

The State Historical Society's current planned fiscal year 2021 budget calls for 77% of our income to come from the State of Washington, and 23% of our income to come from earned and contributed income (local funds). Earned revenue sources include parking, facility rentals, museum admissions, café lease, program fees, memberships, and other smaller revenue generators. Contributed revenue comes in the form of donations, public and private grants, corporate sponsorships, and planned gifts.

In the face of COVID-19, we find that we must downward adjust our local fund estimates by 47%. This is based on the following assumptions:

- Decreased building capacity allowed per public health guidelines
- Decreased attendance due to changing consumer habits and the likely cancellation of school field trips (which make up 15% of our attendance)
- Decreased facility rentals due to public health guidelines regarding social distancing and group gathering size restrictions
- Decreased parking revenue due to continued telework in many sectors
- Decreased program fees due to elimination of in-person programs (because of group gathering size and social distancing restrictions)
- Reduced membership renewals based on decreased economic security of our audiences, as well as reduced new memberships
- Significantly reduced corporate sponsorships due to hardships faced by most sectors
- Reduced grant support due to a diversion of philanthropic dollars to health and human services needs. The one caveat to this is that we are applying to two federal grant programs through the National Endowment for the Humanities and the Institute for Museum and Library Services that are tied to CARES Act funding for our sector, which could result in our meeting our grant revenue budget goals if received.
- Reduced donations due to a diversion of philanthropic dollars to health and human services, as well as economic insecurity of our donors

We recognize that these income sources may fluctuate widely across the year depending upon the COVID-19 conditions – things may improve across time, or we may face periods of extended lockdown as the virus resurges. Our estimates are based on averaging the possible effects of these presumed fluctuations.

In order to respond to these predicted revenue drops on the local fund side, the Society must cut an estimated \$427,480 from its expenses. The state's requested reduction in expenses is \$573,000 for total required cuts of \$999,000, or a reduction of 20% overall, if we are to have a balanced budget based on revenue projections. We could not achieve this level of expense reduction without reductions in service levels to the people of Washington and reduction in staff time.

In the attached budget reduction exercise document you will \$680,000 in cuts reflected. The remaining loss of revenue will be addressed by moving \$318,000 from a reserve account into our operating account for FY21. In doing so, we will leave approximately \$320,000 in our reserve account, which would be sufficient to cover local fund losses during another 3 month shutdown, such as we have just experienced. Clearly, this is a short lived solution, as continued use of reserve funds to meet revenue shortfalls will not last long.

In this exercise we suggest a 10% reduction in staff time across the board (unless the staff person already operates at 90% or lower than full time). We have opted for this approach over the elimination of whole positions for two reasons:

- 1) WSHS staffing is already extremely lean and there is little to no duplication of duties. There are no positions that could simply be eliminated and absorbed by adding to the workload of others. In order to keep all aspects of our operations moving forward, we need each of the positions we have on staff at this time. We have only one vacant position that we can eliminate for cost savings.
- 2) We feel that this is a more equitable approach to staff reductions. During the recession individual positions were eliminated while others were reduced by varying percentages based on their “usefulness” to the agency. This resulted in years of low morale and a feeling that employees and whole departments were differently valued.

One caveat to the above is that on-call reception and security positions would be reduced based on level of need for those services, not based on the proposed across the board cut for other positions.

Given the short timeframe for this exercise, we have had limited capacity to evaluate program level cuts, except to estimate a percentage reduction in programs and services based on the percentage reduction in staff time and program support expenses. If the identified levels of cuts proposed here end up being accepted, we request the ability to fine-tune these at the activity and sub-activity level to ensure the most strategic, and least harmful, approach.

One final note – While the cuts expressed here may seem insignificant in terms of total dollars, it is important to understand that the Society is currently functioning on a very lean budget for an institution of our size. During the recession the Society was cut 44% by the State, and we were only made whole to our 2009 budget numbers last year, without any adjustments for inflation. Cuts of any size to our budget will be painful and impactful in terms of both service to the public, and staff morale. We cannot absorb these reductions without significant negative impact.

**Budget Savings Options 2020**

Dollars in Thousands

Agency:

