

**REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING**

**EDUCATIONAL MUSEUMS AND THE  
APPROPRIATE LEVEL OF PUBLIC  
SUPPORT TO BE PROVIDED SUCH  
INSTITUTIONS  
PURSUANT TO HJR 75**

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



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*This report reflects information received throughout the joint subcommittee's two years of study and also includes additional data and materials to enhance its use as a reference document for the continuing study.*

## TABLE OF CONTENTS

### EXECUTIVE SUMMARY

<b>Authority and Study Objectives</b>	<b>1</b>
<b>Introduction: Promoting Education, the Arts, and Economic Development</b>	<b>2</b>
<b>Funding Museums and Other Cultural Institutions</b>	<b>2</b>
<b>Federal Support</b>	<b>3</b>
<b>State and Local Funding for Museums</b>	<b>5</b>
<b>Virginia's Museums: Funding for Multifaceted Missions</b>	<b>6</b>
<b>State Funding for Museums: Indirect and Direct Support</b>	<b>7</b>
<b>State Museums</b>	<b>10</b>
<b>Nonstate Agencies</b>	<b>14</b>
<b>Conclusions and Recommendations</b>	<b>15</b>
<b>Bibliography</b>	<b>18</b>

### *Appendices*

Meetings of the Joint Subcommittee	
State Grants to Nonstate Agencies, 1993-94	
State Grants to Nonstate Agencies, 1994-95	
Appropriations for State Agency Museums, 1993-94	
Appropriations for State Agency Museums, 1994-95	
Comparison of State Agency Museums: Statutory Provisions and Corporate Designations	
House Joint Resolution No. 453 (1993)	
House Joint Resolution No. 75 (1994)	
House Joint Resolution No. 430 (1995)	
Proposed Legislation	

## **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 has 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 witness the valuable programs and resources offered by these institutions. The joint subcommittee continued its work in 1994 pursuant to House Joint Resolution No. 75. Committee membership remained as appointed in 1993. Seeking to identify those priorities that must be reflected in any legislative recommendations for funding nonstate education and cultural institutions, the joint subcommittee held three meetings in its second year of study.

### **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.

Although private contributions comprise approximately 97 percent of all arts funding, museums and other cultural institutions are nevertheless dependent on federal, state, and local funding for their continued operation. Federal support for the arts is

provided either directly through government agencies and programs or indirectly through tax deductions and other benefits. Major sources of direct federal 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. 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 15.2 million visitors in fiscal year 1993. It is estimated that private funding surpasses government support for these institutions by a two-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. To combat 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. Claiming top priority for Virginia's direct appropriations for museums and arts organizations are those seven 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.

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 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 1994, the General Assembly provided \$4,616,439 in direct appropriations for financial assistance for cultural and artistic affairs to 38 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 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 fiscal responsibility, continuity, fairness, and flexibility.

Although the joint subcommittee does not propose a final recommendation for a specific funding mechanism at this time, it nonetheless agrees that any state funding mechanism for nonstate museums should:

- Acknowledge the Commonwealth's commitment to the existing "hierarchy" of state and nonstate educational and cultural organizations;
- Create a stable funding source for those identified nonstate institutions that demonstrate a clear educational mission as well as a strong impact on regional economic development;
- Provide funding for those institutions that have come to rely on state assistance;
- Identify an agency or organization to administer state support;
- Designate a portion of an existing general fund revenue source to support these nonstate entities;
- Preserve legislative oversight; and
- Ensure continuity in the administration of state support.

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 for one additional year to monitor the implementation of its recommendations and to develop additional recommendations for funding mechanisms for nonstate educational and cultural entities.*

**Recommendation 2:** *That state funding for nonstate entities for the second year of the current fiscal biennium be maintained at the levels cited in § 1-130 of Chapter 966 of the 1994 Acts of Assembly.*

**Recommendation 3:** *That state funding for 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 for the second year of the current fiscal biennium be maintained at the levels cited in Chapter 966 of the 1994 Acts of Assembly.*

**Recommendation 4:** *That state funding for the Virginia Commission for the Arts for the second year of the current fiscal biennium be maintained at the level cited in § 1-72 of Chapter 966 of the 1994 Acts of Assembly.*

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**REPORT OF THE JOINT SUBCOMMITTEE STUDYING EDUCATIONAL  
MUSEUMS AND THE APPROPRIATE LEVEL OF PUBLIC SUPPORT TO BE  
PROVIDED SUCH INSTITUTIONS PURSUANT TO HJR 75**

**Authority and Study Objectives**

Adopted by the 1993 Session of the General Assembly, House Joint Resolution No. 453 established a joint subcommittee to examine Virginia's educational museums and the appropriate level of public funding for these institutions. The subcommittee 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.

Acknowledging the significant value of museums as educational as well as cultural institutions, HJR 453 directed the joint subcommittee 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 Commonwealth's seven state agency museums as well as the legal, fiscal, and administrative distinctions between public and private educational museums in Virginia. 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 subcommittee considered museum funding practices in other states and analyzed a variety of complex financial and policy issues, including museum patronage, geographic location, and impact on other activities promoting tourism and economic development.

In its first year of study, 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, and visited nonstate educational museums across the Commonwealth to witness the valuable programs and resources offered by these institutions. The subcommittee's interim report, House Document No. 83, set forth recommendations that the joint subcommittee continue its study and that state funding for the Commission for the Arts be increased, consistent with the goal articulated by the General Assembly of an ultimate annual general fund appropriation of one dollar per capita. The report also included the subcommittee's 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.

With the adoption of HJR 75, the 1994 Session of the General Assembly ensured the continuation of the subcommittee's work for another year. Committee membership continued as appointed in 1993. The joint subcommittee's study was to include "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." Seeking to identify those priorities that must be reflected in any legislative recommendations for funding nonstate education and cultural institutions, the joint subcommittee held three meetings in its second year of study.

### **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.<sup>1</sup> 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.<sup>2</sup> The arts--and museums in particular--may increase tourism and generate jobs, but just as important 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."<sup>3</sup>

### **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.<sup>4</sup> Whether established by governments or private entities, museums and other cultural institutions operate as nonprofit enterprises. While admissions and the sale of concessions and souvenirs may provide some income, museums rely on public and

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<sup>1</sup>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).

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

<sup>3</sup>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.

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

private funding to support their cultural and educational missions. Although private contributions comprise approximately 97 percent of all arts funding, museums and other cultural institutions are nevertheless dependent on federal, state, and local funding for their continued operation.<sup>5</sup>

### **Federal Support**

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 what is art and what is not" and argue that cultural activities will continue without government support.<sup>6</sup>

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.<sup>7</sup>

### **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 one billion dollars. 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.<sup>8</sup> 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 NEA, 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.

