

Department of Higher Education

Funding Request for the FY 2022-23 Budget Cycle

Request Title

HC-01 One History Colorado Resource Realignment

Dept. Approval By:

*Jordan Parry*

Supplemental FY 2021-22

OSPB Approval By:

*Mark J...*

Budget Amendment FY 2022-23

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Change Request FY 2022-23

Summary Information	Fund	FY 2021-22	FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request
<b>Total</b>		<b>\$12,096,110</b>	<b>\$0</b>	<b>\$12,096,110</b>	<b>\$0</b>
FTE		103.5	0.0	103.5	21.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$1,061,750	\$0	\$1,061,750	\$0
	CF	\$9,629,718	\$0	\$9,629,718	\$0
	RF	\$422,283	\$0	\$422,283	\$0
	FF	\$982,359	\$0	\$982,359	\$0

Line Item Information	Fund	FY 2021-22	FY 2022-23		FY 2023-24
		Initial Appropriation	Supplemental Request	Base Request	Change Request
<b>Total</b>		<b>\$1,248,802</b>	<b>\$0</b>	<b>\$1,248,802</b>	<b>\$0</b>
FTE		10.0	0.0	10.0	2.0
09. History Colorado, (A) Central Administration, (1) Central Administration - Central Administration	GF	\$0	\$0	\$0	\$0
	CF	\$1,132,460	\$0	\$1,132,460	\$0
	RF	\$0	\$0	\$0	\$0
	FF	\$116,342	\$0	\$116,342	\$0

<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,131,235</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	16.0	0.0
09. History Colorado, (A) Central Administration, (1) Central Administration - Collections and Curatorial Services	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$1,131,235	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

<b>Total</b>		<b>\$1,515,065</b>	<b>\$0</b>	<b>\$1,515,065</b>	<b>\$0</b>	<b>\$0</b>
FTE		8.0	0.0	8.0	2.0	0.0
09. History Colorado, (A) Central Administration, (1) Central Administration - Facilities Management	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,515,065	\$0	\$1,515,065	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$702,685</b>	<b>\$0</b>
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	FTE	0.0	0.0	0.0	5.0	0.0
09. History Colorado, (A) Central Administration, (1) Central Administration - Historical Site Maintenance and Operations within the Facili	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$702,685	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

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<b>Total</b>		<b>\$4,787,264</b>	<b>\$0</b>	<b>\$4,787,264</b>	<b>(\$3,838,695)</b>	<b>\$0</b>
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FTE	45.0	0.0	45.0	(38.0)	0.0
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09. History Colorado, (B) History Colorado Museums, (1) History Colorado Museums - History Colorado Center	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$4,384,275	\$0	\$4,384,275	(\$3,838,695)	\$0
	RF	\$325,000	\$0	\$325,000	\$0	\$0
	FF	\$77,989	\$0	\$77,989	\$0	\$0

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<b>Total</b>		<b>\$2,928,248</b>	<b>\$0</b>	<b>\$2,928,248</b>	<b>(\$702,685)</b>	<b>\$0</b>
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FTE	20.5	0.0	20.5	(1.5)	0.0
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09. History Colorado, (B) History Colorado Museums, (1) History Colorado Museums - Community Museums	GF	\$1,061,750	\$0	\$1,061,750	\$0	\$0
	CF	\$1,863,495	\$0	\$1,863,495	(\$702,685)	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,003	\$0	\$3,003	\$0	\$0

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<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,707,460</b>	<b>\$0</b>
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FTE	0.0	0.0	0.0	33.5	0.0
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09. History Colorado, (B) History Colorado Museums, (1) History Colorado Museums - Statewide Programming	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$2,707,460	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

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<b>Total</b>		<b>\$1,616,731</b>	<b>\$0</b>	<b>\$1,616,731</b>	<b>(\$105,000)</b>	<b>\$0</b>
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FTE	20.0	0.0	20.0	0.0	0.0
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09. History Colorado, (C) Office of Archeology and Historic Preservation, (1) Office of Archeology and Historic Preservation - Office of Archeology and Historic Preservation	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$734,423	\$0	\$734,423	(\$105,000)	\$0
	RF	\$97,283	\$0	\$97,283	\$0	\$0
	FF	\$785,025	\$0	\$785,025	\$0	\$0

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<b>Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$105,000</b>	<b>\$0</b>
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FTE	0.0	0.0	0.0	2.0	0.0
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09. History Colorado, (C) Office of Archeology and Historic Preservation, (1) Office of Archeology and Historic Preservation - State Historic Preservation	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$105,000	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Higher Education Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



**HC-01: One History Colorado Resource Realignment**

Summary of Funding Change for FY 2022-23			
		Incremental Change	
	FY 2021-22 Appropriation	FY 2022-23 Request	FY 2023-24 Request
Total Funds	\$0	\$0	\$0
FTE	120.5	21	21
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0

**Summary of Request**

This net zero request realigns History Colorado (HC) functions within existing appropriations. The existing structure of the Long Bill does not map to the Agency's present-day functions or its goals to create diversified future funding opportunities.

