

**INTERIM REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**Educational Museums and the
Appropriate Level of Public
Support to be Provided Such Institutions**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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EXECUTIVE SUMMARY

Authority and Study Objectives

Adopted by the 1993 Session of the General Assembly, House Joint Resolution No. 453 established a nine-member joint study committee to examine Virginia's educational museums and the appropriate level of public funding for these institutions. Acknowledging the significant value of museums as educational and cultural institutions, the resolution noted the Commonwealth's traditional financial support for these institutions and cited the "lean financial times" that may have prompted reductions in appropriations to various educational museums. The joint subcommittee was directed to conduct a "comprehensive study" of educational museums, to develop criteria for eligibility for receipt of public funds as well as guidelines for state appropriations, and to examine "ways in which the Commonwealth might encourage and promote the arts." The committee's work included a review of a variety of complex financial and policy issues, including museum patronage, geographic location, impact on other activities promoting tourism and economic development, and state and local ability to support these institutions.

Responding to the charge of HJR 453, the joint subcommittee conducted five meetings to examine the missions and services of nonstate museums across the Commonwealth. The joint subcommittee sought the input of representatives of the Virginia Commission for the Arts, the Virginia Department of Taxation, museum associations, and the institutions themselves to explore the use and availability of funding sources for public and private museums, including federal, state, local, and private funds. In pursuing its study, the joint subcommittee visited nonstate educational museums across the Commonwealth to provide a closer look at the valuable programs and resources offered by these institutions.

Funding Museums and Other Cultural Institutions

Museums are recognized today not only as cultural and educational institutions, but also as catalysts for economic growth. Offering educational programs, exhibits, and cultural events, these institutions may promote a locality's image as a center of learning and creativity. Whether established by governments or private entities, museums and other cultural institutions operate as nonprofit enterprises, relying on public and private funding to support their cultural and educational missions. In 1989, private giving to the visual and performing arts stood at an estimated \$7.5 billion nationally. Comprising approximately 97 percent of all arts funding, private donations are essential to the survival of museums across the country.

Although the issue of government funding for the arts continues to prompt concerns regarding free expression and the role of art in society, federal support for the arts can be traced to the 19th century. Today, the arts and humanities claim less than one percent of the federal budget. Federal support for the arts is provided either directly through government agencies and programs or indirectly through tax deductions and other benefits. In 1989, direct federal arts spending totaled an estimated \$1 billion. Major sources of this direct support are the National

Endowment for the Arts (NEA), the National Endowment for the Humanities (NEH), the Institute of Museum Services (IMS), and the Smithsonian Institution.

States support museums and arts organizations in much the same manner as the federal government. Direct appropriations and tax benefits provide much-needed fiscal support, while arts councils in every state and territory provide a range of services. The arts claimed \$284 million in combined legislative funding in 1990. Continuing economic challenges, however, have prompted many states to develop new strategies for arts and museum funding. While some states have designated specific revenue sources for arts funding, others have expressed concern that "earmarking" may encourage legislatures to reduce regular appropriations. Lottery moneys and state income tax check-offs generate modest arts funding in several states. Special local taxes, such as hotel occupancy taxes, and percent-for-art legislation have also provided support for museums and arts organizations.

Virginia's Museums: Funding for Multifaceted Missions

The Commonwealth boasts over 400 history, science, art, and children's museums. Sustained by public and private dollars, these cultural and educational institutions attracted more than 23 million visitors in fiscal year 1991-1992. It is estimated that private funding surpasses government support for these institutions by a three-to-one margin. The recent national economic downturn has tested museum budgets throughout the Commonwealth, where as many as 40 museums rely heavily on state support. Private funding has been affected as well; museums across Virginia cited difficulties in enlisting corporate and individual support in 1991. To combat these fiscal challenges, institutions have eliminated positions, altered benefits packages, reduced employee wages, and modified their programming.

Like the federal government, the Commonwealth provides indirect funding for museums through a variety of tax deductions and exemptions. Specific property tax exemptions and exemptions from state retail sales and use taxes benefit many museums. Donations to these organizations are also exempt from Virginia income taxation, to the extent these same donations are exempt or deductible from federal income taxation.

Direct funding for Virginia's museums--whether publicly or privately operated--is typically supplied through direct legislative appropriations or by the Virginia Commission for the Arts. In 1991-92, the Commission awarded nearly \$1.7 million in grant moneys; a total of 731 grants were awarded to 499 artists, museums, and cultural organizations.

Claiming top priority for Virginia's direct appropriations for museums and arts organizations are those institutions that have been established by the Commonwealth as state agencies--the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Frontier Culture Museum, the Jamestown-Yorktown Foundation, the Board of Regents of Gunston Hall, the Virginia Museum of Natural History, and the Chippokes Plantation Farm Foundation. The operations and administration of these institutions are subject to the provisions of the Virginia Personnel Act, the Freedom of Information Act, the Administrative Process Act, the Procurement Act, and the state budget planning and development process. Capital projects for state agencies are included in separate legislation detailing the method of financing, such as revenue bonds or

other debt. The Science Museum of Virginia, the Frontier Culture Museum, and the Jamestown-Yorktown Foundation benefited from the passage of the 1992 educational institutions bond referendum.

Virginia also provides direct appropriations to several nonstate museums and cultural organizations. Like any state museum seeking a direct appropriation, nonstate agencies--defined as any public or private foundation, authority, institute, museum, corporation or other entity that is not a part of state government or a political subdivision as established by law--must file a request for aid with the Department of Planning and Budget biennially in odd-numbered years. The entity must certify that local or private matching funds are available and provide documentation of its tax-exempt status in the Internal Revenue Code. In 1993, the General Assembly provided \$2,324,025 in direct appropriations for financial assistance for cultural and artistic affairs to 21 nonstate agencies.

Conclusions and Recommendations

Nonstate museums must compete not only with state institutions for appropriations, but also with the pressing demands that education, social services, transportation, and other programs place on the Commonwealth's budget. Dependent on stable, consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to provide "seed money" for other grants and awards. Although each nonstate museum seeking an appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities.

The development of any specific criteria for funding nonstate museums, however, necessitates consideration of a variety of complex policy and fiscal concerns. While objective standards for funding may provide needed guidance in lean fiscal times, strict criteria may preclude consideration of a number of deserving organizations. A museum's access--or lack of access---to other funding sources, such as federal, local, and private funds, may prove a significant factor in determining appropriate levels of state support. The establishment of specific funding criteria for nonstate museums in Virginia necessarily requires the careful balancing of financial need and consistency with fiscal responsibility, fairness, and flexibility.

Although the joint subcommittee has received testimony regarding museum patronage, geographic location and impact on other activities promoting tourism and economic development, and state and local ability to support these institutions, further study is needed to develop an effective funding mechanism for these museums that will carefully balance financial need and consistency with fiscal responsibility, fairness, and flexibility. The joint subcommittee therefore makes the following recommendations:

Recommendation 1: *That the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions be continued.*

Recommendation 2: *That the Commonwealth increase its funding for the Commission for the Arts, consistent with the goal articulated by the General Assembly of an ultimate annual general fund appropriation of one dollar per capita.*

Finally, the joint subcommittee wishes to issue the following policy statement, recognizing the valuable contributions of educational and cultural museums to the Commonwealth and acknowledging the need for consistent, equitable support for these institutions:

WHEREAS, the Commonwealth boasts over 400 history, science, art, and children's museums, institutions which, with the support of public and private dollars, attracted more than 23 million visitors in fiscal year 1991-1992; and

WHEREAS, the Commonwealth's museums, whether established by government or private entities, enhance educational opportunities for all Virginians, promote community growth and economic development, and enrich the overall quality of life for citizens throughout Virginia; and

WHEREAS, ensuring continued access and excellence in the arts and education is contingent upon the availability of adequate and stable funding for these institutions; and

WHEREAS, state funding for Virginia's museums--whether publicly or privately operated--is currently supplied through direct legislative appropriations or by the Virginia Commission for the Arts; and

WHEREAS, while those institutions that have been established by the Commonwealth as state agencies--the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Frontier Culture Museum, the Jamestown-Yorktown Foundation, the Board of Regents of Gunston Hall, the Virginia Museum of Natural History, and the Chippokes Plantation Farm Foundation--receive priority consideration for Virginia's direct appropriations, several nonstate educational museums have also received direct state funding in recent years; and

WHEREAS, dependent on consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to support their educational and cultural operations and to provide "seed money" for other grants and awards; and

WHEREAS, these nonstate museums must compete not only with state institutions for appropriations, but also with the pressing demands that education, social services, transportation, and other programs place on the Commonwealth's budget; and

WHEREAS, while the diverse collections of these nonstate institutions may include historic artifacts, artistic treasures, or wildlife, the multifaceted missions of these institutions are linked by their commitment to education, economic development, and community service; and

WHEREAS, although each nonstate museum seeking an state appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities; now, therefore, be it

RESOLVED, That the Commonwealth hereby recognizes the valuable contributions of nonstate educational museums in fostering economic development, enhancing educational growth, and preserving and promoting the arts, sciences, and history; and, be it

RESOLVED FURTHER, That the Commonwealth should provide a system of consistent, equitable funding for those nonstate educational museums demonstrating a commitment to the continuation and fulfillment of their missions of service, education, and development.

INTERIM REPORT

JOINT SUBCOMMITTEE STUDYING EDUCATIONAL MUSEUMS AND THE APPROPRIATE LEVEL OF PUBLIC SUPPORT TO BE PROVIDED SUCH INSTITUTIONS PURSUANT TO HJR 453

Authority and Study Objectives

Adopted by the 1993 Session of the General Assembly, House Joint Resolution No. 453 established a joint study committee to examine Virginia's educational museums and the appropriate level of public funding for these institutions. The committee was comprised of three members of the House of Delegates, appointed by the Speaker of the House; two members of the Senate, appointed by the Senate Committee on Privileges and Elections; and four members appointed by the Governor, including one representative of the Virginia Museum of Fine Arts, one representative of the business community, one representative of the Department of Education, and one citizen at large. The joint subcommittee was to submit its findings and recommendations to the Governor and the 1994 Session of the General Assembly.

Acknowledging the significant value of museums as educational as well as cultural institutions, the resolution noted the Commonwealth's traditional financial support for these institutions and cited the "lean financial times" that may have prompted reductions in appropriations to various educational museums. The joint subcommittee was directed to conduct a "comprehensive study" of educational museums, to develop criteria for eligibility for receipt of public funds as well as guidelines for state appropriations, and to examine "ways in which the Commonwealth might encourage and promote the arts." To meet these study directives, the committee's work included a review of the legal, fiscal, and administrative distinctions between public and private educational museums in the Commonwealth. Also meriting committee scrutiny were current funding mechanisms for Virginia's educational museums and the availability of funding sources for public and private museums, including federal, state, local, and private funds. Finally, the development of criteria for state appropriations for Virginia's educational museums requires not only the exploration of museum funding practices in other states but also analysis of a variety of complex financial and policy issues, including museum patronage, geographic location and impact on other activities promoting tourism and economic development, and state and local ability to support these institutions.