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

<sup>6</sup>*Id.*

<sup>7</sup>*Id.* at 4; see also Oakar, *supra* note 4.

<sup>8</sup>Oakar, *supra* note 4.

***National Endowment for the Arts.*** Established an independent agency in 1965, NEA was designed to promote artistic excellence, increase public exposure to the arts, and enhance the financial stability of arts organizations. Appointed by the President, the chairman directs 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, NEA received \$175 million in federal appropriations. Despite concerns regarding the federal deficit and criticism for the application of certain grants, 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, NEH awards grants to individuals and institutions with the assistance of the National Council on the Humanities. For purposes of NEH, "humanities" encompass a broad range of studies, including language, literature, history, archaeology, and ethics. Federal dollars for 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.<sup>9</sup>

### **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, 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

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<sup>9</sup>*Congressional Digest*, *supra* note 5, at 2, 4, 5, 7-9, 12, 16.

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."<sup>10</sup> 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.<sup>11</sup>

### 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.<sup>12</sup> 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.<sup>13</sup>

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<sup>10</sup>Internal Revenue Code of 1986, as amended, §§ 501(c)(3); 170(c) (Lyr. Ed. 1993).

<sup>11</sup>Hillman-Chartrand, *supra* note 3, at 16.

<sup>12</sup>*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); *see also*, National Conference of State Legislatures, *Methods of Public Funding for Culture* at 1-3 (1991) [hereinafter referred to as *Methods*].

<sup>13</sup>D. Grant, "Alternative Funding: New Money for the Arts," *American Artist* 86-88 (May 1988); *Methods*, *supra* note 12, at 3-7; for a description of various arts funding statutes, see Interim Report of the Joint Subcommittee Studying Educational Museums and the Appropriate Level of Support to be Provided Such Institutions, *House Document No. 83* at 5-8 (1994) [hereinafter referred to as *House Document No. 83*].

## 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 15.2 million visitors in fiscal year 1993.<sup>14</sup> 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."<sup>15</sup> Among the visitors at 161 museums responding to a 1994 Virginia Association of Museums (VAM) survey were three million students. Approximately 4.8 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.<sup>16</sup> 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."<sup>17</sup>

Employing 6,000 professionals in 1993, Virginia's museums relied on 1.2 million volunteer hours--providing the work of 526 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, the 1994 VAM survey indicated that private funding surpassed public support for these institutions by a two-to-one margin in fiscal year 1993. The 161 responding institutions reported revenue sources comprised of approximately \$115 million in private support, \$59 million in government grants and appropriations, \$38.9 million in shop and food concessions, \$10.1 million in facility rentals, and \$46.7 million in admissions, endowments, and memberships.<sup>18</sup>

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 canceled cost-of-living and merit increases, eliminated positions, altered benefits packages, and reduced employee wages. Some museums have modified their

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<sup>14</sup>Virginia Association of Museums, *Annual Report on Museums of the Commonwealth, Summary of Findings: Fiscal Year 1993 Economic Impact Study* (1994) [hereinafter referred to as *1994 Summary*].

<sup>15</sup>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*].

<sup>16</sup>*1994 Summary*, *supra* note 14.

<sup>17</sup>*1992 Annual Report*, *supra* note 15, at 3.

<sup>18</sup>*1994 Summary*, *supra* note 14.

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.<sup>19</sup>

### **State Funding for Museums: Indirect and Direct 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."<sup>20</sup>

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."<sup>21</sup> 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.<sup>22</sup>

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.<sup>23</sup>

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<sup>19</sup>1992 Annual Report, *supra* note 15, at 4.

<sup>20</sup>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*].

<sup>21</sup>Va. Constitution, Art. X, § 6 (1987).

<sup>22</sup>Va. Code §§ 58.1-322(A); 58.1-402; 58.1-609.9; 58.1-3606; 58.1-3607; 58.1-3609; (1991 and 1994 Supp.).

<sup>23</sup>Testimony of Michael S. Melson, Tax Policy Analyst, Virginia Department of Taxation, Summary of August 2, 1993, committee meeting.

### **Examples of Entities Exempt from Local Property Taxes by Designation\***

Lynchburg Fine Arts Centers (§ 58.1-3607 (A) (1))  
Colonial Williamsburg, Inc. (§ 58.1-3607 (A) (2))  
Center in the Square; Roanoke Museum of Fine Arts; Roanoke Valley Science Museum (§ 58.1-3650.141)  
Fine Arts Center for New River Valley, Inc. (§ 58.1-3650.158)  
The Corporation for Jefferson's Poplar Forest (§ 58.1-3650.170)  
Montgomery Museum and Lewis Miller Regional Arts Center (§ 58.1-3650.233)  
Richmond Children's Museum (§ 58.1-3650.312)  
Black History Museum and Cultural Center of Virginia, Inc. (§ 58.1-3650.349)  
Watermen's Museum (§§ 58.1-3650.373, 58.1-3650.387)  
Fine Arts Museum of Southern Virginia (§ 58.1-3650.444)  
Boussevain Coal Miners Memorial Museum, Inc. (§ 58.1-3650.491)  
ShenanArts (§ 58.1-3650.561)

\* Va. Code §§ 58.1-3607; 58.1-3650 through 58.1-3650.501 (1991 and 1994 Supp.) 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."

Today, § 58.1-609.9 of the Code of Virginia includes 11 specific exemptions for purchases by certain museums, parks, and other cultural institutions. Legislation adopted by the 1994 Session of the General Assembly extended 1994 sunset provisions to 1999.<sup>24</sup>

### **Nonprofit Cultural Entities Exempt from Retail Sales and Use Tax**

Historical society (*Virginia Historical Society*)  
Fine arts and science-technology museums (*Chrysler Museum, Virginia Living Museum, Science Museum of Western Virginia*)  
Public park and museum (*Maymont Foundation*)  
American Indian organization (*American Indian Heritage Foundation*)  
Chief Justice memorial (*John Marshall House*)\*  
Black history museum (*Black History Museum and Cultural Center of Virginia*)\*  
Live music performance groups (*Williamsburg Symphonia*)\*  
Children's museum (*Richmond Children's Museum*)\*  
Ecological associations (*Nature Conservancy, Virginia Coast Reserve, Chesapeake Bay Foundation, Center for Marine Conservation*)\*  
Botanical garden (*Lewis Ginter Botanical Garden, Norfolk Botanical Garden*)  
Roanoke Valley Art organizations (*Arts Council of the Blue Ridge, Roanoke Museum of Fine Arts*)\*

\*6/30/99 sunset provision

Va. Code § 58.1-609.9 (1994 Supp.); Virginia Department of Taxation, *1990-1994 Virginia Sales and Use Tax Expenditure Study, Group 9: Nonprofit Cultural Organization Exemptions* (December 1993).

