

Performance-Based Budget

PENNSYLVANIA HISTORICAL AND MUSEUM COMMISSION



Commonwealth of Pennsylvania
Independent Fiscal Office
January 2022

Independent Fiscal Office

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INDEPENDENT FISCAL OFFICE

January 19, 2022

The Honorable Members of the Pennsylvania Performance-Based Budget Board:

Act 48 of 2017 specifies that the Independent Fiscal Office (IFO) shall "review agency performance-based budget information and develop an agency performance-based budget plan for agencies subject to a performance-based budget review." This review "shall be completed in a timely manner and submitted by the IFO to the board for review."

This report contains the review for the Pennsylvania Historical and Museum Commission. All performance-based budget (PBB) reviews submitted to the Board contain the following content for each activity or service provided by the agency:

- a brief description of the activity, relevant goals and outcomes;
- a breakdown of agency expenditures;
- the number of full-time equivalent positions dedicated to the activity;
- select currently available metrics and descriptive statistics;
- any proposed metrics that the review recommends; and
- observations that should allow agencies to more effectively attain their stated goals and objectives.

The IFO submits this review for consideration by the PBB Board. The agency received a draft version of this review and was invited to submit a formal response. If submitted, the response appears in the Appendix to this review. The IFO would like to thank the agency staff that provided considerable input to this review.

Sincerely,

A handwritten signature in blue ink that reads "Matthew J. Knittel".

Dr. Matthew J. Knittel
Director

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Background on Performance-Based Budgeting

Act 48 of 2017 is known as the Performance-Based Budgeting and Tax Credit Efficiency Act. The act requires the Independent Fiscal Office (IFO) to develop performance-based budget (PBB) plans for all agencies under the Governor’s jurisdiction once every five years based on a schedule agreed to by the Secretary of the Budget and the Director of the IFO. The act directs the IFO to evaluate and develop performance measures for each agency program or line item appropriation. As determined by the IFO to be applicable, the measures shall include the following: outcome-based measures, efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes or performance benchmarks against similar state programs or similar programs of other states or jurisdictions.

The act requires the IFO to submit plans to the PBB Board for review and approval. The PBB Board reviews plans at a public hearing at which agency heads or their representative must attend to offer additional explanations if requested. The PBB Board has 45 days after submission to approve or disapprove plans.

A performance-based budget differs from a traditional budget in several key respects. The main differences are summarized by this table:

Traditional versus Performance-Based Budget		
Criteria	Traditional Budget	Performance Budget
Organizational Structure	Line Items or Programs	Agency Activities
Funds Used	Appropriated Amounts	Actual Expenditures
Employees	Authorized Complement	Actual Filled Complement
Needs Assessment	Incremental, Use Prior Year	Prospective, Outcome-Based

The plans track funds based on agency activities because they can be more readily linked to measures that track progress towards goals, objectives and ultimate outcomes. Activities are the specific services an agency provides to a defined service population in order to achieve desired outcomes. Activity measures can take various forms: inputs (funding levels, number of employees), outputs (workloads), efficiency (cost ratios, time to complete tasks), outcomes (effectiveness), benchmark comparisons to other states and descriptive statistics. The final category includes a broad range of metrics that provide insights into the work performed by an agency and the services provided. Those metrics supply background, context and support for other metrics, and they may not be readily linked to efficiency or outcome measures. The inclusion of such measures supports the broader purpose of the PBB plans: to facilitate a more informed discussion regarding agency operations and how they impact state residents.

Note: Unless otherwise noted, performance metrics used in this report were supplied by the agency under review. Those data appear as submitted by the agency and the IFO has not reviewed them for accuracy. For certain years, data are not available (e.g., due to a lag in reporting). In those cases, "--" denotes missing data. All data related to expenditures and employees are from the state accounting system and have been verified by the IFO and confirmed by the agency.

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PA Historical and Museum Commission Overview

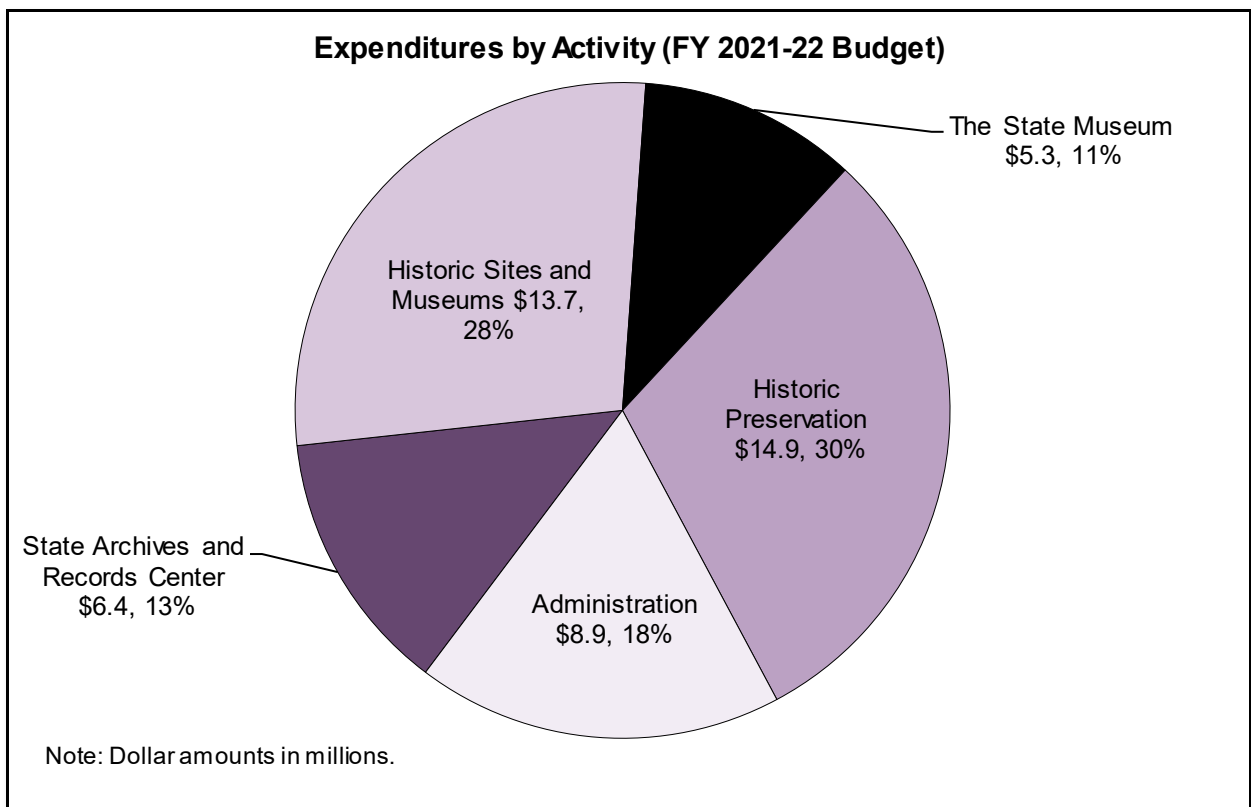
Mission Statement

The mission of the Pennsylvania Historical and Museum Commission (PHMC) is to discover, protect and share Pennsylvania’s past, inspiring others to value and use our history in meaningful ways.

Services Provided

For this report, the services provided by PHMC are classified into five general activities.

