

Inquiry into

Local Government Funding for Major Cultural Facilities



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City Auditor

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Request for Inquiry

We are responding to a Commission request that we identify any national, state, or local statistics showing the portion of major cultural facilities' budgets funded by local government sources.

Summary

We have obtained and reviewed independent studies conducted or initiated by the American Association of Museums (AAM) and the Florida Cultural Alliance (FCA). The AAM study surveyed cultural facilities throughout the United States in November 1999. The FCA study addressed cultural facilities in the State of Florida and is based on data from 1997.

The 1999 AAM study indicates that 15.1 percent of cultural facilities' operating income was provided from local governments. Previous AAM studies conducted in calendar years 1996 and 1997 showed that percentage to be 15.5 and 17.7, respectively. No study was done in 1998. The average for 1996, 1997, and 1999 is 16.1 percent.

The 1997 FCA study indicates that 13.4 percent of Florida cultural facilities' income revenues were provided from local governments. However, if supporting organizations such as arts and cultural organizations and councils were not considered "cultural facilities," the FCA study showed that amount would only be 8.9 percent.

We recommend for future guidance that City staff obtain from the Cultural Resource Commission (CRC) a listing of cultural facilities requesting City of Tallahassee funding through the CRC, which shows for each such facility the actual (most recently completed year) and planned (subsequent year) funding sources. Any cultural facility, such as the Mary Brogan Museum of Art and Science (MOAS), that requests funding from the City of Tallahassee separate from the CRC should also be required to provide such information.

City Funding

The City of Tallahassee has traditionally funded various cultural facilities. The Cultural Resources Commission (CRC), a nonprofit organization, has been contracted to administer the majority of the individual City grants/awards to these cultural facilities. Facilities that have received City grants administered by the CRC include, for example, the Tallahassee Museum of History and Science, the Tallahassee Ballet, the Tallahassee Little Theatre, and the Tallahassee Symphony Orchestra. In addition to awards administered by the CRC, the City awarded a separate grant in fiscal year 2000 to the Mary Brogan Museum of Art and Science. Funding of cultural facilities provided in the current approved operating budget for fiscal year 2001 (i.e., as approved by the City Commission on September 27, 2000) is as follows:

Designated for the CRC ⁽¹⁾ :	\$118,541
Cultural grants administered by the CRC:	247,618
Separate award to the Mary Brogan Museum of Art and Science:	250,000
Separate award to the Tallahassee Museum of History and Science:	50,000
Donation to the Caribbean Carnival:	5,000
Total	\$671,159

Note (1): This includes a \$44,339 grant to the CRC for internal operations/administration, \$58,893 for the provision of art in City Hall, and \$15,309 to administer the City's external grant program.

Specific Question and Methodology

Specific Question – What national, state, or local statistics exist to show the portion of major cultural facilities' budgets funded by local government sources?

Methodology - Through discussions with staff of the Department of State, Division of Cultural Affairs, and staff of various cultural facilities and associations, we identified two studies that provided specific information on local government funding of cultural facilities. For these studies, local government was not defined. However, local government support is defined in the Florida Department of State's *2000-2001 Florida Guide to Cultural Programs for Organizations* as cash support derived from grants or appropriations by city, county, in-state regional, and other local governmental agencies.

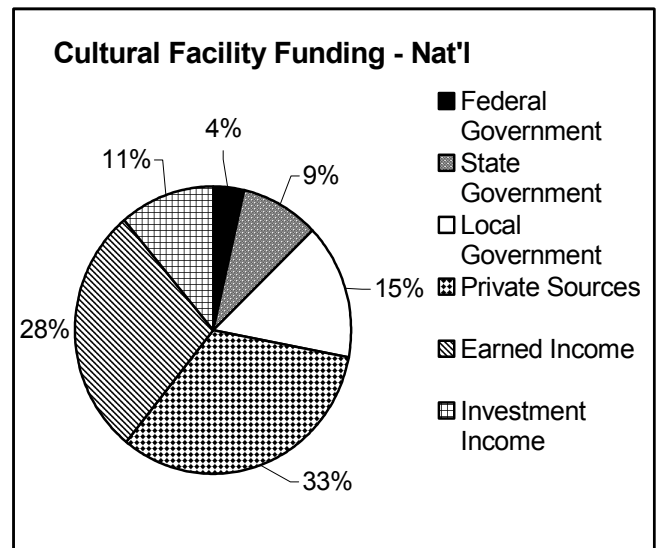
Response to Inquiry – Identified National and State Statistics

The two studies identified were conducted or initiated by the American Association of Museums (national study) and the Florida Cultural Alliance (state study).