<sup>24</sup> Va. Code § 58.1-609.9 (1994 Supp.); 1994 Acts of Assembly, cc. 365, 381; Virginia Department of Taxation, *1990-1994 Virginia Sales and Use Tax Expenditure Study, Group 9: Nonprofit Cultural Organization Exemptions at 7* (December 1993).



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 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.<sup>25</sup> 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 Commerce and Trade is responsible.<sup>26</sup>

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 one dollar per capita, limited fiscal resources might delay the realization of such a goal.<sup>27</sup> 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.<sup>28</sup> 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 1994-95, the Commission for the Arts received approximately \$2.1 million in general funds and \$636,401 in federal trust funds.<sup>29</sup>

Emphasizing a commitment to artistic quality, access, and cultural diversity, the Commission's guidelines for 1992-94 outlined 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

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<sup>25</sup>Va. Code §§ 9-84.01:1; 9-84.03; 9-84.04 (1993).

<sup>26</sup>Va. Code § 2.1-51.40 (1994 Supp.); House Joint Resolution No. 340 (1991).

<sup>27</sup>House Document No. 3, *supra* note 31 at 1, 5.

<sup>28</sup>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*].

<sup>29</sup>1993 Acts of Assembly, c. 994, § 1-69, Items 261 and 262; 1994 Acts of Assembly, c. 966, § 1-72, Item 320.

- 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 were also expected to charge a reasonable fee when appropriate, rather than offer free events.<sup>30</sup>

### **State Museums**

Claiming top priority for Virginia's direct appropriations for museums and arts organizations are those seven institutions that have been established by the Commonwealth as state agencies: the Virginia Museum of Fine Arts (VMFA), 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 (VMNH), and the Chippokes Plantation Farm Foundation. 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.<sup>31</sup> 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.<sup>32</sup>

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<sup>30</sup>*Guidelines for Funding, supra* note 28. For a summary of specific Commission grants programs, see *House Document No. 83, supra* note 13, at 15.

<sup>31</sup>Va. Code §§ 2.1-394; 2.1-399.1 (1994 Supp.).

<sup>32</sup>1992 Acts of Assembly, cc. 894, 896.

### ***Virginia Museum of Fine Arts***

The Virginia Museum of Fine Arts in Richmond traces its history to 1932, when the Commonwealth accepted a conditional gift of \$100,000 from John Barton Payne for the construction of “a suitable building for the exhibition of . . . art and any other art treasures which the State now possesses or may hereafter acquire . . . .”<sup>33</sup> The requisite gifts having been received to erect the museum building, the General Assembly established a VMFA governing board in 1934. The board of trustees of VMFA today consists of the Governor, Lieutenant Governor, the Speaker of the House of Delegates, and the Mayor of the City of Richmond, ex officio, and no less than 25 and no more than 35 gubernatorial appointees nominated by the trustees. To ensure that any endowment funds or unrestricted gifts would not reduce state appropriations to the Museum, VMFA was deemed an educational institution for purposes of receipt of endowment funds in 1958. 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.<sup>34</sup>

### ***The Science Museum of Virginia***

Plans for the establishment of The Science Museum of Virginia, also in Richmond, were initiated in 1946, with the creation of the Museum of Science Commission. The statute establishing the Commission was repealed in 1970, replaced by those sections establishing the Science Museum as “an agency of the Commonwealth.” The Science Museum was designated an educational institution for the purposes of endowment funds and receipt of local property conveyances in 1977. Governed by a 15-member board of trustees, the Science Museum is also described as “a public body and instrumentality,” and is directed to promote knowledge and appreciation for scientific concepts and principles. Incorporating divisions addressing the physical and botanical sciences, natural history, industry and technology, oceanography and limnology, and zoological gardens, the Science Museum also includes the Aviation Museum.<sup>35</sup>

### ***Frontier Culture Museum***

Responsibility for conceiving a museum commemorating the contributions of pioneers and frontiersmen was assigned to the Jamestown-Yorktown Foundation, in conjunction with the International Council for a Museum of American Frontier Culture, in 1980. Also deemed an educational institution, the Frontier Culture Museum was established in 1986 to operate an outdoor museum in the Waynesboro/Staunton/Augusta County region. Its 25-member Board of Trustees is authorized to establish a nonprofit

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<sup>33</sup>1932 Acts of Assembly, c. 70.

<sup>34</sup>Va. Code § 9-78 et seq. (1989); 1934 Acts of Assembly, c. 184; 1958 Acts of Assembly, c. 85; Virginia Museum of Fine Arts, *Annual Report 1991-92* at 30 (1992).

<sup>35</sup>Va. Code §§ 23-239 et seq. (1985); 1946 Acts of Assembly, c. 76; 1970 Acts of Assembly, c. 466; 1977 Acts of Assembly, c. 597.

corporation to develop and maintain awareness of the Museum and to acquire land for the Museum with gubernatorial consent.<sup>36</sup>

### ***Jamestown-Yorktown Foundation***

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. Initially established in 1958 as the Jamestown Foundation and redesignated the Jamestown-Yorktown Foundation in 1975, this organization was deemed an educational institution in 1984. 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. The Foundation's governing board consists of 12 gubernatorial appointees; four Senate appointees; eight House appointees; four board appointees; and the Governor, Lieutenant Governor, Attorney General, Speaker of the House of Delegates, President Pro Tempore of the Senate, Chairman of the House Appropriations Committee, Chairman of the Senate Finance Committee, and the Secretary of Education, ex officio.<sup>37</sup>

### ***Board of Regents of Gunston Hall***

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 Board of Regents and Board of Visitors are appointed pursuant to a 1932 deed of gift from Louis Hertle to the Commonwealth. The Board of Regents is to consist of no less than 18 women, including the president of the Society of Colonial Dames of America in the State of Virginia and gubernatorial appointees nominated the National Society of Colonial Dames of America. These members serve terms not exceeding 10 years, as may prescribed by the National Society bylaws. Responsible for the management and supervision of Gunston Hall as a memorial to George Mason, the Board of Regents may adopt "reasonable rules and regulations," charge admission fees to the memorial, and purchase period books and papers for preservation at Gunston Hall. Additional oversight is provided by the Board of Visitors of Gunston Hall, three "fit and competent men" appointed annually by the Governor and directed to report on the activities of the Board of Regents and the management of Gunston Hall. The Board of Visitors is to possess "the ordinary powers" of a board of visitors. The 1993-94 Appropriation Act directed the five institutions under the Secretary of Education to develop a plan for the consolidation of certain functions,

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<sup>36</sup>1980 Acts of Assembly, c. 111; Va. Code §§ 9-99.2 *et seq.* (1993).

