

Ohio Historical Society

House Higher Education Subcommittee

Erin Pettegrew, Budget Analyst

Legislative Service Commission

February 22, 2005

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LSC Redbook
for the
Ohio Historical Society

House Higher Education Subcommittee

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February 22, 2005

- Strict cost-saving activities have been implemented over the past biennium. New focus on institutional development may reduce the Ohio Historical Society's reliance on state funding
- Continued funding at FY 2005 levels may curtail current services and staff levels

Historical Society, Ohio

OVERVIEW

The Ohio Historical Society (OHS) is a chartered, not-for-profit corporation that receives state subsidies. It has operated continuously since 1885 and currently has approximately 9,000 members (this number is comprised of individuals and families). The Society was chartered "to promote a knowledge of history and archeology, especially for Ohio." A 21 member Board of Trustees governs OHS. The Governor appoints nine members and nine are elected by the Society's membership. The Society's Board elects the remaining three.

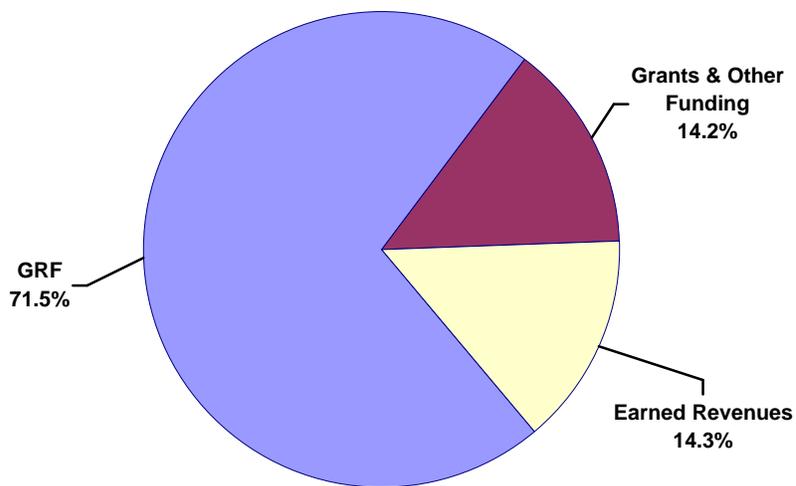
OHS oversees the operations and maintenance of historical, archeological, and natural history sites and museums throughout the state. Topics include African-American history, social and economic history, Presidential history, and military history. These sites and museums receive more than 500,000 visitors per year.

The Ohio Historical Society also maintains the official state archives, collecting and preserving documents pertaining to state and local government operations, as well as records of historical value that the Society may receive from public or private sources. Much of the state archives are accessible through the Society's website. Furthermore, OHS operates the Ohio Historic Preservation Office, which is partially funded by a grant from the U.S. Department of the Interior.

In the past biennium, the budget of OHS provided operating moneys for the Ohio Bicentennial Commission, which staged the celebration activities for the state's bicentennial, including the "Inventing Flight: The Centennial Celebration" held in Dayton and "The Path to Statehood: Bicentennial Wagon Train" tour in the summer of 2004. The Commission, now dissolved, was a separate entity from the Historical Society, but OHS served as the Commission's fiscal agent.

The Ohio Historical Society is a single program series agency that receives about 65%-70% of its funding from the state's General Revenue Fund in subsidy dollars. As is the case with almost all state agencies funded by GRF dollars, the Society has experienced reductions in recent years. This has led to staffing reductions of more than 125 since FY 2000. At the Governor's recommended funding levels, it is expected that the Society will be able to maintain most operations at the current level, with a possible further reduction in staffing levels.

Ohio Historical Society Funding Sources - FY 2005



In FY 2005, the Ohio Historical Society received approximately 71% of its \$21.9 million budget from the General Revenue Fund. More than \$2.9 million, 14.3%, of its budget was received from earned revenues, including Ohio Historical Society memberships, site admissions, library fees, sales and one-time vehicle sales. Almost \$3.0 million, 14.2%, came from private and federal grants, contracts and other funding sources, such as gifts and donations.