The joint subcommittee conducted five meetings to examine the missions and services of nonstate museums across the Commonwealth. The joint subcommittee sought the input of representatives of the Virginia Commission for the Arts, the Virginia Department of Taxation, museum associations, and the institutions themselves to explore the use and availability of funding sources for public and private museums, including federal, state, local, and private funds. In pursuing its study, the joint subcommittee visited nonstate educational museums across the Commonwealth to provide a closer look at the valuable programs and resources offered by these institutions.

Introduction: Promoting Education, the Arts, and Economic Development

Museums are recognized today not only as cultural and educational institutions, but also as catalysts for economic growth and development. The presence of arts institutions and cultural facilities may enhance the local "quality of life" component necessary to attract and retain a skilled, educated workforce.¹ Offering educational programs, exhibits, and cultural events, these institutions "foster a spirit of innovation and adventure" and promote a locality's image as a center of learning and creativity.² The arts--and museums in particular--may increase tourism and generate jobs, but just as important, perhaps, is the role they may play in other aspects of economic growth, such as the promotion of innovation and design in industry. While questioning the accuracy of various studies purporting to quantify the economic impact of the arts, experts nonetheless agree that the arts "have an economic impact so great and all pervasive that they must be recognized as a key and critical sector of economic growth and development."³

Funding Museums and Other Cultural Institutions

Scholars have suggested that civilizations have historically been evaluated by the quality and accessibility of their arts; ensuring continued access and excellence in the arts is contingent upon the availability of adequate and stable funding for cultural institutions.⁴ Whether established by governments or private entities, museums and other cultural institutions operate as non-profit enterprises. While admissions and the sale of concessions and souvenirs may provide some income, museums rely on public and private funding to support their cultural and educational missions.

Federal Support for Museums

Although the issue of government funding for the arts continues to prompt concerns regarding free expression and the role of art in society, federal support for the arts can be traced to the 19th century, when Congress commissioned four paintings depicting the Revolutionary War to hang in the U.S. Capitol. Proponents of government support maintain that arts spending consumes only a small portion of the federal budget, while stimulating private giving and matching grants. Others contend that "government should not be in the business of determining

¹ R.L. Penne and J. Shanahan, "The Role of the Arts in State and Local Economic Development," National Conference of State Legislatures, Economic Impact of the Arts: A Sourcebook at 134 (1990) [hereinafter referred to as Penne and Shanahan].

² D. Netzer, *Foreword*, National Conference of State Legislatures, Economic Impact of the Arts: A Sourcebook at vi (1990) [hereinafter referred to as Netzer].

³ H. Hillman-Chartrand, "Introduction: The Value of Economic Reasoning and the Arts," National Conference of State Legislatures, Economic Impact of the Arts: A Sourcebook at 37 (1990) [hereinafter referred to as Hillman-Chartrand]; see also, Netzer, supra note 2, at vi.

⁴ M. Oakar, "Culture in the Cabinet," ARTnews 176 (February 1990) [hereinafter referred to as Oakar].

what is art and what is not" and argue that cultural activities will continue without government support.⁵

In 1980, it was reported that as many as 300 federal programs provided resources for the arts and humanities. Although some of these programs have since been discontinued, the sheer number of these initiatives, combined with the challenge of defining "arts and humanities," has precluded any determination of the precise amount of federal arts spending. It is estimated, however, that the arts and humanities claim less than one percent of the federal budget.⁶

Direct Funding

Federal support for the arts is provided either directly through government agencies and programs or indirectly through tax deductions and other benefits. In 1989, direct federal arts spending totaled an estimated \$1 billion. Although recent legislative proposals sought establish a Department of the Arts and Humanities to coordinate federal arts programs, the administration of federal arts spending remained largely dispersed throughout the federal government.⁷ Established in 1965 as an independent "umbrella" agency in the executive branch, the National Foundation on the Arts and Humanities includes the National Council on the Arts, the National Endowment for the Arts (NEA), the National Council on the Humanities, the National Endowment for the Humanities (NEH), and the Institute of Museum Services (IMS). While the NEA, the NEH, the Institute of Museum Services, and the Smithsonian Institution are the major sources of federal support for arts organizations, other significant arts initiatives include the Kennedy Center; the National Gallery of Art; the Historic Preservation Fund; Department of Defense art collections, choruses, and bands; and the Library of Congress American Folklife Center.

National Endowment for the Arts. Established an independent agency in 1965, the NEA was designed to promote artistic excellence, increase public exposure to the arts, and to enhance the financial stability of arts organizations. Appointed by the President, the chairman directs the NEA's work and is responsible for all final decisions on programs, procedures, and grants. A variety of panels, comprised of over 600 citizens, and the 27-member National Council on the Arts review applications for NEA grants. Supplying most direct grants to organizations and individuals are **program grants**, which institutions must match on at least a dollar-for-dollar basis. **Treasury fund grants** consist of private gifts, designated for specific grantees, which are then matched by Treasury funds. Receipt of this grant is contingent upon a grantee match equaling the sum of the Treasury and private moneys. Finally, **challenge grants** are awarded to projects that "contribute to the long-term financial stability" of the grantee; these grants require a three-to-one match. In fiscal years 1989-91, the NEA received \$175 million in federal appropriations. Despite concerns regarding the federal deficit and criticism for the application of

⁵ "Federal Funding of the Arts," Congressional Digest at 2 (January 1991) [hereinafter referred to as Congressional Digest].

⁶ Id. at 4; see also, Oakar, supra note 4.

⁷ Oakar, supra note 4.

certain grants, the NEA was reauthorized in 1990. Its impact on the arts may be evidenced in the growth of state arts councils, which have increased from five in 1965 to include all 50 states.

National Endowment for the Humanities. Promoting a "broadly conceived national policy" for the humanities, the NEH awards grants to individuals and institutions with the assistance of the National Council on the Humanities. For purposes of the NEH, "humanities" encompass a broad range of studies, including language, literature, history, archaeology, and ethics. Federal dollars for the NEH totaled \$170.9 million in 1989-91.

Smithsonian Institution. Created in 1846, the Smithsonian today includes 15 exhibition buildings as well as the National Zoo, the Anacostia Museum, and the Air and Space Museum. Governed by a Board of Regents consisting of federal officials, congressional representatives, and citizens, the Smithsonian receives federal moneys for its services to the public.

Institute of Museum Services. Governed by a 15-member National Museum Services Board, the IMS supports the general operations and educational efforts of all types of museums, including zoos, botanical gardens and children's and natural history museums. This federal agency received \$26 million in appropriations in 1989-91.⁸

Indirect Funding

Government also supports the work of museums and arts organizations indirectly, through tax deductions and exemptions. Pursuant to § 501(c)(3) of the Internal Revenue Code of 1986, as amended, nonprofit corporations and foundations "organized and operated exclusively for...charitable, scientific, literary, or educational purposes..." are exempt from federal taxation. Tax deductions for donations to these organizations provide another source of indirect funding and further stimulate private giving. In addition, donations to government-operated museums may qualify as allowable tax deductions under § 170(c) of the Internal Revenue Code, which permits deductions for charitable contributions made to any "State, a possession of the United States, or any political subdivision of any of the foregoing...but only if the contribution or gift is made for exclusively public purposes."⁹ Through these tax benefits, the federal government serves as a "facilitator"--enhancing a variety of museum funding sources and relying on donor discretion in supporting museums and arts organizations.¹⁰

Private Sector Support

In 1989, private giving to the visual and performing arts stood at an estimated \$7.5 billion. Comprising approximately 97 percent of all arts funding, private donations are essential to the survival of museums across the country.¹¹

⁸ Congressional Digest, *supra* note 5, at 2, 4, 5, 7-9, 12, 16.

⁹ Internal Revenue Code of 1986, as amended, §§ 501(c)(3); 170(c) (Lyr. Ed. 1993).

¹⁰ Hillman-Chartrand, *supra* note 3, at 16.

¹¹ Congressional Digest, *supra* note 5, at 2.

State and Local Funding for Museums

States support museums and arts organizations in much the same manner as the federal government. Direct appropriations and tax benefits provide much-needed fiscal support, while arts councils in every state and territory provide a range of services. Despite fierce competition in state budgets for transportation, human services, education, environmental and other programs, the arts claimed \$284 million in combined legislative funding in 1990. Continuing economic challenges, however, have prompted many states to develop new strategies for arts and museum funding. While some states have designated specific revenue sources for arts funding, others have expressed concern that "earmarking" may encourage legislatures to reduce regular appropriations. Lottery moneys and state income tax check-offs generate modest arts funding in several states; again, however, these dollars may be offset by reductions in other appropriations.¹² In Massachusetts, arts lottery proceeds are distributed to local arts agencies on the basis of population and need.

Special local taxes have also provided support for museums and arts organizations. Recognizing that it was "politically and economically easier to let the citizenry (and tourists) pay for cultural services," some localities have dedicated portions of liquor taxes as well as dog- and horse-racing proceeds to these programs. Most commonly employed is the hotel/motel occupancy tax, often praised as the most equitable arts funding alternative because it returns dollars that came to the locality through tourism. In Texas, a statewide hotel/motel occupancy tax is shared by the state and participating localities. In St. Louis and Chicago, a portion of local property taxes is devoted to the maintenance of cultural institutions, while payroll deductions in several companies in Cincinnati support arts institutions. Percent-for-art legislation, dedicating a part of the construction or renovation cost of public buildings to artworks or arts agencies, has been adopted in localities as well as in many states.¹³

Arizona. The **Arizona Arts Program**, administered by the Arizona Commission on the Arts, provides grants supported by direct state appropriations and one-third of annual report filing fees for domestic and foreign corporations. Criteria for grant awards include artistic quality, creativity, potential public exposure and benefit, and the recipient's fiscal responsibility. Additional criteria ensure that a portion of the funds is awarded to organizations representing handicapped persons, minority artists, and rural areas. Finally, recipient organizations must include minorities on their respective governing boards.¹⁴

¹² *Id.* at 12; S.D. Gold, "Magic Formulas for Funding the Arts: Is There Any Hope?" National Conference of State Legislatures Annual Meeting (August 1989) [hereinafter referred to as Gold]; *see also*, National Conference of State Legislatures, Methods of Public Funding for Culture at 1-3 (1991) [hereinafter referred to as Methods].

¹³ D. Grant, "Alternative Funding: New Money for the Arts," American Artist 86-88 (May 1988) [hereinafter referred to as Grant]; Methods, *supra* note 12, at 3-7.

¹⁴ Ariz. Rev. Stat. §§ 41-983.02; 41-985 (1992); 10-129 (1990).

Colorado. Enacted in 1987, the Scientific & Cultural Facilities District Act established the **Denver Metropolitan Scientific and Cultural Facilities District**, composed of a six-county area already designated as a regional transportation district.¹⁵ The Act includes a legislative finding that the state's scientific and cultural facilities are "a rich source of knowledge and inspiration to the residents of the state, that the preservation and development of such facilities are vital to the cultural and intellectual life of the state, that scientific and cultural facilities are an important factor to the economic well-being of the state, that economic development and tourism are needed to maintain and to promote such facilities, and that creation of scientific and cultural facilities districts will promote the health, safety, and welfare of the residents of the state."¹⁶ Before the creation of the district, state appropriations supported the four largest Denver cultural entities.¹⁷ The Act authorizes Denver District voters to approve a uniform sales tax to support the district's scientific and cultural facilities. In November 1988, voters approved a 0.10 of one percent sales tax to support these facilities. The District's board of directors, composed of six county and city government representatives and three citizen members, administers the sales tax proceeds.