<sup>37</sup>1958 Acts of Assembly, c. 498; 1975 Acts of Assembly, c. 195; 1984 Acts of Assembly, c. 478; Va. Code §§ 9-96 *et seq.* (1993).

such as accounting and personnel, to effectuate some of the budget reductions contemplated in the second year of the biennium.<sup>38</sup>

### ***Virginia Museum of Natural History***

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 an institution of the Commonwealth in 1988 upon the recommendation of a legislative study committee. Like the Science Museum, VMNH is also described as a "public body and instrumentality." Among the Museum's activities are research, preservation of Virginia's natural history, and the enhancement of education in natural sciences. The Museum is governed by a 25-member board of trustees, two of whom must be members of the Virginia Academy of Science, all appointed by the Governor. The membership of the board of trustees of the Frontier Culture Museum is not to exceed 25. Five House members, appointed by the Speaker, and three Senate members, appointed by the Senate Committee on Privileges and Election, comprise the legislative members, while the Governor appoints nine members from the Commonwealth at large. The Governor may, upon the of the Board, appoint eight additional members who may be nonresidents of the Commonwealth. The Board is authorized to establish a foundation to assist in fundraising efforts.<sup>39</sup> 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.<sup>40</sup>

### ***Chippokes Plantation Farm Foundation***

The establishment of the Chippokes Plantation Farm Foundation in the Code of Virginia in 1977 was prompted by legislative findings supporting the creation of a facility preserving the pastoral landscape while providing educational and recreational opportunities at Chippokes Plantation State Park. The board of trustees of the Chippokes Plantation Foundation consists of 14 gubernatorial appointees and the Commissioner of Agriculture and Consumer Services and the Director of the Department of Conservation and Recreation, *ex officio*. The 14 appointees are comprised of legislators, a local government representative, and citizens from the Commonwealth at large. The Foundation is directed 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. Like the Jamestown-Yorktown Foundation, the Chippokes Foundation may establish a nonprofit corporation to assist in "the details of administering the affairs of the Foundation." The Foundation may request the General Assembly to authorize debt secured by a pledge of net revenues. The 1993 and 1994 budgets provided \$79,000 dedicated special revenues for agricultural product promotion

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<sup>38</sup>Va. Code § 9-99.1 (1993); 1932 Acts of Assembly, c. 138; 1948 Acts of Assembly, c. 175; 1993 Acts of Assembly, c. 994, § 1-68, Item 260.

<sup>39</sup>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).

<sup>40</sup>Virginia Museum of Natural History, *Annual Report 1991-1992* at 3 (1992).

services; no funding is provided for Foundation employees. The Chippokes Foundation is also empowered to administer the Chippokes Plantation Farm Foundation Fund.<sup>41</sup>

### 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.<sup>42</sup> 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.<sup>43</sup>

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. Eighteen organizations owning landmarks received appropriations for the 1994-95 fiscal year.<sup>44</sup>

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 in odd-numbered years. The entity must certify that

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<sup>41</sup>1977 Acts of Assembly, c. 57; Va. Code § 3.1-22.6 *et seq.* (1994); 1993 Acts of Assembly, c. 994, § 1-98, Item 401; 1994 Acts of Assembly, c. 966, § 1-102, Item 505.

<sup>42</sup>Va. Code § 10.1-2211 (1993); *see also*, 1994 Acts of Assembly, c. 966, § 1-103, Item 507(C)(1).

<sup>43</sup>Va. Code § 10.1-2212 (1993); 1994 Acts of Assembly, c. 966, § 1-103, Item 507 (C)(2).

<sup>44</sup>Va. Code § 10.1-2213 (1993); 1994 Acts of Assembly, c. 966, § 1-103, Item 507 (C)(3).

local or private matching funds are available and provide documentation of its tax-exempt status in the Internal Revenue Code.<sup>45</sup>

In 1993, the General Assembly directed \$2,324,025 in general funds for financial assistance for cultural and artistic affairs to 21 nonstate agencies; in 1994-95, \$4,616,439 in general funds were allotted for 38 entities.<sup>46</sup> 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.<sup>47</sup>

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.<sup>48</sup>

## **Conclusions and Recommendations**

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. Those seven institutions that have been established by the Commonwealth as state agencies--as well as the Virginia Commission for the Arts--must continue to receive priority consideration for Virginia's direct appropriations. Only through stable, consistent funding can these agencies continue their missions of education, service, and cultural enrichment to the citizens of the Commonwealth.

The joint subcommittee also recognizes the invaluable contributions of nonstate museums to the Commonwealth. Like the state agency museums, nonstate museums are dependent on steady fiscal support for their daily operations and for seed money for other grants and awards. Nonstate museums, however, 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.

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<sup>45</sup>Va. Code § 2.1-394.1 (1994 Supp.); testimony of Karen Washabau, Director, Virginia Department of Planning and Budget, Summary of August 2, 1993 committee meeting.

<sup>46</sup>1993 Acts of Assembly, c. 994, § 1-129, Item 606; 1994 Acts of Assembly, c. 966, § 1-130, Item 644.

<sup>47</sup>1994 Acts of Assembly, c. 966, § 4-5.07.

<sup>48</sup>Summaries of October 6, 1993, and December 15, 1993, committee meetings.

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.<sup>49</sup>

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. The development of any specific criteria for funding nonstate museums 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.

Although the joint subcommittee does not propose recommendations for a specific funding mechanism at this time, it nonetheless agrees that any state funding mechanism for nonstate museums should:

- Acknowledge the Commonwealth's commitment to the existing "hierarchy" of state and nonstate educational and cultural organizations;
- Create a stable funding source for those identified nonstate institutions that demonstrate a clear educational mission as well as a strong impact on regional economic development;
- Provide funding for those institutions that have come to rely on state assistance;
- Identify an agency or organization to administer state support;
- Designate a portion of an existing general fund revenue source to support these nonstate entities;
- Preserve legislative oversight; and
- Ensure continuity in the administration of state support.

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 for one additional year to monitor the implementation of its recommendations and to develop additional recommendations for funding mechanisms for nonstate educational and cultural entities.*

Having examined the missions and services of nonstate museums across the Commonwealth for the past two years, the joint subcommittee has found while the diverse collections of these nonstate institutions may include historic artifacts, artistic

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<sup>49</sup>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.



treasures, or wildlife, the missions of these institutions are linked by an unfailing commitment to education, economic development, and community service. Continued access to and excellence in the arts and education are contingent upon the availability of adequate funding for these institutions. Further study is needed, however, to develop and implement an effective funding mechanism that balances fiscal responsibility, continuity, fairness, and flexibility. In the coming year, the joint subcommittee should continue to monitor the implementation of its recommendations and to develop additional recommendations regarding funding mechanisms for nonstate educational and cultural entities and other related issues as it deems appropriate.

