

# Senate Education Oversight Subcommittee Summary Report on the South Carolina Museum Commission October 2015



The South Carolina Museum Commission fulfills a vital mission for the State. Operating out of the historic Columbia Mills Building, the museum showcases the rich history and resources of our state. Nearly half of the museum's \$6 million budget is generated by admissions, gift shop sales, and site rentals. The twenty-eight full-time staff, seventy temporary employees, and a cadre of volunteers operate three floors of exhibits, host an average of 156,000 visitors annually, and help to educate 65,000 students every year. The museum is supported by a private, non-profit foundation, the SC State Museum Foundation, which operates in accordance with state law. The funds raised by the foundation support and enhance the overall mission of the Museum, including raising nearly all of the funds required to match the state appropriations for the Windows to New Worlds project; a planetarium, observatory, and 4D theater which opened last year.

## *Agency at a Glance*

According to S.C. Code §60-13-30, "[t]he primary function of the Commission shall be the creation and operation of a State Museum reflecting the history, fine arts and natural history and the scientific and industrial resources of the State, mobilizing expert professional advice and guidance and utilizing all available resources in the performance of this function." In 1988, the State Museum opened with exhibits displayed on floors dedicated to science & technology, cultural history, and natural history. In 2014, the Windows to New Worlds opened with a planetarium, observatory, and 4D theater. For FY 14-15, total revenues for the museum were approximately \$6 million with total expenditures of \$5.9 million. Admissions for FY 14-15 were 181,284.

## *Issues*

### BUDGET CONSOLIDATION

At the request of the museum, all five of the individual programs in the agency's budget were combined into one program. By having only one program, it is harder to determine how funding was used by the agency and if it was used as intended.

- **Legislative Recommendation:** As part of the budget process, the agency's programs should be listed separately in the appropriations act.

### AUTHORIZED POSITIONS VS. REPORTED POSITIONS

The museum has a total of 35 positions authorized in the state budget. However, the reports from the State Office of Human Resources indicate that there are a total of 36.75 positions authorized at the agency.

- **Legislative Recommendation:** The General Assembly should ensure that the SCEIS system accurately reflects the staffing data (including temporary staff) for all agencies by designating an entity to ensure reconciliation.
- **Agency Recommendation:** The SC State Museum Commission should reconcile the FTEs in the SCEIS reporting system with the appropriations act.

# Senate Education Oversight Subcommittee

## Report on the South Carolina Museum Commission

October 2015



Members of Subcommittee:

Senator John E. Courson, Chair

Senator Darrell Jackson, Sr.

Senator Greg Hembree

The South Carolina Museum Commission fulfills a vital mission for the State. Operating out of the historic Columbia Mills Building, the museum showcases the rich history and resources of our state. Nearly half of the museum's \$6 million budget is generated by admissions, gift shop sales, and site rentals. The twenty-eight full-time staff, seventy temporary employees, and a cadre of volunteers operate three floors of exhibits, host an average of 156,000 visitors annually, and help to educate 65,000 students every year. The museum is supported by a private, non-profit foundation, the SC State Museum Foundation, which operates in accordance with state law. The funds raised by the foundation support and enhance the overall mission of the Museum, including raising nearly all of the funds required to match the state appropriations for the Windows to New Worlds project; a planetarium, observatory, and 4D theater which opened last year.

## *I. Agency at a Glance*

The South Carolina Museum Commission was established in 1973 to create and operate a state museum showcasing the history, fine arts, natural history, and the scientific and industrial resources of the State. In 1988, the State Museum opened in the former Columbia Mills textile plant. The primary exhibits are displayed on floors dedicated to science & technology, cultural history, and natural history. In 2014, with significant private investment, the museum launched a landmark new exhibit. The Windows to New Worlds project opened with a planetarium, observatory, and 4-D theater.

