



North Carolina Department of Natural and Cultural Resources  
Report on Charging Admission Fees

NC Museum of Natural Sciences (NCMNS)  
NC Museum of History (NCMOH)

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Prepared by:  
Department of Natural and Cultural Resources  
NC Museum of Natural Sciences  
NC Museum of History

## Introduction

Section 14.11.(b) of Session Law 2015-241 directs the Department of Natural and Cultural Resources (DNCR) to study issues related to charging admission fees at the North Carolina Museum of History (NCMOH) and the North Carolina Museum of Natural Sciences (NCMNS) – collectively “Museums.” This study addresses the following issues:

1. The impact on receipts and attendance if the Museums charged an admission fee.
2. Admission fee policies for state-supported museums in other states and the impacts and receipts from those fees.
3. The costs of new or modified infrastructure and other implementation costs necessary for the Museums to charge fees.
4. Any synergies or cost savings in the charging and collection of fees due to the geographic proximity of the primary facilities for each of the Museums.

## Background

Both the North Carolina Museum of Natural Sciences (NCMNS) and the North Carolina Museum of History (NCMOH) are located within the Department of Natural and Cultural Resources (DNCR). The museums have been free to the public since their respective openings 136 and 114 years ago

The museums are strategically located on Jones Street, across the Bicentennial mall from one another and in close proximity to the State Capitol, the Legislative Building and just a block or two away from the Executive Mansion. This area of Raleigh is informally recognized as a Cultural District within the Government complex.

At their mission cores, the NCMNS and NCMOH hold the State’s collections of scientific specimens and historical and cultural objects in the public trust, and make them accessible to all who wish to learn from them. Currently, both of these museums reside in the Department of Natural and Cultural Resources (DNCR). With a vision to be the leader in using the state’s natural and cultural resources to build the social, cultural, educational and economic future of North Carolina, DNCR operates multiple state treasures including these two significant museums. The agency’s mission is to improve quality of life in NC by creating opportunities to experience excellence in the arts, history, libraries and nature in North Carolina by stimulating learning, inspiring creativity, preserving the state’s history, conserving the state’s natural heritage, encouraging recreation & cultural tourism, and promoting economic development.

In order to support the mission, DNCR operates under three strategic goals that drives the daily work efforts around education, economic development and efficiency.

- Education - Promote opportunities for online, outreach, and onsite educational experiences that are innovative, interactive, and inspirational (but still authentic and memorable) to improve quality of services and to stimulate learning
- Economic Development - Create opportunities for engaging participants through innovative programming, thematic scheduling, and earned income activities for

- national distinction to promote economic development
- Efficiency – Preserve, conserve and protect North Carolina’s natural and cultural resources in a more efficient and effective manner

DNCR employs passionate staff that daily invest their time and energy to serve North Carolina to achieve these strategic goals. These employees are dedicated to preserving our state’s history and conserving our state’s resources for the future. The recent transfer of five divisions from another agency into DNCR highlighted the cultural similarities among state employees and support group staff committed to serve the museum community with sincerity and expertise. NCMNS is one of these five divisions that merged into this expanded agency.

While maintaining a strong focus on the educational aspects of operating a museum, both the NCMNS and NCMOH recognize the important strategic goal of engaging audiences to experience the museums while generating revenue in order to achieve its mission successfully. Both museums participate in ongoing strategic efforts to achieve such sustainability.

Additionally, both the NCMOH and NCMNS maintain significant relationships with non-profit support groups that encompass the strategic vision and mission of these State entities. These public-private partnerships are essential to maintaining successful museums.

### ***North Carolina Museum of Natural Sciences***

The North Carolina Museum of Natural Sciences opened in 1879 with a vision to “illustrate the natural history of the state” and it’s been playing a significant role ever since. With the mission “to illuminate the interdependence of nature and humanity,” the NC Museum of Natural Sciences is a high-performing nexus of research, collections, living collections, exhibitions and digital media, school and lifelong education, community engagement, and a regional network—each fueled by great expertise and a diversifying portfolio of public, earned and contributed funds. Engaging approximately 1 million visitors a year, NCMNS reaches a broad audience through its facilities including its flagship facility in downtown Raleigh, featuring the Nature Exploration Center and Nature Research Center which opened to national acclaim in 2012; the Research Labs; Prairie Ridge Ecostation; and the branch in Whiteville.