**Recommendation 2:** *That state funding for nonstate entities for the second year of the current fiscal biennium be maintained at the levels cited in § 1-130 of Chapter 966 of the 1994 Acts of Assembly.*

**Recommendation 3:** *That state funding for 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 for the second year of the current fiscal biennium be maintained at the levels cited in Chapter 966 of the 1994 Acts of Assembly.*

**Recommendation 4:** *That state funding for the Virginia Commission for the Arts for the second year of the current fiscal biennium be maintained at the level cited in § 1-72 of Chapter 966 of the 1994 Acts of Assembly.*

The Commonwealth's museums, whether established by governmental 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. Continued, stable funding for these institutions is essential to the fulfillment of their missions of educational and cultural enrichment and economic 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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**Meetings of the Joint Subcommittee Studying Educational Museums and the  
Appropriate Level of Public Support to be Provided Such Institutions**

**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**.

**Meeting--10 a.m.--Wednesday, October 6, 1993--The Chrysler Museum (Norfolk)**

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**.

**Meeting--10 a.m.--Wednesday, December 15, 1993--Center in the Square (Roanoke)**

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--General Assembly Building**

**Work Session--9 a.m.--Wednesday, January 12, 1994--General Assembly Building**

**Work Session--10 a.m.--Tuesday, August 9, 1994--General Assembly Building**

**Work Session--10 a.m., Thursday, November 3, 1994--State Capitol Building**

**Work Session--9 a.m., Wednesday, January 11, 1995--State Capitol Building**

## 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:**

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**\$2,324,025**

## State Grants to Nonstate Agencies, 1994-95

1994 Appropriation Act, § 1-130, Item 644 (Unless otherwise indicated, amounts are same for 1995-96)

### Subprogram: *Financial Assistance to the Arts*

Arts Museum of Western Virginia	\$ 115,000
Peninsula Fine Arts Center	80,000
Western Va. Found. of Arts and Sciences (Center on the Square)	311,915
William King Regional Arts Center	100,000
The Long Way Home, Inc.	7,500
Montpelier Foundation for Arts and Education	10,000
Piedmont Arts Association	37,500
Virginia School of the Arts	20,000

### Subprogram: *Financial Assistance to Museums*

Black History Museum and Cultural Center	50,000
Council for America's First Freedom	390,000/316,000
Science Museum of Western Virginia	250,000; 625,000 cap.exp./250,000
Blue Ridge Zoological Society of Virginia	24,250
Boussevain Coal Miners Museum	25,000/0
Children's Museum of Virginia	65,000
Chrysler Museum	471,816
Fredericksburg Area Museum and Cultural Center	12,500
Hanover Tavern Foundation	50,000
Historic Crab Orchard Museum & Pioneer Park, Inc.	15,000
Lewis Ginter Botanical Gardens	100,000
Maymont Foundation	50,000('96)
Museum of the Confederacy	50,000
Richmond Children's Museum	25,000
Scotchtown	10,000
Virginia Air and Space Museum	200,000
Virginia Living Museum	246,908
Virginia Marine Science Museum	225,000
Virginia Museum of Transportation	100,000
Virginia Recreational Facilities Authority	400,000(match)
Virginia Sports Hall of Fame	26,550('95)
Virginia Zoological Park	60,000
Volunteer Rescue Squad Museum	37,500
Watermen's Museum	25,000('95)

### Subprogram: *Other Services*

Appalachian Traditions, Inc.	5,000
Charles City County/Historic Courthouse	100,000('95)
Holiday Lake 4-H Educational Center, Inc.	45,000('95)
Martin Luther King Memorial	50,000 ('95)
Mathematics and Science Center	50,000
Virginia Veterans' Memorial	200,000('95)

**Total for Nonstate Agencies:**

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**\$4,616,439**  
(\$3,488,389/'96)

**Appropriations for State Agency Museums, 1993-94**  
 1993 Appropriation Act (1993 Acts of Assembly, c. 994)

Entity	General Funds	Special Funds	Federal Trust Funds	Emplmt. Level
Virginia Museum of Fine Arts § 1-64, Item 252	\$6,570,996	\$3,303,795	\$100,000	189
The Science Museum of Virginia § 1-65, Item 254	\$1,998,668	\$2,310,500	\$75,000 (plus \$500,000 trust and agency)	77
Frontier Culture Museum of Virginia § 1-67, Item 258	\$1,143,106	\$422,216	---	41
Jamestown Yorktown Foundation § 1-66, Item 256	\$3,041,309	\$1,997,038	---	97 (94 in 1992-93)
Gunston Hall Plantation § 1-68, Item 260	\$527,047	\$131,041	---	11
Virginia Museum of Natural History § 1-107, Item 430	\$1,870,389	\$88,200	\$50,000	35
Chippokes Plantation Foundation § 1-98, Item 401	---	\$79,000 dedicated special revenue	---	0

**Appropriations for State Agency Museums, 1994-95**  
 1994 Appropriation Act (1994 Acts of Assembly, c. 966)

<b>Entity</b>	<b>General Funds</b>	<b>Special Funds</b>	<b>Federal Trust Funds</b>	<b>Emplmt. Level</b>
Virginia Museum of Fine Arts § 1-67, Item 306	\$6,716,387	\$3,555,933	\$100,000	189
The Science Museum of Virginia § 1-68, Item 308	\$2,435,376	\$2,042,500	---	78
Frontier Culture Museum of Virginia § 1-70, Item 314	\$1,381,164	\$481,075	---	43
Jamestown Yorktown Foundation § 1-69, Item 311	\$3,384,592	\$2,245,415	---	96
Gunston Hall Plantation § 1-71, Item 317	\$471,843	\$130,584	---	11
Virginia Museum of Natural History § 1-108, Item 526	\$1,985,675	\$87,946	\$50,000	35
Chippokes Plantation Foundation § 1-102, Item 505	---	\$79,000 dedicated special revenue	---	0

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## **COMPARISON OF STATE AGENCY MUSEUMS: STATUTORY PROVISIONS AND CORPORATE DESIGNATIONS**

Five of the Commonwealth's seven state museum entities--the Virginia Museum of Fine Arts (VMFA), The Science Museum of Virginia, the Frontier Culture Museum, the Jamestown-Yorktown Foundation, the Board of Regents of Gunston Hall--are established in the Code of Virginia as "educational institutions"; these organizations fall within the purview of the Secretary of Education. The two remaining institutions, the Virginia Museum of Natural History (VMNH), and the Chippokes Plantation Farm Foundation, fall under the aegis of the Secretary of Natural Resources and are defined as an "institution of the Commonwealth" and "a body politic and corporate," respectively. Five of the seven entities are named as "museums," reflecting each institution's mission to operate of a facility that preserves, protects, and displays a collection of items. The two foundations, in turn, do not operate museum facilities per se, but rather manage larger properties reflecting a particular aspect of the Commonwealth's history.<sup>1</sup>

Although these seven entities may have different titles and designations, they nonetheless share a number of common features. Each is established in the Code of Virginia; each is assigned to a Secretariat within the executive branch; each is funded annually in the Appropriation Act. In addition, these seven organizations are cited throughout the various statutes governing the administration and operations of state agencies generally.

