

TITLE 23: EDUCATION AND CULTURAL RESOURCES  
SUBTITLE B: CULTURAL RESOURCES  
CHAPTER II: DEPARTMENT OF NATURAL RESOURCES

PART 3200  
PUBLIC MUSEUM GRANTS PROGRAM

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**AUTHORITY:** Implementing and authorized by Section 1-25(22) of the Department of Natural Resources Act [20 ILCS 801/1-25(22)].

**SOURCE:** Emergency rule adopted at 3 Ill. Reg. 11, p. 18, effective March 1, 1979, for a maximum of 150 days; emergency expired July 28, 1979; adopted at 4 Ill. Reg. 18, p. 113, effective April 22, 1980; amended at 5 Ill. Reg. 5649, effective May 18, 1981; codified at 8 Ill. Reg. 1448; amended at 10 Ill. Reg. 4536, effective February 28, 1986; recodified from the

Department of Energy and Natural Resources to the Department of Natural Resources at 22 Ill. Reg. 11230; emergency amendment at 22 Ill. Reg. 17381, effective September 17, 1998, for a maximum of 150 days; emergency expired February 13, 1999; emergency amendment at 22 Ill. Reg. 22097, effective December 3, 1998, for a maximum of 150 days; emergency expired May 1, 1999; amended at 23 Ill. Reg. 11926, effective September 15, 1999; emergency amendment at 26 Ill. Reg. 13706, effective August 29, 2002, for a maximum of 150 days; emergency expired January 25, 2003; amended at 28 Ill. Reg. 2201, effective January 26, 2004.

#### SUBPART A: CAPITAL GRANTS PROGRAM

##### **Section 3200.5 Authority**

For the purpose of determining eligibility of Illinois public museums, as defined in Section 1-25(22) of the Department of Natural Resources Act [20 ILCS 801/1-25(22)], so that such museums may qualify for support under Public Act 80-218 ("Act"), this Part is promulgated.

(Source: Amended at 23 Ill. Reg. 11926, effective September 15, 1999)

##### **Section 3200.10 Definitions**

"Attendance" means the documented number of visitors at the public museum's facility or facilities for the preceding calendar year.

"Capital Expenditure" means an outlay of capital that confers long-term benefits that permanently improve the property's value or usefulness. Capital expenditures generally include, but are not limited to, one or more of the following purposes: architectural planning and engineering design; demolition (in preparation for additional work); site preparation and improvement; utility work; new construction of buildings and structures; reconstruction or improvement of existing buildings or structures; construction of permanent exhibits; initial furniture and equipment integral to the project; replacement of currently utilized assets by a better asset; and expansion of existing buildings or facilities. Work that constitutes repairs, maintenance or remodeling of a limited nature or scope, which is not done as part of a larger bondable project, shall not be considered bondable capital expenditures. A non-bondable project is generally one that maintains or preserves the existing conditions, use or size of a capital asset and that is neither in the nature of a betterment nor a change to the capital asset's condition, use or size. Generally, such work does not significantly add to the value of the capital asset nor appreciably prolong the life of the capital asset.

The following are operating or other types of expenditures that are not considered capital expenditures:

projects with a total cost of less than \$25,000;

acquisition of museum collections, objects, or specimens;

feasibility studies, long-range development plans, master plans, and historical or archaeological research;

development of temporary or traveling exhibits;

repair to current exhibits;

costs of repairs or maintenance that are normally anticipated to occur;

remodeling of a limited nature or scope that is not done as part of a larger bondable project;

costs of staff or resident labor and material;

operational and administrative expenses;

installation of fire alarms, smoke detectors, or connections of building monitoring systems to a central or off-site central monitor, unless included in a larger bondable project; and

purchase of vehicles or construction equipment.

"Care" means the keeping of adequate records pertaining to the provenance, identification and location of the museum's holdings, and the application of current professionally accepted methods to their security and to the minimization of damage and deterioration.

"Certification" means an attestation by a unit of local government that a museum that is not operated by or located on land owned by a unit of local government meets the eligibility criteria established in State law.

"Community" means the population base normally served by the public museum.

"Department" means the Illinois Department of Natural Resources.

"Director" means the Director of the Department.