The Act establishes a three-tiered funding system that distributes the largest portion of these sales tax proceeds to four major facilities. The **first tier** claims 65 percent of these funds; 90 percent of this amount is divided among the Denver museum of natural history (33%), zoological gardens (26%), art museum (26%), and botanical gardens (15%). After the first five years, the remaining 10 percent may be distributed to the four major facilities and other institutions pursuant to a statutory formula. The special sales tax garnered about \$11 million for the four major facilities in 1991.

At the **second tier**, 25 percent of the 0.10 sales tax is similarly distributed; facilities at least two years old and meeting the requirements of § 501(c)(3) of the Internal Revenue Code of 1986, as amended; having principal offices in the District; and having an annual operating income greater than \$700,000 are entitled to 90 percent. The board distributes this money pursuant to a formula granting equal weight to annual operating income and annual paid attendance. The weighted formula may be revised every five years. Nine percent of the balance of these second-tier funds may be given to eligible institutions without regard to the weighted formula; the Board may determine the appropriate award "based upon the factors of regional impact, accessibility, quality, and need." The remaining one percent may be awarded to facilities at each tier, including the four major facilities. Nine entities were eligible for \$4.2 million in "second-tier" dollars.

At the **third tier**, 90 percent of the remaining 10 percent is distributed to facilities in the participating counties pursuant to plans submitted by each county. Like the second-tier funds,

¹⁵ Colo. Rev. Stat. §§ 32-13-101; 32-13-104 (1993 Supp.); "Scientific & Cultural Facilities District" at 1 (1988)[hereinafter referred to as District].

¹⁶ Colo. Rev. Stat. § 32-13-102 (1993 Supp.).

¹⁷ Methods, *supra* note 12, at 4; H. Hall, "Denver Arts Groups' Tax Gambit," The Chronicle of Philanthropy 48-51 (November 3, 1992) [hereinafter referred to as Hall].

nine percent may be given to eligible facilities based on accessibility, quality, and need, while one percent may be distributed to entities at all tiers. In 1991, 180 arts organizations received "third-tier" moneys totaling \$1.7 million.¹⁸ The Act permits other counties to form scientific and cultural facilities districts by referendum. Significantly, the Act includes a July 1, 1996, sunset clause.¹⁹

Florida. Similar to the Arizona program, Florida's **State Major Cultural Institution Trust Fund** is supported by annual report filing fees, 30 percent of corporate fictitious name penalties (not less than \$1.5 million and no more than \$2 million), and \$800,000 in corporate registration penalties. The Florida Arts Council administers this initiative and must establish awards criteria that include "artistic quality, creativity, potential public exposure and benefit, ability to properly administer grant funds, and such other matters deemed necessary and appropriate...." The statute designates 17 organizations as "major cultural institutions" eligible for awards; this list is reviewed and revised periodically. Institutions recommended for deletion are placed on a one-year probation; additional entries must be approved by the Secretary of State. With some exceptions, entities designated as major institutions are precluded from receiving certain other state arts grants. The designation provisions carry an October 2000 sunset.²⁰

A **Vital Local Cultural Organization Program** supports 15 designated local entities as "emerging cultural programs which provide to their local communities a commitment to high artistic excellence." Institutions must demonstrate fiscal responsibility as well as major local impact; also required are audience and community support and involvement in program planning, a commitment to education, and recognition of Florida artists and arts organizations. Supported by moneys transferred from the State Major Cultural Institutions Trust Fund, this program also expires in the year 2000. Finally, the Florida Division of Cultural Affairs of the Department of State is statutorily directed to develop and conduct a "general support program designed to supplement the financial support of cultural organizations that have a sustained commitment to cultural excellence and . . . that have regional or statewide impact."²¹

Missouri. The Missouri Legislature has authorized voters in the City of St. Louis to establish a **metropolitan park and museum district** that may include zoological, art museum, and St. Louis Science Center subdistricts. The zoological and art museums subdistricts may be supported by a tax rate not to exceed four cents on each \$100 of assessed valuation of taxable property, while a tax rate not exceeding one cent on each \$100 of assessed valuation of taxable property supports the science subdistrict. The eight-member governing board of the zoological park and museum district may request a vote on proposals to establish various subdistricts, such as botanical garden, transport museum, Missouri history museum, symphony orchestra, and

¹⁸ Colo. Rev. Stat. §§ 32-13-105; 32-13-106; 32-13-107 (1993 Supp.); District, *supra* note 15, at 1; Hall, *supra* note 17, at 50.

¹⁹ Colo. Rev. Stat. §§ 32-13-108; 32-13-114 (1993 Supp.).

²⁰ Fla. Stat. Ann. §§ 265.2861; 265.2862; 265.286 (1991 and 1993 Supp.).

²¹ Fla. Stat. Ann. §§ 265.2862; 265.286 (1991 and 1993 Supp.).

recreation and amateur sports subdistricts, subject to various tax rate limitations. Each subdistrict is governed by a 10-member commission that serves without compensation. Separate petitions and votes are necessary to dissolve each subdistrict.²² The zoological park and museums district collects the tax revenues for the various subdistricts; the funds are deposited in separate subdistrict accounts. Subject to voter approval, the district may issue bonds for the benefit of the subdistricts. The statute also authorizes the voters of Springfield, Missouri, to establish a zoo district.²³

Wisconsin. The **Wisconsin Arts Incubator Program**, initiated as a pilot program in the state's 1989-91 budget, permits nonprofit arts groups or nonprofit business organizations to obtain state funds for the development and improvement of rehearsal and work space for performing and visual artists. The arts incubator facility provides shared support services as well as work, rehearsal, performance, or living space at lower-than-market rental rates. The initial legislation provided funding for a feasibility study and \$50,000 for the development of an arts incubator. The award was to be based on the qualifications of the proposed incubator's staff; the availability and cost of other work or rehearsal space in the community; local business, arts, and government support; economic impact of the proposed incubator; and cost-effectiveness and financial viability.²⁴

Virginia's Museums: Funding for Multifaceted Missions

The Commonwealth boasts over 400 history, science, art, and children's museums. Sustained by public and private dollars, these cultural and educational institutions attracted more than 23 million visitors in fiscal year 1991-1992.²⁵ The preservation and display of Virginia's rich collections of art, natural artifacts, and historic memorabilia are not the only missions of these institutions. Tourism is boosted greatly by museums; the Virginia Division of Tourism has indicated that "it is not surprising, due to the large number of museums and historic attractions in Virginia, to find that museums or history related destinations showed the highest percentage of visitation across all types of attractions."²⁶ Among the visitors at 97 museums responding to a 1992 Virginia Association of Museums (VAM) survey were 1.4 million students. Another 1.8 million citizens were the beneficiaries of museum "outreach" programs in schools, hospitals, and urban and rural sites, further evidencing the educational mission of these institutions.²⁷

²² Mo. Ann. Stat. §§ 184.350; 184.353; 184.354; 184.355; 184.358 (Vernon 1991 and 1993 Supp.).

²³ Mo. Ann. Stat. §§ 184.356; 184.364; 184.372; 184.600 (Vernon 1991 and 1993 Supp.).

²⁴ "Guide to the Wisconsin Arts Board Arts Incubator Pilot Program" (1989); Wis. Stat. Ann. § 44.60 (West 1992 Supp.).

²⁵ Virginia Association of Museums, Summary of Findings: Fiscal Year 1991-92 Impact Study (1993) [hereinafter referred to as 1993 Summary].

²⁶ Virginia Association of Museums, Annual Report on Museums of the Commonwealth at 1, 2, quoting the Virginia Division of Tourism's Four Seasons Survey (1992) [hereinafter referred to as 1992 Annual Report].

²⁷ 1993 Summary, supra note 25.

Supporters of the Commonwealth's museums agree that "in a state where history is tourism, where learning happens not just in the classroom but also in the public gallery, where cultural life is integral to quality of life, museums provide essential services."²⁸

Employing 6,200 professionals in 1992, Virginia's museums relied on 850,000 volunteer hours--providing the work of 425 employees--to maintain exhibits, programs, and services. Whether publicly or privately owned, these institutions depend upon a wide range of funding sources to support their staff and operations. Although there is no statewide data collection system documenting museum funding in the Commonwealth, a 1992 VAM survey indicated that private funding surpassed government support for these institutions by a three-to-one margin. Comprising the \$54 million in government grants and appropriations reported in 1992 were \$10 million in federal grants, \$34 million in state dollars, and another \$10 million in local funds. Shop and food concessions, facility rentals, and admissions provided \$130 million in revenues, while private and foundation grants surpassed \$14 million. A total of \$2 million in corporate

Public Funding for Culture

Local Arts Agency

Traditional Approaches

Non-traditional Approaches

Local Appropriations

Dedicated Taxes

- ◆ city
- ◆ county
- ◆ regional

- ◆ Tourist/entertainment taxes
 - ◆ hotel/lodging
 - ◆ amusement/admissions
 - ◆ video rental

State grants

- ◆ Sales, property, & occup. taxes
- ◆ Lotteries/checkoffs
- ◆ Corporate/franchise taxes
 - ◆ cable franchise
 - ◆ corporate filing fee

Federal grants

Dedicated percentage for the arts

Source: NCSL, Methods of Public Funding for Culture (Ciruli Assoc. chart) (1991).

support was reported by 50 institutions.²⁹

The recent national economic downturn has tested museum budgets throughout the Commonwealth, where as many as 40 museums rely heavily on state support. Private funding

²⁸ 1992 Annual Report, *supra* note 26, at 3.