In addition, History Colorado has sought to internalize previously outsourced activities such as Marketing, Information Technology, Guest Services, and Building Security to increase efficiency and reduce costs. In customizing these solutions to the needs of History Colorado, the agency now requires additional FTE without additional spending authority.

## *Current Program*

History Colorado (formally the Colorado Historical Society) is engaged in a wide variety of educational, scientific, literary, artistic, and historic preservation activities in support of its mission. The organization's major efforts in this regard include (1) the collection, preservation, and storage of over 15 million historical artifacts that span 13,000 years and belong to the state of Colorado, (2) the operation of a network of museums and historical sites located throughout the state, including the History Colorado Center in Denver, (3) the administration of the country's largest program of historic preservation grants (the State Historical Fund through gaming tax revenues), (4) the processing and documentation of archaeological and historic sites statewide through the office of the State Archaeologist, and (5) statewide programming and administration to support these functions.

History Colorado is statutorily defined as an "educational institution" per Section 24-80-201, C.R.S., and is statutorily charged with various responsibilities outlined in Title 24, Article 80. These include:

- 1) General governance as defined by Part 2.
- 2) Administration of Historical, Prehistorical, and Archaeological Resources under Part 4.
- 3) Management and Control of state historical monuments under Part 5.
- 4) Permissive Authority in designation of ghost towns under Part 12.
- 5) Native American grave repatriation as defined by Part 13, as well as the Native American Grave Protection and Repatriation Act, and finally:
- 6) Maintenance of the register of historic places under Title 24, Article 80.1.

History Colorado has made significant improvements in management and financial position since its restructuring and employee layoffs in calendar year 2015. From FY 2014-15 through FY 2018-19, the agency maintained a balanced budget and increased its earned revenue by 133% percent. In FY 2019-20, History Colorado completed a new strategic plan that guides the agency's effort to double its engagement of Coloradans by 2025. The strategic plan identified escalating Certificates of Participation (COP) payments on the History Colorado Center as the agency's central challenge.

In FY 2020-21, this challenge, combined with the impact of the COVID-19 pandemic, threatened History Colorado's survival. Further, the agency's inability to meet its COP obligation threatened the state's credit. In response to this threat, the legislature allowed History Colorado to transfer \$1,940,000 in funds from the Preservation Grant Program Cash Fund. History Colorado also received two draws of Paycheck Protection Program funding that allowed the agency to retain existing staffing. Following the full support of its COP payment through the General Fund for FY 2021-22 and ongoing years, the agency intends to reorganize Long Bill lines for better financial management and improved resiliency, transparency, and daily operations.

## *Problem or Opportunity*

History Colorado receives funding from both the state of Colorado's limited-gaming

revenue, museum earned revenue, private donors, and philanthropic resources. In 2008 and 2009, revenues from gaming dropped by \$2 million (an 18% reduction) due to the Great Recession. Simultaneously, the implementation of Amendment 50 placed a cap on History Colorado's share of gaming revenue. This combination of events resulted in a loss of \$40 million over ten years for the agency.

Simultaneously, S.B. 08-206 required History Colorado to move and build a new building. In 2012, History Colorado incurred \$88 million in debt for Certificates of Participation (COP) used to finance the construction of the History Colorado Center. This requires an annual debt service of \$3.5 million, escalating to \$5 million, with the final payment due in 2045.

Debt payments had a significant, negative effect on History Colorado's finances; by 2015, History Colorado faced an operational deficit of \$2.5 million. New organizational leadership and a new governor-appointed board made strategic choices to cut operational expenses by 22% and staff by 20%, and to freeze salaries since then with the exception of 3% increases each year in 2018 and 2019. These efforts have produced a modest surplus. In the last few years, History Colorado leadership has significantly increased income from donors and visitors—including a 25% increase in earned revenue and doubling donations in the last fiscal year.

History Colorado engaged in a strategic planning process under the leadership of University of Denver Chancellor Emeritus Dan Ritchie. The process identified that, while History Colorado leadership had stabilized year-to-year funds, “any negative impact from an economic downturn, shift in gaming revenue, increasing State costs that are out of the organization's control, or urgent construction projects that impact operational revenue could bankrupt the organization.” COVID-19 brought this prediction to reality. In the spring of 2021, the General Assembly enabled full support of History Colorado's COP through the General Fund for FY 2021-22 and ongoing years.

