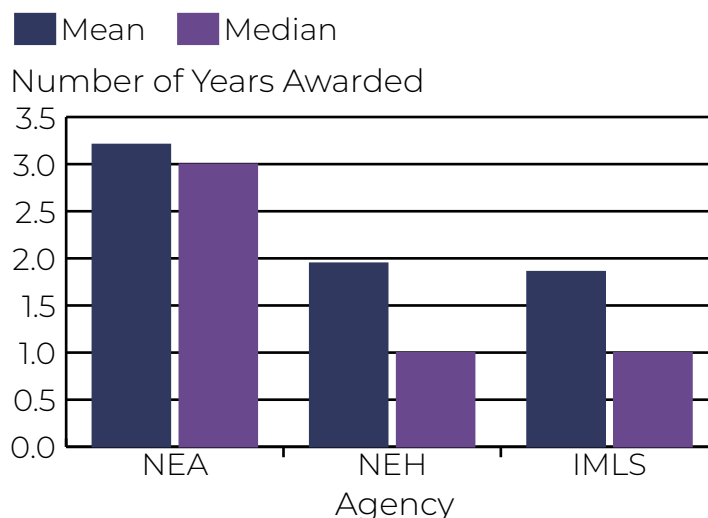
repeated funding relationships with City organizations, as shown in Figure 4. Organizations funded by the NEA received grants in three of the six years IBO examined, whereas

organizations funded by NEH and IMLS received grants in about two of the six years on average, with a lower median of one grant in this period. This suggests that organizations do repeatedly receive funding from these federal cultural agencies, particularly from NEA. On the other hand, the majority of federally funded arts organizations in the City received support from only one of the three primary federal agencies from 2019 through 2024. Out of all City organizations that received funds from either NEA, NEH, and/or IMLS in this period, 854 (89%) received funding from only one of the agencies, 74 organizations (8%) received funding from two agencies, and 28 organizations (3%) were supported by all three.²

Awards were not evenly distributed across boroughs, as shown in Figure

FIGURE 4

Mean and Median Number of Years Each Agency Awarded a Given Organization (2019-2024)



SOURCE: 2020 to 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025. 2019 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved June 11, 2025

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5. In 2024, Manhattan-based organizations received 70% of arts and culture awards to the City (\$23 million), Brooklyn-based organizations received 18% (\$6 million), Queens-based organizations received 6% (\$2 million), Bronx-based organizations received 4% (\$1 million), and Staten Island-based organizations received 2% (\$755,000). IBO found this pattern to be consistent from 2019 through 2024.³ Manhattan is home to the largest number of cultural nonprofits in the City—63% of cultural nonprofits. Brooklyn, the Bronx, and Staten Island’s shares of this funding match their shares of City cultural nonprofits, while Queens received a smaller share of funding compared with its share of cultural nonprofits (12% of City cultural nonprofits, 6% of funding).⁴

The borough breakdown in Figure 6 shows the average award amounts in 2024 and the total number of grantee organizations. NEA generally provided smaller grants to more organizations compared with NEH and IMLS. Figure 6 also provides insight into how funds are distributed across the boroughs and potentially explains why Manhattan-based organizations have consistently received the highest funding. The majority of funded organizations across the three agencies were Manhattan-based, contributing to the higher total sum compared with other boroughs. Additionally, those organizations received the largest award amounts on average from NEA and NEH—a finding that is consistent across the years studied. IMLS grants by borough, on the other hand, do not present such

FIGURE 5

2024 Federal Arts Funding to NYC Boroughs

Borough	NEA	NEH	IMLS
Bronx	\$437,500	\$483,906	\$274,912
Brooklyn	3,827,200	436,000	1,417,456
Manhattan	11,446,600	7,287,025	3,828,202
Queens	828,000	510,000	613,839
Staten Island	40,000	150,000	565,194

SOURCE: 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025

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FIGURE 6

Average Award Amount and Number of Organizations by Borough, 2024

Agency	Bronx	Brooklyn	Manhattan	Queens	Staten Island
NEA					
Number of Organizations	13	127	273	28	2
Average Award Amount	\$33,654	\$30,135	\$41,929	\$29,571	\$20,000
NEH					
Number of Organizations	4	6	21	3	1
Average Award Amount	\$120,977	\$72,667	\$347,001	\$170,000	\$150,000
IMLS					
Number of Organizations	2	4	16	4	1
Average Award Amount	\$137,456	\$354,364	\$239,263	\$153,460	\$565,194

SOURCE: 2024 NYC funding data from the NEA, NEH, and IMLS grant search databases, retrieved March 20, 2025

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a consistent trend. For instance, IMLS awards were larger on average for Staten Island- and Brooklyn-based organizations in 2024. However, in 2019, Bronx- and Queens-based nonprofits received the highest average awards.