²⁹ 1993 Summary, *supra* note 25.

has been affected as well; museums across Virginia cited difficulties in enlisting corporate and individual support in 1991. To combat these fiscal challenges, institutions have canceled cost-of-living and merit increases, eliminated positions, altered benefits packages, and reduced employee wages. Some museums have modified their programming, while others have decided to extend existing shows rather than open new exhibits. These staff cutbacks and budget reductions may affect conservation as well as maintenance efforts at some museums.³⁰

State Funding for Museums: Direct and Indirect Support

The role of the General Assembly in supporting museums and arts organizations has been described as that of "catalyst, helping to augment and strengthen private and local support of the arts." Consistent with this characterization, the Commonwealth supplies direct and indirect funding for these organizations that recognizes that "the arts are healthier when open to diverse influences and not financially dependent on any single source of support."³¹

Like the federal government, the Commonwealth provides indirect funding for museums through a variety of tax deductions and exemptions. Specific property tax exemptions for public and private museums are based on Article X, § 6(a)(6) of the Virginia Constitution, which provides a clear exemption for property owned directly or indirectly by the Commonwealth or its political subdivisions. In addition, the section authorizes the General Assembly to provide tax exemptions for property "used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes, as may be provided by classification or designation by a three-fourths vote of the members elected to each house of the General Assembly and subject to such restrictions and conditions as may be prescribed."³² Echoing this constitutional authority are statutory provisions in Title 58.1 that specify exemptions not only for government-owned property, but also the for property of any nonprofit corporation "organized to establish and maintain a museum." Donations to these organizations are also exempt from Virginia income taxation, to the extent these same donations are exempt or deductible from federal income taxation.³³

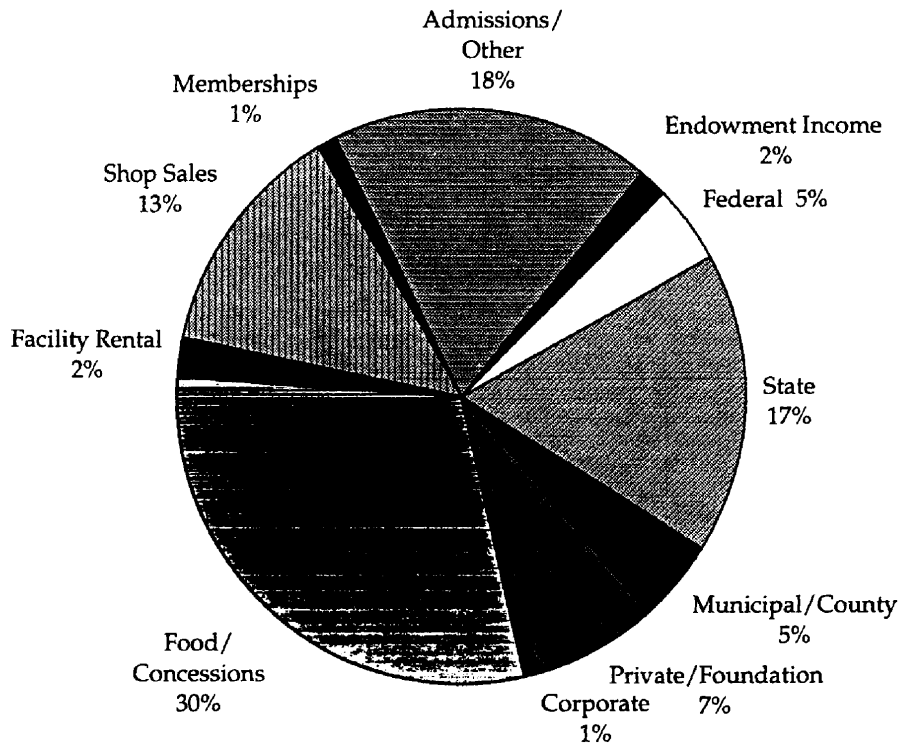
³⁰ 1992 Annual Report, *supra* note 26, at 4.

³¹ Report of the Commission for the Arts on the Governor's Task Force on Promotion of the Arts, House Document No. 3 at 5 (1992) [hereinafter referred to as House Document No. 3].

³² Va. Constitution, Art. X. § 6 (1987).

³³ Va. Code §§ 58.1-322(A); 58.1-402; 58.1-609.9; 58.1-3606; 58.1-3607; 58.1-3609; (1991 and 1993 Supp.).

Revenue Sources for Museums in Virginia Fiscal Year 1992



Source: Virginia Association of Museums

In addition, certain designated museums are granted exemptions from state retail sales and use taxes. Established in 1966, the state retail sales and use tax originally included 22 exemptions, none of which benefited cultural organizations; today, that number has more than quintupled. Specific exemptions are now narrowly construed to address certain cultural organizations, effectively providing a government subsidy for various entities. (See chart.) Sales and use tax exemptions for cultural organizations are available in 45 states; 12 states offer specific, narrow exemptions, 12 offer different eligibility criteria, and 21 provide "blanket" exemptions. According to testimony before the joint subcommittee, the Virginia Department of Taxation was expected to issue a report on the revenue impact of the current exemptions in December 1993.³⁴

Direct funding for Virginia's museums--whether publicly or privately operated--is typically supplied through direct legislative appropriations or the 13-member **Virginia Commission for the Arts**, a state re-granting agency established in 1968 as the Virginia

³⁴ Testimony of Michael S. Melson, Tax Policy Analyst, Virginia Department of Taxation, Summary of August 2, 1993, committee meeting.

Commission of the Arts and Humanities. Statutorily directed to "stimulate and encourage throughout the Commonwealth growth in artistic quality and excellence," the Commission is empowered to provide funding for recognized nonprofit arts organizations and to apply for federal aid for the arts. The Commission is also authorized to provide incentives for local governments to encourage public support and funding for the arts.³⁵ Previously within the jurisdiction of the Secretary of Education, the Commission for the Arts is now included among those state agencies for which the Secretary of Economic Development is responsible.³⁶

Examples of Museums Exempt from Retail Sales and Use Tax

Va. Code § 58.1-609.9 (1993 Supp.)

Virginia Historical Society (§ 58.1-609.9 (1))
Chrysler Museum; Virginia Living Museum; Science Museum of Western Virginia (§ 58.1-609.9 (2))
Maymont Foundation (§ 58.1-609.9 (3))
John Marshall House (§ 58.1-609.9 (5) (6/30/94 sunset))
Black History Museum and Cultural Center of Virginia (§ 58.1-609.9 (6) (6/30/94 sunset))
Richmond Children's Museum (§ 58.1-609.9 (8) (6/30/94 sunset))
Roanoke Valley Arts Council (§ 58.1-609.9 (11) (6/30/94 sunset))

Museums Exempt from Local Property Taxes by Designation*

Va. Code §§ 58.1-3607; 58.1-3650 through 58.1-3650.501

Lynchburg Fine Arts Centers (Lynchburg; § 58.1-3607(A)(1))
Colonial Williamsburg, Inc. (Williamsburg; § 58.1-3607(a)(2))
Center in the Square; Roanoke Museum of Fine Arts; Roanoke Valley Science Museum (Roanoke; §58.1-3650.141)
Fine Arts Center for New River Valley, Inc. (Town of Pulaski; § 58.1-3650.158)
The Corporation for Jefferson's Poplar Forest (Bedford; § 58.1-3650.170)
Montgomery Museum and Lewis Miller Regional Arts Center (Montgomery County; § 58.1-3650.233)
Mary Ball Washington Museum and Library, Inc. (Lancaster County; § 58.1-3650.302)
Richmond Children's Museum (§ 58.1-3650.312); Black History Museum and Cultural Center of Virginia, Inc. (§ 58.1-3650.349); Steamer Co. No. 5, The Fire History Museum (§ 58.1-3650.392) (City of Richmond)
Watermen's Museum (Yorktown; § 58.1-3650.373) (York County; § 58.1-3650.387)
Fine Arts Museum of Southern Virginia (Chase City; § 58.1-3650.444)
Boussevain Coal Miners Memorial Museum, Inc. (Boussevain; § 58.1-3650.491)
ShenanArts (Augusta County, § 58.1-3650.561)

*Additional designated exemptions include a number of historical preservation/restoration societies and memorial foundations; these organizations may operate sites or facilities that may be described as "museums."

Citing the "expansive growth" in the arts in Virginia prompted by the Commission, the Governor's Task Force on the Arts urged the General Assembly in 1992 to "be specific about the state role in support of the arts." While the legislature has articulated a goal of an annual general fund appropriation for the Commission of \$1 per capita, limited fiscal resources might delay the

³⁵ Va. Code §§ 9-84.01:1; 9-84.03; 9-84.04 (1989 and 1993 Supp.).

³⁶ Va. Code § 2.1-51.40 (1993 Supp.); House Joint Resolution No. 340 (1991).

realization of such a goal.³⁷ In 1991-92, the Commission awarded nearly \$1.7 million in grant moneys; a total of 731 grants were awarded to 499 artists, museums, and cultural organizations. Emphasizing a commitment to artistic quality, access, and cultural diversity, the Commission's guidelines for 1992-94 outline requirements for local government challenge grants, technical assistance for arts organizations, general support, and other awards.³⁸ Although the 1993 Appropriation Act reduced the Commission's maximum employment level from nine to six, the Commission did receive an increased appropriation for financial assistance for cultural and artistic affairs. In fiscal year 1993-94, the Commission for the Arts will receive approximately \$1.6 million in general funds and \$637,000 in federal trust funds.³⁹

Emphasizing a commitment to artistic quality, access, and cultural diversity, the Commission's guidelines for 1992-94 outline requirements for local government challenge grants, technical assistance for arts organizations, general support, and other awards. Consistent with general policies governing basic eligibility for grants, applicants for Commission grants must:

- operate on a not-for-profit basis and be exempt from federal income taxation pursuant to § 501(c)(3) or be units of government or educational institutions;
- produce, present, or support performing, visual, or related arts;
- comply with the Civil Rights Act of 1964; and
- comply with Section 504 of the Rehabilitation Act of 1973.

In addition, the funded activity must acknowledge receipt of Commission and NEA grants in any published materials and announcements regarding that activity. Total Commission grants to any one arts organization in one year may not exceed 30 percent of that organization's income for the previous year. Grant recipients must submit a final report on each grant within 30 days of the end of the grant period, or no later than June 20 for activities taking place in June. Grantees must maintain accurate financial records for Commission-supported activities. Activities specifically designated as ineligible for Commission funding include those activities limited to an organization's membership; costs of parties, receptions, and fundraising benefits; activities that are primarily religious in purpose; college or university projects that are part of a required course or curriculum or that do not serve a significant nonstudent population; arts programs that are essentially recreational, rehabilitative, or therapeutic; and general operating support for historic celebrations or community promotional activities. The Commission's guidelines indicate that low priority is given to organizations not demonstrating strong efforts to seek alternative funding. Applicants are also expected to charge a reasonable fee when appropriate, rather than offer free events.⁴⁰

³⁷ House Document No. 3, *supra* note 31 at 1, 5.

³⁸ Virginia Commission for the Arts, City-County Listing of Fiscal Year 1992 Grants (1993); Virginia Commission for the Arts, Guidelines for Funding 1992-94 (1993) [hereinafter referred to as Guidelines for Funding].

³⁹ 1993 Acts of Assembly, c. 994, § 1-69, Items 261 and 262.

⁴⁰ Guidelines for Funding, *supra* note 38.

State Museums

Claiming top priority for Virginia's direct appropriations for museums and arts organizations are those institutions that have been established by the Commonwealth as state agencies. The operations and administration of these institutions are subject to the provisions of the Virginia Personnel Act, the Freedom of Information Act, the Administrative Process Act, the Procurement Act, and the state budget planning and development process.⁴¹ Biennially in the odd-numbered years, each of these state agencies, through the appropriate cabinet secretary, must submit to the Governor an itemized estimate for potential inclusion in the proposed biennial budget.