**Standard Nomenclature.** Each of the Commonwealth's state agency museums organizations has "unique characteristics" that have garnered an exception to the "standard nomenclature," statutory provisions defining the characteristics of various administrative or collegial bodies established by law. Each organization has a descriptive title that reflects its mission more accurately than would a designation as a board, council, department, or commission. In addition, the governing boards of Gunston Hall, the Jamestown-Yorktown Foundation, The Science Museum, the Virginia Museum of Fine Arts, the Frontier Culture Museum, and the Virginia Museum of Natural History are also exempt from this nomenclature. Missing from this list, however, are the Board of Trustees of Chippokes Plantation Farm Foundation and the governing board of the Frontier Culture Museum. Finally, VMFA, The Science Museum, the Jamestown-Yorktown Foundation, and the Frontier Culture Museum are among the designated educational institutions not subject to the standard nomenclature, while the Chippokes Foundation, VMNH, and Gunston Hall are released from the nomenclature as a foundation, museum, and plantation, respectively.<sup>2</sup>

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<sup>1</sup>Although other foundations can be found in the Code of Virginia, they are generally directly affiliated with a department in the executive branch and do not act as independent agencies. Va. Code §§ 2.1-51.9; 2.1-51.21 (1994 Supp.); 3.1-22.7 (1994); 9-78; 9-96; 9-99.1; 9-99.2 (1993); 10.1-2000 (1993); 23-239 (1993).

<sup>2</sup>Va. Code §§ 2.1-1.2; 2.1-1.3; 2.1-1.5 (1987 and 1994 Supp.).

**Supervisory Boards.** Pursuant to § 9-6.25, all collegial bodies established within the executive branch must be classified either advisory, policy, or supervisory in authority. Supervisory boards are responsible for agency operations, including requests for appropriations; the appointment of an agency director; and compliance with board and statutory directives. The governing boards of six of these state cultural organizations are declared by statute to be supervisory boards; the sole omission from this list is the Board of Trustees of the Museum of Natural History.<sup>3</sup> Only the Board of Trustees of the Chippokes Plantation is deemed among those “permanent collegial bodies affiliated with a state agency within the executive branch.”<sup>4</sup>

**Appointment of Agency Directors.** The governing boards of the Jamestown-Yorktown Foundation, VMFA, the Frontier Culture Museum, VMNH, and the Science Museum are statutorily authorized to appoint a director. The Chippokes Foundation may contract with the Director of the Department of Conservation and Recreation for the operation of the Farm; its statute is silent regarding the appointment of any other director.<sup>5</sup>

**Administrative Process Act.** Applicable to those entities empowered to promulgate regulations, the Administrative Process Act addresses five of the seven entities; only the statutes creating VMFA and Chippokes Foundation are silent as to regulatory authority. The regulatory authority of the Board of Regents of Gunston Hall is found in the 1932 deed of gift to the Commonwealth.<sup>6</sup> The boards of trustees of the Jamestown-Yorktown Foundation and the Frontier Culture Museum may promulgate regulations governing the use and visitation of their respective properties.<sup>7</sup> The Science Museum and VMNH may prescribe regulations for their operations.<sup>8</sup>

**Virginia Freedom of Information Act (FOIA).** Applicable to all public bodies, “including any . . . agency of the Commonwealth . . . supported wholly or principally by public funds,” FOIA clearly contemplates the inclusion of the state museum organizations. A specific exemption from FOIA is granted for the inspection and disclosure of those VMFA reports and other materials integral to Museum security, such as documents relating to surveillance techniques, alarm and security systems, architectural drawings, transportation of collections, and security staffing levels. The security records of the remaining six organizations are not exempt from the Act. Of the

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<sup>3</sup>Va. Code §§ 9-6.25; 9-6.25-3 (1993 and 1994 Supp.).

<sup>4</sup>Va. Code § 2.1-1.6 (1994 Supp.).

<sup>5</sup>Va. Code § 9-97(9); 9-99.4(2) (1993); 10.1-2009(2) (1993); 23-250(2) (1993); 3.1-22.9 (1994); 2.1-41.2 (1994). Pursuant to § 2.1-41.2, the Governor is to appoint the administrative head of each agency of the executive branch “notwithstanding any provision of law to the contrary.” Specifically excepted from this provision is the director of the Jamestown-Yorktown Foundation and the directors of those units designated as educational institutions pursuant to §§ 9-84 (VMFA) and 23-252 (The Science Museum). The statutes creating the Frontier Culture Museum and VMNH authorize the respective governing boards to appoint or employ a director.

<sup>6</sup>Va. Code §§ 9-78 (1993); 3.1-22.10 (1994); 1932 Acts of Assembly, c. 138.

<sup>7</sup>Va. Code §§ 9-6.14:1 *et seq.* (1993 and 1994 Supp.); 9-97.1; 9-99.2 (1993).

<sup>8</sup>Va. Code §§ 23-250 (1993); 10.1-2009 (1993).

seven institutions, only VMFA and The Science Museum are authorized to conduct executive or closed meeting to discuss matters relating to specific gifts and grants.<sup>9</sup>

**Virginia Personnel Act.** The provisions of the Virginia Personnel Act are applicable to full-time employees of the Commonwealth or of “any branch of state government, of any executive department of the Commonwealth, or of any agency, board, institution or commission of the State . . . .” Specifically exempted from the Act, however, are those positions “identified by the State Council of Higher Education and the boards of the Virginia Museum of Fine Arts, The Science Museum of Virginia, the Jamestown-Yorktown Foundation, the Frontier Culture Museum of Virginia, [and] the Virginia Museum of Natural History . . . and approved by the Director of the Department of Personnel and Training as requiring specialized and professional training.” No specific statutory exceptions exist for comparable positions at the Chippokes Foundation or Gunston Hall. This particular exemption was initially limited to the “curatorial and conservatorial” staff positions at VMFA; the current language was added in 1993.<sup>10</sup>