"Fiscal Agent" means an affiliated entity that may expend and receive funds on behalf of the public museum. If grant funds are to be distributed to a fiscal agent

on behalf of the public museum, the chief executive officer of the public museum must sign a statement certifying:

that there is an ongoing relationship between the public museum and the fiscal agent;

that the fiscal agent may incur expenses for the public museum's project; and

that grant funds will be used specifically for the public museum's project.

"Matching Funds" means local government and/or private funds committed to the proposed project. State and federal funds are not eligible as matching funds.

"Nonprofit" means that the public museum has documentary evidence of its tax-exempt status under the regulations of the U.S. Internal Revenue Service.

"Organized" means that the public museum is a duly constituted body with expressed responsibilities.

"Permanent" means that the public museum has been open to the public, for its instruction and enjoyment, for at least 2 years and is expected to continue in perpetuity.

"Professional Staff" means that the public museum has at least one paid employee, who commands an appropriate body of special knowledge and the ability to reach museological, zoological, aquarium, or botanical (whichever shall be applicable) decisions consonant with the experience of his or her peers, and who has access to and acquaintance with the literature of the field, and that such employee works sufficient hours to meet adequately the current demands of administration and care.

"Public Museum" means a facility that has been open to the public, for its instruction and enjoyment for at least two years and that is operating for the purposes of promoting cultural development through special activities or programs or performing arts and acquiring, conserving, preserving, studying, interpreting, enhancing, and, in particular, organizing and continuously exhibiting (subject to temporary interruption due to construction or catastrophe) specimens, artifacts, tangible objects, articles, documents and other things of historical, ahropological, archaeological, industrial, scientific or artistic import.

"Schedule" means regular and predictable hours which constitute substantially more than a token opening, so that access is reasonably convenient to the public.

"Tangible Objects" means specimens, artifacts, articles, documents; non-domesticated plants or animals, including fish; and other things of historical, anthropological, archeological, industrial, scientific or artistic import that form the public museum collections and have intrinsic value to history, science, art or culture.

"Unit of Local Government" means counties, municipalities, townships, special districts and units, designated as units of local government by Illinois law, which exercise limited governmental power or powers in respect to limited governmental subjects, but does not include school districts.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.15 Purpose**

The Public Museum Capital Grants Program is designed to help public museums in Illinois expand and upgrade facilities and create new exhibits and other physical facilities to enhance public museums' abilities to meet their mission.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.20 Eligibility Criteria**

- a) Subject to restrictions inherent to certification (see Section 3200.35) based on the available funding sources, e.g. Capital Development Bond Funds, any public museum located in Illinois may be eligible to submit one application per grant cycle for a capital project if it establishes to the reasonable satisfaction of the Director that:
- 1) It is a public museum that has been open to the public, for its instruction and enjoyment, for at least two years;
  - 2) It is operated by or located upon land owned by a unit of local government or has been certified as a public museum in accordance with Section 3200.35;
  - 3) It is an organized, permanent institution that is tax exempt under the regulations of the U.S. Internal Revenue Service;
  - 4) It meets generally accepted professional standards as in the accreditation programs of the American Association of Museums, American Zoo and Aquarium Association, American Association of Botanical Gardens and Arboretums, and other appropriate organizations;
  - 5) It has a professional staff;

- 6) It cares for and owns or utilizes tangible objects;
  - 7) It is open to the public on a regular schedule and regularly collects attendance data and maintains sufficient records such that the attendance numbers can be audited;
  - 8) It presents regularly scheduled programs and exhibits that use and interpret objects for the public according to accepted standards;
  - 9) It has filed timely reports and complied with requirements for previous grant awards; and
  - 10) It can provide matching funds of the following amount:
    - A) \$2 matching funds for each \$1 of State money for a public museum with an attendance of 600,000 or more during the preceding calendar year; or
    - B) \$1 of matching funds for each \$1 of State money for a public museum with an attendance of over 300,000 but less than 600,000 during the preceding calendar year; or
    - C) No matching funds are required for a public museum with an attendance of 300,000 or less during the preceding calendar year.
- b) The capital project for which the public museum is applying must be clearly defined and must meet all of the following criteria:
- 1) Project costs must be eligible "Capital Expenditures" as defined in Section 3200.10;
  - 2) Project expenses will not be recurring;
  - 3) The project is of a durable nature and not consumed in use;
  - 4) The project is not subject to inherent risk of failure or rapid technological obsolescence, or primarily intended to fulfill temporary requirements or needs; and
  - 5) The project appreciably increases, improves or enhances the property, land, building or asset to be developed, constructed or improved.

