

Ohio Historical Society

Senate Finance and Financial Institutions Committee

Deborah Hoffman, Budget Analyst
Legislative Service Commission

May 11, 2007

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LSC Redbook
for the
Ohio Historical Society

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May 11, 2007

Ohio Historical Society

- More aggressive pursuit of federal grant opportunities; in FY 2006, new grants totaled nearly \$6 million, versus less than \$2 million in FY 2005
- Newly created Historic Preservation Tax Credit program

OVERVIEW

The Ohio Historical Society (OHS) is a chartered, not-for-profit corporation that receives state subsidies. It has operated continuously since 1885 and served 7,691 members in FY 2006. As prescribed by the Ohio Revised Code (ORC 149.30), 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 received more than 300,000 visitors in FY 2006.

OHS 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 web site. Furthermore, OHS operates the Ohio Historic Preservation Office, which is partially funded by a grant from the U.S. Department of the Interior.

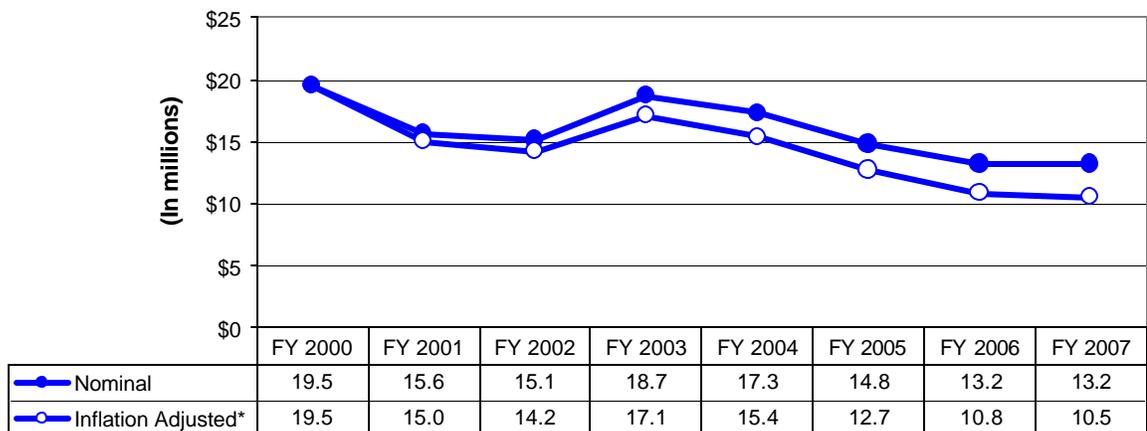
OHS receives about 63% of its funding from the state's General Revenue Fund in subsidy dollars. At the Governor's recommended funding levels, it is expected that the Society will be able to maintain most operations at the current level, but with a possible further reduction in staffing levels. There will be, however, an added 1.5 FTEs to carry out the administration of the new Historic Preservation Tax Credit program described below.

Historic Preservation Tax Credit Program. H.B. 149 was passed in January 2007, authorizing an historic rehabilitation tax credit program. The new legislation creates a two-year trial program with a 25% tax credit for up to 100 projects per year. The tax credit will encourage private investment in historic buildings, generate additional jobs, and stimulate economic development within existing communities. The Society anticipates the credit will be used in conjunction with a federal historic rehabilitation tax credit that has been available since 1976. The Society's Ohio Historic Preservation Office (OHPO) administers that program.