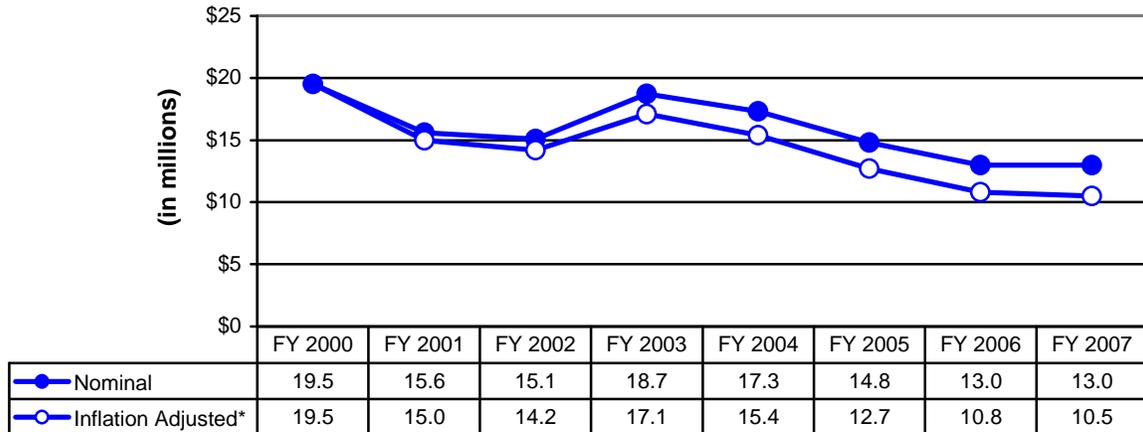
Summary of FYs 2006-2007 Budget Issues

The Ohio Revised Code mandates many Ohio Historical Society functions, which include:

- Administering a state historical museum and maintaining it for public use;
- Establishing a historic marker system;
- Publishing historical information;
- Engaging in research;
- Collecting, preserving, and making available manuscripts, print collections and historical objects and artifacts pertaining to the history of Ohio;
- Establishing and operating the National Museum of Afro-American History and Culture; and
- Preserving the state archives.

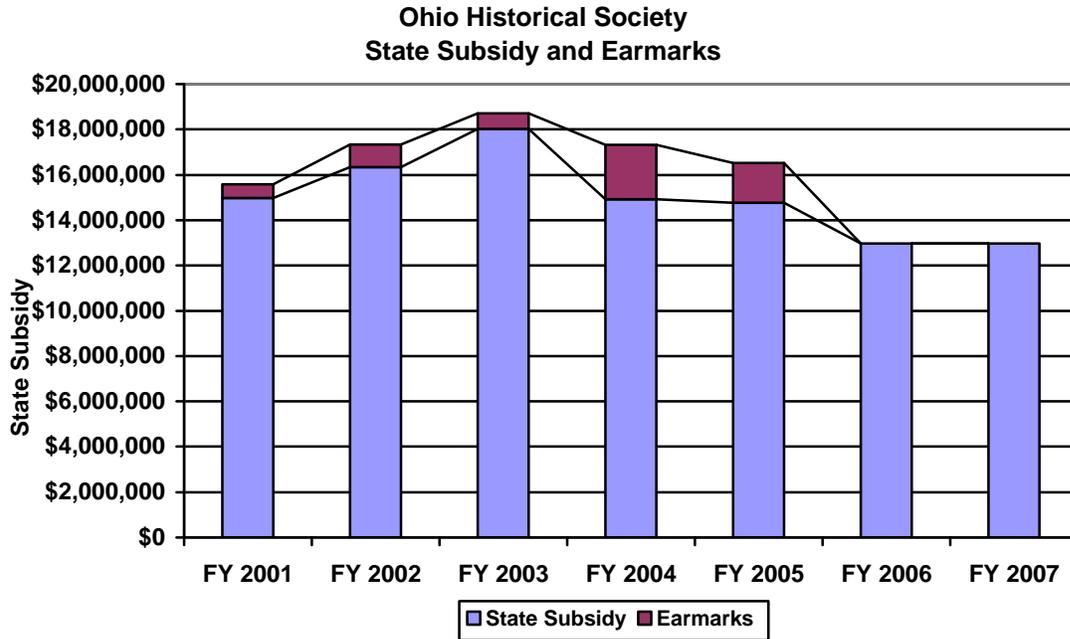
The Ohio Historical Society's budget has undergone a 24.1% decrease in state funding over the past 3 biennia. Adjusted for inflation, that decline is 35.1%. As a consequence of the budget reductions, since 2001, the Society has eliminated 108 positions, a 23% reduction statewide; remaining staff have not had a compensation adjustment in three years. The budget reductions have left the agency unable to continue public access at the Ohio Village, other sites have decreased their hours of operations, and, according to the Society, the maintenance level at some facilities is in "dire" condition. Increases in health care costs increases have been borne by employees. The Society maintains approximately 5% of its budget in reserve at this time, well below recommended standards for a non-profit organization, which can reach 50%.