### *Mission*

The museum's mission is established by S.C. Code §60-13-30, "[t]he primary function of the Commission shall be the creation and operation of a State Museum reflecting the history, fine arts and natural history and the scientific and industrial resources of the State, mobilizing expert professional advice and guidance and utilizing all available resources in the performance of this function." In order to carry out this function, the museum dedicated permanent exhibits focused on science and technology, cultural history, and natural history. It also displays several other exhibits which change regularly and focus on specific aspects of South Carolina's rich history and culture.

In addition to its statutory purpose, the South Carolina Museum Commission adopted a broader mission statement that directs the museum to provide "educational environments that entertain, inspire imagination and creativity, and enrich the lives of visitors" through their "innovative partnerships, comprehensive collections, and stimulating exhibits and programs." While a great deal of the museum's exhibits and programming are focused on the content required by statute, this mission statement is more comprehensive, which allows the museum discretion to display large traveling exhibits and other subject matter not directly related to South Carolina.

### *Governing Authority*

The South Carolina State Museum is governed by the South Carolina Museum Commission. The commission's membership and terms of office are outlined in S.C. Code §60-13-10. The Governor appoints one member from each congressional district, as well as three members from the state at-large. Commissioners serve four-year terms, and until their successors are appointed and qualify.

**South Carolina Museum Commission: Current Membership**

Position	Position Title	Current Members	Initial Appointment	Reappointment Date	Expiration Date
1st Congressional District	VACANT				
2nd Congressional District	Member	Lou M. Nolan	9/2007	7/21/2014	9/1/2015
3rd Congressional District	Member	Lori M. Kinley	9/2009	8/14/2014	9/30/2017
4th Congressional District	Member	Alexander McLeod Patrick	9/2007	2/19/2014	9/1/2015
5th Congressional District	Member	Claude J. Eichelberger	4/2006	3/4/2014	6/30/2017
6th Congressional District	Member	Jeremy G. Wilson	9/2007	2/26/2014	9/1/2015
7th Congressional District	Member	Jill Jemison	9/2012	10/24/2012	9/1/2016
At Large	Member	Lola C. Early	1/2004	11/28/2012	9/1/2015
At Large	Chair	Gray T. Culbreath	6/1999	12/29/2005	9/1/2009
At Large	Member	Amon Achilles Martin, Jr.	9/2005	1/31/2014	9/1/2017

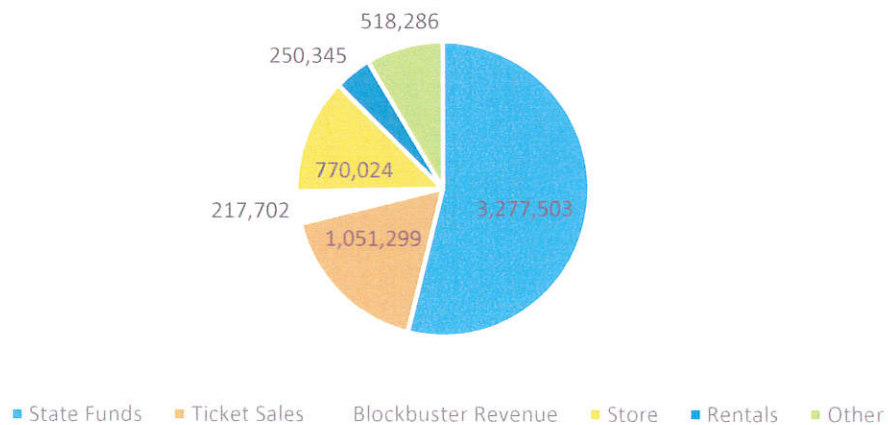
*Finances: Revenues and Expenditures*

The museum’s funding has been properly utilized to advance the mission of the museum, increase attendance, and provide educational opportunities for South Carolina’s students. However, as of September 8<sup>th</sup>, the museum director cautioned that for FY 14-15, the final revenue and expenditure data still had not been reconciled with the Comptroller General’s Office and is not yet final.

*Revenues*

Of the approximately \$6 million in total revenue the museum received for FY 14-15, state appropriations accounted for \$3.3 million, or 54% of the museum’s funding. The remaining revenue is generated from general admission ticket sales, add-on ticket sales, sales from the museum store, and event rentals to finance the operations of the museum.