Capital projects for state agencies are included in separate legislation detailing the method of financing, such as revenue bonds or other debt.⁴² Several state museums benefited from the passage of the 1992 educational institutions bond referendum. Supporting improvements to The Science Museum of Virginia are \$4,458,100 in these bonds; an education center for the Frontier Culture Museum will be funded by \$913,900. The Jamestown-Yorktown Foundation will receive \$2,320,100 and \$3,862,600 for improvements to the Jamestown Settlement and the Yorktown Victory Center, respectively.⁴³

Five state agency museums fall under the aegis of the Secretary of Education. The **Virginia Museum of Fine Arts** in Richmond received nearly \$10 million in general and special fund moneys in 1993-94 for its operations and cultural services, while its maximum employment level was reduced from 195 to 189. Its special designation as an institution of higher education for purposes of management of endowment funds ensures that any endowment funds or unrestricted gifts will not reduce state appropriations to the Museum. In 1991-92, a total of 793,994 people visited the Museum or participated in a museum-organized program.⁴⁴

The Science Museum of Virginia, also in Richmond, is established as an educational institution designed to promote knowledge and appreciation for scientific concepts and principles. Like the Virginia Museum, the Science Museum is designated as an institution of higher education for purposes of endowment funds. Incorporating divisions addressing the physical and botanical sciences, natural history, industry and technology, oceanography and

⁴¹ Va. Code §§ 2.1-6.14:1 *et seq.*; 2.1-110 *et seq.*; (1987 and 1993 Supp.); 9-6.14:1 *et seq.* (1993); 11-35 *et seq.* (1993); 2.1-387 *et seq.* (1987 and 1993 Supp.).

⁴² Va. Code §§ 2.1-394; 2.1-399.1 (1993 Supp.).

⁴³ 1992 Acts of Assembly, cc. 894, 896.

⁴⁴ Va. Code §§ 2.1-51.21 (1993 Supp.); 9-78 *et seq.* (1989); 1993 Acts of Assembly, c. 994, § 1-64, Items 249-252; Virginia Museum of Fine Arts, Annual Report 1991-92 at 30 (1992).

Virginia Commission for the Arts--Specific Grants Programs

General Operating Support for Arts Organizations. Applicants may apply for 10% of their previous year's cash income for each year of the grant, less Commission support and money raised for capital purposes in the previous year. Awards may range from \$500 to \$150,000 and may be applied to general operating expenses, special projects, construction or renovation costs, and reserve funds. Eligible applicants must be Virginia organizations--defined as an entity whose "primary purpose is the arts, that is incorporated in the state, and that has its headquarters and home season, or activities equivalent to a home season for non-producing organizations, in the state." Applicants must not only meet the Commission's basic eligibility criteria, but must also (i) have an independent governing board, (ii) have been incorporated for at least one year prior to application, and (iii) have completed a season of programs.

Technical Assistance Grants. Awards may range from \$500 (nonmatching), total not to exceed \$1,000 per year for organizations with annual income of \$50,000 or more, to \$750 each (nonmatching), total not to exceed \$1,500 per year for organizations with incomes of less than \$50,000. These awards may cover short-term consultations on particular artistic or organizational problems as well as workshop attendance.

Performing Arts Endowment Matching Program. These awards permit a state match of interest earned on endowments by a "Virginia arts organization" whose primary purpose is production of music, opera, theater, or dance. Applicants must meet basic eligibility criteria as well as certain endowment and financial criteria. Eligible activities include performers' salaries and principal of the endowment fund.

Local Government Challenge Grants (competitive). Any independent city, town, or county government in Virginia may receive these awards for grants to independent arts organizations for arts activities in the locality. The maximum award is \$5,000, subject to available funds and local government match (federal funds may not be included in local match).

Touring Assistance Program. Not-for-profit organizations, local governments, and educational organizations meeting basic eligibility criteria may apply these grants to fund touring activities listed in the Commission's annual directory. The amount of assistance may not exceed 50% of the fee for any touring program listed in the directory, subject to an overall limit for each touring artists/organization. These awards are made to the presenter, not the individual touring artist.

Project Grants for Individual Artists. Artists who are legal residents of Virginia and who plan to remain in the state during the grant period receive and apply these awards to include increased working time to create new works or projects; materials and supplies for production or completion; expenses incurred in presentation of the final work; and expenses incurred in research and development of the proposed idea. Specifically excluded from funding are costs related to vanity publication, academic research or formal study for an academic or professional degree.

Writers in Virginia. This subsidy is available to writers who live in Virginia or have a significant Virginia connection, such as former residency. Capped at 50% of the writer's fee, with a maximum of \$250, awards may support readings or workshops by poets and fiction writers listed in the Directory of Virginia Writers. These grants are awarded on a first-come, first-served basis.

Arts in Education Program. This initiative includes the **Arts-Education Residency Program (K-12)** for certain Virginia elementary and secondary schools; the **Community College Artist Residency Program**, a collaborative program between the Commission and the Virginia Community College System whereby a community college may apply to sponsor an artist; **Arts-in-Education Development Grants** for schools meeting basic eligibility criteria that do not offer sequential arts instruction, professional arts educational organizations, and institutions of higher education; the **Teacher Incentive Grant Program**, providing financial aid to classroom teachers for integrating arts into the curriculum; and **AIE Technical Assistance**, which provides associations and educators with training and services.

Source: Virginia Commission for the Arts, Guidelines for Funding 1992-1994.

limnology, and zoological gardens, the Science Museum also includes the **Aviation Museum**.⁴⁵ In 1993, the Museum's maximum employment level was reduced from 83 to 77. It received approximately \$2.3 million in general and special funds; trust and agency funds supplied an additional \$500,000, while federal trust funds contributed \$75,000. A portion of its appropriation for administrative and support services is earmarked for the Aviation Museum.⁴⁶

Established in 1986 to operate an outdoor museum in the Waynesboro/Staunton/Augusta County region to honor the contributions of pioneers and colonial frontiersmen, the **Frontier Culture Museum** is also deemed an educational institution. Its 25-member Board of Trustees is authorized to establish a nonprofit corporation to develop and maintain awareness of the Museum and to acquire land for the Museum with gubernatorial consent.⁴⁷ The Frontier Culture Museum received approximately \$1.2 million and \$422,216 in general and special funds, respectively, in 1993-94. Its employment level was reduced from 45 to 41.⁴⁸

Another educational institution, the **Jamestown-Yorktown Foundation**, is responsible for the administration of historical museums to enhance appreciation for the early settlers in Virginia, the battle for independence, and the development of American government principles. Like the Frontier Culture Museum, the Foundation may establish a nonprofit corporation to assist in administration; acting through this corporation, the Foundation may contract debts and obligations not exceeding its anticipated revenues.⁴⁹ The 1993-94 Appropriation Act allocates over \$3 million in general funds and nearly \$2 million in special funds to the Foundation, while reducing the Foundation's employment level from 97 to 94. With the written approval of the Director of the Department of Planning and Budget, unexpended nongeneral funds derived from admissions to the Jamestown Settlement and Yorktown Victory Center operated by the Foundation may be paid to the Jamestown-Yorktown Educational Trust "for the sole purpose of acquiring artifacts and interpretive arts."⁵⁰

The **Board of Regents of Gunston Hall**, responsible for the operation and management of Gunston Hall Plantation in Fairfax County, is also deemed an educational institution for which the Secretary of Education is responsible. Its staff reduced from 12 to 11 by the 1993-94 budget, Gunston Hall received \$527,047 in general funds and \$131,041 in special funds this year. The 1993-94 Appropriation Act directed the five institutions under the Secretary of Education to

45 Va. Code §§ 23-239 *et seq.* (1985).

46 1993 Acts of Assembly, c. 994, § 1-65, Items 253, 254.

47 Va. Code §§ 9-99.2 *et seq.* (1993).

48 1993 Acts of Assembly, c. 994, § 1-67, Items 257, 258.

49 Va. Code §§ 9-96 *et seq.* (1993).

50 1993 Acts of Assembly, c. 994, § 1-66, Items 255, 256.

develop a plan for the consolidation of certain functions, such as accounting and personnel, to effectuate some of the budget reductions contemplated in the second year of the biennium.⁵¹

Complementing these state educational institutions are the two state entities assigned to the Secretary of Natural Resources. Initially created in 1984, the **Virginia Museum of Natural History** in Martinsville was established as a state agency in 1988 upon the recommendation of a legislative study committee. Among the Museum's activities are research, preservation of Virginia's natural history, and the enhancement of education in natural sciences. Its 25-member board of trustees is authorized to establish a foundation to assist in fundraising efforts.⁵² The Museum received over \$1.8 million in general funds and \$88,000 in special funds in 1993-94. Federal trust funds provided \$50,000. This Museum also experienced staff reductions in 1993. Having adopted a "museum without walls" outreach strategy, the Museum of Natural History served nearly 0.75 million people in 94 percent of Virginia's counties in 1991-92.⁵³

The **Chippokes Plantation Farm Foundation** was established to provide "financial and material resources" for the operation of the Chippokes Plantation Model Farm and the Agriculture and Forestry Center at Chippokes Plantation State Park. The 1993 budget provided \$79,000 dedicated special revenues for agricultural product promotion services; no funding was provided for Foundation employees.⁵⁴

Nonstate Agencies

The Commonwealth also appropriates funds to a number of museums and arts organizations operated on a regional, local, or private basis. Funding for the care and maintenance of certain designated Confederate graves and cemeteries is provided through the Department of Historic Resources; no local matching funds are required for these grants.⁵⁵ The Department also funds a number of historical societies and museums, including the Virginia Historical Society, the Valentine Museum, the Confederate Museum, the Historic Lexington Foundation, and the Woodrow Wilson Birthplace Foundation. Funding for these entities is contingent upon certification to the Department that local or private matching funds or in-kind contributions are available in amounts equal to any state appropriation.⁵⁶

⁵¹ Va. Code § 9-99.1 (1993); 1993 Acts of Assembly, c. 994, § 1-68, Items 259, 260.

⁵² Va. Code §§ 10.1-2000 *et seq.* (1993); Report of the Joint Subcommittee Studying The Virginia Museum of Natural History in Martinsville, House Document No. 12 at 3, 4 (1988).

⁵³ 1993 Acts of Assembly, c. 994, § 1-107, Items 429 and 430; Virginia Museum of Natural History, Annual Report 1991-1992 at 3 (1992).

⁵⁴ Va. Code § 3.1-22.6 *et seq.* (1983 and 1993 Supp.); 1993 Acts of Assembly, c. 994, § 1-98, Item 401.

⁵⁵ Va. Code § 10.1-2211 (1993); see also, 1993 Acts of Assembly, c. 994, § 1-99, Item 403 (C)(1).

⁵⁶ Va. Code § 10.1-2212 (1993).