**Ohio Historical Society State Subsidies
(adjusted for inflation)**



*Chained Price Index for State & Local Government Purchases

Along with mandated functions, the Ohio Historical Society serves as a pass-through for many state grants to local historical organizations. Primarily, the Historic Grants program, described below, functions as a pass-through for earmarks added in temporary language in the last several biennial budget bills. As total funding for the Ohio Historical Society has remained constant or decreased in recent years, funding for such earmarks has increased, lowering the proportionate funding for mandated functions, such as preservation and site operations.



To mitigate the reduction in GRF funding, the Society has prioritized increasing the non-state components of its budget. In the upcoming biennium, they anticipate, among other activities:

- Expanding e-commerce capabilities by integrating OHS retail operations into a centralized Point of Sale/Inventory system;
- Increasing other marketing and income-generating activities, while bringing more of the related activities, such as design, in-house to reduce costs;
- Devoting staff resources specifically to obtaining government and private grants and raising funds in other areas; and
- Increasing Society memberships between 5-10%.

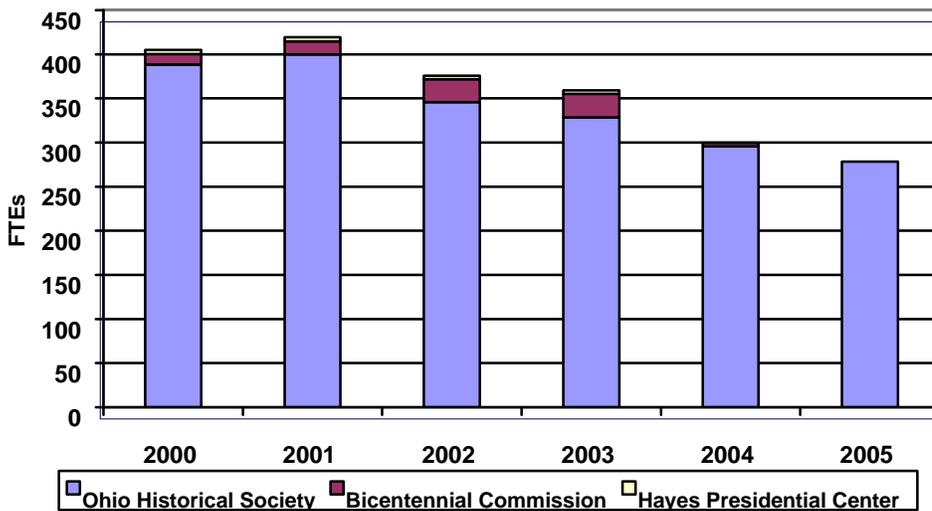
Staffing Levels

Pursuant to collective bargaining contracts, state employees will receive a 4% raise on July 1, 2005. Staff of the Ohio Historical Society, a separate, not-for-profit entity, is not assured a comparable increase in salary.

Ohio Historical Society Staffing Levels*						
					<i>Estimated</i>	
Program Series/Division	2002	2003	2004	2005	2006	2007
Ohio Historical Society	375.8	359.0	299.5	278.2	278.2	278.2
*Full-Time Equivalents						

The Executive's recommendation holds the Ohio Historical Society's budget steady at the FY 2005 level in all programs except the Historical Grants program, which is a pass-through program managed by staff in other program areas. By July 2005, their staff will have gone three years without pay raises while absorbing increases in health care costs. To allow for slight increases in pay, which the Society believes is necessary to retain its capable staff, a reduction in staffing levels may occur in the upcoming biennium.