The Museum’s approximately 170 full-time staff work side-by-side with volunteers who provide almost 70,000 hours annually delivering outstanding science education experiences to visitors of all ages. The Museum’s mission depends on a myriad of national and international connections, along with collaborate with the corporate and nonprofit sectors. The Museum also attracts grants from national agencies, such as the National Science Foundation, and private foundations.

Two organizations support the mission and work of the NC Museum of Natural Sciences. First, the Friends of the NC Museum of Natural Sciences was founded in 1979. The Friends are a private, nonprofit group with the sole mission to benefit the Museum's educational programs,

exhibits and research through membership, fundraising and advocacy. A 26-person Board of Directors comprised of leaders from across the region, oversee the work of the Friends.

Second, the Museum Advisory Commission has existed since 1960. Its State mandate is “to formulate policies for the advancement of the mission, to make recommendations to the Governor and to the General Assembly concerning the Museum, and to assist in promoting and developing wider and more effective use of the North Carolina State Museum of Natural Sciences as an educational, scientific and historical exhibit.” Membership of the Advisory Commission comprises 35 appointed and ex officio members who meet quarterly.

NCMNS is the State’s most visited museum and, along with the NCMOH, have been recently described as “the Smithsonian of the Southeast.” NCMNS is regarded as a thought leader in the field of major nature and science museums, recently winning a National Medal at the White House for its outstanding community service.

### ***North Carolina Museum of History***

The idea for a history museum came soon after the creation of the NCMNS. In 1898, the NCMNS hosted a display introducing NC history to the public. Under the name Hall of History, the history museum opened in 1902 and was later renamed the Museum of History in 1965.

The NCMOH’s mission is to collect and preserve artifacts and other historical materials relating to the history and heritage of North Carolina, and to educate the public on the history of our great State. The division interprets history through exhibitions, educational programs, and publications available to the visitor on-site or through distance-learning technologies. With over 400,000 on-site visitors annually, including over 74,000 school children, and over 40,000 more students reached through the museum’s distance learning programs annually, the museum is a critical educational resource for teachers and students across the State.

The Museum is also supported by two support groups. The NC Museum of History Foundation is responsible for raising money for the Museum’s major projects, including exhibits and building campaigns, and the Museum’s endowment. The Foundation will also be handling the building campaign for a new or renovated Museum of History. A planning study is currently underway to determine whether to build a new museum or renovate the current building. The Museum Associates manages the gift stores and funds temporary exhibits and supports programming and other activities at the Museum.

NCMOH is the nation’s most visited state history museum without a giant screen theater.

### **Current Strategy**

The philosophy of the Department of Natural and Cultural Resources is to provide a basic experience to all of its visitors for as close to free as is practicable while charging reasonable rates for any enhancements to that basic experience and encouraging donations at multiple

points along the visitor experience. For example, a self-guided tour at a historic site might be offered for free by brochure but a guided tour might cost a few dollars with a special behind-the-scenes tour costing a bit more. This allows the State to provide a core service and to realize some revenue while incentivizing staff to be as entrepreneurial in their stewardship of a State resource.

2016 marks the innovative shift in NC's approach to State museums. The defined intent of the newly formed Department of Natural and Cultural Resources includes maximizing the public value of, and access by all citizens to, our museums and other attractions. Now, the NCMNS, NCMOH and NCMA – TripAdvisor's leading attractions in Raleigh and are regarded by the Greater Raleigh Convention and Visitors Bureau as engines of economic development<sup>1</sup> – are located together in one department.