- c) Grants to public museums not located on public property may be prohibited if the appropriation funding source is limited to bond funds that cannot be expended on private property.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.35 Certification by a Unit of Local Government**

- a) Museums with an annual indoor attendance of 150,000 or more, which are not operated by or located on land owned by a unit of local government, must provide a certification by a unit of local government to show eligibility for grant funding. The certification is an attestation by the unit of local government that a museum that is not operated by or located on land owned by a unit of local government meets eligibility criteria established in State law. The certification notwithstanding, it is possible that restrictions inherent to the funding source, e.g., Capital Development Bond Funds, may preclude museums that are only eligible through this process from receiving grant assistance. The certification must be in accordance with the following procedures:
  - 1) Museums located within the boundaries of a municipality must submit a certification approved by the municipality's elected governing body. Museums located outside municipal boundaries must submit a certification approved by the county's elected governing body.
  - 2) The approved certification must be submitted at the time of application. The certification may be subject to audit.
  - 3) The certification must be in the form, and approved using the process, normally used by the unit of local government for similar resolutions or actions. The certification must attest that the museum:
    - A) is operating for the purposes of promoting cultural development through special activities or programs or performing arts, and acquiring, conserving, preserving, studying, interpreting, enhancing, and, in particular, organizing and continuously exhibiting specimens, artifacts, articles, documents and other things of historical, anthropological, archaeological, industrial, scientific or artistic import, to the public for its instruction and enjoyment; and
    - B) has an annual indoor attendance of at least 150,000 and offers educational programs to school groups during school hours.

- b) Public museums operated by or located on land owned by a unit of local government are not required to provide this certification.
- c) Museums eligible for certification as a public museum must have long-term ownership of or long-term lease agreement for the property.

(Source: Added at 28 Ill. Reg. 2201, effective January 26, 2004)

#### **Section 3200.40 Application Procedure**

- a) A public museum seeking a grant for capital purposes in the current year shall submit the required number of copies of a completed application, as specified by the Department, that includes:
  - 1) Application Form.
  - 2) Statement by the chief executive officer of the public museum attesting:
    - A) that the public museum is in compliance with the eligibility criteria of this program;
    - B) that adequate records are kept to document the annual attendance number at the public museum's facility during the preceding calendar year; and
    - C) that, if grant funds are to be distributed to a fiscal agent on behalf of the public museum, there is an ongoing relationship between the public museum and the fiscal agent; the fiscal agent may incur expenses for the public museum's project; and grant funds will be used specifically for that project.
  - 3) Project Narrative Statement.
  - 4) Development Data Form including costs, a conceptual plan, and construction schedule.
  - 5) The annual report of the public museum for the year preceding its application or, if not available, a current brochure describing the museum's programs.
  - 6) Cultural Resources, Endangered Species and Wetlands Review Report (CERP), including a county map that identifies the museum's and, if different, the project's location.

- b) If a museum is not operated by or located on land owned by a unit of local government, it must submit a certification in accordance with Section 3200.35.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.50 Application Schedule**

Applications for funding assistance will be accepted each year on a schedule announced publicly by the Department when appropriations have been made available for distribution under this program. Specific application guidelines will be available from the Department at that time. The Department shall announce the maximum grant award in conjunction with announcing the annual grant application schedule.

(Source: Amended at 23 Ill. Reg. 11926, effective September 15, 1999)

### **Section 3200.60 Review Criteria and Selection Procedure**

- a) Technical and Program Review

Department staff will review the project application for:

- 1) Completeness of application.
- 2) Evidence that the public museum meets all eligibility criteria, as defined in Section 3200.20.
- 3) Evidence that the capital project meets the eligibility criteria as defined in Section 3200.20.
- 4) Evidence that the public museum has long term future occupancy rights for the property.
- 5) Evidence that the project is part of a capital planning process.
- 6) Project's feasibility with regard to operational capacities of the public museum.
- 7) Evidence of the public museum's ability to complete the project successfully, including the availability of adequate financial resources.
- 8) Adequacy of cost estimates and construction schedule estimates.
- 9) Evidence of community support and meeting community needs.