American Association of Museums Survey - The first study was conducted by the American Association of Museums in 1999. The American Association of Museums (AAM) is a national organization that represents, assists, and advocates the interests of U.S. museums. The 1999 study was completed as part of the AAM's ongoing efforts to collect and maintain data on cultural institutions in the United States. Similar studies were conducted in 1989, 1996, and 1997. The results of the 1999 study are contained in a report entitled the *1999 AAM Museum Financial Information Survey*.

For the 1999 study the AAM mailed survey instruments to 3,612 institutions in November 1999. These institutions included history museums, art museums, general museums, specialized museums, children's/youth museums, science/technology centers, nature centers, institutions of natural history/anthropology, historic houses/sites, arboretums/botanical gardens, zoos, aquariums, and similar other institutions. The report indicated that there were 8,300 such institutions in the United States. Of the 3,612 survey instruments mailed, 1,080 useable responses were received. The survey addressed, among other areas, the institutions' funding sources.

The following chart shows cultural facility funding by source as reported in the 1999 study. As noted, the portion of all cultural facility operating income from local government sources was 15.1 percent.



In addition, the *1999 AAM Museum Financial Information Survey* provided a comparison to similar data collected and reported for the 1996 and 1997 studies. As indicated in the following table, the 1996 and 1997 survey results showed that local government sources represented 15.5 and 17.7 percent, respectively, of the institutions' operating income. The average for 1996, 1997, and 1999 is 16.1 percent.

1996	1997	1999	Average
15.5%	17.7%	15.1%	16.1%

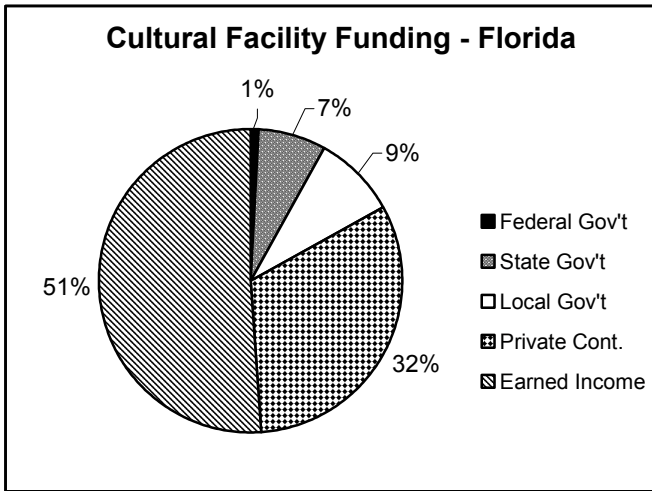
The 1999 AAM study provides additional information showing average funding sources by institution type, size, ownership (private versus public), and AAM membership (members versus nonmembers).

Florida Cultural Alliance Study - The second study was initiated by the Florida Cultural Alliance (FCA), a state organization whose efforts are directed to building a healthy and receptive environment for Florida's arts and cultural community. The results of that study are contained in a report entitled *The Economic Impact of the Florida Arts and Cultural Industry*, written by Dr. William Stronge and dated January 2000. The study was based on 1997 statistics.

The study addressed, among other things, income revenues of Florida's nonprofit arts and cultural organizations, estimated to exceed 4000 in number. These institutions included performing arts organizations, art and history museums and galleries, and non-arts cultural organizations such as science museums and zoos. Also included in the study were supporting organizations such as arts and cultural service organizations and councils.

The January 2000 report indicated that the portion of all cultural facility income revenues from local government sources was 13.4 percent. However, as noted above, supporting service organizations and councils were included in the FCA study's definition of nonprofit arts and cultural organizations. If those supporting organizations had been excluded from that definition, the study shows that local government sources would represent 8.9 percent of Florida nonprofit arts and cultural organizations' income revenues.

The following chart shows cultural funding by source as reported in the January 2000 report based on the definition that excludes supporting service organizations.