### ***North Carolina Museum of Natural Sciences***

In March 2015, the Museum's management team developed the following *Continuing Goals of the NC Museum of Natural Sciences*:

1. Administer a proficient infrastructure of facility, equipment, finance, staff, volunteer, and technology resources by maintaining mutually beneficial relations with the nonprofit, public and private sectors at local, state and national levels.
2. Amplify the published body of scientific research concerning natural origins, history, processes, and biodiversity by collecting, conserving, documenting, interpreting, and making available collections of evidence, increasingly with citizen assistance.
3. Connect the natural sciences to the public by creating and maintaining an accessible array of unique exhibitions, programs and digital media that answer the questions 'what do we know?', 'how do we know?', 'what is happening now?' and 'how can I participate?'
4. Deliver an engaging unique menu of onsite, offsite, online and outdoor programs about the natural sciences by learning, teaching and participation opportunities for all ages, including underserved and special needs populations.
5. Augment the strength, results and funding base of multi-faceted efforts by embracing and applying the principles and practices of collective impact with a diverse array of local, regional, national and international partners.
6. Market and communicate powerful images and messages to target audiences, funders and other stakeholders by evaluating, positioning and promoting the purpose, value and brand of all resources and by providing excellent levels of service, internally and externally.
7. Maximize the prestige of the institution as a progressive model for science museums by disseminating its innovations, offering professional development, participating on boards, panels and commissions, and hosting and participating in conferences and workshops.

As reflected by Goal #1, the Museum strives for a healthy and diversified mix of the State appropriations, private fundraising, grant support and earned income to maintain efficient and

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<sup>1</sup> See, e.g., [www.pcmaconvene.org/features/cover-story/globalizing-knowledge/](http://www.pcmaconvene.org/features/cover-story/globalizing-knowledge/).

effective operations. In FY 2015, the Friends of the Museum raised \$4.1 million on behalf of the Museum. Admission fees to the Museum's popular 3D movies, featured exhibitions and ticketed events generated \$755,628. The Museum is also a popular rental venue by corporations, private individuals and non-profit organizations. Through rental and catering fees, \$306,632 was generated on behalf of the Museum. Sales in the Museum Store totaled just over \$1 million. Approximately 3,200 individuals and families are members of the Museum, generating \$242,000 in membership dues. In addition to this earned revenue, in FY 2015 contributions exceeded \$1.6 million. An estimated \$1 million awarded annually to the Museum through a combination of foundation, federal and other grant sources.

Major private sector contributions to the Museum's two capital campaigns and operating support were, and continue to be, provided under the understanding of free admission as a pillar of their successful public-private partnerships. Based on this, the private funds raised for the construction of the NCMNS, which opened in 2000, and the Nature Research Center, which opened in 2012, were \$58 million.

### ***North Carolina Museum of History***

Currently, the State's budget for the NC Museum of History only covers salaries and operating expenses. The Museum must raise private funds or use earned income for all of its programs and exhibits. Therefore, the Museum has adopted a strategy of increasing its earned income as well as donations from its support groups. The Museum generates earned income to support its programs through renting the Museum facilities for functions such as wedding receptions, meetings, and legislative receptions sponsored by organizations like the Chamber of Commerce. In addition the Museum periodically produces or rents an exhibit for which it will charge an admission fee. Some Museum programs, like summer camps and films, are also fee based. The Museum will also occasionally rent one of its own traveling exhibits to a private museum or organization to generate income.

As mentioned above, the NC Museum of History Foundation also provides funding for the museum's programs and exhibits through sponsorships, grants, rent from the museum restaurant and outright donations. Between 2008 and 2010 the Foundation raised over \$2.5 million for the permanent exhibit on the history of our State, *The Story of North Carolina*. The Foundation is currently conducting a campaign to raise funds for an endowment that will generate income to support the Museum. So far, the campaign has raised nearly \$3 million of its \$10 million goal. In addition, the building campaign, while currently on hold pending the study, has already raised over \$1.3 million.

The NC Museum of History Associates supports the Museum's activities through event-based fundraising activities like their Annual Spring Frolic dinner and auction, Museum membership proceeds and profits from the Museum gift shop. The Associates annually contribute over \$100,000 to support the Museum. In the early 1990's, the Associates raised over \$2.6 million for the construction of the current Museum which opened in 1994. In the past, the support groups have received several grants and sponsorships because the Museum does not charge

an admission fee.