Ohio Historical Society Staffing Levels



The Ohio Bicentennial Commission, no longer in operation, accounted for up to 26.5 FTEs in FY 2002 and FY 2003. The Ohio Historical Society also provided staff for the Hayes Presidential Center, but ceased doing so in FY 2004. The Center now supports its staff through its own revenue.

ANALYSIS OF EXECUTIVE PROPOSAL

Program Series 1

Ohio Historical Society

Purpose: This one program series comprises all of the Ohio Historical Society functions, including preservation activities, museum management, grants activities and site operations. The Society's budget has been divided into four programs: Educational and Interpretation Services; State Archives, Library, and Artifact Collections; Historic Preservation and Local History Support; and Institutional Advancement.

The Society operates 60 historical sites, preserves maintains artifacts, documents and primary source materials, manages the records of more than 3,500 sites and 440 districts on the National Register of Historic Places, 89,200 properties on Ohio's Historic Inventory, and nearly 38,500 sites on the Ohio Archaeological Inventory, and educates the general public on Ohio history.

The following table shows the line items that are used to fund the Ohio Historical Society, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$3,288,274	\$3,288,274
GRF	360-502	Site Operations	\$8,138,725	\$8,138,725
GRF	360-504	Ohio Preservation Office	\$281,041	\$281,041
GRF	360-505	Afro-American Museum	\$754,884	\$754,884
GRF	360-506	Hayes Presidential Center	\$509,231	\$509,231
General Revenue Fund Subtotal			\$12,972,155	\$12,972,155
Total Funding: Ohio Historical Society			\$12,972,155	\$12,972,155

This analysis focuses on the following specific programs within the Ohio Historical Society program series:

- **Program 1.01: Educational and Interpretation Services**
- **Program 1.02: State Archives, Library, and Artifact Collections**
- **Program 1.03: Historic Preservation and Local History Support**
- **Program 1.04: Institutional Advancement**

Educational and Interpretation Services

Program Description: The Ohio Historical Society provides an array of education and interpretation programs and services, delivered both through its network of historic sites and museums and directly to the education community. Museum education is included under the Society's mandate under Ohio Revised Code section 149.30. These programs support the 60 historic sites and museums within the state memorial system, the Statehouse Visitor's Center and the Ohio Historical Center. Publication, public programs, and educational resources, including the National History Day in Ohio, are also provided to the Ohio public.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$1,137,696	\$1,137,696
GRF	360-502	Site Operations	\$6,167,737	\$6,167,737
GRF	360-505	Afro-American Museum	\$754,884	\$754,884
GRF	360-506	Hayes Presidential Center	\$509,231	\$509,231
General Revenue Fund Subtotal			\$8,569,548	\$8,569,548
Total Funding: Educational and Interpretation Services			\$8,569,548	\$8,569,548

Implication of Executive Recommendation: For FY 2006 and FY 2007, the Executive recommends continuing FY 2005 funding levels for the Educational and Interpretation Services program. A slight increase of \$145,500 in the Site Operations appropriation item supplants a separate appropriation for the management of the Adena site in Chillicothe, appropriated in item 360-403, Adena-Worthington Home, in FY 2005. The appropriation level will allow the Ohio Historical Society to continue current operations but will not permit further spending to renovate, replace, or fully maintain its resources. The Hayes Presidential Center, for instance, has experienced higher costs for employee health care, energy, and vendor services. The Executive’s recommended appropriation could have adverse effects on maintenance, conservation of artifacts, and retention of staff.

Temporary and Permanent Law Provisions: Temporary language, unchanged from the previous budget bill, Am. Sub. H.B. 95 of the 125th General Assembly, releases appropriations to the Ohio Historical Society on a quarterly basis. It requires that the fiscal records of the Society be examined and approved by independent CPAs approved by the Auditor of State and that the records be filed with the Office of Budget and Management (OBM). The Society must prepare and submit an operating budget to OBM each calendar year and a financial report semiannually. The language also stipulates that the appropriations shall be considered to be the contractual consideration provided by the state to support the state's offer to contract with the Ohio Historical Society.