Summary of FYs 2008-2009 Budget Issues

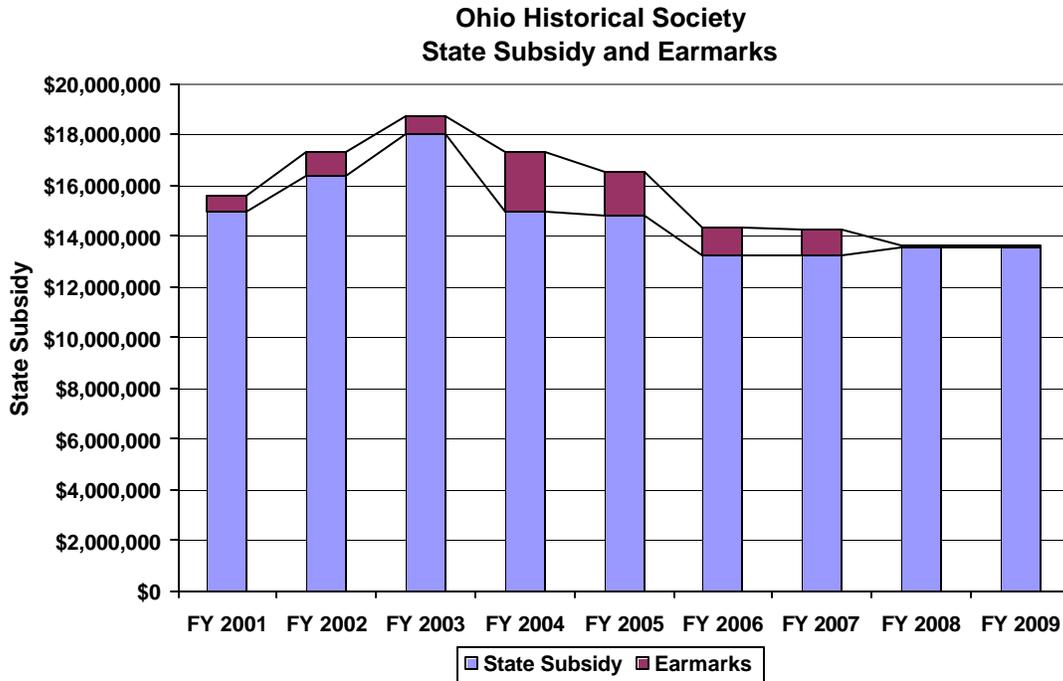
The executive recommended \$13,620,297 for FY 2008 and \$13,618,177 for FY 2009. As the table below shows, this amount is a decrease in state support over previous years, in nominal terms. Additionally, OHS's state funding has not matched increases in the Consumer Price Index and state support for OHS has actually been declining since 1980. This has 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 have been borne by employees. The Society maintains approximately 8% of its budget in reserve at this time, which, according to OHS, is well below recommended standards for a nonprofit 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, OHS serves as a pass-through for many state grants to local historical organizations. Primarily, the Historical Grants program has functioned as a pass-through for earmarks added in temporary language in the last several biennial budget bills. The earmarks have decreased along with state subsidies since FY 2004, as shown in the chart below.



Continuing Initiatives for the Upcoming Biennium

Visitor evaluation. In FY 2006, the Society hired an evaluation analyst in charge of visitor studies. The results are being used to improve customer service, build partnerships with the Ohio Department of Education and several Ohio school districts, and create a foundation for ongoing strategic planning purposes.

Tracking volunteers. In FY 2006, the Human Resources Division put in place a new system to track the number of hours OHS volunteers work. For FY 2006, more than 1,000 people volunteered more than 58,000 hours, worth an estimated \$663,000.

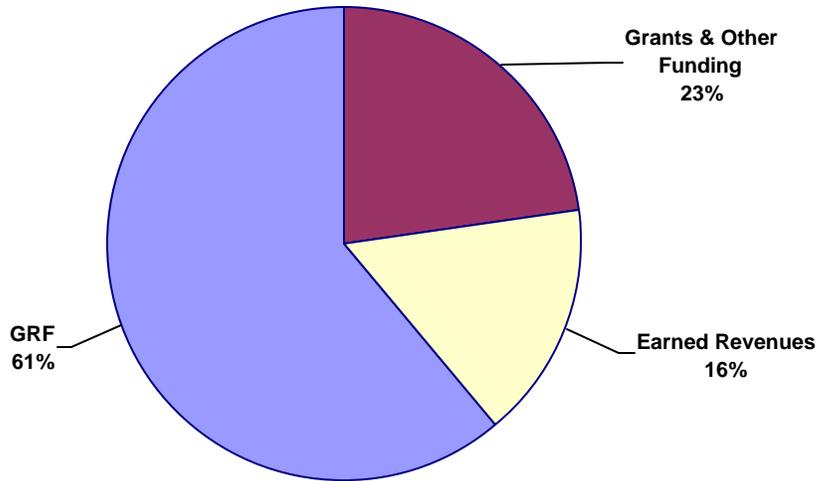
Internet improvements. In FY 2006, the Ohio Historic Preservation Office (OHPO) redesigned its Internet-based Geographic Information System (GIS) that is used by government agencies and developers to assess the impact of federal projects on historic resources. The changes helped lead to a 24% increase in usage of the online service. The OHPO also launched an Internet-based inventory form that reduced inventory processing time.