## **Purpose of Report**

### ***1. Impact on receipts and attendance if the Museums charged on admission fee***

#### **a. Decrease in Attendance**

It is expected that with the introduction of admission fees, attendance and public engagement with the museums would experience a substantial decrease. The 2015 attendance to both museums at 1.4 million visitors (NCMOH with 401,000 visitors and NCMNS with 985,905 visitors) would be at risk to significantly decrease. In Museum Management by Kevin Moore (published by Routledge, 1994) museum attendance drops 30% in the first year when admission fees are introduced. This is a conservative estimate based on expectations of price sensitivity in this economic environment. Admission decreases could be 25-50% at both museums, meaning that the aggregate attendance decrease could be up to 700,000 visitors.

Moreover, only a portion of that number would be expected to pay the admission fee, as all museums offer some form of complementary tickets. Both NCMOH and NCMNA desire to continue to offer school children free admission, which is consistent with the policy at the NC Aquariums and the Zoo. Additionally, museum members are exempt from admission fees, which serves as an incentive to pay a membership fee to the museum's support groups. Finally, discounted admission fees are routinely offered to various groups, including seniors, children, students, military, and members of nationwide museum associations (e.g., Association of Science-Technology Centers). All of these groups may not alter plans to attend under a fee-based admission policy; however, some of these audiences would be at risk.

When admission fees were introduced at the Transportation Museum in July 2011, the Department experienced a 26% drop in visitation (Program Evaluation Division, NC General Assembly, Report No. 201201, February, 2012). Over time, the decline continued. As a result, based on a UNC STAR study in 2014, 62% of visitation now comes from special events. The admission fee requirement deters visitors from coming for a daily experience. This not only creates a decline in attendance, but also requires the entities to generate programming activities to attract visitation.

An even higher estimate is provided in the OSBM Final Report from 2003, entitled *The Feasibility of Charging an Admission Fee to the State's Museums and Similar Facilities Open to the Public*. That report notes, "[a]n analysis of statistical data reported by states, municipalities, and private non-profit museums in the United States indicate that where a general admission fee is charged, attendance may be reduced by approximately one-half."

Based on discussions at various conferences among senior leadership at museums nationwide, introducing admission fees in established, historically free, museums significantly reduces public attendance in general and for scheduled programs in particular. It also alters

visitation dynamics, reduces audience diversity, discourages repeat usage and brief visits, and reduces the institution's regional economic impact and a key tourism driver.

#### **b. Slight increase in revenue**

Without a robust, independent study, an estimate of potential receipts cannot be accurately determined. Each museum type – art, history, science – has a different value proposition and visitor demographic composition. Therefore, each museum would need to analyze local socio-economic factors and the types and schedules of experiences each offers. However, for the purpose of this report, an effort has been made to estimate the impact on receipts.

Admission fees for state museums around the country range from \$7.00 to \$13.00. The fees are, in part, based upon the types of exhibits and amenities available to the visitor. The higher priced admission fees usually include admission to all special exhibits, where the lower admission fees do not.

Using the above paid attendance figures and assuming that school groups would have free admission, the anticipated annual revenues for each museum are listed below. For this calculation, we have assumed a discounted admission fee of \$5 for each museum, recognizing that most museums have reduced admission fees for active military, seniors, college students, and youth. In fact, based on ticketing trends for featured exhibitions at the NCMNS, nearly 15% of all ticket buyers use some type of coupon or discount.

Anticipated impact on receipts with 30% decline in attendance (conservative estimate):

NCMOH: 280,700 visitors - 74,000 school children = 206,700 paying visitors x \$5 = \$1,033,500  
NCMNS: 690,000 visitors - 102,000 school children = 588,000 paying visitors x \$5 = \$2,940,000

#### **c. Cannibalization – decrease in revenue from temporary exhibits, gift stores etc.**

With the inevitable visitation decrease at NCMNS and NCMOH, there would also be adverse ripple on current receipts from fundraising efforts and earned revenue sources. This includes featured exhibition ticket sales, film ticket sales, museum shop sales, onsite donations, food sales, program fees such as summer camps and birthday parties, and souvenir sales.

These earned revenues include NCMOH's special exhibits, such as the *Mysteries of the Lost Colony*, where over \$130,000 in revenues were generated. Likewise, at the NC Museum of Natural Sciences, over \$750,000 is generated by fees to featured exhibitions, movie ticket sales, and ticketed events.