- 10) Effectively enhancing the public museum's ability to meet its mission.
  - 11) Expanding audiences, including reaching underserved groups.
  - 12) Compliance with requirements of previous grant awards.
- b) Peer Review Panel
- 1) The Director will appoint a panel of 5 citizens with backgrounds and experience relevant to the activities of public museums and their educational contributions who will review proposals and then make recommendations for funding. Such citizens shall not be current employees of any museums in the State of Illinois that are eligible to apply for this grant program. The Director shall have the authority to call upon the expertise of non-residents of the State for additional advice on the program and its administration.
  - 2) Names of candidates for the peer review panel will be solicited from museums throughout Illinois.
  - 3) In developing recommendations for funding, consideration may be given to the scale of the project in relationship to the public museum's operating budget, annual attendance, and size and capacity of the staff.

c) Staff Recommendation

Department staff will evaluate proposals based on criteria outlined above, consider recommendations from the peer review panel, and recommend to the Director priorities for funding.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

**Section 3200.65 Awards**

- a) Award Limit. The Department shall establish on an annual basis the maximum grant award a public museum may receive; however, the maximum grant award shall be no more than 10% of the annual appropriation, excluding funds that may be reappropriated from a preceding year. The Department shall announce the maximum grant award in conjunction with announcing the annual grant application schedule.
- b) Reappropriation of Funds. The Department will seek reappropriation of funds for approved grant projects that are not completed by the end of the State Fiscal Year. Obligations of the State will cease immediately without penalty or further

payment being required if in any fiscal year the Illinois General Assembly fails to appropriate or otherwise make sufficient funds available for approved grant projects.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.70 Eligible Expenses**

Eligible Expenses are defined as:

- a) Expenses that meet the definition of Capital Expenditures as defined in Section 3200.10.
- b) Expenses that are pursuant to the scope of work as agreed upon and approved by the Department. Grant funds can only be used for capital expenditure costs incurred after the Project Agreement is executed, except that expenditures incurred after July 1 of the fiscal year in which the grant award is made may be eligible for reimbursement if the public museum received a capital grant in the previous fiscal year and if the proposed project is a continuation of the previous project and was not reimbursed in the previous grant award.
- c) Expenses incurred directly by the public museum, or expenses incurred specifically for the public museum's project by the public museum's fiscal agent.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.80 Process for Payment**

- a) The public museum or fiscal agent representing the public museum enters into a Project Agreement with the Department.
- b) Public museums that have been awarded capital grants must submit project billing documentation listing and verifying all funds expended on the project for which grant reimbursement is sought; as well as required billing documentation as follows:
  - 1) Public Museum Capital Grant expenditure statement certified by the chief executive officer or chief financial officer.
  - 2) Project Billing Request: Reimbursement of project expenditures will be made with the Department's instructions, which will be specified in the

Implementation and Billing Requirements provided to public museums at the time Project Agreements are negotiated.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.90 Program Information/Contact**

Illinois State Museum, Museum Grants Program Office  
502 S. Spring Street  
Springfield IL 62706-5000  
Phone: 217.782.5992; Fax: 217.782.1254

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

## **SUBPART B: PUBLIC MUSEUM OPERATING GRANTS PROGRAM**

### **Section 3200.100 Definitions**

"Attendance" means the documented number of visitors at the public museum's facility or facilities for the preceding calendar year.

"Care" means the keeping of adequate records pertaining to the provenance, identification and location of the museum's holdings, and the application of current professionally accepted methods to their security and to the minimization of damage and deterioration.

"Community" means the population base normally served by the museum.

"Department" means the Illinois Department of Natural Resources.

"Director" means the Director of the Department.

"Fiscal Agent" means an affiliated entity that may expend and receive funds on behalf of the public museum. If grant funds are to be distributed to a fiscal agent on behalf of the public museum, the chief executive officer of the public museum must sign a statement certifying:

that there is an ongoing relationship between the public museum and the fiscal agent;

that the fiscal agent may incur expenses for the public museum's project;  
and

that grant funds will be used specifically for the public museum's project.

"Museum Education Program" means utilizing the resources of the museum for formal or informal learning opportunities for school children, teachers, or other citizens through face to face interactions or through educational technology, including educational technology partnerships. The public museum shall have at least one employee who devotes the preponderance of his/her time to offer "Museum Education Programs". This person is expected to command an appropriate body of special knowledge in museum education consonant with the experience of his or her peers, to have access to and acquaintance with the literature of the field, and to work sufficient hours to meet adequately the current demands for museum educational services.

