

S50B01

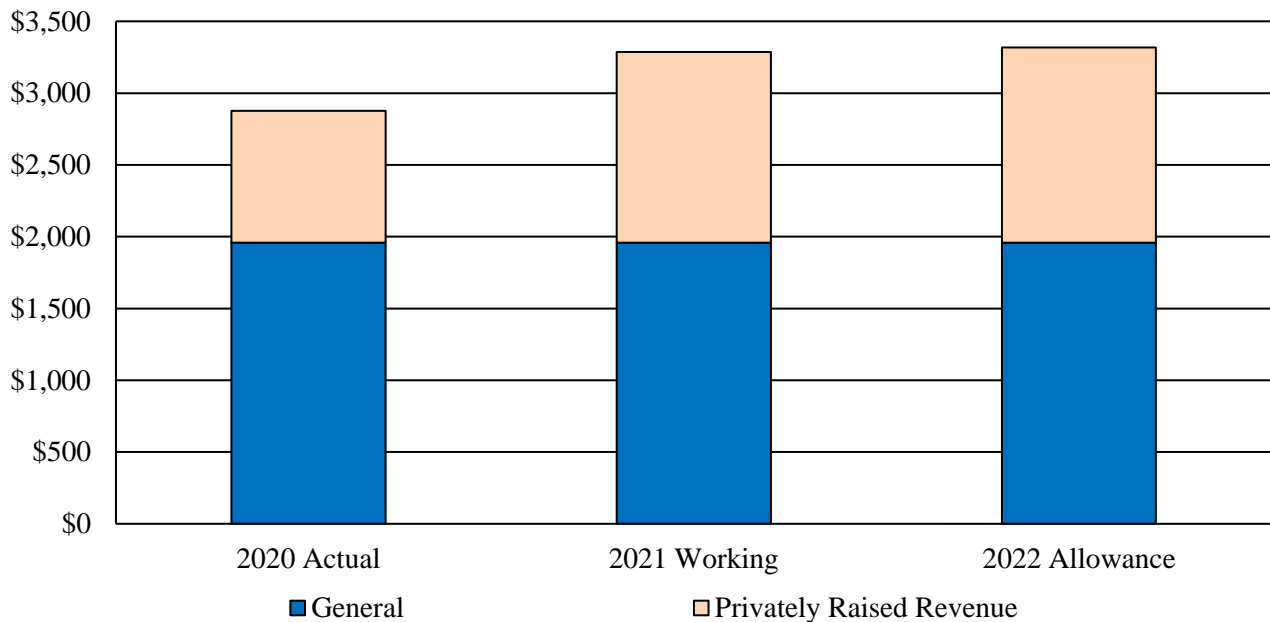
Maryland African American Museum Corporation

Program Description

The Maryland African American Museum Corporation (MAAMC) was created by Chapters 428 and 429 of 1998 to plan, develop, and manage the Reginald F. Lewis Museum of Maryland African American History and Culture in Baltimore City. MAAMC's mission is to be a resource regarding the lives of African American Marylanders by collecting, preserving, interpreting, documenting, and exhibiting contributions that represent their history. The corporation is a public instrumentality and an independent unit of the Executive Branch. A 37-member board of directors manages the corporation's affairs.

Operating Budget Summary

Fiscal 2022 Budget Increases \$31,500, or 1%, to \$3.3 Million (\$ in Thousands)



Source: Governor's Fiscal 2022 Budget Books, Vol. III

- The entirety of the fiscal 2022 budget increase is the result of an assumed increase in privately raised revenues, as the \$1.96 million general fund grant provided from the State to MAAMC remains unchanged from the amount provided in fiscal 2021 and years prior. The grant accounts for 55.3% of fiscal 2022 expenditures.

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Proposed Budget Change

State support for MAAMC is budgeted as a general fund grant. As shown in **Exhibit 1**, the Governor’s fiscal 2022 allowance for the corporation is \$1.96 million. This matches the amount in the fiscal 2021 appropriation and the past several years.

Exhibit 1
Maryland African American Museum Corporation
Expenditures and Revenues
Fiscal 2018-2022
(\$ in Thousands)

	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2019</u>	<u>Actual</u> <u>2020</u>	<u>Appropriation</u> <u>2021</u>	<u>Allowance</u> <u>2022</u>	<u>Change</u> <u>2021-2022</u>
Salaries and Wages	\$1,660	\$1,558	\$1,738	\$1,689	\$1,697	\$8
Technical and Special Fees	143	100	85	123	124	
Fuel and Utilities	278	243	251	253	257	4
Contractual Services	976	1,355	1,084	951	965	14
Other Operating Costs	426	548	\$384	267	271	4
Total Expenses	\$3,483	\$3,804	\$3,542	\$3,283	\$3,314	\$31
General Funds	\$1,959	\$1,959	\$1,959	\$1,959	\$1,959	
Privately Raised Revenue	2,128	2,275	917	1,327	1,359	\$32
Total Revenue	\$4,087	\$4,234	\$2,876	\$3,286	\$3,318	\$32
Change in Net Assets	\$603	\$429	-\$666	\$3	\$4	\$1