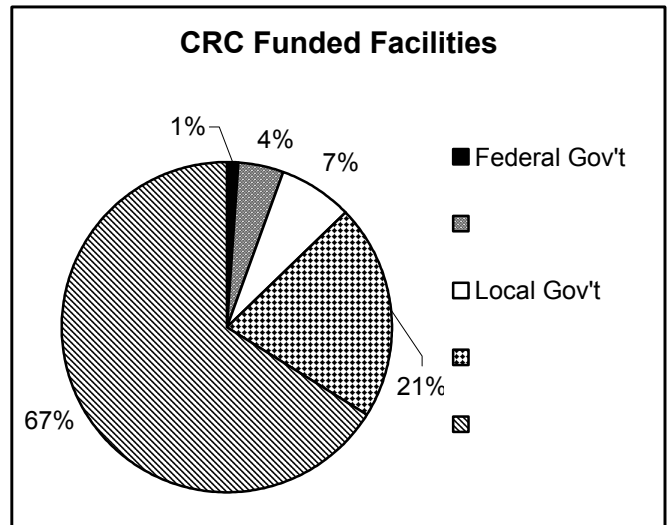
The FCA study provides additional information showing average funding sources by institution type and size.

Conclusion – Based on the two studies, one a national study and the other a State of Florida study, it appears that the portion of major cultural facilities' budgets expected to be funded by local government sources is between 9 and 16 percent.

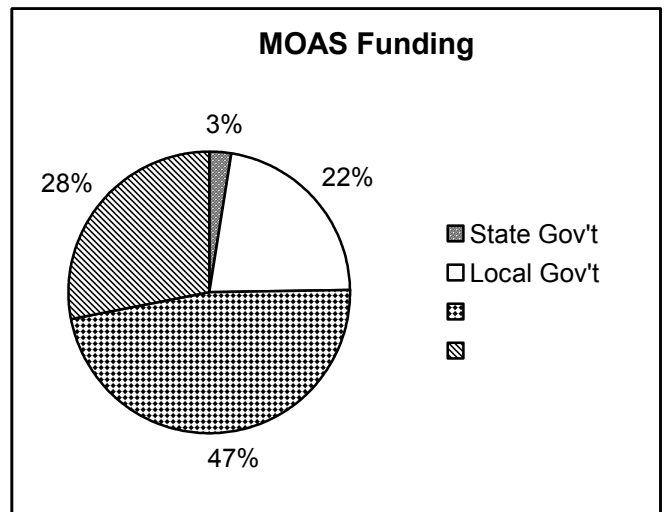
Funding - Local Cultural Facilities

For comparative purposes, we obtained data that reflects the funding sources of those cultural facilities receiving a portion of their funding from the City of Tallahassee and Leon County.

CRC-Funded Facilities - First, we obtained from the Cultural Resource Commission (CRC) data that reflects the funding sources for the 21 cultural facilities that received some local government funding through the CRC in 1999. That data is shown in the following chart. As noted, the portion of those facilities' operating incomes from local government sources (e.g., City of Tallahassee and Leon County) was 7.3 percent.



MOAS - Next, we reviewed data provided by the Mary Brogan Museum of Art and Science (MOAS). The MOAS started operations in late 1998 and early 1999. The 1999-2000 fiscal year was its first full year of operations. As noted below, the MOAS provided data indicates that the portion of the MOAS' 1999-2000 fiscal year budget funded from local government (i.e., City of Tallahassee and Leon County) sources was 22 percent (16 percent City and 6 percent County).



Compared to the CRC-funded facilities, the MOAS received a greater portion of its operating budget from local sources (i.e., 22 percent compared to 7.3 percent). Our discussions and interviews with various individuals indicate that newly created museums often need separate (additional) "stabilization funding" until such time as outreach and marketing programs are put in place. Information provided by the MOAS indicates that to be the circumstance at that facility.

Recommendation

Information regarding an individual cultural facility's funding sources may be meaningful to the City Commission and City officials during the process of determining and approving City awards to such facilities. For example, comparing such information over a period of time, to other applicant organizations, and/or to national/state averages may provide indications of a facility's historical or anticipated financial successes or struggles.

We recommend for future guidance that City staff obtain from the CRC a listing of cultural facilities requesting City of Tallahassee funding through the CRC, which shows for each such facility the actual (most recently completed year) and planned

(subsequent year) funding sources. Any cultural facility, such as the MOAS, that requests funding from the City of Tallahassee separate from the CRC should also be required to provide such information.

Appointed Official Response

City Manager: I concur that we should require requesting agencies to show actual and planned funding sources. I agree this should include any cultural facility that requests funding separate from the CRC. Tallahassee's funding to organizations through the CRC is clearly within the state and national averages. I think the Auditor's Office did an excellent job with the survey. It was most informative and supportive of our city's cultural resources grant program.

Copies of this Inquiry may be obtained by telephone (850 / 891-8397), by Fax (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@mail.ci.tlh.fl.us).

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