Other historical societies, museums, or local governments seeking an appropriation for the maintenance of collections or exhibits must follow a detailed budget request process. The entity must file a request for aid with the Department on or before the opening day of each regular session of the General Assembly in an even-numbered year. After reviewing the application, the Department must supply a timely, advisory review of any amendments proposed by a member of the General Assembly to the chairmen of the House Appropriations and Senate Finance Committees. In addition, the applicant organization must supply evidence of its tax-exempt status under § 501(c)(3) and certify that matching funds or in-kind contributions are available. Organizations requesting funding for renovation or reconstruction of historic sites must meet additional requirements, such as supplying evidence regarding the site's designation as an historic landmark. Ten organizations owning landmarks received appropriations for the 1993-94 fiscal year.⁵⁷

Virginia also provides direct appropriations to several nonstate museums and cultural organizations. Direct state funding for these institutions can be traced to the 1940s; prior to 1989, eligible "nonstate agencies" were defined in the Appropriation Act. With the exceptions of three entities--the Medical College of Hampton Roads, the Innovative Technology Authority, and the Southeastern Universities Research Association (all within the jurisdiction of the Secretary of Education)--nonstate agencies--now defined in the Code of Virginia as any public or private foundation, authority, institute, museum, corporation or other entity that is not a part of state government or a political subdivision as established by law--must file a request for aid with the Department of Planning and Budget biennially in odd-numbered years. The entity must certify that local or private matching funds are available and provide documentation of its tax-exempt status in the Internal Revenue Code.⁵⁸

In 1993, the General Assembly directed \$2,324,025 in general funds for financial assistance for cultural and artistic affairs to 21 nonstate agencies.⁵⁹ Safeguarding these appropriations is the requirement that the accounts of recipient organizations be subject to audit by the Auditor of Public Accounts. In addition, nonprofit organizations receiving appropriations greater than \$10,000 for construction, design, or planning services must comply with the provisions of the Virginia Public Procurement Act in the expenditure of the state appropriation.⁶⁰

⁵⁷ Va. Code § 10.1-2213 (1993); 1993 Acts of Assembly, c. 994, § 1-99, Item 403 (C)(2).

⁵⁸ Va. Code § 2.1-394.1 (1993 Supp.); testimony of Karen Washabau, Director, Virginia Department of Planning and Budget, Summary of August 2, 1993 committee meeting.

⁵⁹ 1993 Acts of Assembly, c. 994, § 1-129, Item 606.

⁶⁰ 1993 Acts of Assembly, c. 994, § 4-5.07.

State Grants to Nonstate Agencies, 1993-94

1993 Appropriation Act, § 1-129, Item 606

Subprogram: *Financial Assistance to the Arts*

Arts Museum of Western Virginia	\$ 65,000
The Long Way Home, Inc.	2,500
Peninsula Fine Arts Museum	30,000
Piedmont Arts Association	25,000
Western Virginia Foundation of Arts and Sciences (Center on the Square)	161,915
William King Regional Arts Center	75,000

Subprogram: *Financial Assistance to Museums*

Children's Museum of Portsmouth	50,000
Chrysler Museum	471,816
Fisherman's Museum in Reedville	10,000
Richmond Children's Museum	25,000
Roanoke Transportation Museum	110,000
Science Museum of Western Virginia	178,978
Virginia Living Museum	243,816
Virginia Marine Museum	125,000
Virginia Sports Hall of Fame	10,000
Virginia Zoological Park	25,000
Volunteer Rescue Squad Museum	100,000

Subprogram: *Other Services*

Appalachian Traditions, Inc.	10,000
Coalition for Community Pride and Progress	30,000
Reynolds Homestead	25,000
Virginia Horse Center	550,000

Total for Nonstate Agencies: \$2,324,025

The testimony of representatives of many of the Commonwealth's nonstate museums confirmed not only the valuable educational missions of these institutions but also the significant role these entities may play in economic development. Many of these institutions coordinate with area school divisions to provide educational programs consistent with state Standards of Learning; services may be provided on-site or through outreach initiatives. Others have revived sagging local economies by providing cultural and community activities in previously vacant downtown neighborhoods. While some institutions have established endowments, these moneys, together with other public or private funds, may not be sufficient to address operating costs, capital expansion, and maintenance and repair needs.⁶¹

Conclusions and Recommendations

The joint subcommittee recognizes that nonstate museums must compete not only with state museums for appropriations, but also with the pressing demands that education, social services, transportation, and other programs place on the Commonwealth's budget. Previous biennia have witnessed funding for a broader range of nonstate museums, as the Commonwealth has been able to support organizations such as the Virginia Foundation for the Humanities and Public Policy; the Virginia Museum of Transportation, Inc.; the Virginia Air and Space Center; the Wakefield Foundation, Inc.; the Virginia Beach Arts Center; the Virginia Cultural Laureate; and the Prehistoric, American Indian and Mecklenburg Museum, in addition to those entities funded in the current budget.⁶² Dependent on stable, consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to provide "seed money" for other grants and awards. Although each nonstate museum seeking an appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities.

The development of any specific criteria for funding nonstate museums, however, necessitates consideration of a variety of complex policy and fiscal concerns. While objective standards for funding may provide needed guidance in lean fiscal times, strict criteria may preclude consideration of a number of deserving organizations. A museum's access--or lack of access---to other funding sources, such as federal, local, and private funds, may prove a significant factor in determining appropriate levels of state support. Consideration of museum funding mechanisms, such as special taxes or contributions, employed in other states may also aid in the development of funding criteria in the Commonwealth. Review of funding guidelines employed by the Virginia Commission for the Arts and other entities may also provide evidence of workable criteria. The establishment of specific funding criteria for nonstate museums in Virginia necessarily requires the careful balancing of financial need and consistency with fiscal responsibility, fairness, and flexibility.

⁶¹ Summaries of October 6, 1993, and December 15, 1993, committee meetings.

⁶² 1988 Acts of Assembly, c. 800, §§ 1-73, 1-81, 1-83, 1-84, 1-86.1, 1-86.2; 1990 Acts of Assembly, c. 972, § 1-133, Item 785.

The joint subcommittee therefore makes the following recommendations:

Recommendation 1: *That the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided Such Institutions be continued.*

Although the joint subcommittee has received testimony regarding museum patronage, geographic location and impact on other activities promoting tourism and economic development, and state and local ability to support these institutions, further study is needed to develop an effective funding mechanism for these museums that will carefully balance financial need and consistency with fiscal responsibility, fairness, and flexibility. The joint subcommittee therefore recommends that its work be continued to develop recommendations for potential funding mechanisms for nonstate educational museums. The joint subcommittee's study might include, among other things, further review of nonstate museum access to other funding sources, such as federal, local, and private funds; consideration of museum funding mechanisms, such as special taxes or contributions, employed in other states; and additional examination of funding guidelines employed by the Virginia Commission for the Arts and other entities as the joint subcommittee may deem appropriate.

Recommendation 2: *That the Commonwealth increase its funding for the Commission for the Arts, consistent with the goal articulated by the General Assembly of an ultimate annual general fund appropriation of one dollar per capita.*

Citing the "expansive growth" in the arts in Virginia prompted by the Commission for the Arts, the Governor's Task Force on the Arts urged the General Assembly in 1992 to "be specific about the state role in support of the arts." While the legislature has articulated a goal of an annual general fund appropriation for the Commission of \$1 per capita, limited fiscal resources have delayed the realization of such a goal. In 1991-92, the Commission awarded nearly \$1.7 million in grant moneys; a total of 731 grants were awarded to 499 artists, museums, and cultural organizations. In fiscal year 1993-94, the Commission was funded at 27¢ per capita, or about \$1.6 million in general funds.

Finally, the joint subcommittee wishes to issue the following policy statement, recognizing the valuable contributions of educational and cultural museums to the Commonwealth and acknowledging the need for consistent, equitable support for these institutions:

WHEREAS, the Commonwealth boasts over 400 history, science, art, and children's museums, institutions which, with the support of public and private dollars, attracted more than 23 million visitors in fiscal year 1991-1992; and

WHEREAS, the Commonwealth's museums, whether established by government or private entities, enhance educational opportunities for all Virginians, promote community growth and economic development, and enrich the overall quality of life for citizens throughout Virginia; and

WHEREAS, ensuring continued access and excellence in the arts and education is contingent upon the availability of adequate and stable funding for these institutions; and

WHEREAS, state funding for Virginia's museums--whether publicly or privately operated--is currently supplied through direct legislative appropriations or by the Virginia Commission for the Arts; and

WHEREAS, while those institutions that have been established by the Commonwealth as state agencies--the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Frontier Culture Museum, the Jamestown-Yorktown Foundation, the Board of Regents of Gunston Hall, the Virginia Museum of Natural History, and the Chippokes Plantation Farm Foundation--receive priority consideration for Virginia's direct appropriations, several nonstate educational museums have also received direct state funding in recent years; and

WHEREAS, dependent on consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to support their educational and cultural operations and to provide "seed money" for other grants and awards; and

WHEREAS, these nonstate museums must compete not only with state institutions for appropriations, but also with the pressing demands that education, social services, transportation, and other programs place on the Commonwealth's budget; and

WHEREAS, while the diverse collections of these nonstate institutions may include historic artifacts, artistic treasures, or wildlife, the multifaceted missions of these institutions are linked by their commitment to education, economic development, and community service; and

WHEREAS, although each nonstate museum seeking an state appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities; now, therefore, be it

RESOLVED, That the Commonwealth hereby recognizes the valuable contributions of nonstate educational museums in fostering economic development, enhancing educational growth, and preserving and promoting the arts, sciences, and history; and, be it

RESOLVED FURTHER, That the Commonwealth should provide a system of consistent, equitable funding for those nonstate educational museums demonstrating a commitment to the continuation and fulfillment of their missions of service, education, and development.

Respectfully submitted,
Delegate A. Victor Thomas, *co-chairman*
Senator Stanley C. Walker, *co-chairman*
Delegate George H. Heilig, Jr.
Delegate Marian Van Landingham
Senator Clarence A. Holland
Corliss V. Archer
Beverly H. Diamonstein
Cheryle Cuddy Gardner
The Honorable William B. Hopkins

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Mo. Ann. Stat. §§ 185.350; 185.353; 185.354; 184.355; 184.358 184.356; 184.364; 184.372; 184.600 (Vernon 1991 and 1993 Supp.).

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Virginia Museum of Natural History, Annual Report 1991-1992 (1992).

Meetings of the HJR 453 Joint Subcommittee

Initial Meeting--10 a.m.--Monday, August 2, 1993

House Room C--General Assembly Building

Kathleen Harris, staff attorney, **Division of Legislative Services**; Judy M. Harris, Executive Director, **Virginia Association of Museums**; Michael S. Melson, Tax Policy Analyst, **Virginia Department of Taxation**; Karen Washabau, Director, **Virginia Department of Planning and Budget**; Edward W. Rucker, Director of Development, **Virginia Foundation for the Humanities and Public Policy**; Hugh C. Miller, Director, **Virginia Department of Historic Resources**.

Second Meeting--10 a.m.--Wednesday, October 6, 1993

Auditorium, The Chrysler Museum, Norfolk, Virginia

Roy B. Martin, Jr., President, Board of Trustees, and Robert H. Frankel, Executive Director, **Chrysler Museum**; Robert P. Sullivan, Director, **Virginia Living Museum**; Peggy Baggett, Executive Director, **Virginia Commission for the Arts**; Louis Malon, Administrative Director of the **Association for the Preservation of Virginia Antiquities (APVA)**; Ellen Henry, Education Director and Leroy Thompson, immediate past president, **Peninsula Fine Arts Center**; Dr. Donald Taylor, Dean of Natural Sciences at Norfolk State University and member of the Board of Directors of the **Virginia Zoological Society, Virginia Zoo (Virginia Zoological Park)**; C. Mac Rawls, Director, **Virginia Marine Science Museum**.