PHMC: Activities and Primary Services Provided	
Activity	Primary Service
1 State Archives and Records Center	Store and preserve historically significant documents
2 Historical Sites and Museums	Operate and preserve historic properties
3 The State Museum	Exhibit artifacts related to Pennsylvania heritage
4 Historic Preservation	Administer the historic preservation program
5 Administration	Provide organizational leadership and support



PHMC Expenditures and Average Weekly FTE Positions by Fiscal Year

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
Expenditure by Activity						
State Archives and Records Center	\$3.5	\$3.9	\$4.1	\$4.3	\$4.2	\$6.4
Historic Sites and Museums	12.7	11.6	12.1	12.4	12.6	13.7
The State Museum	5.7	5.5	5.2	5.3	4.8	5.3
Historic Preservation	4.9	5.2	5.4	6.7	6.4	14.9
Administration	<u>8.3</u>	<u>8.0</u>	<u>11.6</u>	<u>15.7</u>	<u>10.5</u>	<u>8.9</u>
Total	35.2	34.3	38.3	44.4	38.4	49.2
Expenditures by Object						
Personnel Services	\$20.7	\$20.0	\$20.8	\$21.0	\$20.2	\$21.9
Operational Expenses	10.3	10.1	11.3	12.5	10.9	14.1
Grants	3.2	3.3	5.1	1.9	6.0	12.4
Other ¹	<u>0.9</u>	<u>0.9</u>	<u>1.1</u>	<u>9.0</u>	<u>1.2</u>	<u>0.8</u>
Total	35.2	34.3	38.3	44.4	38.4	49.2
Expenditures by Fund						
General Fund (State)	\$20.7	\$19.4	\$23.9	\$19.4	\$22.9	\$23.2
General Fund (Augmentations)	1.2	1.2	1.3	1.4	1.5	1.5
General Fund (Federal)	2.3	1.9	1.8	1.8	2.7	9.6
General Fund (Restricted)	0.0	0.1	0.4	0.2	0.3	0.2
Keystone Rec., Park and Cons. Fund	8.7	8.8	9.3	18.4	10.1	12.7
Historic Preservation Fund	<u>2.2</u>	<u>2.8</u>	<u>1.7</u>	<u>3.2</u>	<u>0.9</u>	<u>2.0</u>
Total	35.2	34.3	38.3	44.4	38.4	49.2
Average Weekly FTE Positions by Activity						
State Archives and Records Center	32	35	34	33	30	32
Historic Sites and Museums	75	74	76	74	71	78
The State Museum	46	46	43	44	42	52
Historic Preservation	27	29	26	28	27	28
Administration	<u>22</u>	<u>19</u>	<u>20</u>	<u>20</u>	<u>19</u>	<u>24</u>
Total	202	202	199	197	188	214
Personnel Cost/FTE (\$ thousands)	\$102.3	\$98.8	\$104.3	\$106.3	\$107.2	\$102.6

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded. FTE stands for Full-Time Equivalent.

1 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.

Key Agency Performance Metrics

This report includes numerous performance metrics, but certain metrics are critical to the overall operation of the agency. Key agency metrics that policymakers should monitor for each activity are displayed in the table. A brief explanation of key metric trends appears below the table.

Key Metrics to Monitor						
	16-17	17-18	18-19	19-20	20-21	21-22
State Archives and Records Center						
Archives' digital documents stored (GB)	--	--	43,649	80,966	114,000	135,000
Change in paper stored for Archives (ft ³)	--	1,324	1,351	1,378	1,406	600
Records Center annual paper reduction (ft ³)	(22,709)	(5,442)	(398)	(3,058)	(5,179)	(6,000)
Agency records received in digital format (GB)	--Recommended measure--					
Historic Sites and Museums¹						
Total visitors to historic sites and museums	562,798	547,741	591,500	323,582	20,245	94,210
% In-person visitors from out-of-state	43%	43%	42%	60%	34%	55%
Total revenue (\$000s)	\$5,532	\$5,015	\$4,870	\$4,072	\$4,296	--
The State Museum²						
Total visitors to The State Museum	94,750	89,489	95,535	50,049	5,370	15,398
% In-person visitors from out-of-state	5.3%	5.8%	5.1%	9.7%	8.0%	12.3%
Total revenue (\$000s)	\$254	\$241	\$229	\$145	\$14	\$32
Historic Preservation						
Total completed project QRE (\$ millions)	\$292	\$526	\$549	\$378	\$294	--
National Register of Historic Places in PA	3,214	3,244	3,264	3,282	3,300	3,315
Notes: QRE is qualified rehabilitation expenditures.						
1 FY 21-22 data through November 30.						
2 FY 21-22 data through December 31.						

State Archives and Record Center

In partnership with the Office of Information Technology, PHMC is developing the state's first digital preservation system for the State Archives and Records Center to enhance its digital archives technology and provide a user-friendly customer interface. Between fiscal year (FY) 2018-19 and FY 2020-21, digital documents preserved by the State Archives increased more than 160% as the commission continued to convert records to digital format and add online images for patrons to access. Over the last six years, paper documents stored by the SRC for agencies decreased by more than 40,000 ft³. It is recommended that the SRC track agency records received in digital format as another indicator of statewide agency reliance on paper versus electronic records. *See pages 7 to 8 for more details.*

Historic Sites and Museums

From FY 2016-17 to FY 2018-19, the number of visitors to historic sites and museums increased 5% to 591,500. For this time period, out-of-state visitors comprised over 40% of total visitation and contributed to the tourism industry across the state. In FY 2018-19, Erie and Lancaster county sites hosted 62% of

total visitors largely due to the Erie Maritime Museum (182,800 visitors) and the Railroad Museum (123,900 visitors). It should be noted that the number of visitors counted in Erie Maritime Museum's operations is approximately 100,000 higher than usual because of visitation to the Brig Niagara throughout the Great Lakes as part of Tall Ships Erie, which is held every three years.

Historic sites and museums rely heavily on local partnerships to supplement staff and provide support in accordance with PHMC's mission. Local partners derive revenue that is reinvested in the sites from memberships, admissions, fundraising, grants, donations and rental income. These local funds averaged \$5.1 million per annum between FY 2016-17 and FY 2018-19, but declined to \$4.3 million in FY 2020-21. Due to the pandemic, historic sites and museums were closed from March 2020 through March 2021, considerably impacting visitation. There can be a significant delay in reporting complete visitation and revenue information for all sites. The IFO recommends that PHMC work with local groups to improve the timeliness of reporting site-specific information. *See pages 9 to 11 for more details.*

The State Museum

The State Museum's total visitation remained relatively consistent from FY 2016-17 to FY 2018-19, with an average of more than 93,000 visitors per annum. Of those 93,000 visitors, roughly 5.4% (5,000) were from out of state. The Pennsylvania Heritage Foundation (PHF) partners with The State Museum to manage memberships and related revenues. On average, members comprise 7.4% of visitors to The State Museum. Similar to historic sites and museums, The State Museum was closed from March 2020 through March 2021 and the pandemic significantly impacted visitation, which remains below historic levels in FY 2021-22. *See pages 13 to 14 for more details.*

Historic Preservation

The State Historic Preservation Office (SHPO) administers federal historic preservation programs in partnership with the National Park Service (NPS). As of June 2021, NPS documented 3,508 historic Pennsylvania properties listed in the National Register of Historic Places (3.7% of the U.S. total), the fourth largest number behind New York (6,269), Massachusetts (4,418) and Ohio (4,109). National Register designation enables Pennsylvania municipalities and nonprofit organizations to apply for grants to aid in historic preservation efforts. National Register designation is also an incentive for income-producing projects seeking historic preservation tax incentives to promote rehabilitation and reuse.