Source: Governor’s Fiscal 2022 Budget Books, Vol. III

A memorandum of understanding between the museum and the Department of Budget and Management includes a provision that the museum will match the State grant with its own earnings. However, as Exhibit 1 shows, after two years of privately raised revenues exceeding the amount of the State grant, the museum failed to meet this requirement in fiscal 2020. Revenues fell by nearly \$1.4 million compared to fiscal 2019, as admissions and donations were considerably reduced due to the COVID-19 pandemic, which forced the three-month closure of the museum at the end of the fiscal year. The fiscal 2021 budget for MAAMC assumes a 45% increase in privately raised revenue, as the museum was able to reopen in September 2020, albeit with modified operations and reduced capacity. The fiscal 2022 allowance assumes a modest \$32,000 increase in revenue, which is still more than \$900,000 below fiscal 2019 earnings.

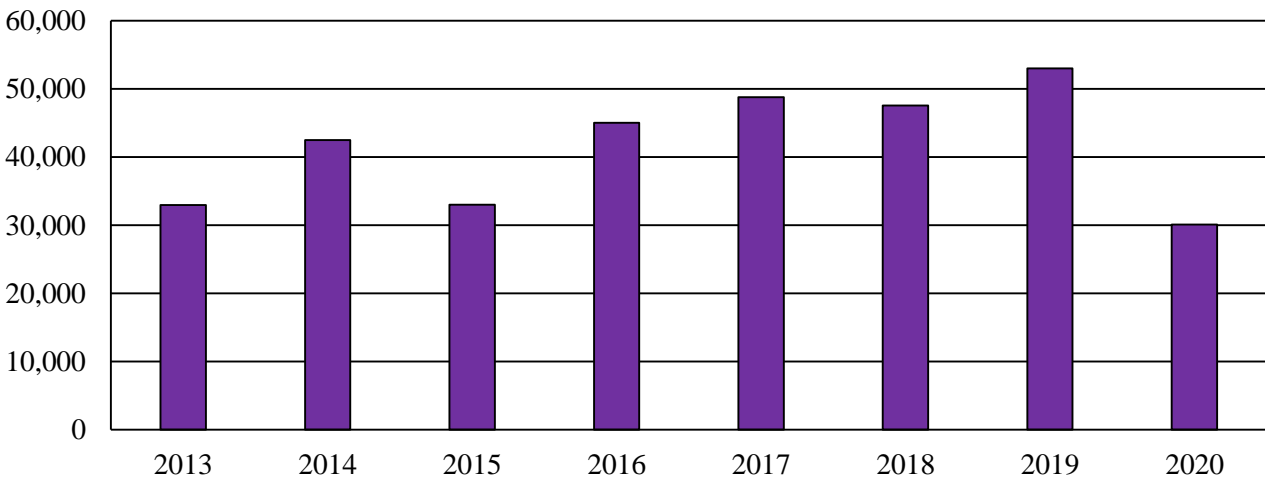
With the museum’s closure, MAAMC was able to reduce operating expenses by \$262,000, but expenditures still exceeded available revenues by approximately \$666,000. Projected expenditures in fiscal 2021 and 2022 reflect growth to match the assumed increase in available revenue and the reopening of the museum at reduced operations.

Key Observations

1. Museum Attendance Drops Dramatically Due to COVID-19 Pandemic

As shown in **Exhibit 2**, attendance at the Reginald F. Lewis Museum of African American History and Culture decreased significantly in fiscal 2020 to 30,113 visitors, after experiencing a nearly 12% increase in attendance the year prior. Closing the museum for the fourth quarter of the fiscal year due to the COVID-19 pandemic put attendance at its lowest point in the past decade.

Exhibit 2
Visitor Attendance
Fiscal 2013-2020



Source: Maryland African American Museum Corporation Annual Reports, 2013-2020

Like many other businesses and organizations, the museum refocused its outreach and experiential efforts to a more virtual format. As reported in its fiscal 2020 annual report, the museum had over 206,000 website visits, a social media audience of nearly 18,000, and virtual program attendance of 6,775. It is difficult to ascertain, however, whether these figures reflect an increase over prior years, as the museum does not report clear and consistent performance measures either through the State’s Managing for Results platform or in its annual report.

S50B01 – Maryland African American Museum Corporation

Section 9-2606 of the State Government article requires MAAMC to develop a strategic plan every five years, in addition to reporting annual statistics on the various types of visitors served by the museum. The most recent strategic plan was submitted in 2016.

MAAMC should brief the budget committees on how the COVID-19 pandemic has impacted the museum's operations and financial outlook in addition to addressing plans for updating the 2016 strategic plan and how inclusion of the virtual environment fits into the museum's future.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

**Appendix 1
Object/Fund Difference Report
Maryland African American Museum Corporation**

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 1,959,000	\$ 1,959,000	\$ 1,959,000	\$ 0	0%
Total Objects	\$ 1,959,000	\$ 1,959,000	\$ 1,959,000	\$ 0	0%
Funds					
01 General Fund	\$ 1,959,000	\$ 1,959,000	\$ 1,959,000	\$ 0	0%
Total Funds	\$ 1,959,000	\$ 1,959,000	\$ 1,959,000	\$ 0	0%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.