**Virginia Public Procurement Act.** Delineating the public policies regulating government procurements from nongovernmental sources, the Virginia Public Procurement Act applies generally to “any legislative, executive or judicial body, agency, office, . . . institution, board or political subdivision” empowered to undertake certain contractual and acquisition activities. Because the governing boards of each of the seven entities possess contractual powers, either explicitly or implicitly, each entity is subject to the Procurement Act. Further, contracts made by VMNH, the Jamestown-Yorktown Foundation, and the Frontier Culture Museum are subject to the approval of the Attorney General.<sup>11</sup>

**Corporate Designations.** Designation as an institution of higher education is significant primarily for two reasons: for the management of endowment funds and for local conveyances of property. In 1952, the General Assembly articulated the public policy of the Commonwealth “to encourage the state-supported institutions of higher education in Virginia in their attempts to increase their endowment funds and unrestricted gifts from private sources” and decreed that receipt of endowment funds or gifts should not reduce state appropriations to the particular entity.<sup>12</sup> Also of particular benefit to those organizations deemed educational institutions a statutory provision allowing local governing bodies, with gubernatorial approval, to convey real property or appropriate funds to the Commonwealth for educational institutions.<sup>13</sup> Only one of the five educational institutions--The Science Museum--is specifically identified as an educational

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<sup>9</sup>Va. Code §§ 2.1-341; 2.1-342; 2.1-344 (1994 Supp.).

<sup>10</sup>Va. Code §§ 2.1-114.2:1; 2.1-116 (1987 and 1994 Supp.).

<sup>11</sup>Va. Code § 11-35 *et seq.* (1993 and 1994 Supp.); 3.1-22.10(4) (1994); 9-81; 9-97(3); 9-99.1; 9-99.4 (9) (1993); 10.1-2009(9) (1993); 23-250(6) (1993).

<sup>12</sup>1952 Acts of Assembly, c. 707; Va. Code § 23-9.2 (1993).

<sup>13</sup>Va. Code § 15.1-22 (1989).

institution within the meaning of the endowment and local conveyance provisions; VMFA is cited as an educational institution only for purposes of endowment funds.<sup>14</sup>

The designations of VMNH and the Chippokes Foundation as an “institution of the Commonwealth” and “body politic and corporate” seem largely tied to the particular missions and the placement of the two institutions within the Secretariat of Natural Resources. The two organizations do not, however, appear to enjoy the endowment fund or local property conveyance policies currently applied to educational institutions. The term “body politic and corporate” appears throughout the Code of Virginia, as the label is applied to various authorities and commissions as well as police academies. Although often applied to other foundations, such as the Virginia State Parks Foundation and the Virginia Historic Preservation Foundation, the phrase does not appear in the Jamestown-Yorktown Foundation statute. The application of the term may, in some cases, simply be indicative of common use of a legal term.<sup>15</sup>

Use of the title “foundation” rather than “museum” seems descriptive of the particular entity’s operation of larger properties. Also significant may be the authority of the Chippokes and Jamestown-Yorktown Foundations to contract debt. The Jamestown-Yorktown Foundation may, through its nonprofit corporation, contract debt and obligations “to the extent of its anticipated revenues.” The Chippokes Foundation can request the General Assembly to authorize debt for capital projects, secured by a pledge of net revenues. The Chippokes Foundation is also empowered to administer the Chippokes Plantation Farm Foundation Fund.<sup>16</sup> This authority to administer a particular fund is a trait shared by other foundations described in the Code of Virginia, such as the Virginia State Parks Foundation and the Virginia Conservation and Recreation Foundation.<sup>17</sup>

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<sup>14</sup>Va. Code §§ 23-252B (1993).

<sup>15</sup>Va. Code §§ 2.1-234.11 (1994 Supp); 3.1-22.32 (1994); 5.1-2.1 (1993); 10.1-218; 10.1-1017; 10.1-2400 (1993); 15.1-159.7:2 (1994 Supp.).

<sup>16</sup>Va. Code §§ 3.1-22.10 (1994); 9-96 (1993).

<sup>17</sup>Va. Code §§ 10.1-221; 10.1-1017 (1993).

### Comparison of State Agency Museums

Entity	Statutory designat.	APA	FOIA	Personnel Act	Public Procurement	foundation/ nonprofit	Authority to contract debt
<b>VMFA</b>	educ. institution § 9-84 (§ 23-9.2)	no express regulatory authority § 9-81	exemption certain reports, sessions §§ 2.1-342; 2.1-344	exemption for certain positions § 2.1-116 A (15)	implied contractual power § 9-81	implied power § 9-81(10)	—
<b>Science Museum of Virginia</b>	educ. institution; public body, instrum. §§ 23-239; 23-252 (§§ 15.1-22; 23-9.2)	regulatory authority over its operations § 23-250	exemption for certain exec. sessions § 2.1-344	exemption for certain positions § 2.1-116 A (15)	express contractual power § 23-250	—	—
<b>Gunston Hall Plantation</b>	educ. institution § 9-99.1	regulatory authority over memorial 1932 Acts, c. 138	—	—	implied contractual power § 9-99.1	—	—
<b>Frontier Culture</b>	educ. institution; state agency § 9-99.2	regulate use, of properties § 9-99.4	—	exemption for certain positions § 2.1-116 A (15)	AG approval of contracts § 9-99.4	§ 9-99.4(4)	—
<b>Jamestown Yorktown</b>	educ. institution § 9-96	regulate use of properties § 9-97.1	—	exemption for certain positions § 2.1-116 A (15)	AG approval of contracts § 9-97(3)	§ 9-97(4)	may contract through nonprofit corp. § 9-99
<b>Museum of Natural History</b>	inst. of Commnw.; public body & instrumentality § 10.1-2000	regulatory authority over its operations § 10.1-2009(3)	—	exemption for certain positions § 2.1-116 A (15)	contracts subject to AG approval §10.1-2009(9)	§ 10.1-2009(7)	—
<b>Chippokes Plantation</b>	body politic and corporate § 3.1-22.7	no express reg. authority § 3.1-22.10	—	—	express contractual power § 3.1-22.10 (4)	§ 3.1-22.10(6)	can request legislature to authorize § 3.1-22.10(2)

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## 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.

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## HOUSE JOINT RESOLUTION NO. 75

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

Agreed to by the House of Delegates, February 8, 1994

Agreed to by the Senate, March 8, 1994

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 House Joint Resolution No. 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.

All agencies of the Commonwealth shall provide assistance upon request as the joint subcommittee may deem appropriate.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1995 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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.