**2015 Revenues**



## State Funding

For FY 14-15, the commission requested and received a total of \$300,000 in recurring program funds in the appropriations act. These requests were \$100,000 for outreach, \$100,000 for education, and \$100,000 for marketing. The museum also requested and received increased authorization to spend \$493,500 to meet the increased costs associated with the newly-opened planetarium and 4-D theater. In addition, the agency was appropriated non-recurring funds of \$200,000 for acquisitions and \$75,000 for information technology. The non-recurring request for technology was not included in the budget request originally submitted to the Office of State Budget by the museum, but was added in the Senate Finance Committee version of the budget. The agency has filled 3 of the 4 FTEs referenced in the budget request and used part-time-temporary help for the fourth. The funds for acquisitions will be retained and spent as objects become available for collection.

## Ticket Sales and Blockbuster Exhibit Revenue

Currently, the price of a general admission ticket is \$8.95 for adults, \$7.95 for seniors and \$6.95 for children ages 3 to 12. Children two and under are admitted free and there is a \$1.00 discount for military personnel. Tickets for the planetarium, 4-D theater, and blockbuster exhibits cost an additional \$5 to \$11 per ticket, depending on the number of attractions visited. School groups are exempted from the general admission fee via proviso 29.6 in the appropriations act, however, they are required to pay for admission to the blockbuster exhibit, planetarium, and 4-D theater.

Blockbuster exhibits are national, traveling exhibits that are typically displayed for an average of 7 months, but vary according to the individual exhibit. They are utilized to drive up attendance at the museum. These separately ticketed and extensively advertised events provide an opportunity for the museum to attract visitors beyond their everyday exhibits.

Ticket sales, including sales for blockbuster exhibits, typically account for approximately 50% of the museum's earned revenue. Ticket sales for blockbuster exhibits vary from 20% to 60% of total sales depending on the popularity of the exhibit being presented. For FY 14-15, general admission ticket sales brought in approximately \$650,000, with \$400,000 coming from the planetarium and theater tickets and \$200,000 from blockbuster exhibits.

## Cotton Mill Exchange Museum Store

The museum operates the Cotton Mill Exchange Museum Store, a gift shop which sells items related to the state and the museum's exhibits. This store, which is mandated by proviso 29.3, brought in \$770,000 in revenue for the museum in FY 14-15. The proceeds from store sales are used to support the operations of the museum. The store recently expanded, bringing in a 40% increase in sales from FY 13-14. The following table shows the revenues from sales and the cost of purchases of items for sale for the last four fiscal years:

	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>
Revenues	\$715,538	\$604,502	\$561,022	\$770,024
Expenditures	314,013	247,192	240,050	334,806
Cost of sales	44%	41%	43%	44%

## Rentals

The museum is also used as event space. Last year, event rentals generated \$150,000 in revenue, and brought in \$250,000 this fiscal year.

## Expenditures

For FY 14-15, approximately \$2,500,000, or 51%, of the museum’s expenditures were used for salaries and employee benefits. The remainder of the agency’s expenditures were used for rent, costs associated with blockbuster exhibits, and advertising and marketing the museum. The museum carries forward an average of 4% of its state appropriations. However, during the renovations which took place between October 2012 and August 2014, the museum did not carry forward any of their reduced revenues. Immediately before the renovations, there was a carry forward of \$116,000 and for FY 14-15, the museum has a carry-forward of approximately \$150,000.