Proposed Changes and Implications

IMLS faced [substantial federal funding cuts](#) under an executive order signed by President Trump on March 14, 2025, forcing the agency to rescind over 1,000 grants and [reduce its workforce by 80%](#). After a [federal lawsuit](#) filed by 21 states, followed by a preliminary injunction in May, IMLS began reinstating both its staff and all previously awarded grants to those states. Similarly, [NEH](#) cancelled more than 1,000 grants in April and reduced staffing by almost two-thirds in June. The White House's May 2026 budget request prompted immediate [grant rescissions from NEA](#); many agency staff were encouraged to [retire, resign, or accept deferred resignation offers](#). On July 4, President Trump signed the [One Big Beautiful Bill](#) into law, which focused on mandatory spending and therefore did not include changes to these agencies. On July 15, the House Subcommittee on Interior, Environment, and Related Agencies proposed [allocating \\$135 million](#) each to NEA and NEH in 2026, a 35% cut from 2025. However, on July 25, Senator Lisa Murkowski, Chair of the Senate Interior, Environment, and Related Agencies Appropriations Subcommittee, included NEA and NEH in the 2026 funding bill at the same level as 2025, [allocating \\$207 million](#) for each agency. The differing funding levels between the House and Senate must be reconciled for the federal discretionary budget, anticipated to be released this fall. The final budget should address any remaining arts and culture appropriations, including for IMLS, which falls under the Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.

The possible impacts of federal policies extend beyond the budget process, however. For example, in early August, the Trump administration began an [audit of the Smithsonian Institution](#), a collection of museums that are predominantly funded by federal dollars. New York City hosts [two Smithsonian museums](#), Cooper Hewitt and the National Museum of the American Indian, as well as a number of Smithsonian [affiliates](#). This audit is similar to the process that many higher education institutions across the country have undergone this year and underscores the uncertainty around federal oversight of cultural institutions. The federal administration has also expressed interest in [extending this audit to other museums](#). The majority of the nation's 22,000 museums are independent nonprofits, of which [63% receive some amount of federal funding](#). It is not yet clear whether any of these museums will be audited nor which organizations would be targeted. Agency programs also continue to be reshaped by federal policy changes, as evidenced by the August [cancellation of NEA creative writing fellowships](#). Cancellation letters sent by the NEA to applicants state that “[f]unding is being allocated in a new direction in furtherance of the Administration’s agenda.”

Conclusion

Litigation efforts to preserve NEA, NEH, and IMLS grants are ongoing throughout the country. The grant rescissions prompted New York City organizations, such as New Yorkers for Culture and Arts, to advocate during budget negotiations for the City to allocate additional City funds. In June 2025, the City adopted a budget that increased funding

for the Department of Cultural Affairs in City fiscal year 2026 by \$46 million, 18% higher than the previous year's Adopted Budget. The \$300 million City fiscal year 2026 budget for DCLA also includes the first increase to the agency's baseline funding in many years. DCLA receives little funding from the federal government (about \$834,000 in City fiscal year 2025, less than 1% of the agency's budget). In recent years, federal funding to DCLA primarily came from the Federal Emergency Management Agency (FEMA) for disaster recovery such as Hurricanes Sandy and Isaias. Several advocacy organizations have also created public federal funding trackers, such as the American for Arts Action Fund and the National Council of Nonprofits, in response to the rapid pace of legal, legislative, and administrative changes. Until Congress appropriates 2026 discretionary funds, it is not clear how New York City will be impacted by changes to these federal cultural agencies. The City's economy is closely linked to the health of the cultural sector, and this report shows that City organizations receive a sizable share of the federal funding at stake.

To supplement this report, IBO has published a [public dataset](#) with additional analyses and the underlying data. The underlying data include awards for each agency, including the recipient organization's name, amount awarded, and the year awarded.

Endnotes

- 1 Using the Internal Revenue Service [Business Master File](#) from the National Center for Charitable Statistics (downloaded) September 18, 2025, IBO filtered the data for arts and cultural organizations nationwide by extracting IRS and NCCS NTEE codes beginning with "A," which represent Arts, Culture & Humanities organizations. IBO then filtered the data for organizations based in New York City's five boroughs to estimate the total count of organizations headquartered in the City and the number headquartered in each borough.
- 2 IBO matched across agency grantees by name after extensive name cleaning. IBO also conducted a manual check of the matches. Given the complexity of text matching, however, it is possible that a small number of organizations with grants from other agencies were not matched.
- 3 Manhattan-based organizations received 72% of NEA awards (\$72 million), 86% of NEH awards (\$80 million), and 60% of IMLS awards (\$21 million) over the entire period.
- 4 Based on IBO's analysis of the National Center for Charitable Statistics Unified Business Master File, Manhattan is the headquarters for 63% of City cultural nonprofits, Brooklyn is the headquarters for 18%, Queens is the headquarters for 12%, the Bronx is the headquarters for 4%, and Staten Island is the headquarters for 2%.

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