Ohio Historical Markers web site. In collaboration with Ohio Government Telecommunications, in August 2005 the Society mounted a new web site with information about the 1,000-plus Ohio Historical Markers throughout the state. The site has marker text, location, links to other information, and photos available for web site visitors.

Executive Recommendation for FYs 2008-2009

The executive recommends funding of \$13,620,297 for FY 2008, a 4.7% decrease from FY 2007 estimates of \$14,294,655. The funding recommended is \$13,618,177 for FY 2009, a slight decrease from FY 2008. The chart below illustrates funding sources for FY 2007. The funding sources are expected to be comparable in the upcoming biennium, with a small decrease in GRF funding.

Ohio Historical Society Funding Sources - FY 2007



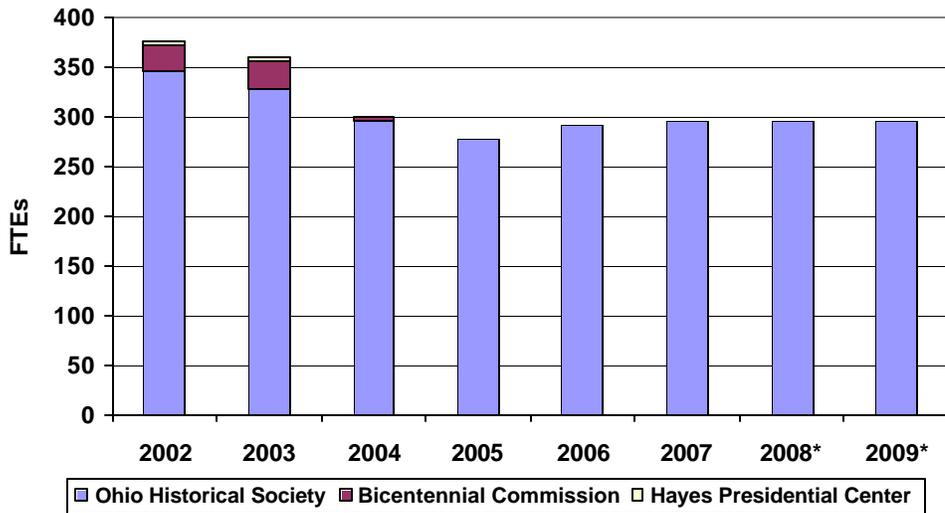
In FY 2007, OHS received approximately 61% of its budget from the General Revenue Fund. This includes the historical grant pass-throughs that OHS administers. More than \$3.6 million, or 16%, of its budget was received from earned revenues, including Society memberships, site admissions, library fees, sales, and one-time vehicle sales. Almost \$5.2 million, or 23%, came from private and federal grants, contracts, and other funding sources, such as gifts and donations. In the upcoming biennium, the percentages are expected to be 57% from GRF, 27% from grants and other funding, and 16% from earned revenues for each fiscal year.

Staffing Levels

In this upcoming biennium, state agencies are mandated to provide a 3.5% contractual payroll increase to employees in each fiscal year. Pursuant to the guidelines of the Ohio Historical Society, a separate, not-for-profit entity, employees are not assured a comparable increase in salary. Although they are not required to comply with union mandated pay increases, the Board is hoping to provide increases in pay to staff in the upcoming biennium. A recent market equity study determined, benchmarking against similar public, nonprofit organizations, that the majority of OHS employees are paid below the minimum market rate.