Additional temporary language, also unchanged from the last biennium, requires that if a federal government agency, including, but not limited to, the National Park Service, chooses to take over the operations or maintenance of the Hayes Presidential Center, in whole or in part, the Ohio Historical Society shall make arrangements with the federal government agency for the efficient transfer of operations or maintenance.

There are no permanent law changes affecting this program.

State Archives, Library, and Artifact Collections

Program Description: The Ohio Historical Society is mandated to administer the archives program for the State of Ohio and its political subdivisions, provide historical information to state agencies, and collect, preserve, and make available historical objects, specimens, manuscripts, and artifacts. This program provides for the acquisition, appraisal, organization and preservation of the over three million museum artifacts, books, historical manuscripts, photographs and governmental archival records.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$1,788,503	\$1,788,503
GRF	360-502	Site Operations	\$1,405,338	\$1,405,338
General Revenue Fund Subtotal			\$3,193,841	\$3,193,841
Total Funding: State Archives, Library, and Artifact Collections			\$3,193,841	\$3,193,841

Implication of Executive Recommendation: For FY 2006 and FY 2007, the Executive recommends continuing FY 2005 funding levels for the State Archives, Library, and Artifact Collections program. The appropriation level will allow the Ohio Historical Society to continue current operations but will not permit further spending to renovate, replace, or fully maintain its resources.

Temporary and Permanent Law Provisions: There are no permanent or temporary law changes affecting this program.

Historic Preservation and Local History Support

Program Description: The Historic Preservation and Local History Support program of the Ohio Historical Society encompasses two distinct programs.

The Ohio Historic Preservation Office (OHPO) is the official historic preservation office of Ohio under the National Historic Preservation Act of 1966 (16 USC 470 Title I, Section 101). The OHPO identifies, evaluates, registers and protects Ohio's historic properties. In part, its activities are regulatory. The Office nominates properties to the National Register, certifies local governments, and reviews applications for federal rehabilitation tax credits.

The Local History Office assists over 400 local historical societies and nearly 400 other history-related organizations in the state. It administers the Ohio Historical Markers program.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$267,679	\$267,679
GRF	360-502	Site Operations	\$463,838	\$463,838
GRF	360-504	Ohio Preservation Office	\$281,041	\$281,041
General Revenue Fund Subtotal			\$1,012,558	\$1,012,558
Total Funding: Historic Preservation and Local History Support			\$1,012,558	\$1,012,558

Implication of Executive Recommendation: For FY 2006 and FY 2007, the Executive recommends continuing FY 2005 funding levels for the Historic Preservation and Local History Support program. The appropriation level will allow the Ohio Historical Society to continue current operations but will restrict technical services and support. For instance, the current processing time for National Register nominations will continue to delay and hinder development projects.

Temporary and Permanent Law Provisions: There are no permanent or temporary law changes affecting this program.

Institutional Advancement

Program Description: The Ohio Historical Society's Institutional Advancement program manages activities to increase non-state funding support for the Society and to promote the Society's program and services to its audiences. Development activities, including a marketing program and membership building serve to increase funding for the Society's programs. The Society hopes that a greater emphasis on this program will result in increased revenue, additional dues-paying members, and more funding from private and public sources.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$94,396	\$94,396
GRF	360-502	Site Operations	\$101,812	\$101,812
General Revenue Fund Subtotal			\$196,208	\$196,208
Total Funding: Institutional Advancement			\$196,208	\$196,208

Implication of Executive Recommendation: For FY 2006 and FY 2007, the Executive recommends continuing FY 2005 funding levels for the Institutional Advancement program. The funding recommendation will not allow the Society to devote any additional resources, such as new staff, to seeking new grants and gifts or to marketing projects that earn revenue for the Society. The restriction may hinder the Society from meeting its increased membership goals and reducing its reliance on state funds.

Temporary and Permanent Law Provisions: There are no permanent or temporary law changes affecting this program.