"Nonprofit" means that the public museum has documentary evidence of its tax-exempt status under the regulations of the U.S. Internal Revenue Service.

"Operating Expenditures" means funds actually expended by a public museum or its fiscal agent for the recurring day-to-day expenses that are ordinary and necessary to maintain and operate the facility for its principal purpose as a public museum. These expenditures shall include:

the total amount of program and supporting services expenses (management and general) and fundraising expense that is reported on the entity's audited financial statements;

depreciation expense for the buildings, movable equipment, and other types of personal property; and

interest expenses on funds borrowed to finance operating expenditures.

"Organized" means that the public museum is a duly constituted body with expressed responsibilities.

"Permanent" means that the public museum has been open to the public, for its instruction and enjoyment, for at least 2 years and is expected to continue in perpetuity.

"Professional Staff" means that the public museum has at least one paid employee who commands an appropriate body of special knowledge and the ability to reach museological, zoological, aquarium, or botanical (whichever shall be applicable) decisions consonant with the experience of his or her peers, who has access to and acquaintance with the literature of the field, and who works sufficient hours to meet adequately the current demands of administration and care.

"Public Museum" means a facility that has been open to the public, for its instruction and enjoyment, for at least two years and that is operating for the purposes of promoting cultural development through special activities or programs or performing arts, and acquiring, conserving, preserving, studying, interpreting, enhancing, and, in particular, organizing and continuously exhibiting (subject to temporary interruption due to construction or catastrophe) specimens, artifacts, tangible objects, articles, documents and other things of historical, anthropological, archaeological, industrial, scientific or artistic import.

"Schedule" means regular and predictable hours that constitute substantially more than a token opening, so that access is reasonably convenient to the public (subject to temporary interruption due to construction or catastrophe).

"Tangible Objects" means specimens, artifacts, articles, documents; non-domesticated plants or animals, including fish; and other things of historical, anthropological, archeological, industrial, scientific or artistic import that form the public museum's collections and have intrinsic value to history, science, art or culture.

"Unit of Local Government" means counties, municipalities, townships, special districts and units, designated as units of local government by Illinois law, that exercise limited governmental power or powers in respect to limited governmental subjects, but does not include school districts.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.110 Purpose**

The Public Museum Operating Grants Program is designed to improve and enhance the capacity of public museums with established educational programs to more effectively utilize their museum resources to supplement the learning process of Illinois school children. The program is designed to support formal or informal learning opportunities for school children, teachers, or other citizens through direct interactions or through educational technology, including education partnerships.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.120 Eligibility Criteria for Applicant Facilities**

A public museum located in Illinois shall be eligible to submit one application per grant cycle for operating purposes if it establishes to the reasonable satisfaction of the Director that:

- a) It is a public museum that is operated by or located upon land owned by a unit of local government or has an annual indoor attendance of at least 150,000 and offers educational programs to school groups during school hours;
- b) It has been open to the public, for its instruction and enjoyment, for at least two years;
- c) It is an organized, permanent institution that is tax exempt under the regulations of the U.S. Internal Revenue Service;
- d) It meets generally accepted professional standards as in the accreditation programs of the American Association of Museums, American Zoo and Aquarium Association, American Association of Botanical Gardens and Arboretums and other appropriate organizations;
- e) It has a professional staff;
- f) It cares for and owns or utilizes tangible objects;
- g) It is open to the public on a regular schedule, and regularly collects attendance data and maintains sufficient records such that the attendance numbers can be audited;
- h) It presents regularly scheduled programs and exhibits that use and interpret objects for the public according to accepted standards;
- i) It has an established Museum Education Program; and
- j) It has filed timely reports and complied with requirements for previous grant awards.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

### **Section 3200.130 Application Procedure**

A public museum seeking a grant for operating purposes in the current year shall submit the required number of copies of a completed application, as specified by the Department, which includes:

- a) An Application Form;
- b) A narrative statement describing the public museum's education program and how the financial assistance will enhance the public museum's education program;