The office also has a role in administering state and federal historic tax credits. Nearly all historic preservation projects that receive state tax credits receive federal tax credits, but not all federal projects receive state tax credits. In the latest fiscal year, 72 projects with average qualified rehabilitation expenditures (QRE) of \$4.0 million qualified for federal tax credits, while 27 projects with average QRE of \$8.2 million received state tax credits. From federal fiscal year 2016 through 2020, Pennsylvania historic preservation projects with nearly \$1.8 billion in QRE qualified for federal tax credits (5.8% of the U.S. total). *See pages 15 to 17 for more details.*

Activity 1: State Archives and Records Center

The State Archives preserves and stores records that protect the history, civil rights, property and health of Pennsylvania's citizens. Within the State Archives, the commission preserves 250 million documents against loss or destruction and assisted 4.1 million patrons in-person and online in FY 2020-21 to access these documents. In 2021, the State Archives placed its 19 millionth record online. Additionally, the commission trains state and local government agencies in records management and disaster preparedness for essential records. Since FY 2018-19, the State Archives issues annual Historical and Archival Records Care (HARC) grants to eligible historical societies, local governments, universities and other entities. In FY 2020-21, 31 recipients received grants totaling nearly \$200,000.

The State Records Center provides low-cost off-site record storage to state agencies. Agencies are billed based on number of boxes stored by the Records Center and records are available upon request of the agency. In partnership with the Office of Information Technology, the commission is developing the state's first digital preservation system for the State Archives and Records Center.

The primary goals of this activity are to (1) identify and preserve records that have long-term value to the state, (2) make records accessible to authorized users in a timely and cost-effective manner and (3) retain state and local government records for as long as needed. The expected outcomes are to (1) protect the interest of the agency and citizens and (2) dispose of records appropriately.

Resources for State Archives and Records Center

	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Budget
Expenditures by Object						
Personnel Services	\$3.08	\$3.33	\$3.43	\$3.38	\$3.05	\$3.15
Operational Expenses	0.45	0.54	0.58	0.71	0.99	3.08
Grants	0.00	0.00	0.06	0.19	0.04	0.20
Other ¹	<u>0.00</u>	<u>0.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.08</u>	<u>-0.04</u>
Total	3.53	3.94	4.07	4.29	4.16	6.39
Expenditures by Fund						
General Fund (State)	\$2.18	\$2.19	\$2.48	\$2.38	\$2.11	\$2.34
General Fund (Augmentations)	0.62	0.68	0.66	0.72	0.77	0.82
Keystone Rec., Park and Cons. Fund	0.61	0.99	0.85	1.11	1.29	3.23
Historic Preservation Fund	<u>0.12</u>	<u>0.08</u>	<u>0.08</u>	<u>0.08</u>	<u>0.00</u>	<u>0.00</u>
Total	3.53	3.94	4.07	4.29	4.16	6.39
Average Weekly FTE Positions	32	35	34	33	30	32
Personnel Cost/FTE (\$ thousands)	\$95.4	\$95.1	\$99.7	\$104.0	\$103.4	\$98.3

Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.

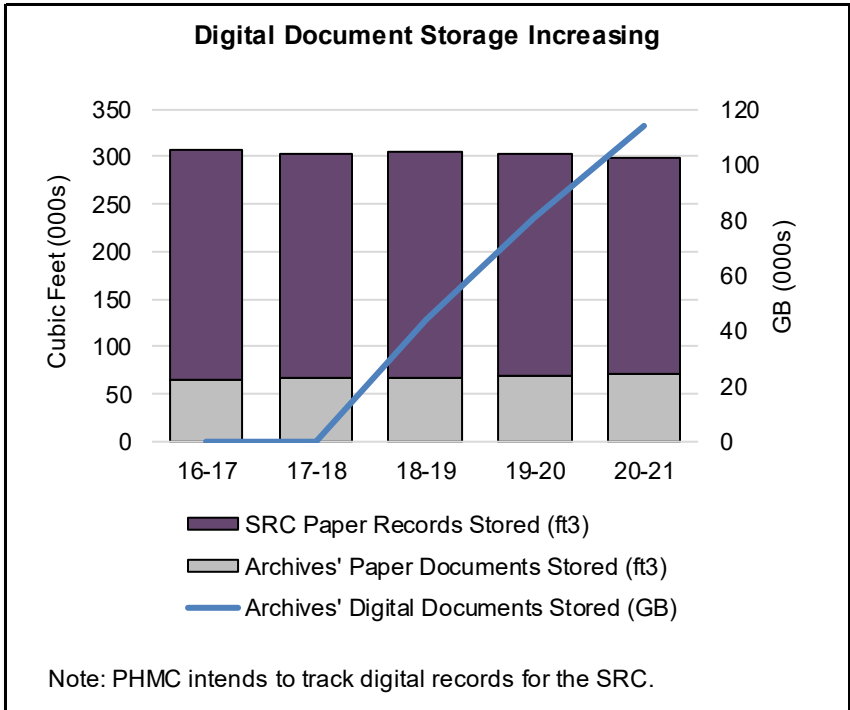
¹ Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.

Performance Measures for State Archives and Records Center

	16-17	17-18	18-19	19-20	20-21	21-22
Workload						
Archive patrons served (000s)	6,209	5,994	5,055	4,520	4,118	4,200
State and local officials trained	1,519	3,122	2,522	2,403	6,071	3,127
SRC agency requests for records	15,448	13,000	12,785	9,111	9,027	9,000
Efficiency						
Cost per Archive patron served	\$0.46	\$0.49	\$0.46	\$0.58	\$0.54	\$0.54
Cost per SRC box stored for agencies	\$3.06	\$3.43	\$3.20	\$3.38	\$4.06	\$4.27
Outcome						
Change in paper stored for Archives (ft ³) ¹	--	1,324	1,351	1,378	1,406	600
Records Center annual paper reduction (ft ³) ¹	(22,709)	(5,442)	(398)	(3,058)	(5,179)	(6,000)
Archive images added online annually (000s)	1,563	822	683	497	1,318	1,800
Archives' digital documents stored (GB)	--	--	43,649	80,966	114,000	135,000
Agency records received in digital format (GB)			--Recommended measure--			

Notes:

1 Measures amount of paper documents received or stored year over year. For example, in FY 16-17, Archives stored 64,858 ft³ of documents and 66,182 ft³ in FY 17-18, which shows an increase in paper storage of 1,324 ft³.



Digital document storage for the State Archives increased over the last three fiscal years while paper documents remained relatively unchanged. The recommended measure to track agency records received in digital format enables a comparison of the trends in statewide agency reliance on paper versus electronic records.