Both the NCMNS and NCMOH offer enhanced experiences as a marketing tool and a justification to charge an admission fee for special programming. The museums expect that a general admission fee would deter visitors from paying an additional, often higher, fee for a special exhibit. Not only would a general admission fee cause the museums to lose money



generated from periodic fee-based exhibits, it will reduce the impact of future marketing campaigns and deprive visitors from an enhanced experience.

As mentioned previously, charging an admission fee may reduce the attendance at the museum by up to 30-50%. By lowering attendance, there also could be a decrease in the amount of people spending money in the gift shops. Currently the Museum of History Shop generates almost \$700,000 in annual revenue. With 400,000 annual museum visitors the shop averages \$1.75 per visitor. If the visitor count were to drop conservatively 30% to 280,000 then the shop revenues could drop by \$210,000 or more. The Museum Store at the NC Museum of Natural Sciences generates over \$1 million, averaging just over \$1 per visitor. With the anticipated 30% drop in attendance, the Museum Store could lose over \$300,000 in revenue and most likely significantly more since visitors have limited disposable income and will be potentially exhausting it on the basic admission fee.

#### **d. Fundraising Challenges**

Compounding the loss of the identified earned revenue sources, there would be an anticipated reduction in contributed revenue from grants, sponsorships and major gifts. Current donors, foundations and sponsors look favorably upon the museums' policy of free admission and give to support free access for North Carolina citizens and visitors.

Capital campaign funds represent only a portion of the funding stream critical to the Museums. Both the NCMNS and the NCMOH also generate operating and programmatic funds through grants and private donors, operating within the public trust and understanding that the museums do not charge admission fees.

In FY 2015, \$2.6 million was raised for the NC Museum of Natural Sciences through contributions and grants, many built upon the premise that the Museum offered free admission. It can be expected that if an admission fee is charged, donors and sponsors, especially those compelled to give in order to provide this free resources to all citizens, will be less likely to contribute. The Museum of History's Foundation recognizes fund raising efforts generate \$750,000 a year on average.

#### **e. Challenge with visitor expectation**

When an admission fee is charged, there is an expectation that the experience will be worth the fee charged. In the case of the NC Museum of History, the building is 25 years old and lacks newer technology, such as a 4D theatre or advanced interactives to attract visitors. Moreover, the *Story of North Carolina* exhibit ends in 1960 because there is not enough space to bring the exhibit up to 2010 when it opened.