- c) A statement describing the qualifications of the educator in charge of the program (including the curriculum vitae);
- d) A brochure describing educational offerings or school services (if available);
- e) The annual report of the public museum for the year preceding its application;
- f) A statement executed by the public museum's chief executive officer that certifies that the public museum is in compliance with the eligibility criteria of this program;
- g) A statement executed by the public museum's chief financial officer that certifies that the amount of operating expenditures claimed in accordance with Section 3200.160 of this Part is accurate and complies with this Part;
- h) The audited financial statements of the public museum prepared by a certified public accountant for the 2 years preceding the public museum's application and the written reconciliation statement as required by Section 3200.160(c)(3) of this Part. Grants to museums without audited financial statements will be limited to the minimum award;
- i) An audit statement from an affiliated entity, or a letter of certification listing expenditures and signed by the chief executive officer of the affiliated entity if expenditures have been made by the affiliate on behalf of the public museum and claimed by the public museum as operating expenditures;
- j) A statement by the chief executive officer of the public museum attesting:
  - 1) that the public museum is in compliance with the eligibility criteria of this program;
  - 2) that adequate records are kept to document the annual attendance number at the public museum's facility during the preceding calendar year; and
  - 3) that, if grant funds are to be distributed to a fiscal agent on behalf of the public museum, there is an ongoing relationship between the public museum and the fiscal agent; that the fiscal agent may incur expenses for the public museum's project; and that grant funds will be used specifically for that project.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

**Section 3200.140      Application Schedule**

Applications for funding assistance will be accepted each year on a schedule announced publicly by the Department when appropriations have been made available for distribution under this program. Specific application guidelines will be available from the Department at that time.

(Source: Added at 23 Ill. Reg. 11926, effective September 15, 1999)

### **Section 3200.150      Review Procedure**

Submissions from museums will be reviewed to ensure that:

- a) the public museum meets all eligibility criteria, as defined in Section 3200.120;
- b) the public museum has an established museum education program and that financial assistance from the Museum Operating Grants Program will support a project that will improve and enhance the museum educational program; and
- c) the public museum meets generally accepted professional standards (as in the accreditation programs of the American Association of Museums, American Zoo and Aquarium Association, American Association of Botanical Gardens and Arboretums, and other appropriate organizations); and
- d) the public museum has complied with requirements of previous grant awards.

(Source: Added at 23 Ill. Reg. 11926, effective September 15, 1999)

### **Section 3200.160      Method for Awarding Grants**

- a) Contribution Amount - Each eligible public museum applying for financial assistance pursuant to this Part may receive financial assistance in an amount determined by the following formula:
  - 1) A proportionate amount equal to the fraction obtained by dividing the applicant's average operating expenditures by the aggregate operating expenditures of all eligible applicants, except that:
    - A) The administrative costs to operate the program, not to exceed 5% of the total appropriation, will be deducted from the appropriation before calculating the awards to determine the amount remaining for financial assistance.
    - B) No qualifying public museum may receive more than 10% of the amount remaining for financial assistance after administrative costs are deducted.

- C) Except as provided in subsection (a)(3), no qualifying museum may receive less than 0.2% of the amount remaining for financial assistance after administrative costs are deducted.
  - D) No qualifying museum may receive more than 50% of its total operating budget.
- 2) In the event there is a balance left after the awards have been computed, the surplus will be allocated to museums on a prorated basis. The surplus balance shall be allocated proportionately to those museums not receiving the minimum or maximum awards from the initial computations. No museum may receive more than 10% of the amount remaining for financial assistance, after administrative costs have been deducted, and no museum may receive more than 50% of its total operating budget.
  - 3) In the event there is a deficit after the awards have been computed, the amount of the deficit will be prorated against all awards. The amount of deficit prorated to each award will be calculated by taking the initial award allocations as calculated above, including the adjustments for minimums and maximums divided by the aggregate awards to determine the allocation fraction and applying it to the deficit. The result will be subtracted from the initial award amount.
- b) Allocation Procedure - A contribution amount shall be determined by the following sequence of procedures:
    - 1) The total operating expenditures of each public museum during its 2 fiscal years preceding its application shall be divided by 2 in order to determine the amount of average operating expenditures of each public museum;
    - 2) The average operating expenditures of all eligible public museums shall be added together in order to determine the amount of aggregate operating expenditures of all public museums;
    - 3) The average operating expenditures of each public museum shall be divided by the aggregate operating expenditures of all public museum's in order to determine the allocation fraction of each public museum:
      - A) If the allocation fraction is more than 10% of the amount remaining for financial assistance, the award will be adjusted as required in subsection (a)(1)(B).