Activity 2: Historic Sites and Museums

The Bureau of Historic Sites and Museums (BHSM) operates and preserves 21 historic sites and museums within Pennsylvania. Properties managed range from historic homes and villages to battlefields and industrial heritage museums. The commission directly manages 13 of its 21 properties while the remainder are operated in partnership with local non-profit organizations. BHSM has staff at 17 of the 21 properties. Sub-activities within BHSM include: (1) organize educational programs, including exhibits, tours and events, (2) preserve and interpret historic artifacts and documents and (3) contribute to the economic development of local and regional communities by promoting heritage tourism. In a typical year, the sites operated by BHSM host approximately 600,000 onsite visitors.

Currently, 19 of the 21 BHSM properties participate in the Museums For All program. Museums For All is a national program that provides free or reduced admissions to museums to families with low income that receive SNAP benefits.

The primary goals of this activity are to preserve historic sites and artifacts related to the history of Pennsylvania and educate visitors about the role Pennsylvania history played in shaping the nation and its citizens' lives. The expected outcomes are to enhance the vibrancy of local and regional communities and promote tourism.

Resources for Historic Sites and Museums						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$7.80	\$7.45	\$7.92	\$7.71	\$7.30	\$7.84
Operational Expenses	4.86	4.06	3.83	4.56	4.88	5.07
Grants	0.00	0.00	0.00	0.00	0.00	0.10
Other ¹	<u>0.07</u>	<u>0.12</u>	<u>0.35</u>	<u>0.17</u>	<u>0.38</u>	<u>0.71</u>
Total	12.73	11.63	12.10	12.44	12.57	13.71
Expenditures by Fund						
General Fund (State)	\$8.73	\$8.37	\$9.09	\$8.74	\$8.46	\$9.27
General Fund (Federal)	0.00	0.04	0.00	0.05	0.08	0.10
General Fund (Restricted)	0.04	0.13	0.36	0.12	0.22	0.20
Keystone Rec., Park and Cons. Fund	3.33	2.47	2.56	2.96	3.74	3.32
Historic Preservation Fund	<u>0.62</u>	<u>0.62</u>	<u>0.09</u>	<u>0.58</u>	<u>0.07</u>	<u>0.83</u>
Total	12.73	11.63	12.10	12.44	12.57	13.71
Average Weekly FTE Positions	75	74	76	74	71	78
Personnel Cost/FTE (\$ thousands)	\$103.9	\$101.4	\$104.9	\$105.0	\$103.4	\$100.5
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.						

Performance Measures for Historic Sites and Museums

	16-17	17-18	18-19	19-20	20-21	21-22
Outcome						
Total visitors to Historic Sites and Museums ¹	562,798	547,741	591,500	323,582	20,245	94,210
% In-person visitors from out-of-state	43%	43%	42%	60%	34%	55%
Private events held annually	--	--	354	429	0	17
Volunteer hours (000s) ¹	146.5	149.1	113.1	45.7	18.5	--
Artifacts added annually	5,610	4,483	3,125	1,273	1,417	621
Records added online to museum database	--	--	--	7,202	8,900	1,251
Museums For All admissions	--	82	910	1,031	356	939

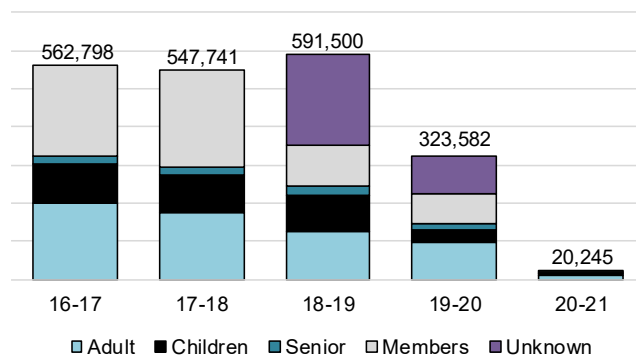
Notes: FY 21-22 data through November 30.

¹ See Notes on Measures.

Notes on Measures

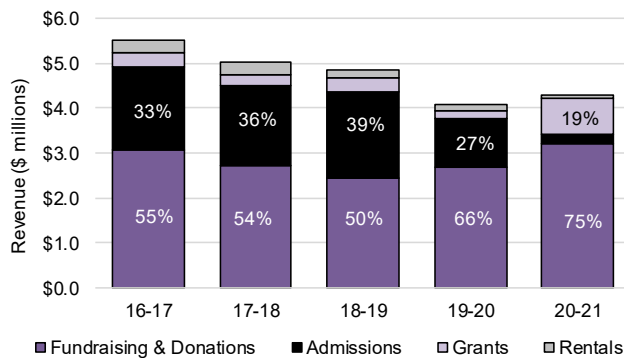
- Due to the COVID-19 pandemic, historic sites and museums were closed to the public from March 2020 through March 2021.
- PHMC utilizes volunteers from local community groups to help operate historic sites and museums.

COVID Impact on Visitors at Historic Sites and Museums



Note: Children category includes children under age 13 and groups. Groups are the number of tickets sold at a group rate, generally for school groups.