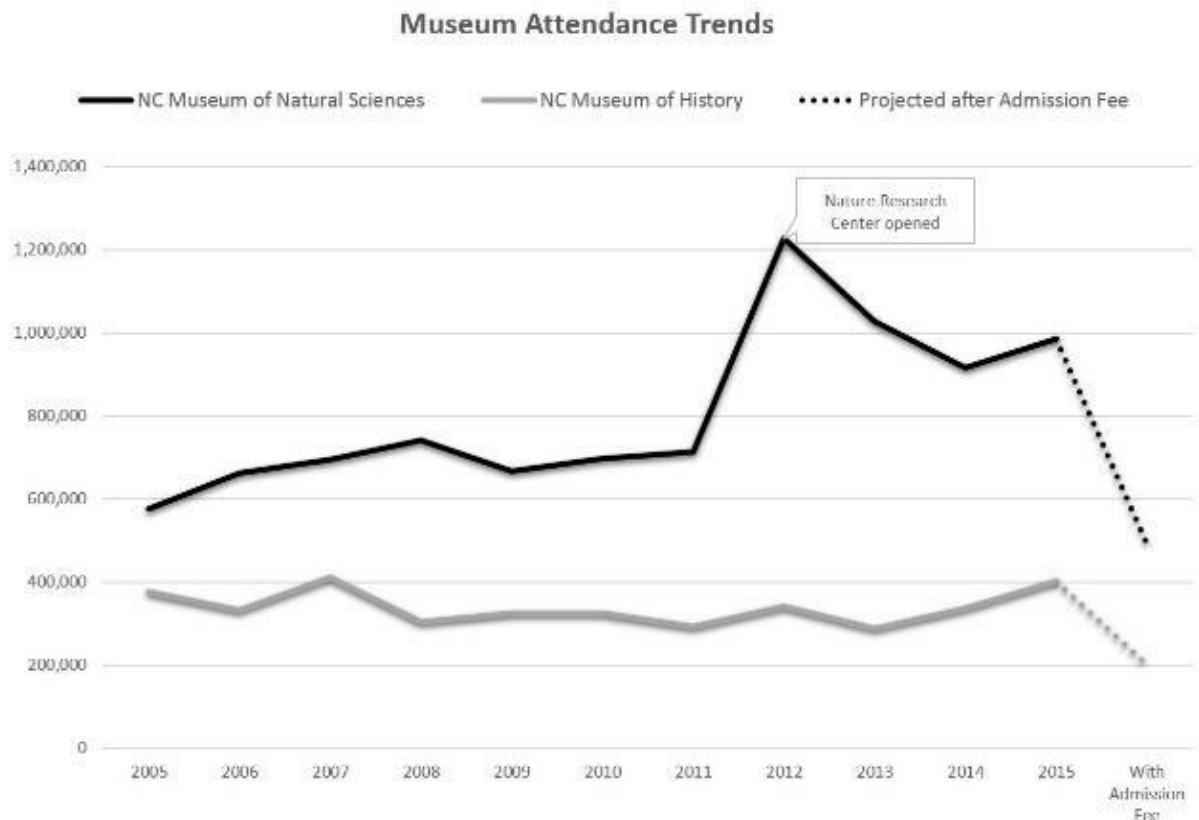
While there are plans being developed to build new space or renovate the current museum to add the technology and additional exhibit space, it will be several years before this begins. Therefore, any admission fee charged would need to be very small or the visitor may

experience frustration at the value received. With that said, a low fee can portray the fee reflects the value of the experience and detract visitation significantly. Given the Museum's educational mission of North Carolina history, this would have a significant impact the overall mission. On the other hand, free admissions can equate to a "priceless" value.

NCMOH and NCMNS are also popular destinations for a range of educational events that draw families and visitors from throughout North Carolina and beyond. For instance, BugFest at the NCMNS is the largest event of its kind in the country and draws over 35,000 visitors for a one-day festival. The NCMOH hosts its annual African-American Celebration and Native-American Celebration, which draw 20,000. These events expand to the Bicentennial Mall to present visitors with a comprehensive celebration of the theme. Introducing a fee to these inclusive and family-friendly festivals would be problematic from a logistical standpoint and pose challenges in retaining the broad support already obtained.

With a long and rich history of providing free public access to the State's natural, historical and cultural assets, it is anticipated that there would be a quick and negative backlash to the introduction of admission fees to the NC Museum of History and the NC Museum of Natural Sciences. This adverse community reaction could be expected to generate negative feedback through media outlets and social media avenues reaching local, state and national levels, impacting the stellar and popular reputations of the museums and impacting each museums' ability to reach their missions.

The museums have a longstanding and robust base of support. Public input was solicited through an NCMOH recent online to generate feedback from the community in regards to admission fee. Complementing the museums traditional audiences are new audiences that the museums have strived to cultivate in recent years. These new audiences, more representative of our communities, are beginning to seek out these institutions as places of learning, gathering and sharing. It is anticipated that the implementation of admission fees would adversely impact these new visitors, reversing the museums' work to proactively engage non-typical museum-goers. Introducing admission fees will result in members of the community feeling excluded from the natural and historical resources that make this State great.



*Source: NCMOH and NCNMS data and assumptions based on trends*

## **2. Admission fee policies for state-supported museums and the impact on receipts and attendance if the Museums charged an admission fee**

A team with staff at both NCMOH and NCMNS conducted research to review other relevant state-supported museums within the United States. Of those that charged an admission fee, there is no additional fees for special exhibits or other programming, which both NCMNS and NCMOH currently have in effect.

