

June 12, 2020



The Eastern Washington State Historical Society is funded by a mix of approximately 50% appropriations and 50% local funds. From March 1 thru June 30, we were budgeted to earn \$1,069,882 in local revenues. Because of the COVID-19 closure, about \$734,000 of those revenues did not materialize. Therefore, what we have put on the template is not an exercise-it has already been enacted as a response to the tremendous revenue loss we've already suffered as a result of our closure since mid-March. Had we been able to earn this planned revenue, we would have carried those funds into the new fiscal year and been better able to sustain the proposed 15% state appropriation cut and resultant cuts in expenditures. As it is, we've already had to lay off staff and cut hours of some remaining employees in order to stay financially viable. Further cuts in excess of what we've already suffered would be very debilitating to our agency.

Looking forward to our FY21 local budget which is nearing completion, we are budgeting local revenues of \$1,858,685 vs local revenues of \$2,498,441 budgeted for FY20. This is a reduction in local revenues of \$639,756, largely in response to COVID-19 conditions & layoffs. In percentage terms, that is a cut in local revenues of 25.6%, which must be accounted for by an equal % cut in local expenses.

When looking at combined local and appropriated cuts, the numbers are deeply impactful. A cut of \$426,000 (15%) on the appropriated side plus a cut of \$639,756 (25.6%) on the local side equals a budget cut of \$1,065,756 for FY 2020-21. That cut, measured against our current FY21 budget, is a 25% cut of our current budget. While OFM is not responsible for our local revenue, the office does have control over how much is cut from our appropriated revenue.

We understand that the state has suffered steep tax revenue declines as a result of COVID-19, and that as a result, appropriations to state agencies will be affected. In weighing those cuts for our agency, please factor in the steep cuts we've already experienced on the local side and also the disproportionality of a 15% appropriation cut to small agencies like EWSHS.

We were told that our response will be posted on OFM's public website. As such, we felt some context would be helpful to the public, on page.2 of this letter we have included an EWSHS agency description.



Washington State Historical Society (EWSHS), also known as the Northwest Museum of Arts and Culture, or “The MAC”, is very different from the typical state agency in several notable ways:

- EWSHS is a combination of state agency and 501(c)(3) non-profit organization and our funding structure is very different from a typical state agency in that we are tasked with raising approximately 50% of our annual operating budget from local sources. While EWSHS receives approximately 50% of its annual operating funds from the State of Washington, the remainder must come from earned and contributed revenue from local sources (museum admissions fees, school visits, fundraising events, membership, and individual, corporate and foundation contributions). Local fund development has been severely impacted by the loss of attendance, school visit and membership revenue since the closure of the museum on March 18 and cancellation of its largest annual fundraisers in April and May. Total lost local revenue through May 31 is estimated to be approximately \$734,000 from the above listed sources.
- Unlike most state agencies, EWSHS is situated on a 4.5-acre campus with five structures including two museum buildings and parking garage. Campbell House a 13,200 square foot historic mansion and its Carriage House were built in 1898 and are the only fully restored structures of their period in the State that are open to the public. A large facility houses the Collections storage which holds in trust, preserves and interprets more than one million regionally significant artifacts, works of art, and archival materials, including the largest known collection of Plateau Tribal art and artifacts.

EWSHS has already incurred a large budget cut in the form of lost local revenue due to the closure of the museum; severe expense cuts from the local side have already been made to account for that lost revenue. To add an additional 15% cut in state appropriations constitutes a “double whammy” in budget cuts that most agencies will not experience and will have a devastating impact on our ability to serve the people of eastern Washington as defined in RCW 27.34.070.

**Francis Langston**  
**Chief Financial Officer**  
**Eastern Washington State Historical Society**  
**509-363-5326**

**Budget Savings Options 2020**

Dollars in Thousands

Agency: Eastern Washington State Historical Society

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S				Other Funds				FTE Change		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	Education Personnel Layoffs		-88	-88	-88							-1.2	Layoff - 4 PT edu. Employees + 1 reducing hrs	6/20	Fewer school visits & educational programs--reduction in our ability to fullfull our core mission of education	
H	1	Facilities personnel layoff		-116	-116	-116							-1	Layoff of one facility employee	6/20	Stretched thinner in our ability to care for facilities and the grounds of our 4.27 acre campus	
H	1	Accounting personel layoff		-35	-35	-35							-1	Layoff of one accounting employee	6/20	Stretched thinner in our ability to keep up with financial records--we are scheduled to have an audit in FY21--that will further stretch our ability to complete all necessary financial tasks.	
H	1	Other layoffs/hr reductions		-161	-161	-161							-2.4	4 layoffs + 2 employees taking reductions in hrs	6/20	Fewer fund-raising activities will result in less earned local revenue, less support in other departments	
M	1	Elimination of Groundskeeping Contract	-11	-26	-26	-26							0	We will keep up the grounds with existing staff	2/20	Already purchased lawnmowers & trimmers	

**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)