In addition, the Strategic Plan identified an essential tactic to achieve the Wildly Important Goals of the agency: One History Colorado. The strategic plan states: “The success of this Strategic Plan hinges on History Colorado's ability to work, communicate, and serve as a coordinated and unified institution.” History Colorado staff had begun to make strides in working towards One History Colorado, but necessities that arose out of the COVID-19 crisis accelerated this transformation. Programs, exhibitions, education, publications, work culture have all expanded beyond previous site-based or department-based systems into holistic statewide services that share and preserve the diverse stories of Colorado and meet the moment of our historic times. These advancements have led to a need for basic and evolving technology to engage a wider array of audiences that has not previously been available to History Colorado. Finally, History Colorado has also sought new diversified funding opportunities, including federal (such as NEH CARES 2020 for Latino/Chicano collections, NEH Rescue 2021 for exhibits in rural Colorado) and foundation (Colorado Humanities, RISE, Gay and Lesbian Fund, and El Pomar) grants, for interpretation and research to be able to tell new stories.

With these important transformations, History Colorado now requires structural changes to the Long Bill that reflects History Colorado as it is today and allows the agency to grow in areas such as philanthropic activities. This is required to allow

History Colorado to assess the total cost of each of its activities, as well as to be able to comply with Federal indirect cost accounting principles.

As one example of the existing misalignment, History Colorado is required to preserve the state's collection of artifacts. Currently, both Collections Access and Curatorial Services are included in the History Colorado Museum Long Bill line item appropriation. This Long Bill line item is funded primarily (over 70%) by the Enterprise Services Cash Fund that is funded by History Colorado Museum earned revenue.

At the same time, History Colorado Museum security is included in the Facilities Management Long Bill line item, which is funded primarily by the Museum and Preservation Operations Account of the State Historical Fund (limited gaming-minority). The History Colorado Museum serves as both the administrative offices for History Colorado, as well as a museum.

With this reorganization of the Long Bill items, the Facilities appropriation will be primarily funded by the Enterprise Services Cash Fund, which is supported by History Colorado Museum earned revenue. This funding will be supplemented by administrative cost recoveries that recognize this role and allows History Colorado Museum to recover administrative and indirect costs for this purpose. History Colorado envisions that with this Long Bill reorganization and full "general funding" of the History Colorado Museum COP, the History Colorado Center should become self-sustaining and bear the full cost of museum operations and exhibits over the next decade.

### ***Proposed Solution***

This net zero request proposes four new Long Bill line items within the History Colorado Long Bill:

- 1) A new Collections and Curatorial Services appropriation within the Central Administration division of History Colorado;
- 2) A new appropriation for Historical Site Maintenance and Operations within the Central Administration division;
- 3) A new Statewide Programming appropriation within the History Colorado Museums division of History Colorado for Marketing, Programming, Exhibits, Publications, and Philanthropy; and;
- 4) A fully cash-funded appropriation called State Historic Preservation within the Office of Archaeology and Historic Preservation for tax incentives and other statutory state functions.

In addition, this request readjusts the fund sources and FTE levels of many existing appropriations. This is driven by History Colorado bringing in-house many previously vendor-provided solutions. This approach has allowed History Colorado to save costs and to better tailor many of its programs and communications to its target audiences and communities. Examples of these include managing the gift shop at the History Colorado Center and providing our own security services.

As mentioned earlier, these changes do not represent any changes in spending authority. Since this proposal aligns costs with the appropriate funding source, History Colorado will be able to better track and manage budget and expenditures more effectively, allowing for better insight and decision making.

Theory of Change	History Colorado will be able to enhance programming and preservation, as well as further diversify its funding if proper cost accounting practices that fully internalize and allocate costs of services are implemented. This will increase funding for both programming and preservation.		
Program Objective	History Colorado will be able to accurately match revenue, expenditures, and engagement to demonstrate the total investment by program type and funding source.		
Outputs Being Measured	Currently, HC measures engagement through a variety of metrics discussed and reported on the strategic plan. This reorganization will help the agency better align its reported engagement numbers with total cost in each activity.		
Outcomes Being Measured	Outcomes will continuously be measured against the agency's strategic plan, return on investment, and the agency's indirect cost rates. Decreased administrative costs will also enable greater success in requesting new federal and philanthropic funds.		
Cost/Benefit Ratio	N/A-There is no cost for this request. Rather, this will enable HC to better utilize its own funds and further diversify its funding.		
Evaluations	Pre-Post	Quasi-Experimental Design	Randomized Control Trial
Results of Evaluation			
Continuum Level	Level 2		

### *Anticipated Outcomes*

The larger intent of this request is to allow History Colorado the capacity to:

1. Fully fund its statutory activities for preservation, curation, and administration;
2. Create cost pools that comply with federal guidelines in response to the increasing number of federal grants the agency is receiving;
3. Allow administration to scale in response to the increasing number of federal grants; and,
4. Accurately match revenue, expenditures, and engagement to demonstrate the total investment by program type and funding source.