Third Meeting--10 a.m.--Wednesday, December 15, 1993

Art Museum Lecture Hall, Center in the Square, Roanoke, Virginia

Delegate Ward Armstrong, Roanoke Mayor David A. Bowers, and Kay Houck, Executive Director, **Virginia Museum of Transportation**; Warner Dalhouse, Chairman, Board of Directors, **Center in the Square**; Beverly T. Fitzpatrick, Director, **New Century Council**; Elizabeth A. Doughty, Executive Director, **Roanoke Valley Economic Development Partnership**; Bittle W. Porterfield, III, trustee, Dr. Ruth Appelhof, Executive Director, Jeff Roberts, Director of Development, and Mark Scala, Director of Education, **Art Museum of Western Virginia**; Charles F. Bryan, Jr., Director, **Virginia Historical Society**; Kenneth J. Schutz, Executive Director, **Science Museum of Western Virginia**; Barbara Lemon, President of the Board of Directors, **Roanoke Valley Historical Museum**; Susan Jennings, Executive Director, **Arts Council of the Blue Ridge**; E. R. "Ted" Feinour, Jr., President of the Board of Directors, **Mill Mountain Theatre**; Beth Poff, Executive Director, **Blue Ridge Zoological Society (Mill Mountain Zoo)**; David D. Britt, Executive Director, **Reynolds Homestead**; Rupert Cutler, Director, **Virginia's Explore Park**.

Work Session--10 a.m.--Friday, January 7, 1994

House Room C--General Assembly Building--Richmond, Virginia

Work Session--9 a.m.--Wednesday, January 12, 1994

House Room C--General Assembly Building--Richmond, Virginia

HOUSE JOINT RESOLUTION NO. 453

Establishing a joint subcommittee to conduct a comprehensive study of educational museums and the appropriate level of public support to be provided to such institutions.

Agreed to by the House of Delegates, February 7, 1993
Agreed to by the Senate, February 23, 1993

WHEREAS, recognition of the importance of education has been the cornerstone of any civilized nation; and

WHEREAS, education has always held a significant place in the hearts of all Virginians; and

WHEREAS, Virginia's recognition of education's prominent role has resulted in the appropriation of millions of dollars in support thereof over the past biennium; and

WHEREAS, in lean financial times, however, appropriations to certain educational institutions appear to bear a disproportionate share of reductions; and

WHEREAS, many states have specific statutory grants, set-asides, and earmarkings for educational institutions, such as museums, so as to provide a consistent and reliable stream of funding for these projects; and

WHEREAS, worthy educational museums in the Commonwealth, such as the Chrysler Museum, the Center in the Square, the Virginia Living Museum and the Science Museum of Western Virginia, need to be assured of consistent, predictable funding to carry out their missions; and

WHEREAS, the Commonwealth could provide support and assistance to these important institutions through funding; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to conduct a comprehensive study of educational museums and the appropriate level of public support to be provided to such institutions. As part of the study, the subcommittee shall develop and recommend criteria for eligibility for receipt of public funds and guidelines, if any, to be used in establishing state appropriations. Ways in which the Commonwealth might encourage and promote the arts shall also be examined.

The joint subcommittee shall consist of nine members: three members of the House of Delegates, to be appointed by the Speaker of the House; two members of the Senate to be appointed by the Senate Committee on Privileges and Elections; and four members to be appointed by the Governor as follows: one representative of the Virginia Museum of Fine Arts, one representative of the business community, one representative of the Department of Education and one citizen at large.

The subcommittee shall submit its findings and recommendations to the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of the study are estimated to be \$11,070; the direct costs shall not exceed \$6,480.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

**Virginia Commission for the Arts
Fiscal Year 1992 Grants to Arts Organizations**

	<u>Total 1991-92 Income</u>	<u>V.C.A. Grants</u>	<u>V.C.A. Grants as % of Total Income</u>
1708 EAST MAIN	92000	2196	2.4 %
Alexandria Choral Society	22200	885	4.0 %
Alexandria Symphony Orchestra	275463	9548	3.5 %
Alleghany Highlands Arts & Crafts Center	90797	3945	4.3 %
Alleghany Highlands Arts Council	88318	5602	6.3 %
American Showcase Theatre Company	114400	1682	1.5 %
Appalachian Traditions	30383	425	1.4 %
Arlington Arts Center	225548	7459	3.3 %
Arlington Metropolitan Chorus	52259	1341	2.6 %
Arlington Players	89914	1251	1.4 %
Arlington Symphony Association	197800	500	0.3 %
Art Services Network	19630	1225	6.2 %
ArtBank of Southside Virginia	2805	1317	47.0 %
Artisans United	33595	500	1.5 %
Arts & Cultural Council of the Twin Coun	7736	1100	14.2 %
Arts Council of Richmond	877543	17343	2.0 %
Arts Council of the Blue Ridge	102081	8108	7.9 %
Arts Council of the Eastern Shore	39005	6372	16.3 %
Barksdale Theatre	387104	18273	4.7 %
Barter Theatre	860143	45907	5.3 %
Blue Ridge Arts Council	41219	4081	9.9 %
Blue Ridge Theatre Festival	32300	1200	3.7 %
Bluemont Concert Series	394891	14265	3.6 %
Buckingham County Arts Council	34389	3135	9.1 %
Buckingham Touring Company	1013	500	49.4 %

	Total 1991-92 Income	V.C.A. Grants	V.C.A. Grants as % of Total Income
CHALFA	213950	16753	7.8 %
Capriola	45611	1432	3.1 %
Carter Family Memorial Music Center	81346	3018	3.7 %
Center for the Arts	44632	2000	4.5 %
Center for the Arts for Prince William C	55054	738	1.3 %
Centerstage	27366	669	2.4 %
Chesapeake Civic Chorus	13448	500	3.7 %
Children's Theatre of Arlington	81290	1115	1.4 %
Chrysler Museum	5058032	200	.0 %
Contemporary Ballet Theatre	86800	500	0.6 %
Council for Community Enrichment	69796	1226	1.8 %
Cultural Alliance of Greater Hampton Roa	30458	1558	5.1 %
Dance Theatre of Central Virginia	12792	500	3.9 %
Dance Theatre of Norfolk	18600	1300	7.0 %
Danville Area Association for the Arts a	130020	1957	1.5 %
Danville Concert Association	48341	4805	9.9 %
Danville Museum of Fine Arts	149628	7196	4.8 %
Depot Artists Association	24070	2250	9.3 %
Dockside Art Review of Tidewater	119250	2097	1.8 %
Eastern Shore's Own	20666	500	2.4 %
Eastern Virginia Brass Society	12690	500	3.9 %
Fairfax Choral Society	98705	1437	1.5 %
Fairfax County Council of the Arts	838734	35875	4.3 %
Fairfax Symphony Orchestra	746220	31331	4.2 %
Fauquier Community Theatre	35475	562	1.6 %

	<u>Total 1991-92 Income</u>	<u>V.C.A. Grants</u>	<u>V.C.A. Grants as % of Total Income</u>
Fellowship Playhouse	78205	2268	2.9 %
Fine Arts Center for the New River Valley	76465	1080	1.4 %
Fine Arts in Rockbridge	70498	1837	2.6 %
First Night Waynesboro	34700	1825	5.3 %
Folk Art Society of America	25504	2000	7.8 %
Four County Players	68762	1037	1.5 %
Fredericksburg Center for the Arts	24857	717	2.9 %
Fredericksburg Festival of the Arts	62500	2550	4.1 %
Fredericksburg Theater Company	57746	1199	2.1 %
Friends of the Torpedo Factory Arts Cent	108444	3836	3.5 %
Garth Newel Music Center	608318	19897	3.3 %
Gilpin Stage Company	12053	981	8.1 %
Great Falls Concert Series	87522	4222	4.8 %
Greater Reston Arts Center	164686	5820	3.5 %
Halifax County Fine Arts Series	17438	500	2.9 %
Halifax County Little Theatre	17438	500	2.9 %
Hand Workshop	408308	12471	3.1 %
Harrison Museum of African American Cult	138132	4036	2.9 %
Hurrah Players	1781108	4785	0.3 %
I. Sherman Greene Chorale	24751	500	2.0 %
Institute for Dance	136115	1823	1.3 %
KI Theatre	57128	2786	4.9 %
Lime Kiln Arts	556176	14179	2.5 %
Little Theatre of Danville	10180	500	4.9 %
Little Town Players	26673	500	1.9 %

	Total 1991-92 Income	V.C.A. Grants	V.C.A. Grants as % of Total Income
Lonesome Pine Arts & Crafts Center	108000	1445	1.3 %
Loudoun Arts Council	22521	500	2.2 %
Loudoun Ballet Company	27235	500	1.8 %
Lynchburg Fine Arts Center	445711	12910	2.9 %
Lynchburg Symphony Orchestra	137249	2961	2.2 %
McLean Choral Society	73500	1618	2.2 %
McLean Orchestra	119809	1946	1.6 %
McLean Project for the Arts	70951	1861	2.6 %
McLean Symphony	48284	817	1.7 %
Meherrin River Arts Council	50000	15725	31.5 %
Menagerie Dance Company	21000	2100	10.0 %
Middle Street Gallery	21577	500	2.3 %
Miki Liszt Dance Company	26800	1565	5.8 %
Miles B. Carpenter Museum	30101	568	1.9 %
Mill Mountain Theatre	1121051	30282	2.7 %
Mixed Media	15677	2574	16.4 %
Mount Vernon Chamber Orchestra	33530	1941	5.8 %
Moving Arts	36230	570	1.6 %
New Virginia Review	50174	1369	2.7 %
Northern Virginia Youth Symphony	139302	3536	2.5 %
Opera Americana	46441	500	1.1 %
Opera Ebony Concert Guild	2801	844	30.1 %
Opera Theatre of Northern Virginia	57845	1911	3.3 %
Oratorio Society of Charlottesville Albe	21906	561	2.6 %
Orchestra Virginia Beach	210000	7140	3.4 %

	<u>Total 1991-92 Income</u>	<u>V.C.A. Grants</u>	<u>V.C.A. Grants as % of Total Income</u>
Peninsula Fine Arts Center	314059	9422	3.0 %
Peninsula Youth Orchestra	8326	425	5.1 %
Petersburg Symphony Orchestra	61110	1566	2.6 %
Piedmont Arts Association	211575	11994	5.7 %
Piedmont Council of the Arts	87608	2129	2.4 %
Prince William County Cultural Federatio	73031	1300	1.8 %
Prince William Symphony Orchestra	224848	7848	3.5 %
Pro Art Association	127903	14990	11.7 %
Reston Chorale	47236	671	1.4 %
Richlands Area Citizens for the Arts	79675	4861	6.1 %
Richmond Ballet	1745648	48910	2.8 %
Richmond Jazz Society	68091	1570	2.3 %
Richmond Symphony	3077791	72403	2.4 %
Richmond Theatre Company	203715	4905	2.4 %
Riddick's Folly	82800	942	1.1 %
Roanoke Ballet Theatre	25283	500	2.0 %
Roanoke Museum of Fine Arts	671909	15543	2.3 %
Roanoke Symphony Society	1109037	38606	3.5 %
Roanoke Valley Chamber Music Society	22377	1453	6.5 %
Rockbridge Concert Theatre Series	48445	1918	4.0 %
Roxbury Chamber Players	18547	500	2.7 %
Second Street Gallery	74000	4269	5.8 %
ShenanArts	137310	3000	2.2 %
Shenandoah Valley Art Center	43285	2169	5.0 %
Shenandoah Valley Music Festival	214321	10295	4.8 %

