

INDIANA STATE MUSEUM AND HISTORIC SITES

November 14, 2012

To: Adam Horst, SBA

From: Thomas A. King, ISMHS

It is my pleasure to submit our FY2014 and FY2015 budget request for consideration by the Indiana General Assembly and the State Budget Committee. Even though state fiscal resources have been kept at a reduced level, the Indiana State Museum and Historic Sites, Corp. (ISMHS) has had and continues to have a number of important accomplishments during the current biennium; all the while providing excellent service to our visitors and customers. While state appropriations provide the funding for salaries and benefits for the staffing of the ISMHS, which is 54% of the overall operating budget, this submittal will highlight the full spectrum that the ISMHS offers, including expenses covered by earned and developed income generated by the ISMHS. The information contained in this overview will illustrate the diversity of offerings presented across Indiana by ISMHS in the 2011-2013 biennia.

ISMHS has three key corporate performance indicators: **people served, earned revenue and developed funds**. The indicators are a combined total of the results produced by the Museum and the Historic Sites during its first year as a quasi public corporation. **People Served** is defined as the number of people who pay admission and attend or participate in educational programs. **Earned Revenue** by ISMHS consists of admission ticket sales, facility rental fees, commission on food sales and gift shop revenue. **Developed Funds** are private and public funds donated to ISMHS by individuals, corporations and foundations.

The primary programs of the ISMHS are to collect, preserve and conserve Indiana's cultural artifacts, natural specimens and historic structures and to interpret Indiana's history through exhibitions and educational programs. ISMHS maintains Indiana's governmental fine arts collections; and provides informational assistance to historical organizations and citizens of Indiana regarding the knowledge and preservation of their material culture and natural heritage. The Museum also will be submitting for the first time since 2005-07, a \$376,000 biennial request for Capital, Repair and Rehabilitation dollars to revamp the American Disabilities Act compliance elements of the Museum building. Over the last fiscal year, the Museum has been targeting potential donors and receiving funds to cover the cost of design and development in preparation for the core gallery rehabilitation. The challenge has now been issued by donors for the state to come forward with funds to complete the fabrication stage. Once the state allotment is determined, the Museum will go back to potential donors for contributions to match the contributions of the state.

Accomplishments and Challenges over the 2011-2013 Biennium

Working with SBA, the ISMHS is requesting a \$1,579,319 increase in operating. This increase addresses the deterioration of routine maintenance evolving of the equipment and infrastructure of the now 10 year old facility. As exhibit lighting fixtures and Audio Visual equipment begin to fail, the ISMHS is in the process of replacing and repairing many of its operational equipment. Working with the Indiana Finance Authority, a cyclical Museum building routine maintenance plan has been established. ISMHS has had many noteworthy accomplishments in the current biennium. The ISMHS is striving for a balance of state, private and public funding sources to stabilize the basis of its support. This

support breaks down as follows: State appropriations at 61% (Operating and Preventive Maintenance), Earned Revenues at 28% and Private/Public Donations at 11%.

The ISMHS is proud of the accomplishments as follows:

- The Museum hosted a very successful traveling exhibition: **Titanic: The Exhibition.**
- Angel Mounds State Historic Site presented the first showing of unique prehistoric artifacts from the Mann Site in Posey County. The artifacts date back to 100 AD to 500 AD.
- Limberlost State Historic Site with DNR Nature Preserve as a partner broke ground on the Visitors Center for Limberlost SHS and the Loblolly Wetlands providing an educational facility for both entities.
- Surveys and focus groups of the ISMHS's audiences and stakeholders were conducted. Disney training was provided for front line staff to channel resources to improve the visitor experience at the Museum and Historic Sites.
- Human resources were realigned to provide a grants writer and corporate-philanthropy specialist to generate increased income from private sources.
- The ISMHS has successfully transitioned from a division of DNR to a separate commission. Procedures and policies were put into place to assure that the changes were made as seamlessly as possible.
- During the Super Bowl week in Indianapolis, the Museum was able to rent its facilities for a number of events, producing net income of \$100,000 for the institution.