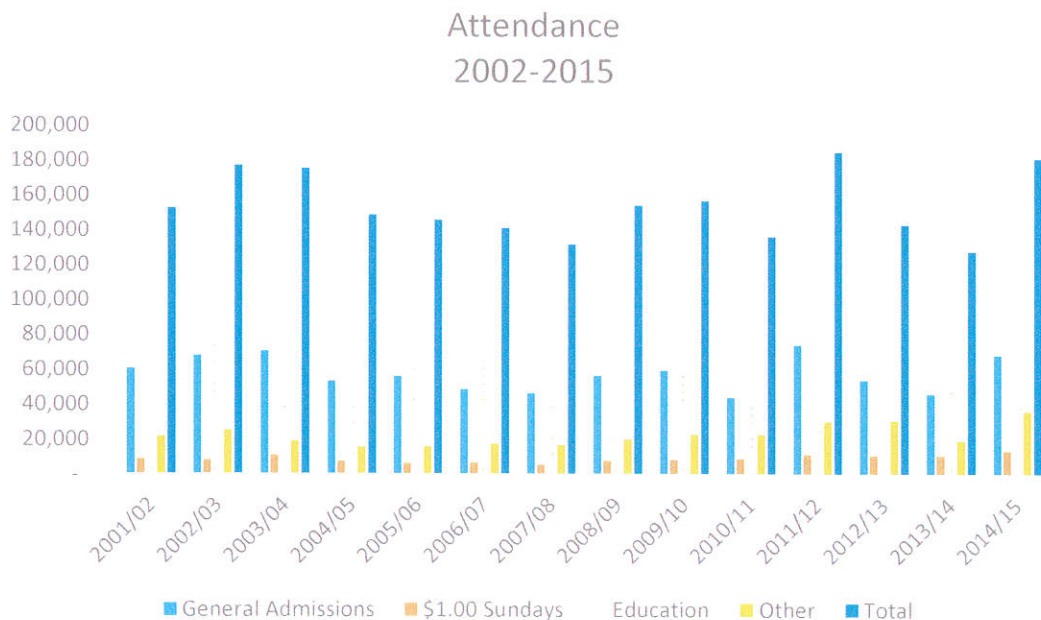
## Staffing

Staffing levels at the SC State Museum Commission have been consistent over the last four years with the number of authorized positions (FTEs) at 32 state and 35 total. With 28 total filled positions, this is a vacancy rate of twenty percent. With relatively small turnover, the museum has benefited from a stable workforce. In addition to the FTEs, there are three time-limited grant funded positions and 67 temporary, part-time and seasonal employees who perform the routine operations of the museum. Approximately 150 volunteers, made up primarily of retirees, provide assistance to museum patrons. Due to the aging of the volunteer force, there is an active effort underway to recruit additional volunteers.

## Admissions, Exhibits and Programming

### Admissions

From 2003 to 2008, the museum saw a trend of declining attendance with some leveling out from 2008 through 2011. FY 11-12 saw a significant spike in attendance due to the success of the blockbuster exhibit called “BODY WORLD & The Cycle of Life.” This anatomical exhibition focused on displaying the human life cycle at various stages of health and age. For FY 14-15, 181,284 visitors almost equaled the record high admissions of 185,000 reached in FY 11-12. Since the permanent exhibits do not change, the popularity of blockbuster events tends to influence changes in attendance.