REQUESTS NOT FUNDED

This section describes requests not funded in the executive budget and the effects on the Society's activities and spending decisions during the next biennium. The following table highlights the funding requests not included in the Executive's recommendation.

Ohio Historical Society						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
360-501	\$3,595,649	\$3,288,274	(\$307,375)	\$3,595,649	\$3,288,274	(\$307,375)
360-502	\$8,870,845	\$8,138,725	(\$732,120)	\$8,870,845	\$8,138,725	(\$732,120)
360-504	\$306,283	\$281,041	(\$25,242)	\$306,283	\$281,041	(\$25,242)
360-505	\$850,196	\$754,884	(\$95,312)	\$850,196	\$754,884	(\$95,312)
360-506	\$555,601	\$509,231	(\$46,370)	\$555,601	\$509,231	(\$46,370)
360-508	\$600,000	\$0	(\$600,000)	\$600,000	\$0	(\$600,000)
TOTALS	\$14,778,574	\$12,972,155	(\$1,806,419)	\$14,778,574	\$12,972,155	(\$1,806,419)

The Historical Society requested \$1,150,000 less in appropriation item 360-508, Historical Grants, in FY 2006 and 2007 in order to keep its total request unchanged from FY 2005. The Society distributed the amount among the other line items in its request. Instead, the Executive used the FY 2005 funding levels for FY 2006 and FY 2007. Appropriation item, 370-508, Historical Grants, was not funded, possibly in recognition of the potential for earmarks to be added during the budget process. In Am. Sub. H.B. 95 of the 125th General Assembly, the following earmarks were funded: \$100,000 in each fiscal year to the Hebrew Union College in Cincinnati for the Center for Holocaust and Humanity Education; \$150,000 in fiscal year 2004 for the National Underground Railroad Freedom Center in Cincinnati; \$250,000 in each fiscal year for the Great Lakes Historical Society in Vermilion; \$800,000 in each fiscal year for the Western Research Historical Society in Cleveland; \$500,000 in fiscal year 2004 for the Village of Dennison Historical Center Street District; \$100,000 in each fiscal year for the Harbor Heritage Society Steamship Mather in Cleveland; and \$500,000 in each fiscal year for the Cincinnati Museum Center.

The Historical Society requested language that would have amended the Ohio Revised Code to allow state agencies to contract with the Ohio Historical Society without Controlling Board approval for projects over \$50,000. The Society contracts with the Ohio Department of Transportation, the Ohio Department of Development and the Ohio Department of Natural Resources, particularly for their inventories on the state's recorded archeological, architectural, historical, and engineering resources. The language was not included in the Executive's recommendation.

The Historical Society also requested new language that would have added a 2% management fee onto any "pass-through" grants, i.e., earmarks, for other entities. The Society hoped that the management fee, combined with a new competitive matching grant program, would reduce the grant management burden on the Society. The language was not included in the Executive's recommendation.

General Revenue Fund

GRF 360-403 Adena-Worthington Home

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$0	\$0	\$196,000	\$145,500	\$0	\$0
	N/A	N/A	-25.8%	-100.0%	N/A

Source: GRF

Legal Basis: Section 55 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This appropriation item provided funding for Adena, the home of Thomas Worthington, sixth Governor of Ohio, located in Chillicothe. During the FY 2006-2007 biennium, these costs will be paid from appropriation item 360-502.

GRF 360-501 Operating Subsidy

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,529,521	\$3,389,974	\$3,322,174	\$3,288,274	\$3,288,274	\$3,288,274
	-4.0%	-2.0%	-1.0%	0.0%	0.0%

Source: GRF

Legal Basis: ORC 149.30; Section 55 of Am. Sub. H.B. 95 of the 125th G.A.

Purpose: This appropriation item is used for the general operating expenses of the Ohio Historical Society.

GRF 360-502 Site Operations

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$6,918,116	\$6,626,040	\$8,070,794	\$7,993,225	\$8,138,725	\$8,138,725
	-4.2%	21.8%	-1.0%	1.8%	0.0%

Source: GRF

Legal Basis: Section 55 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This appropriation item supports operational costs, including personnel, maintenance, and promotions, for historic sites that are the responsibility of OHS. Beginning in FY 2006-2007, this appropriation item will also provide funding for Adena, the home of Thomas Worthington, sixth Governor of Ohio, located in Chillicothe.