Further analysis of the data from the other museums reveal that the most successful museums (in terms of revenue generation) have additional attractions such as IMAX theatres, 4D theatres, planetariums, etc. The Bulloch Museum in Austin also generates over \$500,000 in revenue from having its own parking deck. The North Carolina Museum of History is the third most visited state history museum in the country, but it does not currently have the type of ancillary attractions that will attract people to the Museum if an admission fee is charged.

To generate more revenue and justify an admission fee, the museums will need to spend considerable money to continually modernize the museums and add the type of attractions that people are willing to pay for. Based on the primary research contacting various state museums and reviewing data from ATSC.ORG, most of the museums also count on earned

revenue from special programming and auxiliary services as well as state appropriations to support the museum's mission.

### ***3. The costs of new or modified infrastructure and other implementation costs necessary for the Museums to charge fees***

In order to implement an admission fee with the Museums, there would be considerable infrastructure costs. These costs include design and construction of new entrances into both museums. Currently, both museums have significant points of entry inviting the public to visit the facilities for the museums, gift shops, restaurants or the rental space. Other implementation costs include a new ticketing system to administer the admission fees. Finally, there will be ongoing operational costs for the new ticketing system for IT maintenance, as well as additional administrative staff for security and visitor services to administer the tickets.

#### **Design and Construction:**

The design and construction costs for a new and/or modified infrastructure would be substantial and cannot be accurately estimated without additional detailed study. Currently, the NCMNS and NCMOH each have multiple entries/exits and open lobbies that would need to be reconfigured to a single-point entry with secured exit points to deter re-entries.

In order to address collecting admissions fees, at a minimum partitions would need to be built at up to six entrances for both museums. These could cost at a minimum, \$20,000 each. This total one time amount of \$120,000. This would not be an ideal way to welcome visitors to the museums, but would be functionally satisfactory.

Ideally, as part of this process, it would be critical to reconsider each museum's entire lobby experience from visitor standpoints—from purchasing tickets, to an orientation experiences, to providing easy access to other revenue enhancements, including museum shops to restaurants. Shifting from a free museum to a charging museum will raise visitor expectations and the museums need to anticipate how to respond to create a heightened visitor experience.

Initial discussions with Raleigh-based offices of an international design firm indicate that cost estimates for design and construction in an open functioning public building run \$225 per square foot. The costs to implement these infrastructure changes on the first floors of the NCMNS's Nature Exploration Center and the Nature Research Center, as well as the exterior entranceways, measure 12,500 square feet. Cost necessary to implement a new ticket-based entranceway for the NCMNS are estimated at \$2,812,500 in renovation to properly institute admissions charge entrancing to the building. The renovations needs are complicated at the NCMNS because of public access to the Nature Research on three floors that are shared with the Department of Environmental Quality. Costs for proper upfit of the lobby of the Museum of History to facilitate admission-based entry is estimated at \$250,000. Total infrastructure costs

for both NCMNS and NCMOH are estimated at \$3,062,500 to create an ideal entrance way and state of the art lobby. Again, these estimates would reflect an ideal visitor experience and are most likely cost prohibitive at this time.

#### Ticketing Systems:

In addition to the hard costs for a different infrastructure, the museums would need to purchase entirely new ticketing systems and invest in training and ongoing maintenance contracts. The cost to purchase a system is estimated at \$25,000 to \$50,000 upfront, per entrance, for a potential cost of \$200,000. The average annual maintenance fee of a minimum of \$35,000, per Museum. In addition, because each site will be accepting credit cards, annual PCI compliance expenses will be incurred. These hard costs do not include training costs for staff.

#### Ongoing Operations – maintenance and staffing:

The budget for operations will need to increase due to additional costs to maintain a ticketing system, as well as for staff necessary to sell tickets, monitor the entrances and maintain the facilities for the visitor experience. The estimated staff required for security and visitor services is as follows:

- NCMNS:
  - 6 additional employees in Visitor Services and Security @ \$41,000 avg. compensation
  - 1 additional employees in the business office to handle the additional accounting and tax revenue collection reporting required. \$48,000 avg. compensation
  - \$35,000 annual maintenance fee
- NCMOH:
  - 3 additional employees in reception and security @ \$41,000 avg. compensation
  - 1 additional employees in the business office to handle the additional accounting and tax revenue collection and reporting required @ \$48,000 avg. compensation
  - \$35,000 annual maintenance fee