- B) If the allocation fraction is less than 0.2% of the amount remaining for financial assistance, the award will be adjusted as defined in subsection (a)(1)(C).
- c) Operating Expenditures - For purposes of this Part, the amount of operating expenditures, as defined in Section 3200.100, shall be derived by the public museum from the total amount of program and supporting services expense that is reported on its audited financial statement. However, to accommodate variations among applicants in accounting methods and expense descriptions on the financial statements, each public museum shall examine its financial statements in conformity with subsections (c)(1) and (2).
- 1) Operating expenditures may specifically include the following or similar types of expenses:
- A) Expenditures from restricted and unrestricted accounts that are ordinary and necessary for the public museum's routine day-to-day operations, including salaries and benefits, products and services, and routine maintenance and repairs. Restricted funds are those whose use is restricted by outside agencies or persons as contrasted with funds over which the organization has complete control and discretion. Unrestricted funds are those that have no external restriction on their use or purpose, that is, funds that can be used for any purpose designated by the governing board as distinguished from funds restricted externally for specific purposes (for example, operations, plant, and endowment).
- B) The depreciation expense for capital assets may be included.
- C) All expenditures from current restricted accounts that qualify as operating expenditures as defined under this subsection (c). Excluded from operating expenses are the capital expenditures listed in subsection (c)(2)(E). For example, expenditures related to the development of museum exhibitions and displays may be included even if made from a fund that is limited for this purpose. Expenditures from restricted accounts for preliminary planning or schematic design work are also allowable, including architectural, engineering, design, and consultant fees related to routine maintenance or rehabilitation.
- D) Direct expenditures made on behalf of the public museum by an affiliated entity, provided that they are ordinary and necessary for the day-to-day operations of the public museum and are separately itemized and verified in writing by the chief executive officer or

chief financial officer affiliated entity. As used in this subsection (c)(1)(D), "direct expenditures" means expenditures that are identified specifically with the public museum and are incurred by the affiliated entity only for the museum's project.

- E) The depreciation expense for movable equipment and other types of personal property may be included.
  - F) Interest expenses on funds borrowed by the public museum to finance expenditures that are otherwise allowable under this Part.
  - G) Expenses incurred by the public museum for the cost of educational, food service and gift shop activities may be included in the operating expenditure total. The receipts from these activities should not be deducted from the expenditure total.
- 2) Operating expenditures shall not include any of the following or similar types of expenses:
- A) Transfers made to or between the public museum's accounts or funds;
  - B) Losses or other costs associated with loans and/or investments made by the public museum;
  - C) Expenses for the direct and indirect costs of programs operated by the public museum that are unrelated to museological purposes. For example, the costs of salaries, equipment, facilities and other direct and indirect costs of a school with a regular curriculum that is run by the public museum are not allowable;
  - D) Capital expenditures from restricted accounts, including but not limited to:
    - i) real property;
    - ii) buildings, additions and/or structures (including site development and associated fixed equipment);
    - iii) extensive remodeling and/or rehabilitation work or site improvement; and
    - iv) utilities — lines fees, tapping fees, meter fees and other expenses not related to normal daily consumption;

- E) Expenditures for repayment of principal on funds borrowed by the public museum.
- 3) If the amount of operating expenditures claimed by the public museum under this Part is not the same as a reported expense amount on the audited financial statement, the public museum shall prepare a reconciliation statement. This explanation shall describe in detail for the reviewer to understand the amount and purpose of each expense added to or subtracted from the amount of expense reported in the audited financial statements in arriving at operating expense.
- d) The Director shall determine and approve the amount that each eligible public museum receives as contribution under this Part.

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)

**Section 3200.165 Process for Payment**

- a) Upon completion and processing of the Department's Project Agreement, award payments will be issued.
- b) Submission of a report to the Department describing how grant funds were expended and the results of such expenditures will be required as delineated in the project agreement.

(Source: Added at 23 Ill. Reg. 11926, effective September 15, 1999)

**Section 3200.170 Program Information/Contact**

For additional information on the public museum operating grant rules contact:

Illinois State Museum, Museum Grants Program Office  
502 S. Spring Street  
Springfield IL 62706-5000  
Phone: 217.782.5992; Fax: 217.782.1254

(Source: Amended at 28 Ill. Reg. 2201, effective January 26, 2004)