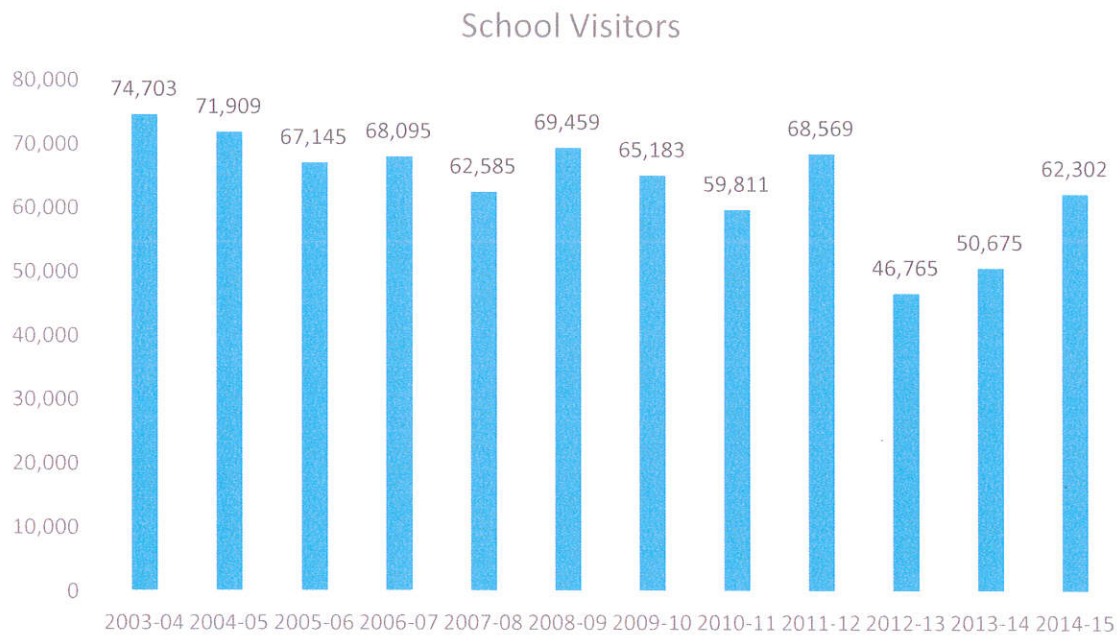
## Exhibits

The SC Museum Commission's exhibits are consistent with its broad, education-focused mission. The permanent exhibits within the museum comprise general and South Carolina-specific information focused on science and technology, cultural history, and natural history. The museum is currently working on an exhibit dedicated to the Civil War. This exhibit is independent of the Confederate Relic Room and Military Museum, which is located in the same building as the State Museum. The museum has several rotating exhibits that currently are dedicated to South Carolina culture.

The museum's blockbuster exhibit changes periodically. The current exhibit is "Julius Caesar: Roman Military Might and Machines." Past blockbuster exhibits have included the BODY WORLD & The Cycle of Life, King Tut, Titanic: The Artifact Exposition, and Dinosaurs: A Bite Out of Time.

## Education Programs

In addition to the exhibits, the museum offers programming for student field trips that is designed to conform to South Carolina's academic standards by grade level. In 2014, 50,675 students visited the museum. While this was an increase of 3,910 students over 2013, it is approximately 15,000 less than average. With the exception of the two years the museum was under construction, school visitation was +/- 10% of their 65,000 average (59,000 - 71,000). For FY 14-15, the education attendance increased to a total of 62,302 students.



The planetarium offers several educational shows for different age groups that are 30 minutes long or less. School groups can view a planetarium show as a part of their museum field trip, but if a school is unable to bring the students to the planetarium, Starlab, an inflatable planetarium dome, can be taken to the school. The Starlab can hold up to 30 students at a time. The museum averages around 125-130 students per placement. In 2013-14, the Starlab visited 37 schools. This year, placement is down to around 20 because the museum is focusing on usage of the onsite planetarium.

The observatory offers staff-led lessons for fourth to eighth grade students visiting the museum. And, through distance learning programming, students are able to adjust the telescope from their classroom through specifically designed software.

The museum also offers summer camps for children ages 6 to 11. This year's camp included programs in art, astronomy, paleontology and STEAM (science, technology, engineering, art and math).

## ***II. South Carolina State Museum Foundation***

The South Carolina State Museum Foundation was established in 1976 to support the activities and duties of the SC Museum Commission. The relationship is governed by an operating agreement, signed in 2006, which states that the foundation is responsible for fundraising and the commission is responsible for the operation of the museum. The funds raised by the foundation support and enhance the overall mission of the Museum, including raising nearly all of the funds required to match the state appropriations for the Windows to New Worlds project.

### Revenues

For FY 13-14, the foundation had revenues and gains of \$779,433. These revenues include contributions of \$251,372, annual fund drive and exhibit revenue of \$194,097, and memberships totaling \$240,028. There were also \$4 million in assets which were used for the Windows to New Worlds project. The foundation also holds \$3.2 million in equipment for the planetarium dome and 4-D theatre, as well as consulting fees for the museum.