Ohio Historical Society Staffing Levels*						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Ohio Historical Society	299.5	278.2	292.0	295.0	296.5	296.5
*Full-Time Equivalents						

Ohio Historical Society Staffing Levels



*Staffing levels for FYs 2008 and 2009 are estimates.

The Ohio Bicentennial Commission, no longer in operation, accounted for up to 26.5 FTEs in FY 2002 and FY 2003. The 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

Single Program Series

Ohio Historical Society

Purpose: This one program series comprises all of the Ohio Historical Society's 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 and maintains artifacts, documents, and primary source materials; manages the records of 3,609 sites and 441 districts on the National Register of Historic Places, 92,019 properties on the Ohio Historic Inventory, and 42,398 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 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$3,349,244	\$3,349,252
GRF	360-502	Site and Museum Operations	\$8,501,781	\$8,501,788
GRF	360-504	Ohio Preservation Office	\$417,516	\$415,381
GRF	360-505	Afro-American Museum	\$762,433	\$762,433
GRF	360-506	Hayes Presidential Center	\$514,323	\$514,323
GRF	360-508	State Historical Grants	\$75,000	\$75,000
General Revenue Fund Subtotal			\$13,620,297	\$13,618,177
Total Funding: Ohio Historical Society			\$13,620,297	\$13,618,177

The following programs are within the OHS 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: OHS 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.

OHS invested in an educational and interpretive initiative in FY 2006, called REV It Up (Revitalizing Experiences for Visitors). For the Society to remain competitive, these changes were critical and involved revamping exhibits and allocating marketing resources to support this effort. Early

indications point to successful outcomes, but it will take more time to recoup these costs and realize a requisite boost in membership.

Additionally, another notable cost factor for OHS is the ongoing operating costs associated with supporting the Ohio Bicentennial. The Society opened expanded facilities and programs within the state memorial system: Adena in Chillicothe, the Dunbar House in Dayton, and Fort Meigs in Perrysburg.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$1,183,179	\$1,183,179
GRF	360-502	Site and Museum Operations	\$6,344,736	\$6,344,736
GRF	360-505	National Afro-American Museum	\$762,433	\$762,433
GRF	360-506	Hayes Presidential Center	\$514,323	\$514,323
GRF	360-508	State Historical Grants	\$75,000	\$75,000
General Revenue Fund Subtotal			\$8,879,671	\$8,879,671
Total Funding: Educational and Interpretation Services			\$8,879,671	\$8,879,671

Implication of Executive Recommendation: The recommended funding is \$8,879,671 for both FY 2008 and FY 2009. The executive recommendations will allow for a continuation of FY 2007 service levels in the Educational and Interpretation Services program. The appropriation level will allow the Society to continue current operations but will not permit further spending to renovate, replace, or fully maintain its resources. The recommendation could have adverse effects on maintenance, conservation of artifacts, operating hours, and retention of staff.

Temporary Law Provisions

Historical Grants (Section 299.10). Of appropriation item 360-508, State Historical Grants, \$75,000 in each fiscal year is earmarked for the Hebrew Union College in Cincinnati.

State Archives, Library, and Artifact Collections

Program Description: OHS 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 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$1,727,002	\$1,727,002
GRF	360-502	Site and Museum Operations	\$1,801,719	\$1,801,719
General Revenue Fund Subtotal			\$3,528,721	\$3,528,721
Total Funding: State Archives, Library, and Artifact Collections			\$3,528,721	\$3,528,721

Implication of Executive Recommendation: The recommended funding is \$3,528,721 for both FY 2008 and FY 2009. The executive recommendation will allow for continued FY 2007 funding levels for the State Archives, Library, and Artifact Collections program. But this means that the State Archives

Library at the OHS facility will remain open the shortest number of hours weekly compared to any other state in the union.

