

## ISSUE ONE

### UNSTABLE AND INADEQUATE GOVERNMENT AND PRIVATE FUNDING

During the mid-1990s, the Southern Oregon Historical Society had 40 employees and a \$2.2 million budget, principally from a voter-designated portion of the property tax. The society was viewed as one of the leading heritage institutions in the state. But as 2010 began, its doors were closed and its board was looking for new funding to again serve the public.

While the story may not be as dramatic in other communities, almost all heritage activities and organizations in Oregon are struggling to maintain funding and to gain increased support in a highly competitive funding environment. The biggest challenge facing Oregon's heritage community is the lack of stable funding, according to the 2010 Oregon Heritage Solutions Survey.

#### STATE FUNDING REDUCED

The most publicized funding challenge has been at the Oregon Historical Society (OHS). It had an unbroken stream of state appropriations from 1899 to 2003, when it dropped to zero. The Legislature renewed some funding in its 2007 and 2009 sessions, but the amounts totaled less than the historical pattern of funding 30-40 percent of OHS's total operating expenses. Multnomah County voters approved a 5-year special levy in the November 2010 elections that will provide a safety net while OHS seeks renewed state support.

Nearly all states support state history museums, either by making them a part of state government or by funding some of their operations. In Washington, for example, the state's general fund in 2009 provided 65 percent of the operating funds of the Washington State Historical Society. In Idaho, the state provided 64 percent. In Oklahoma, 77 percent. (Legislators in those states were considering reductions in support as 2011 began.)

Oregon's SHPO has remained stable, thanks to federal funding and to lottery funds from a 1998 ballot measure benefiting the Oregon Parks and Recreation Department, wherein SHPO is based. Some of these funds have then been distributed to qualified cities and counties. The lottery funds, which are also apportioned to the Oregon Heritage Commission

*"The vast, vast majority of museums closing and crediting the economy for doing it are doing so because of a loss of state and/or local funding. Otherwise, it appears history organizations for the most part are scraping by, with a few exceptions."*

- Terry Davis, president and CEO, American Association for State and Local History



*Heritage Station Museum, Pendleton*

### BUCKING THE TREND

Crook County is the lone exception to declining county support for museums. Voters in November 2010 approved a four-year levy to support the operations of the Bowman Museum. However, the Crook County Historical Society and other private donors are paying for nearly all of a \$1.6 million museum expansion project.

### PROTECTION NEEDED

More than 41 percent of the archaeological firms and organizations surveyed in Oregon said increased funding for law enforcement to pursue and prosecute looting cases is one of the most important issues of the next 10 years.

and the Oregon Commission on Historic Cemeteries, have declined in the past several years and are expected to remain flat in the foreseeable future.

#### COUNTIES FARE WORSE

Beginning in the 1940s, citizens in a half dozen Oregon counties voted to tax themselves to support historical organizations, such as the Southern Oregon Historical Society in Jackson County. However, statewide voter passage of tax limitation Ballot Measures 5, 47 and 50 during the 1990s eliminated the tax designations, although not necessarily the taxes. The decline of federal payments to counties in lieu of property taxes on forest land also resulted in the elimination or reduction of county government support for historical societies, historic cemeteries, historic preservation planning and other heritage efforts.

As a result, heritage efforts have lost millions of dollars of government support during the past two decades. County funding for historical societies declined 10 percent from fiscal year 2009 to fiscal year 2010, with further reductions underway in fiscal year 2011. Statewide, governments provide on average less than 10 percent of total museum funding.

“I’ve been in the museum business for twenty years and this is the first museum that I’ve been associated with that has received so little support from the state or from the regional organizations or city or county,” said Janeanne Upp of the High Desert Museum, one of the largest heritage museums in the state.

#### STATE INCENTIVES DECLINE, YET PRODUCE MUCH

Oregon was the first state in the nation in 1975 to create a special tax assessment, or “property tax freeze,” to encourage the preservation of historic buildings and districts and stimulate reinvestment in them. The number of participants, according to a 2008 Legislative Task Force on Historic Property, has declined significantly since the passage of property tax reforms in the 1990s. There was an average of 82 new participants per year prior to 1995, and only 37 per year since.

While the Department of Revenue estimated the statewide cost of this program was about \$28 million per biennium in “lost” property taxes, the State Historic Preservation Office found these new participants were committed to investing an average of \$73.2 million per year in rehabilitating their historic buildings.

## EARNING THEIR OWN

With limited government support, heritage organizations in Oregon, perhaps more than in any other state, rely on grants, admission fees, memberships, and other private funds for operations.

When governments reduce or eliminate funding for heritage, officials generally encourage organizations to seek more grants. However, both private and public grant funds for operations are limited and meet only a fraction of the needs. Most often, grants are available for projects only. SHPO, the Oregon Heritage Commission and the Oregon Commission on Historic Cemeteries typically receive requests totaling 2-4 times the amount of grant funds they have available for projects..

The Oregon Cultural Trust has been able to fund 41 percent of the grant applications it receives from heritage nonprofits, typically at amounts significantly below requests. Thirty percent more applicants requested cultural development funds in 2010, but the amount awarded increased just two percent. Fewer than ten small or mid-size foundations in Oregon regularly give major support to historic preservation and heritage statewide.

The Main Street Program, which helps communities re-develop historic commercial areas, awarded \$114,288 in facade improvement grants in 2009. Participants' matching contributions more than doubled the grant-dollar impact.

## WEAK, YET IMPORTANT PRIVATE SUPPORT

Memberships to heritage organizations also provide limited support, with annual dues often as low as \$10. Admission fees are often small amounts. More than half of the museums offer free admission or suggest a donation, according to the Heritage Assessment Survey.

Private support for heritage across the country is showing signs of distress. A 2010 national study showed that two-thirds of charities reported fewer individual donors, and two-thirds noted local donations are smaller than previously.

In Oregon, philanthropy is also transforming. Heritage organizations have relied on older generations of donors who give because they want to support a local organization. Reports now show that younger donors are increasingly giving to national and international causes.

**No, OR LOW COST**

48 percent of the Oregon museums said they charged no admission fee. Another 48 percent said they charge \$1-\$5.



*Pacific Railroad Preservation Association*

## ROOM TO GROW

Nationally, a 2008 study by the Institute of Museum and Library Services showed that in federal government grant support for museums, Oregon ranked 39th among the 50 states on a per capita basis.



*Merrill Cemetery, Merrill*

## THE MULTI-MILLION-DOLLAR PARADOX

While private and public funding remains unstable and totals far less than amounts necessary for full public service, service demands on many Oregon heritage organizations are increasing. More than 55 percent of the museums reported increased attendance in the past 10 years, while 65 percent reported increased use of their archives and 73 percent had received more online inquiries. Other sectors reported increased demands as well.

Leaders of Oregon heritage organizations say attendance and service demands could be even higher. They note that many people who like quality national productions on television or sophisticated websites, most of which are free, may not be aware of their local resources, many of which require payment. The organizations want to serve those people, too, and are trying to find out how to attract them.