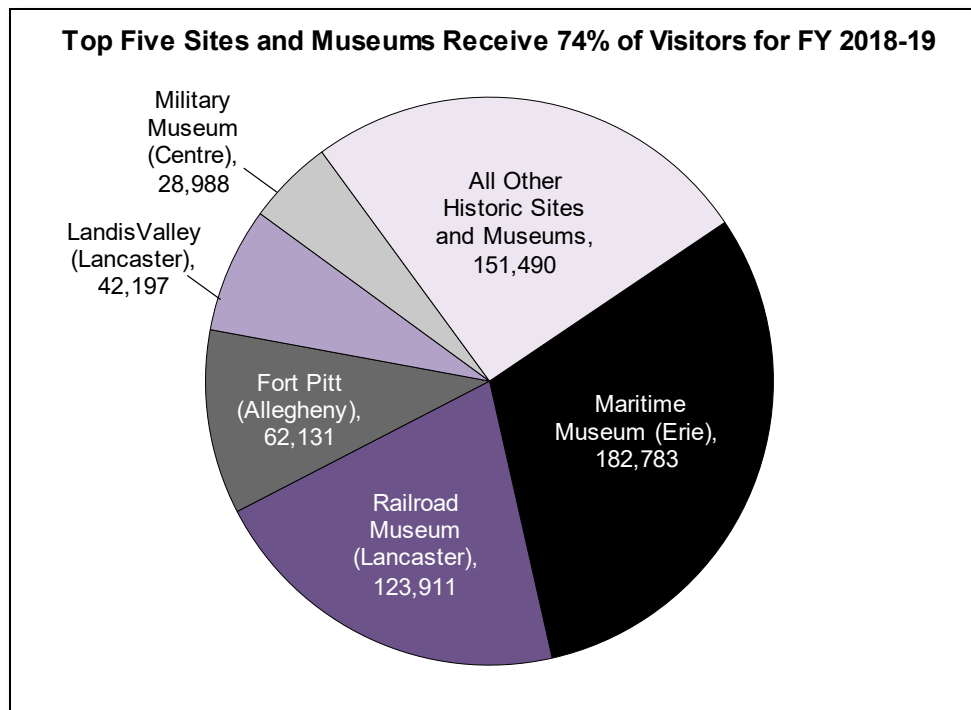
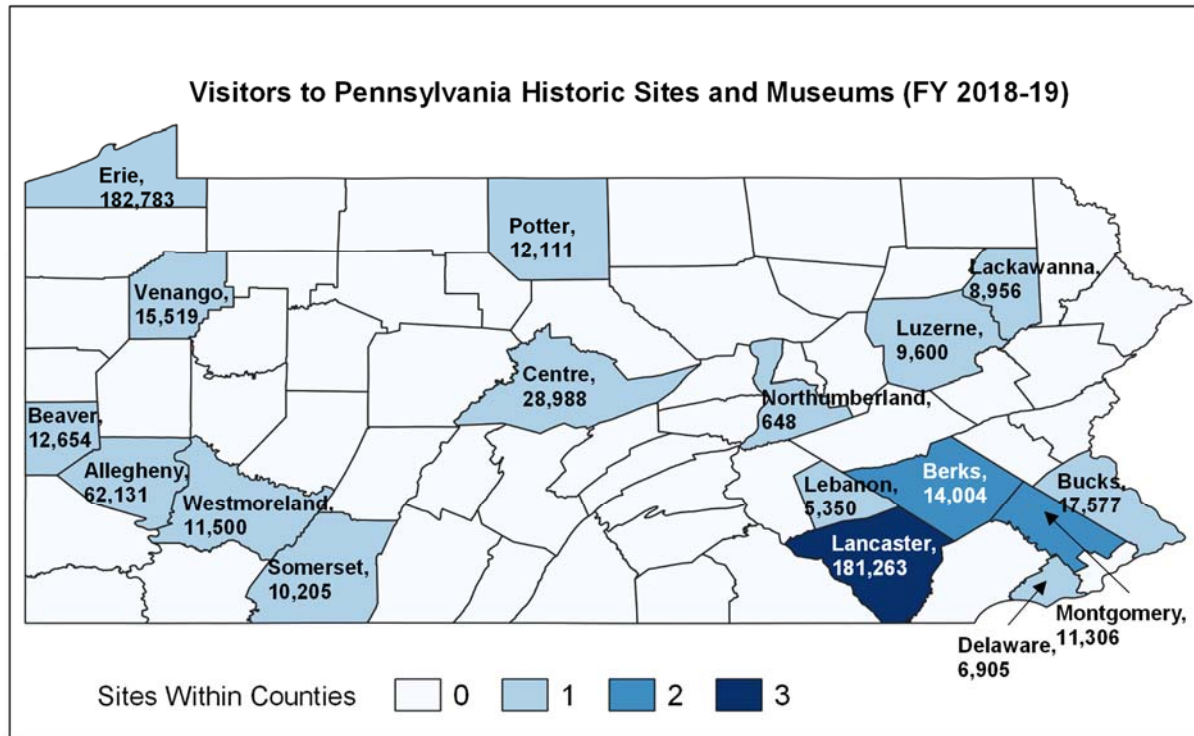
Revenue Received by Category



Historic sites and museums are supported by local partnerships that derive revenue from memberships, admissions, fundraising and rental income. These local partners use the revenue to supplement staff and to support the site or museum in accordance with PHMC's mission.

As the two figures to the left illustrate, visitation averaged more than 550,000 and funds retained by local partnerships averaged \$5.1 million annually prior to the COVID-19 pandemic. These funds are managed outside of PHMC's budget and are reinvested in the sites. Prior to the COVID-19 pandemic, fundraising and donations contributed about 55% of total revenues and admissions contributed an average of 35%.

Site Break Out



The map displays the number of historic sites and museums and visitors in each county in FY 2018-19 before the COVID-19 pandemic. In that year, Erie and Lancaster counties accounted for 62% of paid visitation.

Of the five sites that receive the most visitors annually, two are located in the southeastern region of Pennsylvania, one is

in the southwest, one is in the middle of the state and one in the northwest. These five sites accounted for 74% of visitors in FY 2018-19 and contributed to the tourism industry in those regions. General admissions (individual adult, senior and youth tickets) account for 44% of annual visitation at sites while group tour, event and facility rental attendees constitute the remaining 56% of visitors.

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Activity 3: The State Museum

The State Museum researches, collects and preserves artifacts that demonstrate Pennsylvania’s natural and cultural heritage. The museum contains over 160,000 square feet of exhibition space and includes an online platform for certain exhibits. There are currently over nine million objects, artifacts and documents preserved by The State Museum. The Curatorial Division cares for 500,000 historical artifacts and 100,000 natural history specimens, as well as roughly nine million archaeological artifacts. Museum staff also work in conjunction with the Governor’s Residence to assist with furnishing and special exhibits. In a typical year, The State Museum hosts nearly 40,000 students with school groups, holds over 1,200 private events and has more than 90,000 onsite visitors. Similar to historic sites and museums, The State Museum also participates in the Museums For All federal program. PHMC is in the process of implementing the Ticketing, Event and Membership Management System (TEMMS) to manage events, site admissions, ticketing and reservations.

The Pennsylvania Heritage Foundation (PHF) partners with The State Museum to manage The State Museum’s memberships and corresponding revenue. The membership revenue is divided evenly between PHF and The State Museum. Fundraising revenues are also split with PHF, but PHMC directs how PHF can use those funds.

The primary goals of this activity are to preserve objects related to the history of Pennsylvania and educate visitors about the role history played in shaping citizens’ lives. The expected outcomes are to enhance the vibrancy of the capital city region and promote tourism.

Resources for The State Museum						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$4.59	\$4.44	\$4.40	\$4.48	\$4.30	\$4.92
Operational Expenses	1.14	1.10	0.85	0.82	0.52	0.71
Other ¹	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-0.29</u>
Total	5.73	5.54	5.25	5.31	4.83	5.34
Expenditures by Fund						
General Fund (State)	\$3.60	\$3.40	\$3.54	\$3.49	\$3.58	\$3.94
Keystone Rec., Park and Cons. Fund	1.57	1.48	1.27	1.28	1.07	1.40
Historic Preservation Fund	<u>0.55</u>	<u>0.66</u>	<u>0.44</u>	<u>0.54</u>	<u>0.18</u>	<u>0.00</u>
Total	5.73	5.54	5.25	5.31	4.83	5.34
Average Weekly FTE Positions	46	46	43	44	42	52
Personnel Cost/FTE (\$ thousands)	\$99.3	\$96.7	\$102.5	\$102.8	\$102.2	\$94.6
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.						

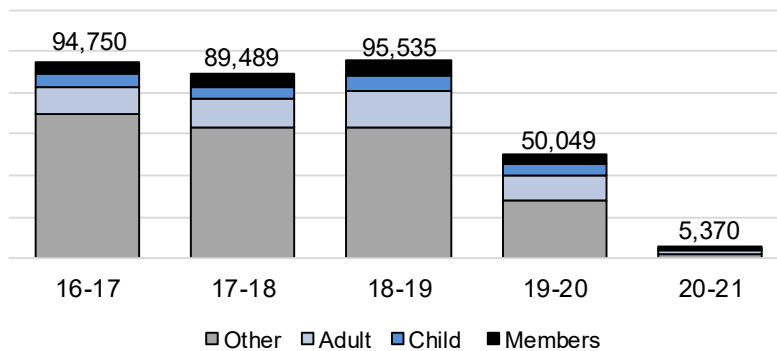
Performance Measures for The State Museum

	16-17	17-18	18-19	19-20	20-21	21-22
Outcome						
Total visitors to The State Museum	94,750	89,489	95,535	50,049	5,370	15,398
% In-person visitors from out-of-state	5.3%	5.8%	5.1%	9.7%	8.0%	12.3%
Online visitors ¹	--	--	--	--	3,063	730
Artifacts added to the museum annually	31,695	20,893	190,997	15,838	4,383	24,711
Records added online to museum database	--	--	--	1,487	1,266	140
Museums For All admissions	--	--	71	226	50	141

Notes: FY 21-22 data through December 31.

