



## Overview

- Speakers, funder, objectives
- Best practices
  - Finding New Revenues
  - Reducing Expenses
  - Restructuring Operations
  - Dana-Thomas House and Lincoln’s New Salem
- Next steps
- Helping historic sites in your state

## Speakers

- Jan Grimes, Director, Illinois Historic Preservation Agency
- Karen Everingham, Site Specialist, Illinois Historic Preservation Agency
- Donna Ann Harris, Heritage Consulting Inc
- Alexander Balloon, Heritage Consulting Inc

## Learning objectives

1. Understand current economic challenges facing state-owned historic sites across the US
2. Learn about innovative policy responses by five state governments to steward their historic sites in light of current economic challenges.
3. Encourage participants to advocate on behalf of their state-owned historic resources.

### Funder

- Funder: Jeffries Heartland Fund of the Midwest Regional Office of the National Trust for Historic Preservation
- Client: Illinois Historic Preservation Agency
- Fiscal Agent: Landmarks Illinois
- Consultant: Heritage Consulting Inc.



### IHPA Historic sites

- 26 Staffed historic sites
- Abraham Lincoln Presidential Library & Museum



### Illinois Historic Preservation Agency (IHPA)

- Agency of the State of Illinois
- Operates 60 historic sites and memorials, ranging in scale from small cottages to 2,000 plus acres of prehistoric mounds.
- Board of Trustees



### IHPA budget realities

- Declining Budget 2005-2011
  - FY 2002 Total Approp \$9.6 Million
  - FY 2011 Total Approp \$6.5 Million (33% Cut)
- Staff Levels:
  - FY 2002 138 FTE
  - FY 2011 69 FTE (50% Cut)



## Fall 2008: Site closures

- Gov. Blagojevich closes 13 sites
  - Including Dana Thomas House
- Reduced operating hours
- Impact softened from Lincoln Bicentennial Grants
- Tourism materials still direct visitors to sites



## Continuing challenges

- Union issues:
  - Union against “erosion” of jobs, seasonal work or shortened work week
  - Generic job titles allow bumping to jobs that don’t fit
  - Union opposes using grants to fund salaries
- Deferred maintenance: estimated at \$111 million by 2016



## Spring 2009: Sites reopen

- New Gov. Quinn
- All sites reopen, but not all staff return
- IHPA unable to replace staff due to budget cuts
- Unable to rearrange staff due to bargaining agreement
- Wages frozen due to budget



## What IHPA wanted to learn

- Alternative operating strategies & best practices
  - Finding New Revenues
  - Reducing Expenses
  - Restructuring Operations
- Specific solutions for Dana-Thomas House and Lincoln’s New Salem as models



### Illinois issues are national in scope

- 11 Most Endangered by NTHP in 2010
- "Historic Site Stewardship in the 21st Century" conference at Kykuit 2007
- *New Solutions for House Museums*, Donna Ann Harris 2007
- Articles in *Forum Journal* and *History News* 2007 and 2008



### State historic sites under threat

### State budget problems

- Unprecedented budget crises in states



### State policy responses

- A. Finding New Revenues
- B. Reducing Expenses
- C. Restructuring Operations



## A. Finding new revenue

1. Admissions Policy
2. Online Gift Shops statewide
3. Statewide Ballot Initiatives
4. Statewide Sponsorships



## Admissions: Kansas & Minnesota

- 2003, Kansas began charging admission
- Attendance at its Museum of History dropped from 101,000 to 82,000
- Revenue doubled from \$70,000 in donations to \$140,000 after admissions
- Similar experience in Minnesota
- Experience suggests admissions collect more money than donations



## 1. Admissions

- IL Donation by statute
- Nationally, culture of hesitance to charge admission
- Anecdotal stories
- States are poor admissions pricers
- Illinois, Kansas, New Hampshire



## Admissions: New Hampshire

- 4% of respondents listed cost as the reason they didn't attend parks and historic sites
- 70% support for increased admissions for site support
- Visitors choose sites based on experience offered
- Constraints and poor pricing practices
- Capturing value



## 2. Online gift shops statewide: Minnesota

- Many states lack online gift shops
- Many lack modern e-commerce tools
- Minnesota Case Study



## Statewide ballot initiatives: California

- Voter Proposition: Prop 21
- Vehicle license fee increase \$18
- Free admission for all vehicles
- Projected to raise \$500 million per year
- Defeated in 2010 57% NO 42% YES



## 3. Statewide ballot initiatives: Minnesota

- Constitutional amendment
- Clean Water, Land and Legacy Amendment
- 0.375% Sales tax increase
- Funds distributed by State Legislature
- \$54.5 million for heritage in FY 2011



## 4. Statewide sponsorships California

- California State Parks & California State Parks Foundation (Nonprofit partner)
- Proud Partners Program
- *The California State Parks Donor and Sponsorship Guidelines*
- Identify assets to be sponsored
- Role of marketing firms



## Statewide sponsorship lessons learned

- Historic parks are less interesting to sponsors than traditional parks
- Whole systems vs. individual parks
- Chicago market easy to sell—but there is only one IHPA site there-Pullman
- Partnering with Dept. of Natural Resources may yield better sponsorship success