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-5				Other Funds					FTE Change (single month)		Brief Description and Rationale	Effective Date (MM/YY)	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)			
			FY 20	FY 21	FY 22	FY 23	Fund	FY 20	FY 21	FY 22	FY 23	FY 20	FY 21							
H	1	Museum Accessibility (A004, A006)		20,000	20,000	10,000								-	0.32	Close State History Museum to the public 2 days per week (an increase of 1 day of closure as we are normally closed to the public on Mondays)	7/20	The State History Museum's accessibility to the public will be decreased by 17%.	None	
M	2	Administrative, Marketing, IT and Fundraising reductions (A002)		275,273	53,120	26,560	184					27,100			-	0.95	Reductions in administrative expense such as office supplies, meeting expenses, and not filling a vacant HR assistant position. Also includes reductions in Marketing, IT and fundraising budgets. Furlough of all administrative, marketing and development staff by 10%.	7/20	The reductions in the marketing and fundraising budgets are likely to result in lower revenues as promotion of exhibits and programs will be reduced, leading to lower admissions. As well, communication with potential donors will be reduced due to lower printing and postage budgets. Computers will be replaced at a slower rate, causing for potential disruption of work in case of failure.	None
H	2	Educational Programs and Public Programs (A004)		24,483	20,100	10,500	184					38,121			-	0.41	Furlough of all program and educational staff by 10%. Reduction of public programming budget by 13%. There will be a consequent reduction in programs provided to the public due to both the cut in available funding, but also to limitations on staff time available to develop new programs.	7/20	During closure the Society has provided a robust series of online programming, both through our website and through live streaming events. It is anticipated that we would need to continue to provide online programming (in place of in-person programs) through at least the end of the year due to COVID-19 impacts. These programs are less expensive to produce than in person programs, but require more staff time. Reducing staff hours will result in significantly fewer programs such as lectures, family activities, and commemorations of important history events being offered. More importantly, the Society has been and plans to be focused on providing educational programs online as we expect field trips to the museum to be cancelled or minimal. We normally serve 12,000 - 16,000 children each year through field trips to the State History Museum. In order to help students achieve their educational requirements in Washington State history, we must develop new online educational resources that can be used by students if they are at home, or in the classroom, to replace the traditional field trip experience. We need to invest in new technologies and significant staff time in order to develop these new online resources for K-12 students in Washington. This reduction would eliminate those needed programs which include virtual tours of the museum, digital "history boxes" filled with 3D images of artifacts, digital scans of archival documents, as well as enrichment lessons for at-home learners or classroom teachers. This cut would also eliminate a planned Historian in Residence program which would have employed a historian for 2 years to support development of public programs and exhibitions focused on diverse histories.	None
H	1	Exhibitions (A004)		14,084	21,654	10,827	184					34401-500			-	0.24	Exhibition staff time will be reduced by 10%. The number of exhibitions presented will be decreased by 50%. The Society has a contract for a major exhibition in January 2021 that cannot be cancelled that is unfortunately very expensive requiring deeping cuts in other areas.	7/20	The number of new exhibitions presented will be cut in half. The quality of exhibitions produced for the public will be diminished due to reductions in materials and contractor budget lines. As well, the ability of our limited exhibits staff to produce new exhibitions will decrease as their time is reduced. Poor quality, or infrequent introduction of new exhibits will result in less attendance, which will further reduce revenues for the Society.	
H	1	State Historical Research Center (A001)		40,190	27,799	13,899									-	0.52	Research Center staff time will be reduced by 10%.	7/20	The public's ability to access the historical collections of the Society will be reduced by 10% as staff will have less time available to open the building for researchers, respond to research inquiries, and digitize collections items for placement online. Two of these staff (of 6 total) already work at less than 100% because their positions were never made whole after the 2008 recession when deep cuts were made to this department.	
H	2	Heritage Outreach (A003)		85,499	13,235	6,617									-	0.42	Heritage Outreach staff time will be reduced by 10%. Travel and program development budgets will be cut as well.	7/20	Heritage Outreach staff work with smaller heritage organizations around the state to support achievement of best practices in the field. These small heritage organizations are suffering right now due to COVID-19 closures and related economic losses and we have seen a significant increase in requests for technical and financial support from them. These cuts would significantly limit our ability to help these organizations, including eliminating a planned small grants program for heritage organizations. Training workshops for small organizations, in-person support, and emergency technical support would all be reduced with these cuts.	
L	1	Travel/Training (A001, A002, A003, A004, A005, A006)		24,875	-	-						9,800			NA	NA	All training will be removed from departmental budgets with the exception of one conference attendance required for the Director. Most travel is removed unless strictly required.	7/20	Staff will not receive any professional development training except for what is available free and online. This will prevent them from learning new skills and reduce knowledge of industry best practices and trends during a time of great change in our industry. Staff will also not be able to attend state required trainings that are not free, which would increase risk for the state. Outreach will occur virtually, not in person.	
H	4	Facilities Maintenance and Security (A006)		38,097	33,485	16,743									-	0.56	Facilities maintenance and security staff time will be cut by 10%. Facility costs such as utilities, and support contracts are fixed and cannot be cut any further.	7/20	Preventative and routine maintenance will be delayed or not occur, placing building systems at risk. We will likely lose personnel, as we have significant turnover in this department and are unlikely to retain personnel with reductions in staff time. Loss of personnel results in loss of important institutional knowledge, which can create inefficiencies that lead to increased costs, particularly with regard to building systems such as HVAC.	

M	3	Women's Suffrage Centennial Observance (A003)	49,000	-	-	-	-	-	-	-	0.50	Eliminate FY21 activities commemorating the national suffrage centennial. These reductions include eliminate of all public programs as well as program staff.	7/20	Currently, the Society plans to present an online "whistlestop" tour in August through the cities in Washington visited by prominent suffragists while campaigning for the vote. This would involve the creation of short films for each location, filled with educational and celebratory women's history content. We also administer the small grants program associated with this legislative mandate. New programming would be cancelled after June 30, 2020 and the .5FTE that runs this program would be laid off.	This program was mandated through EHB 2759
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**Priority:**  
L = Low priority agency activity or program  
M = Medium priority agency activity or program  
H = High priority agency activity or program

**Impact:**  
1 = Allows continuation of the program/activity at a reduced level  
2 = Eliminates the ability to perform program objectives  
3 = Eliminates agency function  
4 = Long term implications (moves the problem to next biennium)  
5 = Short term (reduction to one time increase)