¹ FY 20-21 and 21-22 include online/virtual student group tours.

COVID Impact on State Museum Visitation

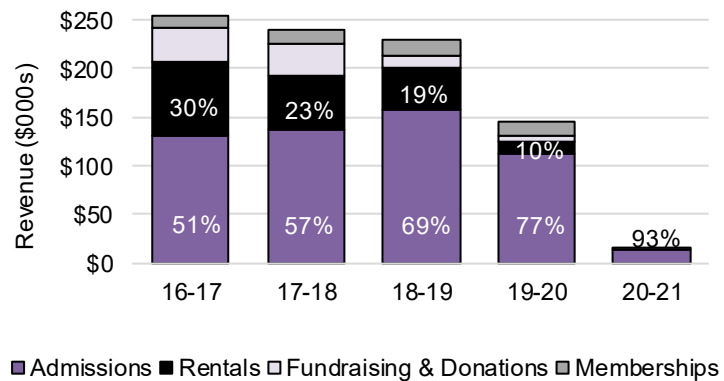


Note: The Adult category includes seniors. The Children category includes children under age 13. The Other category includes groups which are the number of tickets sold at a group rate, complimentary/military tickets and facility usage.

As the figure shows, the annual visitors to The State Museum remained fairly consistent before the COVID-19 pandemic. The State Museum was closed between March 2020 and March 2021, significantly impacting visitation during FY 2019-20 and FY 2020-21. As of December 31, 2021, visitation totaled 15,398 for FY 2021-22.

All revenues received by The State Museum were negatively impacted by the pandemic. Compared to FY 2016-17, revenues for The State Museum in FY 2020-21 fell by 94%. Due to the closing of The State Museum, memberships carried over until the museum reopened in March 2021. Prior to the COVID-19 pandemic, admissions contributed an average of 60% of revenues and rentals contributed about 25%.

Revenue Received by Category



Activity 4: Historic Preservation

The Pennsylvania State Historic Preservation Office (SHPO) administers the state's historic preservation program. Each state has a historic preservation office which manages the historic programs and monies as required by the National Historic Preservation Act of 1966. SHPO (1) offers education, training and technical assistance to those interested in historic preservation, (2) provides incentives to identify, protect, maintain and reuse historic properties and (3) partners with other agencies and organizations to promote the history of the state. The office provides grant funding for preservation projects in communities across the state, including the Keystone Planning and Construction, Certified Local Governments (CLGs) and American Battlefield Protection grants. SHPO also has a role in administering the state and federal historic preservation tax credits. The office oversees a data management system, Pennsylvania's State Historic and Archaeological Resource Exchange (PA-SHARE), which includes Geographic Information Systems (GIS), data associated with Pennsylvania Historic Places Inventory (PAGS), Pennsylvania Archaeological Site Survey (PASS) and digital administrative files related to all SHPO program areas.

The primary goal of this activity is to assist Pennsylvanians to identify, reuse and protect the Commonwealth's historic and archaeological resources. The expected outcomes are to (1) use historic preservation as a planning tool to help transform historic places into vibrant and diverse communities, (2) position Pennsylvania to better respond to preservation challenges and opportunities and (3) invest in the future of Pennsylvania through historic places and the people and programs that protect them.

Resources for Historic Preservation						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$2.66	\$2.77	\$2.83	\$2.91	\$3.13	\$3.11
Operational Expenses	1.04	1.08	1.23	2.09	0.96	1.75
Grants ¹	1.22	1.30	1.28	1.63	2.28	10.15
Other ²	<u>0.00</u>	<u>0.03</u>	<u>0.02</u>	<u>0.03</u>	<u>0.00</u>	<u>-0.09</u>
Total	4.92	5.18	5.37	6.67	6.37	14.92
Expenditures by Fund						
General Fund (State)	\$1.30	\$1.46	\$1.45	\$1.33	\$1.69	\$1.39
General Fund (Federal)	2.32	1.90	1.81	1.79	2.57	9.55
Keystone Rec., Park and Cons. Fund	1.04	1.34	1.22	1.93	1.44	3.21
Historic Preservation Fund	<u>0.26</u>	<u>0.48</u>	<u>0.89</u>	<u>1.62</u>	<u>0.67</u>	<u>0.78</u>
Total	4.92	5.18	5.37	6.67	6.37	14.92
Average Weekly FTE Positions	27	29	26	28	27	28
Personnel Cost/FTE (\$ thousands)	\$98.7	\$94.8	\$107.1	\$105.9	\$116.5	\$111.2
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 FY 2021-22 includes \$7.0 million in one-time federal grant funds for the American Battlefield Trust program that must be federally approved.						
2 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.						

Performance Measures for Historic Preservation

	16-17	17-18	18-19	19-20	20-21	21-22
State and Federal Tax Credits¹						
QRE (\$ millions) ²	\$292.1	\$525.9	\$549.1	\$378.1	\$294.0	--
Federal tax credits certified (\$ millions)	\$66.1	\$104.6	\$109.2	\$74.6	\$57.8	--
State tax credits allocated (\$ millions)	\$3.0	\$3.0	\$3.0	\$5.0	\$5.0	\$5.0
Avg time to review fed credit applications (days) ³	16	17	25	16	18	--
Tax Credit Program Outcomes						
Historic rehab projects certified by NPS ⁴	36	42	75	69	72	--
Rehabilitated housing units	957	935	1,857	827	1,043	--
% Low- and moderate-income ⁵	11%	21%	7%	17%	14%	--
Grant Program Awards						
Keystone Planning & Construction (\$ millions)	\$1.5	\$1.3	\$2.6	\$2.6	\$2.3	\$2.7
Certified Local Governments (CLGs) (\$000s) ¹	\$121.5	\$123.1	\$120.0	\$126.6	\$134.1	\$119.0
Grant match/local investment ⁶	--Recommended measure--					
Historic Preservation Outcomes						
National Register of Historic Places in PA	3,214	3,244	3,264	3,282	3,300	3,315
PA Historic District Act certifications	158	158	160	160	160	161
Environmental Reviews¹						
Environmental submissions	5,585	5,606	5,647	5,523	6,530	5,000
Avg time to complete review (days)	21	14	19	19	11	15
Environmental reviews per FTE	558	623	706	614	816	625

Notes:

1 See Notes on Measures.

2 QRE is qualified rehabilitation expenditures.

3 The average time to review a federal historic preservation tax credit application only applies to PHMC's review time and does not include the federal agencies (e.g., NPS).

4 NPS is the National Park Service which is the federal agency that oversees federal historic preservation.

5 Calculation by IFO based on data from PHMC.

6 PHMC will begin capturing this data through PA-SHARE starting in FY 21-22.

Notes on Measures

- To qualify for historic preservation tax credits, properties must be income-producing and have National Register designation with the NPS.
- The Certified Local Government grant is a required set-aside of federal Historic Preservation funding from the National Park Service which provides funds to help local communities develop tools, products, programs and services to effectively administer municipal preservation programs.
- Environmental reviews assess the impact of state and federally supported projects on historic resources.