### Expenditures

The foundation's expenses in FY 13-14 totaled \$4,704,040. These include \$4,393,911 for program services, such as the Windows to New Worlds project, \$181,247 for general administration, \$81,572 for fundraising costs, and \$47,310 for membership services. The foundation paid the museum \$30,477 for overhead services which included \$20,000 that the foundation pays for rent annually. The museum also processes the payroll for the foundation and was reimbursed \$208,825 for the one full-time and two part-time employees of the foundation. The foundation pays the museum director an annual stipend, which is currently \$30,000. For 2014, the foundation paid \$42,208 in lobbying fees.

### Decreased Support for Museum

The foundation committed to reimburse the museum for construction and asset acquisition costs not to exceed \$11.5 million for the Windows to New Worlds project as a match for the state appropriations of that amount. By June 30, 2014, the foundation had raised \$12,045,000, with campaign expenses of \$1,420,000, for a net total contribution of \$10,625,000. This leaves a shortfall of \$875,000 to meet the state match. According to museum and foundation staff, about \$475,000 needs to be raised as of September 2015.

From FY 12-13 to FY 13-14, contributions to the foundation decreased by 71%, the annual fund drive and exhibit revenue decreased 52%, and memberships decreased 24%. The expenses for membership services, general administration, and fundraising decreased by 18%.

The endowment maintained by the foundation had net assets of \$161,639 as of June 30, 2014, with only \$2,039 appropriated for expenditure. In FY 11-12, the value of the endowment had fallen below the level required to maintain it as a fund of perpetual duration. The foundation has indicated that it would like to build the endowment.

### Relationship with Museum

The foundation maintains offices in and shares some employees with the museum. The foundation pays rent and overhead expenses and also reimburses the museum for the payroll of its employees. The Attorney General's Office issued opinions on May 1, 2000 and June 30, 2006, concluding that the foundation operates for a public purpose since it supports the museum and contributions to it are constitutionally valid.



### ***III. Issues***

#### ***Budget Consolidation***

In FY 14-15, at the request of the museum, all five of the individual programs in the agency's budget were collapsed into one program. The agency provided the following explanation for this change in their budget plan.

*The State Museum's sole mission is to provide educational environments that entertain, inspire imagination and creativity, and enrich the lives of visitors. Therefore, it is appropriate to eliminate all separate programs within the budget as they cannot exist independently of each other and have only one program purpose. The structure change would allow the museum to better budget and monitor its funding and expenditures.*

Previously, the five programs were Collections, Exhibits, Education, Programs & Events, and Public Information & Marketing. This new single program accounts for thirty-four percent of the agency's state funds, and seventy-eight percent of the approved state-funded positions. In the FY 14-15 budget request, the agency asked for increases of \$100,000 for Outreach, \$100,000 for Marketing and \$100,000 for Education. However, due to the change in the budget structure, the budget reflected an increase of \$300,000 for personal services. By having only one program, it is harder to determine how the increased funding was used by the agency and if it was used as intended.

- *Legislative Recommendation*

As part of the budget process, the agency's programs should be listed separately in the appropriations act.

#### ***Commission Membership***

The SC Museum Commission is not fully constituted and one member is serving a term that expired in 2009.

- *Agency Recommendation*

The museum staff and the Governor's Office should work together to ensure that vacancies are filled and individual terms remain current.

#### ***Authorized Positions vs. Reported Positions***

According to the FY 14-15 appropriations act, the museum is authorized a total of 35 positions (FTEs). However, reporting in the SCEIS system from the State Office of Human Resources (OHR) indicates that there are a total of 36.75 authorized positions at the agency. Based upon discussions with OHR and the Executive Budget Office, this problem exists throughout state agencies and is due to the lack of edits within the SCEIS system to prevent entry of FTE data that does not comply with the appropriations act.

- *Legislative Recommendation*

The General Assembly should ensure that the SCEIS system accurately reflects the staffing data (including temporary staff) for all agencies by designating an entity to ensure reconciliation.

- *Agency Recommendation*

The SC Museum Commission should reconcile the FTEs in the SCEIS reporting system with the appropriations act.