Temporary and Permanent Law Provisions

None

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 also administers the Ohio Historical Markers program.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$337,352	\$337,360
GRF	360-502	Site and Museum Operations	\$335,824	\$335,831
GRF	360-504	Ohio Preservation Office	\$417,516	\$415,381
General Revenue Fund Subtotal			\$1,090,692	\$1,088,572
Total Funding: Historic Preservation and Local History Support			\$1,090,692	\$1,088,572

Implication of Executive Recommendation: The recommended funding is \$1,090,692 for FY 2008 and \$1,088,572 for FY 2009. The executive recommendation allows for continuing FY 2007 funding levels for the Historic Preservation and Local History Support program. The appropriation level will allow OHS 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. Staff retention may also become an issue, according to OHS.

New Historic Preservation Tax Credit Program. Funding will increase to line item 360-504, Ohio Preservation Office, to administer the newly created Historic Preservation Tax Credit program. This increase will help OHS carry out the activities of the new tax credit program, in collaboration with the Department of Development. The recommended appropriation for this program is \$131,858 for FY 2008 and \$129,738 for FY 2009. This program will require 1.5 additional FTEs.

Temporary and Permanent Law Provision

None

Institutional Advancement

Program Description: The Ohio Historical Society's Institutional Advancement program manages activities to increase nonstate funding support for the Society and to promote the Society's

program and services to its audiences (both current and potential). 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 2008	FY 2009
General Revenue Fund				
GRF	360-501	Operating Subsidy	\$101,711	\$101,711
GRF	360-502	Site and Museum Operations	\$19,502	\$19,502
General Revenue Fund Subtotal			\$121,213	\$121,213
Total Funding: Institutional Advancement			\$121,213	\$121,213

Implication of Executive Recommendation: The recommended funding is \$121,213 for both FY 2008 and FY 2009. 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. This may hinder the Society from meeting its increased membership and attendance goals, which would reduce its reliance on state funds.

Temporary and Permanent Law Provisions

None

REQUESTS NOT FUNDED

The recommended budget for OHS is a 4.8% decrease from FY 2007. The Board would like to provide a pay increase (from appropriation item 350-501, Operating Subsidy) to OHS staff for both FY 2008 and FY 2009, but this may only be possible for one of the fiscal years.

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General Revenue Fund

GRF 360-403 Adena-Worthington Home

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$196,000	\$145,500	\$0	\$0	\$0	\$0
	-25.8%				

Source: GRF

Legal Basis: Discontinued line item

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

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$3,322,174	\$3,288,274	\$3,288,274	\$3,288,274	\$3,349,244	\$3,349,252
	-1.0%	0.0%	0.0%	1.9%	0.0%

Source: GRF

Legal Basis: ORC 149.30; Section 206.51 of Am. Sub. H.B. 66 of the 126th G.A.

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

GRF 360-502 Site and Museum Operations

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$8,070,794	\$7,993,225	\$8,388,725	\$8,388,725	\$8,401,781	\$8,401,788
	-1.0%	4.9%	0.0%	0.2%	0.0%

Source: GRF

Legal Basis: Section 206.51 of Am. Sub. H.B. 66 of the 126th 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.

GRF 360-503 Ohio Bicentennial Commission

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$1,773,349	\$56,419	\$0	\$0	\$0	\$0
	-96.8%				

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

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$288,773	\$281,041	\$281,041	\$281,041	\$417,516	\$415,381
	-2.7%	0.0%	0.0%	48.6%	-0.5%

Source: GRF

Legal Basis: Section 206.51 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Am. Sub. H.B. 117 of the 121st G.A.); H.B. 149 of the 126th 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, and to administer the Historic Preservation Tax Credit Program.

GRF 360-505 National Afro-American Museum

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$762,666	\$754,884	\$754,884	\$754,884	\$754,884	\$754,884
	-1.0%	0.0%	0.0%	0.0%	0.0%

Source: GRF

Legal Basis: ORC 149.302; Section 206.51 of Am. Sub. H.B. 66 of the 126th 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

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$514,481	\$509,231	\$509,231	\$509,231	\$509,231	\$509,231
	-1.0%	0.0%	0.0%	0.0%	0.0%

Source: GRF

Legal Basis: Section 206.51 of Am. Sub. H.B. 66 of the 126th 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 State Historical Grants