The table on the right provides a breakout of QRE within state and federal historical preservation tax credit programs. In all years listed, the number of federal tax credit recipients significantly exceeds state tax credit recipients. Nearly all historic preservation projects that receive state tax credits receive federal tax credits. However, in FY 2016-17, FY 2019-20 and FY 2020-21 the average and median QRE were substantially higher for the state tax credit program than the federal program. This implies that larger projects utilized the state tax credit at a greater rate than smaller projects in those years.

	2016-17	2017-18	2018-19	2019-20	2020-21
Total QRE¹	\$292.1	\$525.9	\$549.1	\$378.1	\$294.0
Federal Tax Credits					
Total project QRE ²	\$289.1	\$522.9	\$546.1	\$373.1	\$289.0
Average QRE	\$8.0	\$12.4	\$7.3	\$5.4	\$4.0
Median QRE	\$1.6	\$3.1	\$0.4	\$0.3	\$0.3
Projects	36	42	75	69	72
State Tax Credits					
Total project QRE ²	\$299.4	\$244.3	\$112.6	\$289.0	\$221.0
Average QRE	\$20.0	\$12.2	\$5.4	\$13.1	\$8.2
Median QRE	\$5.4	\$2.9	\$1.3	\$3.2	\$4.0
Projects	15	20	21	22	27

Note: Amounts in dollar millions. QRE is qualified rehabilitation expenditures.
 1 Total QRE include any project that received state or federal tax credits.
 2 Total project QRE for federal and state tax credits reflect different time periods. Specifically, QRE for state tax credits reflect the year the tax credit is awarded and QRE for federal projects reflect the year of completion.

In the latest fiscal year, 72 projects with an average QRE of \$4 million received federal tax credits, while 27 projects with an average QRE of \$8 million received state credits. The 27 state tax credit projects also applied for federal tax credits.

State Benchmark

State	NPS Historic Properties		Federal Tax Credit QRE	
	Number	Share	(\$ millions)	Share
New York	6,269	6.5%	\$4,038	13.1%
Ohio	4,109	4.3	2,392	7.7
Missouri	2,408	2.5	2,072	6.7
Illinois	1,916	2.0	2,026	6.6
Pennsylvania	3,508	3.7	1,797	5.8
Texas	3,422	3.6	1,535	5.0
Massachusetts	4,418	4.6	1,523	4.9
Virginia	3,284	3.4	1,503	4.9
Louisiana	1,487	1.6	1,399	4.5
North Carolina	3,065	3.2	1,137	3.7
U.S. Total	95,809	100.0	30,883	100.0

Note: States shown are those with the largest amount of QRE. Top 10 states in cumulative QRE from federal fiscal year 2016 through 2020 shown. NPS historic property data are from June 2021.
 Source: U.S. National Park Service. Calculations by the IFO.

The adjacent table displays the number of NPS historic properties in 2021 for the top 10 states ranked by cumulative QRE for federal historic preservation projects (federal fiscal years 2016 through 2020). Pennsylvania's share of properties listed on the National Register of Historic Places was 3.7%, and the state's share of total QRE over the five fiscal years was 5.8% of the U.S. total.

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Activity 5: Administration

The administration activity under the Bureau of Management Services (BMS) provides organizational leadership, legal, legislative, communication and core support services. It includes human resources, information technology and financial management services. Sub-activities undertaken by BMS include: (1) the oversight of the architecture and preservation program that supports historic sites and museums throughout the state, (2) the administration of the Cultural and Heritage Support Grants (CHSG), (3) the operation of the Commonwealth's online bookstore and (4) the publication of the PHMC magazine and other marketing efforts.

The Division of Architecture and Preservation (DAP) administers Capital and Keystone Fund projects for all bureaus within PHMC. Projects include critical building infrastructure upgrades and repairs to both historic resources and modern museum facilities.

In FY 2020-21, PHMC awarded \$2.0 million in CHSG funds to 155 eligible museums and official county historical societies to support preservation and related efforts.

Resources for Administration						
	16-17	17-18	18-19	19-20	20-21	21-22
	Actual	Actual	Actual	Actual	Actual	Budget
Expenditures by Object						
Personnel Services	\$2.57	\$1.99	\$2.23	\$2.47	\$2.39	\$2.93
Operational Expenses	2.86	3.29	4.84	4.33	3.58	3.51
Grants	2.03	1.98	3.76	0.09	3.72	1.90
Other ¹	<u>0.85</u>	<u>0.72</u>	<u>0.74</u>	<u>8.81</u>	<u>0.76</u>	<u>0.51</u>
Total	8.31	7.98	11.56	15.70	10.45	8.85
Expenditures by Fund						
General Fund (State)	\$4.86	\$4.02	\$7.33	\$3.49	\$7.03	\$6.21
General Fund (Augmentations)	0.59	0.56	0.60	0.64	0.73	0.64
General Fund (Restricted)	0.00	0.00	0.06	0.06	0.11	0.00
Keystone Rec., Park and Cons. Fund	2.18	2.47	3.40	11.11	2.55	1.56
Historic Preservation Fund	<u>0.69</u>	<u>0.93</u>	<u>0.18</u>	<u>0.40</u>	<u>0.03</u>	<u>0.44</u>
Total	8.31	7.98	11.56	15.70	10.45	8.85
Average Weekly FTE Positions	22	19	20	20	19	24
Personnel Cost/FTE (\$ thousands)	\$118.2	\$107.5	\$110.4	\$122.9	\$125.2	\$122.1
Note: Expenditures in dollar millions. Actual expenditures are listed in the year the expenditure was recorded.						
1 Other may include small fixed asset, non-expense and/or miscellaneous expense transfer expenditures.						

Performance Measures for Administration

	16-17	17-18	18-19	19-20	20-21	21-22
Personnel						
Agency FTE ¹	202	202	199	197	188	214
Staff turnover rate	9.1%	7.6%	5.2%	4.2%	6.0%	6.0%
Office-based positions ²	202	202	199	197	188	214
Full-time telework positions ²		--Recommended measure--				
Home-headquarter positions		--Recommended measure--				
Information Technology						
IT costs (\$000s) ²	\$328	\$275	\$1,165	\$1,377	\$1,480	\$1,350
IT cost per agency FTE ³	\$1,624	\$1,361	\$5,854	\$6,990	\$7,872	\$6,308
Overtime						
Overtime costs (\$000s)	\$74	\$85	\$81	\$49	\$9	\$85
Overtime cost per agency FTE ³	\$366	\$421	\$407	\$249	\$48	\$397
Human Resources						
HR costs (\$000s) ²	\$254	\$118	\$357	\$379	\$280	\$320
HR cost per agency FTE ³	\$1,257	\$584	\$1,794	\$1,924	\$1,489	\$1,495
Facilities						
Facility costs (\$ millions)	\$3.1	\$3.8	\$5.1	\$4.2	\$4.6	\$4.2
Non-Harrisburg facility space (millions sq. ft.)	1.20	--	--	--	--	1.07
Agency-specific						
Keystone projects	65	77	111	50	30	40
Cost per Keystone project (\$000s)	\$54	\$51	\$54	\$54	\$67	\$58
Value of Keystone projects (\$ millions)	\$3.5	\$4.0	\$6.0	\$2.7	\$2.0	\$2.3
Book sales (\$000s)	--	\$51	\$24	\$29	\$19	\$20

Notes:

- 1 Average weekly filled FTE. Agency FTE counts reflect budgeted FTE positions in FY 21-22.
- 2 See Notes on Measures.
- 3 Calculations by the IFO.