Upcoming Events and or Challenges over the 2011-2013 Biennium

- Hosting: The Star Wars: Science Meets Imagination. This traveling exhibition will fill all of the third floor galleries and have an interactive experience on the first floor. This will be the largest traveling exhibition the ISMHS has undertaken.
- In-house exhibition: The staff will be developing and installing an in-house paleontological exhibition highlighting Indiana's vast mastodon and mammoth story. This exhibition will be the culmination of several decades of institutional field work and scientific research.
- Permanent galleries: The core exhibition will undergo a much needed rehabilitation from its 2002 installation, bringing the Museum experience in sync with today's educational standards and current historic research. Included in the core exhibit rehabilitation will be a number of iconic exhibits that will attract repeat visitation by the Museum's patrons.
- The MOU between the ISMHS and University of Southern Indiana for the Historic New Harmony site will be modified this fiscal year. With this change, ISM requests the \$50,000 USI spends on Historic New Harmony be moved from USI's budget to ISMHS's.
- The Historic Sites will be bringing on-line six rehabilitated and/or new structures. The resulting added utilities and operating costs are included in the 2013-2015 budget request for an additional \$125,000 of

operating dollars. As the ISMHS continues to pursue donated funds, it has become apparent that individuals and corporations are reluctant to provide support that would pay for operating expenses. Donors will consider, however, giving to support capital expenses. (see Appendix A)

Objectives for 2014-2015

- ISMHS will provide programs and exhibitions to stakeholders that are stimulating and educational along with meeting contemporary cultural learning, communication and entertainment standards.
- ISMHS will develop and enlarge the current stakeholder pool, focusing on increasing unrestricted donor dollars and striving to broaden the funding base.
- ISMHS will continue to collect and preserve Indiana's material and natural culture, upholding ethical and industry standards for the citizens of Indiana.
- ISMHS will develop the needed support to the Museum's and Historic Sites' structures and exhibition program through state appropriations with the Preventative Maintenance and Capital R & R budget program.

The ISMHS displays permanent collections that tells Indiana's story and celebrate the state's achievements; features a dynamic schedule of changing exhibitions; performs critical research and preservation of artifacts; and offers extensive public and educational programming. The ISMHS acts as Indiana's memory – the stories and the physical record.

Thomas A. King

CEO/President

Indiana State Museum and Historic Sites, Corp.

Appendix A

Indiana State Museum and Historic Sites Corp.

State Historic Sites - Additional Utility and Operating Expenses for the 2013-2015 Biennium

The Indiana State Historic Sites are comprised of 90 buildings on over 1,300 acres in eleven different communities throughout the state. 52 of the buildings are considered historic. Previous budget cuts and increases in utilities, fuel costs and other operating expenses resulted in a shortfall of \$145,000 in budget lines .2 through .9 in the last fiscal year, despite increased earned and developed revenue.

In the next biennium, six buildings/spaces are coming back to public use after rehabilitation/restoration or will have upgrades required to meet minimum artifact exhibit standards. This will result in increased operating costs. These buildings will host exhibitions and artifacts and therefore must maintain a stable, artifact friendly environment-HVAC, humidity control, security systems and other utilities. This 29,000 sq. ft. of space is calculated to cost an additional \$125,000 per annum in operating expense.

The MOU between the ISMHS and University of Southern Indiana will be modified this fiscal year. With this change, \$50,000 will be moved from USI's budget to ISMHS's budget. This \$50,000 and the \$125,000 increase in operating cost for the new rehabilitated buildings total \$175,000 annually and is included in the annual appropriation being submitted.

Additional Details: Part of the New Harmony State Historic Sites, **Community House #2** (15,200 sq. ft.) and the **Fauntleroy House** (2,300 sq. ft.) are coming into public use with a stable exhibition environment for the first time, after an extended and extensive rehabilitation period of several years, replacing the HVAC system and correcting structural issues. At Corydon Capitol State Historic Site, the **First State Office Building** (1,588 sq. ft.) has been rehabilitated and an updated HVAC system has created exhibition/community use space. The **First State Capitol Building** (3,200 sq. ft.) requires steps to meet minimum exhibit standards connected with the upcoming Indiana Bicentennial. At Limberlost State Historic Site, a **Visitor Center** (3,600 sq. ft.) is being constructed and will be open to the public by the start of the biennium. The Lanier State Historic Site **Visitor Center** remodeling (3,150 sq. ft.) will provide artifact exhibit/community use space previously used for storage. The total additional operating costs for these six facilities is estimated at \$125,000 taking into consideration local utility and facility operating costs.

Historic Sites' programming and operating costs now are estimated at \$569,000. With the State Historic Sites current stated \$232,000 allotment for operating and the projected \$162,000 in offsetting earned and developed income, \$175,000 is the anticipated shortfall.

The figure submitted does not include any anticipated increase in existing utility or operating costs presently incurred by the ISMHS. No additional staffing costs will be needed at this time to bring these facilities on line.