GRF 360-503 Ohio Bicentennial Commission

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$3,904,998	\$6,129,228	\$1,773,349	\$56,419	\$0	\$0
	57.0%	-71.1%	-96.8%	-100.0%	N/A

Source: GRF

Legal Basis: Discontinued line item

Purpose: This appropriation item funded planning activities for Ohio’s celebration of its bicentennial, which was observed in 2003. Statutory law required OHS to provide administrative support and assistance to the Bicentennial Commission. This appropriation item also paid costs associated with the closing of the Bicentennial Commission on January 1, 2005.

GRF 360-504 Ohio Preservation Office

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$370,892	\$340,862	\$288,773	\$281,041	\$281,041	\$281,041
	-8.1%	-15.3%	-2.7%	0.0%	0.0%

Source: GRF

Legal Basis: Section 55 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.)

Purpose: This appropriation item is used to provide technical assistance to ensure compliance with federal preservation requirements for projects seeking federal permits, using federal funding or seeking federal tax breaks.

GRF 360-505 Afro-American Museum

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$972,043	\$915,566	\$762,666	\$754,884	\$754,884	\$754,884
	-5.8%	-16.7%	-1.0%	0.0%	0.0%

Source: GRF

Legal Basis: ORC 149.302; Section 55 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. H.B. 658 of the 109th G.A.)

Purpose: This appropriation item is used to support the operations of the National Afro-American Museum and Cultural Center in Wilberforce, established to educate the public about African-American history and culture from African origins to the present.

GRF 360-506 Hayes Presidential Center

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$655,725	\$617,625	\$514,481	\$509,231	\$509,231	\$509,231
	-5.8%	-16.7%	-1.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 55 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item is used for operation expenses at the Hayes Presidential Center in Fremont. The Center consists of Rutherford B. Hayes' residence, a library, a museum, and the tomb of Hayes and his wife. OHS operates the Center, which also receives moneys from an endowment fund.

GRF 360-508 Historical Grants

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$989,925	\$688,469	\$2,400,000	\$1,750,000	\$0	\$0
	-30.5%	248.6%	-27.1%	-100.0%	N/A

Source: GRF

Legal Basis: Section 55 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item contained earmarked moneys passed through the Ohio Historical Society for local historical projects and institutions.

LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

Fund	ALI	ALI Title	2004	Estimated 2005	Executive 2006	% Change 2005 to 2006	Executive 2007	% Change 2006 to 2007
OHS Historical Society, Ohio								
GRF	360-403	Adena-Worthington Home	\$ 196,000	\$145,500	\$ 0	-100.0%	\$ 0	N/A
GRF	360-501	Operating Subsidy	\$ 3,322,174	\$3,288,274	\$ 3,288,274	0.0%	\$ 3,288,274	0.0%
GRF	360-502	Site Operations	\$ 8,070,794	\$7,993,225	\$ 8,138,725	1.8%	\$ 8,138,725	0.0%
GRF	360-503	Ohio Bicentennial Commission	\$ 1,773,349	\$56,419	\$ 0	-100.0%	\$ 0	N/A
GRF	360-504	Ohio Preservation Office	\$ 288,773	\$281,041	\$ 281,041	0.0%	\$ 281,041	0.0%
GRF	360-505	Afro-American Museum	\$ 762,666	\$754,884	\$ 754,884	0.0%	\$ 754,884	0.0%
GRF	360-506	Hayes Presidential Center	\$ 514,481	\$509,231	\$ 509,231	0.0%	\$ 509,231	0.0%
GRF	360-508	Historical Grants	\$ 2,400,000	\$1,750,000	\$ 0	-100.0%	\$ 0	N/A
General Revenue Fund Total			\$ 17,328,237	\$ 14,778,574	\$ 12,972,155	-12.2%	\$ 12,972,155	0.0%
Total All Budget Fund Groups			\$ 17,328,237	\$ 14,778,574	\$ 12,972,155	-12.2%	\$ 12,972,155	0.0%