Notes on Measures

- In FY 2017-18, executive agency human resources (HR) and information technology (IT) complement were consolidated under the Office of Administration (OA). During this transitional year, executive agencies continued to pay the personnel costs associated with the HR and IT complement transferred to OA. Beginning in FY 2018-19, agencies are billed for these services as well as for a portion of the HR and IT enterprise budget previously appropriated to the OA.
- Management Directive 505.36 issued in April 2021 defines classifications of workers eligible to telework: (1) full-time telework work remotely each day of their workweek, (2) part-time telework have regularly scheduled days working remotely and in an office and (3) ad hoc telework work remotely only in case of weather emergency or other qualified occurrences. Office-based positions include non-telework, part-time telework and ad hoc telework positions.

Appendix

Performance-Based Budgeting and Tax Credit Review Schedule

Performance-Based Budgets						
Year						
1	Corrections	Board of Probation and Parole	PA Commission on Crime & Delinquency	Juvenile Court Judges' Commission	Banking and Securities	General Services
2	Economic & Community Development	Human Services – Part 1	Health	Environmental Protection	PA Emergency Management Agency	State
3	PennDOT	Human Services – Part 2	State Police	Military & Veterans Affairs		
4	Education	Human Services – Part 3	Aging	PA Historical & Museum Commission	Agriculture	Labor and Industry
5	Drug and Alcohol Programs	Insurance	Revenue	Executive Offices	Environmental Hearing Board	Conservation and Natural Resources
Tax Credits						
Year						
1	Film Production	New Jobs	Historic Preservation Incentive			
2	Research and Development	Keystone Innovation Zones	Mobile Telecom and Broadband	Organ and Bone Marrow		
3	Neighborhood Assistance	Resource Enhancement and Protection (REAP)	Entertainment Economic Enhancement Program	Video Game Production	Keystone Special Development Zones	
4	Educational Tax Credits	Coal Refuse and Reclamation	Mixed-Use Development	Brewers'		
5	Resource Manufacturing	Manufacturing and Investment	Waterfront Development	Rural Jobs and Investment		

Agency Response



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA HISTORICAL AND MUSEUM COMMISSION
300 NORTH STREET
HARRISBURG, PENNSYLVANIA 17120-0024
www.phmc.state.pa.us

EXECUTIVE DIRECTOR

December 21, 2021

Dr. Matthew Knittel, PhD
Director, Independent Fiscal Office
Rachel Carson Building
400 Market Street
Harrisburg, PA 17105

Dear Dr. Knittel:

Thank you very much for the time and effort you and your staff have invested in learning about the Pennsylvania Historical & Museum Commission (PHMC), its operations, and the ways in which we measure the effectiveness of our service to Pennsylvanians.

As you know, our mission is to discover, protect and share Pennsylvania's past, inspiring others to value and use our history in meaningful ways. Certainly, as you have discovered, there are meaningful metrics associated with our work. How many people do we help engage with Pennsylvania's history? How do we help drive the revitalization of our historic communities? How many documents, sites and artifacts do we preserve, and how are those shared with Pennsylvanians and those visiting Pennsylvania?

Of course, much of the important work PHMC does is qualitative and is difficult to measure numerically. For example, how do you put a number on the impact of preserving William Penn's original Charter or the artifacts from Pennsylvania's first people, the Lenape, or the military records that protect a veteran's benefits? What is the effect of a child's first visit to a museum, and how may that reverberate throughout her life? How many Pennsylvanians remain in their hometowns because of their preserved character and cultural amenities?

With that said, we realize that the purpose of the work done by the Independent Fiscal Office (IFO) is to focus on measurable outcomes. The IFO's report does illustrate how PHMC is accomplishing its mission to preserve historic resources, documents and artifacts and to enable Pennsylvanians and others to engage with this history. PHMC wholeheartedly embraces the use of these metrics as they help us chart our successes and recognize the remaining challenges of our efforts. Many of the metrics included have been longstanding measures for PHMC, but we appreciate the IFO's proposed new measures, such as tracking the volume of records the State Archives receives in digital format and quantifying the local investment made through matches to our grants programs.

There are a few points we would note about the report and the measures selected. Several measures are based on inputs that the agency does not control. For example, the State Archives can influence, but does not control, the rate at which agencies convert to using digital records rather than paper. We do not affect the number or scale of state or federal tax credit projects, which reflect the economy, nor do we determine the amount of grant money distributed through the Certified Local Government program, as that is established by the National Park Service. In terms of digitized material, the online access figures for archival and museum collections are also largely beyond our control. Furthermore, we are reactive to several processes measured by the metrics. For example, the number of environmental reviews and nominations to the National Register of Historic Places are externally driven; we do, however, have control over response times for environmental reviews and National Register nominations, which are also included in the IFO's measures.

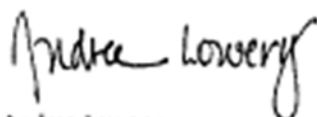
There are a few metrics that PHMC tracks and finds significant that are not included in the report. For instance, measuring the number of students who visit as part of a school group is incredibly important to PHMC, as this informs us about the primary exposure of younger Pennsylvanians to their history. Likewise, we track the number of engagements within our State Historic Preservation Office (SHPO), where we reach thousands of Pennsylvanians each year, helping them preserve the character of their communities and foster community vibrancy. We also track numbers of visitors who engage with us through facilities use.

For those reading the IFO's report, we would also offer a few notes to bear in mind while they review the information therein:

- The budget trend in the activity related to the State Archives reflects the construction and transfer of operations to a new archives building, which is expected to be completed in 2022.
- In relation to archival documents and agencies' records, the transition to digital records comes with costs of its own. Although physical space to store documents is not required for digital records, both the digital storage space and the maintenance necessary to ensure that the digital records remain viable have associated costs. The immediate costs of digital records are normally higher, but the advantages include better security for commonwealth documents, more efficient searching, quicker retrieval, and faster and cheaper delivery to customers—all of which should translate into long-term cost reductions across commonwealth agencies.
- Some of the measures in the State Archives and the SHPO are meant to *decline*, not increase. The quantity of records stored at the State Records Center, for example, should decline as agencies adopt more automated records and processes. Likewise, the SHPO hopes to focus its engagement through environmental review on meaningful outcomes and streamline its processes, ultimately resulting in fewer reviews.
- Although square footage is an important metric, the distribution of our facilities is different from that of many other agencies as many of our properties consist of small, historic, residential-scale buildings. Our facilities outside the Capitol Complex include 369 buildings and 2,028 acres of land, meaning that economies of scale associated with the maintenance of larger modern office buildings are more difficult to achieve.
- This report does not reflect the thousands of recreational visitors who passively use our historic sites as it is beyond our ability to accurately count them.

In summary, we find the IFO's report helpful to PHMC as we continue to work to preserve the state's history for current and future Pennsylvanians and to share it in ways that the commonwealth's residents find meaningful in their lives today. This report helps understand both our achievements and the work that lies ahead. Thank you for your efforts, and we look forward to continuing to work with you and your staff in the coming years.

Sincerely,



Andrea Lowery
Executive Director