To be more specific in the estimates for revenue and expenses to identify a net impact, more analysis would need to be conducted. In general, the museums would increase revenue by a few million dollars for NCMNS and one million for NCMOH with admission fees at an average fee at \$5.00 due to discounts etc. This is based upon an estimated 30% decrease in visitation against last year's figures. Considering a similar negative impact to the earned revenue including programming and gift stores, along with a decrease in fund raising dollars since many donors contribute to make the museums free to the general public, the revenue increase would be a less. The cost of implementing a system and the ongoing maintenance cost would also require additional one time and ongoing expenses.

#### ***4. Any synergies or cost savings in the charging and collection of fees due to the geographic proximity of the primary facilities for each of the Museums.***

The museums are distinct entities with separate and complex entrances, and will not see any cost savings due to their proximity for remodeling the entrances and for security. Since both museums would need to add a ticketing system, there's opportunity to share in the research assessment of ticketing systems and potentially synergies in the purchasing and installation of a new system. The maintenance and license costs however will be relatively the same as a stand-alone purchase due to the multiple entrances and the ongoing operational costs.

There may also be slight savings in cross-training staff. However, these two museums currently operate with separate staff due to the different disciplines science and history serve.

## **Consideration**

The anticipated impacts of charging admission fees at NC's two most visited state museums would result in a significantly negative benefit-cost ratio when multiple impacts on the institutions and their audiences are taken into account. Instead, supported by DNCR's strategic plan and both museums strategic goals, the commitment remains to generate revenue through temporary exhibits, special events, programming, rentals and the traditional retail outlets of restaurants and gift stores.

To keep the significant fund raising efforts intact, providing a free admission based museum experience is critical as well. With the recent transfer of the NCMNS to DNCR, there's even more of an incentive to identify strategic programming to generate renewed enthusiasm among visitors to experience both history and science within North Carolina.

DNCR recommends these museums focus on current strategic goals of education, economic development through programming and other income-based activities, and efficiency objectives. With the only potential gain from introducing admission fees at the two downtown State Museums being increased memberships, the enthusiastic efforts by both institutions to grow and retain self-generated revenues using new General Assembly provisions to implement dynamic pricing with revolving funds are a much more positive, holistic approach.

The concept of introducing admission fees is not a new topic. On the national stage, the Smithsonian Institution, free of charge since its founding in 1846, has formally considered the question of general admission fees six times during the past half century. According to the report *The Smithsonian Institution and General Admission Fees/Office of Policy and Analysis, May 2008*, each study concluded that the benefits of not charging general admission outweighed the costs of lost revenue and other opportunity costs. In addition, the Smithsonian study recognized that museums rely heavily on donations of artifacts and these contributions are generally offered to be shared with the state or the nation for free. The Raleigh's Convention and Visitors Bureau informally boasts Raleigh as having the "Smithsonian of the South" based on an abundance of high-quality, free museums, historic attractions and educational institutions.

Many museums around the world are moving from fee based to free admission. In the United Kingdom, national institutions like the Victoria and Albert Museum saw an increase in attendance from 30% to 83% over a five year period once they stopped charging admission. Elsewhere, institutions like the National Museum of Australia saw a 50-80% drop in visits following the introduction of admission fees.

Elaine Heumann Gurian, a leading American museologist, renowned for her insightful contributions to a wide variety of museums across the United States and around the world ([www.egurian.com/working-museums/biography](http://www.egurian.com/working-museums/biography)). In her oft-quoted paper titled *Free at Last* in her 2005 anthology titled *Civilizing the Museum*, she thoroughly investigated the issue of charging admission at public museums and concluded:

*I have reluctantly, but unequivocally, come to the conclusion that general admission charges are the single greatest impediment to making our museums fully accessible ... The major and undeniable problem with charging is that it is a means test ... only those who can afford the cost, and think the experience is valuable enough to pay for, can have access to the patrimony that bellows to us all. We cannot continue to discuss inclusion if we continue to charge for general admission.*

For these reasons, DNCR believes that the negative impacts to creating an admission fee to these two museums outweighs the potential upside.