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$2,400,000	\$1,750,000	\$1,097,500	\$1,072,500	\$175,000	\$175,000
	-27.1%	-37.3%	-2.3%	-83.7%	0.0%

Source: GRF

Legal Basis: Section 206.51 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

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

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
<i>OHS Historical Society, Ohio</i>									
GRF	360-501	Operating Subsidy	\$3,288,274	\$ 3,349,244	\$ 3,349,244	1.9%	\$ 3,349,252	\$ 3,349,252	0.0%
GRF	360-502	Site and Museum Operations	\$8,388,725	\$ 8,501,781	\$ 8,401,781	0.2%	\$ 8,501,788	\$ 8,401,788	0.0%
GRF	360-504	Ohio Preservation Office	\$281,041	\$ 417,516	\$ 417,516	48.6%	\$ 415,381	\$ 415,381	-0.5%
GRF	360-505	National Afro-American Museum	\$754,884	\$ 762,433	\$ 754,884	0.0%	\$ 762,433	\$ 754,884	0.0%
GRF	360-506	Hayes Presidential Center	\$509,231	\$ 514,323	\$ 509,231	0.0%	\$ 514,323	\$ 509,231	0.0%
GRF	360-508	State Historical Grants	\$1,072,500	\$ 75,000	\$ 175,000	-83.7%	\$ 75,000	\$ 175,000	0.0%
General Revenue Fund Total			\$ 14,294,655	\$ 13,620,297	\$ 13,607,656	-4.8%	\$ 13,618,177	\$ 13,605,536	0.0%
Total All Budget Fund Groups			\$ 14,294,655	\$ 13,620,297	\$ 13,607,656	-4.8%	\$ 13,618,177	\$ 13,605,536	0.0%

As Introduced (Executive)

As Passed by the House

1 (CD-681-OHS) Subsidy Appropriation**Section: 299.10**

Releases appropriations to the Ohio Historical Society in quarterly amounts that in total do not exceed the annual appropriations upon approval of the Director of OBM. Requires the Society to prepare and submit to OBM (1) a report that contains an estimated operating budget for each fiscal year of the biennium; and (2) financial reports indicating actual receipts and expenditures for the fiscal year to date. Requires that these reports be filed at least semiannually during the 2008-2009 biennium.

Section: 299.10

Same as the Executive.

2 (CD-682-OHS) Hayes Presidential Center**Section: 299.10**

Requires the Ohio Historical Society to make arrangements with the National Park Service or other United States government agency for the efficient transfer of operations or maintenance if that agency chooses to take over the operations or maintenance of the Hayes Presidential Center, in whole or part.

Section: 299.10

Same as the Executive.

3 (CD-683-OHS) Historical Grants**Section: 299.10**

Earmarks \$75,000 in each fiscal year from the GRF appropriation item 360-508, State Historical Grants, for the Hebrew Union College in Cincinnati.

Section: 299.10

Same as the Executive, but changes the name of the earmark to Center for Holocaust and Humanity Education located at the Hebrew Union College-Jewish Institute of Religion in Cincinnati.

As Introduced (Executive)	As Passed by the House
No provision.	Earmarks \$50,000 in each fiscal year from GRF appropriation item 360-508, State Historical Grants, for the Western Reserve Historical Society.
No provision.	Earmarks \$50,000 in each fiscal year from that appropriation item for the Cincinnati Museum Center.
4 (CD-684-OHS) Processing Fees	
Section: 299.10	Section: 299.10
Prohibits the Ohio Historical Society from charging or retaining an administrative, service, or processing fee for distributing money that the General Assembly appropriates to the Society for grants or subsidies that the Society provides to other entities for their site-related programs.	Same as the Executive.
5 (CD-941-OHS) Study of State Incentives for Local Entities to Assume Control of State Historical Sites	
No provision.	Section: 753.20
	Requires the staff of the Legislative Service Commission to study the feasibility and potential results of establishing state incentives for local entities to assume control of state historical sites, including the cost and funding aspects of the incentives, and to report the findings to the Commission not later than six months after the effective date of the section establishing the requirement.
	Fiscal effect: The cost to LSC is uncertain, but expected to be minimal at most.