	<u>Total 1991-92 Income</u>	<u>V.C.A. Grants</u>	<u>V.C.A. Grants as % of Total Income</u>
Signature Theatre	51237	981	1.9 %
Southeastern Virginia Arts Assoc.	67324	882	1.3 %
Southwest Virginia Opera (Opera Roanoke)	333261	5690	1.7 %
Staunton Fine Arts Association	135323	2643	2.0 %
Studio Theatre of Richmond	60193	1555	2.6 %
Suffolk Art League	35484	1060	3.0 %
Theatre Bristol	275196	4062	1.5 %
Theatre IV	1464870	31079	2.1 %
TheatreVirginia	1659049	54432	3.3 %
Tidewater Ballet Association	98977	2063	2.1 %
Tidewater Classic Guitar Society	27282	800	2.9 %
Tidewater Performing Arts Society	121210	4401	3.6 %
Valley Playhouse	25910	500	1.9 %
Valley Symphonic Concerts	31256	1305	4.2 %
Virginia Arts Presenters	12655	2500	19.8 %
Virginia Beach Center for the Arts	726870	24340	3.3 %
Virginia Center for the Creative Arts	363468	10822	3.0 %
Virginia Choral Society	51649	3527	6.8 %
Virginia Opera Association	3459360	64589	1.9 %
Virginia Pro Musica	46641	2259	4.8 %
Virginia Stage Company	1325876	49550	3.7 %
Virginia Symphony	3283573	73214	2.2 %
Wakefield Foundation	30000	930	3.1 %
Waterworks Players	25924	500	1.9 %
Wayside Theatre	289597	9160	3.2 %

	Total 1991-92 Income	V.C.A. Grants	V.C.A. Grants as % of Total Income
William King Regional Arts Center	141000	3595	2.5 %
Williamsburg Music Association	71531	1627	2.3 %
Williamsburg Players	23425	743	3.2 %
Winchester Musica Viva	15350	1479	9.6 %
Windore Foundation for the Arts	36997	2131	5.8 %
Wolf Trap Foundation for the Performing	14846818	10000	0.1 %
Wythe Arts Council	141653	2113	1.5 %
Yorktown Arts Foundation	85705	4357	5.1 %
Young Audiences of Virginia	412040	8666	2.1 %
Youth Orchestra of Charlottesville Albem	38900	775	2.0 %
Youth Orchestras of Prince William	38222	931	2.4 %

Appendix D

Virginia Institutions Accredited by the American Association of Museums (AAM)*

Abby Aldrich Rockefeller Folk Art Center
Belmont, Gari Melchers Memorial Gallery
Carlyle House Historic Park
Chrysler Museum
Colonial Williamsburg/Foundation
Colvin Run Mill Park
Fort Ward Museum
Gadsby's Tavern
Gunston Hall
Hall of Valor, New Market Battlefield Hist. Park (VMI)
Jamestown-Yorktown Foundation Museum
Lyceum
Mariners' Museum
Museum of the Confederacy
Muscarelle Museum of Art (W & M)
Peninsula Fine Arts Center
Roanoke Museum of Fine Arts
Science Museum of Virginia
Sully Plantation
U.S. Army Transportation Museum
Valentine Museum
Virginia Living Museum
VMI Museum
Virginia Museum of Fine Arts
War Memorial Museum
Wilton House Museum
Woodrow Wilson Birthplace

* A number of these entities are not nonstate museums, but state museums or affiliates of a state institution of higher education.

Source: Virginia Association of Museums

1994 SESSION

LD5118468

1 HOUSE JOINT RESOLUTION NO. 37

2 Offered January 18, 1994

3 *Expressing the sense of the General Assembly concerning the contributions of nonstate*
4 *cultural, scientific, and educational museums to the Commonwealth and the need to*
5 *provide consistent and equitable state funding for such institutions.*

6
7 Patrons—Thomas, Armstrong, Cranwell, Deeds, Heilig, Moss, Van Landingham and
8 Woodrum; Senators: Bell, Colgan, Holland, C.A., Quayle, Schewel, Trumbo and Walker

9
10 Referred to Committee on Rules

11
12 WHEREAS, the Commonwealth boasts over 400 history, science, art, and children's
13 museums, institutions which, with the support of public and private dollars, attracted more
14 than 23 million visitors in fiscal year 1991-1992; and

15 WHEREAS, the Commonwealth's museums, whether established by government or
16 private entities, enhance educational opportunities for all Virginians, promote community
17 growth and economic development, and enrich the overall quality of life for citizens
18 throughout Virginia; and

19 WHEREAS, ensuring continued access and excellence in the arts and education is
20 contingent upon the availability of adequate and stable funding for these institutions; and

21 WHEREAS, state funding for Virginia's museums—whether publicly or privately
22 operated—is currently supplied through direct legislative appropriations or by the Virginia
23 Commission for the Arts; and

24 WHEREAS, while those institutions that have been established by the Commonwealth as
25 state agencies—the Virginia Museum of Fine Arts, the Science Museum of Virginia, the
26 Frontier Culture Museum, the Jamestown-Yorktown Foundation, the Board of Regents of
27 Gunston Hall, the Virginia Museum of Natural History, and the Chippokes Plantation Farm
28 Foundation—receive priority consideration for Virginia's direct appropriations, several
29 nonstate cultural, scientific, and educational institutions have also received direct state
30 funding over the past two decades; and

31 WHEREAS, dependent on consistent funding to support their daily operations, these
32 nonstate institutions must also rely on steady fiscal support to support their educational and
33 cultural operations and to provide "seed money" for other grants and awards; and

34 WHEREAS, these nonstate museums must compete not only with state institutions for
35 appropriations, but also with the pressing demands that education, social services,
36 transportation, and other programs place on the Commonwealth's budget; and

37 WHEREAS, while the diverse collections of these nonstate institutions may include
38 historic artifacts, artistic treasures, or wildlife, the multi-faceted missions of these
39 institutions are linked by their commitment to education, economic development, and
40 community service; and

41 WHEREAS, although each nonstate institution seeking a state appropriation must comply
42 with a defined applications process, no clear criteria exist for awarding state funds to these
43 entities; now, therefore, be it

44 RESOLVED by the House of Delegates, the Senate concurring, That the General
45 Assembly hereby recognize the valuable contributions of nonstate cultural, scientific, and
46 educational museums in fostering economic development, enhancing educational growth, and
47 preserving and promoting the arts, sciences, and history; and, be it

48 RESOLVED FURTHER, That the Commonwealth should continue its support for its state
49 agency museums and should provide a system of consistent, equitable funding for those
50 nonstate institutions demonstrating a commitment to the continuation and fulfillment of
51 their missions of service, education, and development; and, be it

52 RESOLVED FINALLY, That such the Commonwealth should establish specific funding
53 criteria, such as accreditation by an appropriate peer organization, compliance with
54 accepted fiscal and administrative standards, or other evidence of institutional excellence,

1 to ensure the equitable allocation of state funds to these institutions.
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Official Use By Clerks	
Agreed to By	Agreed to By The Senate
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without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
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Clerk of the House of Delegates	Clerk of the Senate

1994 SESSION

LD5114468

HOUSE JOINT RESOLUTION NO. 75

Offered January 20, 1994

Continuing the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided to Such Institutions.

Patrons—Thomas, Cranwell, Heilig, Moss, Van Landingham, Van Yahres and Woodrum;
Senators: Bell, Colgan, Holland, C.A., Schewel, Trumbo and Walker

Referred to Committee on Rules

WHEREAS, acknowledging the significant value of museums as educational as well as cultural institutions, the 1993 Session of the General Assembly directed a nine-member joint study committee to examine Virginia's educational museums and the appropriate level of public funding for these institutions pursuant to HJR 453; and

WHEREAS, charged to conduct a "comprehensive study" of educational museums, to develop criteria for eligibility for receipt of public funds as well as guidelines for state appropriations, and to examine "ways in which the Commonwealth might encourage and promote the arts," the Joint Subcommittee conducted five meetings to examine the missions and services of nonstate museums across the Commonwealth; and

WHEREAS, while the diverse collections of these nonstate institutions may include historic artifacts, artistic treasures, or wildlife, the missions of these institutions are linked by an unflinching commitment to education, economic development, and community service; and

WHEREAS, recognizing recent fiscal constraints that have prompted reductions in appropriations to various educational museums, the Joint Subcommittee sought the input of representatives of the Virginia Commission for the Arts, the Virginia Department of Taxation, museum associations, and the institutions themselves to explore the use and availability of funding sources for public and private museums, including federal, state, local, and private funds; and

WHEREAS, dependent on stable, consistent funding to support their daily operations, nonstate museums must also rely on steady fiscal support to provide "seed money" for other grants and awards, and although each nonstate museum seeking a state appropriation must comply with a defined applications process, no clear criteria exist for awarding state funds to these entities; and

WHEREAS, although the Joint Subcommittee has received testimony regarding museum patronage, geographic location and impact on other activities promoting tourism and economic development, and state and local ability to support these institutions, further study is needed to develop an effective funding mechanism for these museums that will carefully balance financial need and consistency with fiscal responsibility, fairness, and flexibility; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Public Support to be Provided to Such Institutions be continued. In continuing its work, the Joint Subcommittee shall develop recommendations for potential funding mechanisms for nonstate educational museums. The Joint Subcommittee's study shall also include, among other things: further review of nonstate museum access to other funding sources, such as federal, local, and private funds; consideration of museum funding mechanisms, such as special taxes or contributions, employed in other states; and an additional examination of funding guidelines employed by the Virginia Commission for the Arts and other entities as the joint subcommittee may deem appropriate.

The current membership of the Joint Subcommittee shall continue to serve as appointed pursuant to HJR 453 (1993); any vacancies shall be filled in the manner consistent with the original resolution.

The direct costs of this study shall not exceed \$ 5,250.

1 All agencies of the Commonwealth shall provide assistance upon request as the Joint
2 Subcommittee may deem appropriate.

3 The Division of Legislative Services shall provide staff support for the study. All
4 agencies of the Commonwealth shall provide assistance to the Joint Subcommittee, upon
5 request.

6 The Joint Subcommittee shall complete its work in time to submit its findings and
7 recommendations to the Governor and the 1995 Session of the General Assembly as
8 provided in the procedures of the Division of Legislative Automated Systems for processing
9 legislative documents.

10 Implementation of this resolution is subject to subsequent approval and certification by
11 the Joint Rules Committee. The Committee may withhold expenditures or delay the period
12 for the conduct of the study.

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Official Use By Clerks	
Agreed to By	Agreed to By The Senate
The House of Delegates	
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Clerk of the House of Delegates	Clerk of the Senate