## 1. College partnerships

- Connecting historic site to college/university
- Equal partnership
- Joining an academic center or department
- Enriching interpretive content
- Sharing operating support
- Finding additional support from funders, volunteers, students, “hidden support sources”



## B. Restructuring operations

1. College Partnerships
2. Local Partner Agreements
3. Privatization



## Partnership: New Harmony

- Mature partnership ISU & IN DNR-1985
- ISU Manager, IN Curatorial support
- State provides subsidy
- Living laboratory
  - Student programs
  - Symposia
- Friends of fundraising, volunteers



## Partnership: Youngstown Historical Center of Industry and Labor

- New partnership 2010
- Applied History Center
  - Graduate interns, work-study students, professors
  - Social Studies educators
- Shared operating support



## Local partnership agreements: Ohio

- 48 sites are managed by 41 “friends of” organizations
- New local partnerships
- Small financial annual subsidy
- Capital improvements, major maintenance, security, technical assistance staff, training from the OHS staff.



## 2. Local partnership agreements: Ohio

- Ohio Historical Society administered 59 historic sites in 2007
- 1981-2004, 14 sites were moved to local management
- Budget crisis in 2009
- Today OHS only manages 10 sites



## 3. Privatization

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Definition</li> <li>• Expanded visitor services</li> <li>• Strong Market vs. Weak Markets</li> <li>• Drafting process for privatization offerings</li> </ul> | <p>Business services</p> <ul style="list-style-type: none"> <li>• Lodging</li> <li>• Food/beverage</li> <li>• Retail/gift shops</li> <li>• Special event rental</li> <li>• Tour programs</li> <li>• Special programs (horses, crafts etc.)</li> </ul> |
|---|---|



### Privatization

- Gross receipts leases most common
- Risk/reward to state and concessionaire
- Larger buildings/spaces
- California examples
- Facilities Improvements
- Transparency



### 1. Deferred maintenance: nationwide

- \$7 Billion and rising
- Selected States
  - \$1.3 Billion CA
  - \$300 Million MI
  - \$200 Million MO
- Likely underestimated
- Quiet crisis



### C. Reducing expenses

1. Deferred Maintenance
2. Reduced Operating Hours & Site Closures
3. Resident Curators



### Deferred Maintenance

- Defer non-critical projects
- Critical projects
- Short-term savings
- Long-term cost



## 2.Reduced hours & site closures: PA

- 60 sites in 1980s
- Blue ribbon panel, 27 “Placed Properties”
- Planning Our Future: Sustainability Committee Final Report
- 2009 severe budget cuts
- 75 site staff furloughed
- 25 retired



## Reduced hours & site closures

- Closures as bargaining tools
- Not politically popular
- Reduced hours in a union environment
- Closures don't save a lot of money



## Reduced hours & site closures: PA

- 13 actively managed sites
- 10 more management agreements with nonprofits
- One maintenance staff
- Reduced hours
- No subvention to managed sites



## 3. Resident curatorship

- Definition
- MD, CT, DE, MA, NY, NJ (legislation)
- What's in it for resident curator
- What's in it for the state
- Best prospects for successful RFP



## Resident curator

- Agreement length
- Restoration plan/schedule
- Tenant pays all restoration costs
- RFP process
- CT Building assessment
- Public access days



## Site specific research for 2 IHPA sites

Dana Thomas House

Lincoln's New Salem



## Applying These Findings in Illinois



## Dana Thomas House programming

- Panel of 3 FLW experts invited to make observations and recommendations for new tourism products for site



### Lincoln's New Salem restaurant

- 13,000 sf restaurant--BIG
- Abandoned in 2005
- Difficult location
- Market cannot support anything more than café/deli
- Needs \$300,000 repairs to be tenant ready
- What to do?



### Next steps for Illinois

- Strengthen strong sites
- Alternatives for weak sites
- Statewide efforts to increase revenues, decrease costs, restructure operations
- Online marketing, enhanced web presence
- Tourism improvements
- Approach unions for possible changes to ensure sustainability



### Next steps for Illinois

- Meet with Advisory Committee
- Input from Board of Trustees and Governor's Budget Office
- "Right Pricing" to capture the value of historic sites (Dana Thomas)
- Change laws as needed
- SWOT of each site
- Apply best practices



### Next steps for this research

- Dissemination of information
- More speaking engagements
- Articles



## Your role as an advocate

- State owned historic sites are in peril
- Sites often used as bargaining chip for other state budget issues
- Statewide advocacy network is essential
- Work with partners



## Discussion & Questions



## What you can do in your state

- Help your state understand the range of options available
- There are a variety of options beyond “closures”-this is the least desirable option
- Consider all parts of operations:
  - revenue,
  - expenses and
  - restructuring operations



## Find this presentation on-line

<http://www.heritageconsultinginc.com/blog/?p=2091>



## Contact us!

Jan Grimes  
Karen Everingham  
Illinois Historic  
Preservation Agency  
313 South 6 Street  
Springfield, IL 62701  
217 785 7930

Donna Ann Harris  
Alexander Balloon  
Heritage Consulting Inc.  
422 South Camac St.  
Philadelphia, PA 19147  
215 546 1988