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1995 SESSION

LD1161468

HOUSE JOINT RESOLUTION NO. 430

Offered January 13, 1995

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

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

Referred to Committee on Rules

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, acknowledging the significant value of museums as educational as well as cultural institutions, the General Assembly established 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 (1993) and authorized the continuation of the study in 1994 (HJR 75); and

WHEREAS, having examined the missions and services of nonstate museums across the Commonwealth, the committee has found 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 unfailing commitment to education, economic development, and community service; and

WHEREAS, during the two years of its study, the committee has also explored potential criteria for eligibility for receipt of public funds as well as guidelines for state appropriations for nonstate institutions; and

WHEREAS, the joint subcommittee has determined that continued access to and excellence in the arts and education are contingent upon the availability of adequate and stable funding for nonstate educational and cultural museums; and

WHEREAS, the committee supports the development of 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, and finds that further study is needed to implement an effective funding mechanism for these institutions 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 to monitor the implementation of its recommendations and to develop additional recommendations regarding funding mechanisms for nonstate educational and cultural entities and other related issues as it deems 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 \$ 4,200.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall submit any additional findings and recommendations to the Governor and the 1996 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

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.

LD1161468

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Official Use By Clerks	
<b>Passed By</b> <b>The House of Delegates</b>	<b>Passed By The Senate</b>
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
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Date: _____	Date: _____
_____ Clerk of the House of Delegates	_____ Clerk of the Senate

*Request for Amendment to House Bill 1450 as Introduced*

**Chief Patron:** Thomas

Item 644 #10h

**State Grants to Nonstate Entities**

Nonstate Agencies

\$0

\$0

GF

Language

**Co-Patron(s):** Heilig; Van Landingham

**Language:**

Page 372, line 23, strike "57,500" and insert "115,000".

Page 372, line 26, strike "40,000" and insert "80,000".

Page 372, line 29, strike "155,958" and insert "311,915".

Page 372, line 33, strike "50,000" and insert "100,000".

Page 372, line 38, strike "5,000" and insert "10,000".

Page 372, line 42, strike "18,750" and insert "37,500".

Page 372, line 45, strike "10,000" and insert "20,000".

Page 372, line 51, strike "25,000" and insert "50,000".

Page 372, line 54, strike "158,000" and insert "316,000".

Page 372, line 57, strike "125,000" and insert "250,000".

Page 372, line 61, strike "12,125" and insert "24,250".

Page 373, line 1, strike "32,500" and insert "65,000".

Page 373, line 5, strike "235,908" and insert "471,816".

Page 373, line 8, strike "6,250" and insert "12,500".

Page 373, line 11, strike "25,000" and insert "50,000".

Page 373, line 14, strike "7,500" and insert "15,000".

*Request for Amendment to House Bill 1450 as Introduced*

Page 373, line 17, strike "50,000" and insert "100,000".

Page 373, line 19, strike "25,000" and insert "50,000".

Page 373, line 22, strike "25,000" and insert "50,000".

Page 373, line 25, strike "12,500" and insert "25,000".

Page 373, line 27, strike "5,000" and insert "10,000".

Page 373, line 31, strike "100,000" and insert "200,000".

Page 373, line 34, strike "123,454" and insert "246,908".

Page 373, line 37, strike "112,500" and insert "225,000".

Page 373, line 40, strike "50,000" and insert "100,000".

Page 373, line 43, strike "200,000" and insert "400,000".

Page 373, line 51, strike "30,000" and insert "60,000".

Page 373, line 54, strike "18,750" and insert "37,500".

Page 373, line 64, strike "2,500" and insert "5,000".

Page 374, line 10, strike "25,000" and insert "50,000".

**Justification:**

(This amendment restores language for funding in the second year to nonstate agencies. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums. A companion amendment exists in Item 644.10.)

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*Request for Amendment to House Bill 1450 as Introduced*

**Chief Patron:** Thomas

Item 644.10 #1h

**State Grants to Nonstate Entities**  
Nonstate Agencies

**FY 94-95**  
\$0

**FY 95-96**  
\$1,744,194 GF

**Co-Patron(s):** Heilig; Van Landingham

**Language:**

Page 374, line 15, strike "(1,744,194)" and insert "0".

Page 374, strike lines 15-25.

**Justification:**

(This amendment restores funds in the second year to nonstate agencies. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums. A companion amendment exists in Item 644.)

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***Request for Amendment to House Bill 1450 as Introduced***

**Chief Patron:** Thomas

Item 306 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

Virginia Museum Of Fine Arts

\$0

\$1,701,717

GF

0.00

36.00

FTE

**Co-Patron(s):** Heilig; Miller; Van Landingham

**Language:**

Page 192, line 28, strike "(1,701,717)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year from the budget of the Virginia Museum of Fine Arts. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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***Request for Amendment to House Bill 1450 as Introduced***

**Chief Patron:** Thomas

Item 308.10 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

The Science Museum Of Virginia

\$0

\$576,468 GF

**Co-Patron(s):** Heilig; Miller; Van Landingham

**Language:**

Page 193, line 34, strike "(576,468)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year from the budget of the Science Museum. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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*Request for Amendment to House Bill 1450 as Introduced*

**Chief Patron:** Thomas

Item 311 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

Jamestown-Yorktown Foundation

\$0

\$323,453 GF

**Co-Patron(s):** Heilig; Miller; Van Landingham

**Language:**

Page 194, line 53, strike "(323,453)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year from the budget of the Jamestown/Yorktown Foundation. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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***Request for Amendment to House Bill 1450 as Introduced***

**Chief Patron:** Thomas

Item 314 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

Frontier Culture Museum Of  
Virginia

\$0

\$159,312

GF

**Co-Patron(s):** Heilig; Miller; Van Landingham

**Language:**

Page 195, line 57, strike "(159,312)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year from the budget of the Museum of Frontier Culture. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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***Request for Amendment to House Bill 1450 as Introduced***

**Chief Patron:** Thomas

Item 317 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

Gunston Hall

\$0

\$170,807 GF

**Co-Patron(s):** Heilig; Miller; Van Landingham

**Language:**

Page 196, line 46, strike "(170,807)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year from the budget of Gunston Hall. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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*Request for Amendment to House Bill 1450 as Introduced*

**Chief Patron:** Thomas

Item 320 #1h

**Education - Other**

**FY 94-95**

**FY 95-96**

Virginia Commission For The Arts

\$0

\$918,425

GF

**Co-Patron(s):** Heilig; Van Landingham

**Language:**

Page 197, line 31, strike "(918,425)" and insert "0".

**Justification:**

(This amendment restores funds cut the second year for state Financial Assistance to the Arts. This amendment is proposed by the House Joint Resolution 75 Joint Subcommittee Studying Educational Museums.)

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