

# Historical Society

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## **LFB Summary Items for Which an Issue Paper Has Been Prepared**

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4	Information Technology Services (Paper #485)
5	Wisconsin History Center (Paper #486)

## **LFB Summary Items Removed From Budget Consideration**

<u>Item #</u>	<u>Title</u>
6	Black Historical Society
7	Agency Supplies and Services Funding Increase
8	Historical and Fine Arts Collection Inventory

## **LFB Summary Item Addressed in Standard Budget Adjustments (Paper #105)**

<u>Item #</u>	<u>Title</u>
1	Standard Budget Adjustments

## **LFB Summary Item Addressed in Sum Sufficient Estimates (Paper #106)**

<u>Item #</u>	<u>Title</u>
2	Debt Service Reestimate





## **Legislative Fiscal Bureau**

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May 4, 2023

Joint Committee on Finance

Paper #485

### **Information Technology Services (Historical Society)**

[LFB 2023-25 Budget Summary: Page 323, #4]

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#### **CURRENT LAW**

The Wisconsin Historical Society (WHS) contracts with the University of Wisconsin-Madison's Division of Information Technology (DoIT) for IT services and support.

#### **DISCUSSION POINTS**

1. The Department of Administration (DOA) manages information technology (IT) assets and provides IT services for several state agencies through its Division of Enterprise Technology (DET). Under 2015 Act 55, DOA was required to consult with certain state agencies, including WHS, and develop a plan for assuming responsibility for services related to human resources, payroll, finance, budgeting, procurement, and IT. WHS indicated that it worked with DET and DoIT (its existing IT service provider) to determine that it would not participate in the DET consolidation project and would instead further integrate into DoIT due to cost savings that were estimated at that time to total \$2.0 million in one-time expenses and \$800,000 annually. WHS indicated that the relationship and contract it maintains with DoIT has grown since that time and includes services such as file hosting, security, server and database hosting and administration, email, Microsoft 365 applications, voice over internet protocol (VoIP), and network management.

2. In its agency budget request, WHS indicated that in January, 2021, DoIT informed WHS that the contract rates and accounting practices needed to be adjusted, but it intended to continue providing IT services for WHS. In April, 2022, DoIT informed WHS that it was no longer able to continue providing core IT support and services for WHS after December 31, 2022. WHS began working with DET in order to determine the process and requirements of transitioning IT services. WHS indicated that DOA recommended to fully transition IT services due to the complexity and cybersecurity risks involved with having two entities provide different IT services. WHS indicated

that its current contract with DoIT does not have an end date yet, and it is working with DoIT and DET to ensure continuity of services throughout the transition.

3. WHS requested \$2,574,900 GPR in 2023-24 and \$2,370,100 GPR in 2024-25 and 4.0 positions annually for the transition of IT services and support from DoIT to DET, as well as the implementation of digitization initiatives included in the WHS IT strategic plan. The requested funding and positions are included in Assembly Bill 43/Senate Bill 70. WHS indicates that the current costs of these services provided by DoIT is \$426,700, including \$59,900 for desktop and technical services specialists which DoIT provides through limited-term employees (LTEs). The full amount requested includes those costs in excess of the amount currently paid for services provided by DoIT.

4. The budget for the proposed funding increase includes \$498,100 in one-time transition costs in 2023-24, \$1,996,700 annually for supplies and services, and \$80,100 in 2023-24 and \$373,400 in 2024-25 for 4.0 FTE positions to support daily IT operations and to implement initiatives in the WHS IT strategic plan. WHS indicates that it would be difficult to estimate a breakdown of the requested costs or items that are necessary for the transition of IT services versus those that are for other initiatives. According to the WHS IT strategic plan for 2023-24, these initiatives include the following: (a) transitioning IT services, including network services, file and server hosting, cloud storage, database administration, security, and user computing services, from DoIT to DET; (b) planning and implementing a digital asset management system to consolidate the current siloed legacy systems, provide digital access through integration with the WHS website, and support the new History Center; and (c) redesigning the WHS website, which the plan indicates would not require additional resources. WHS indicates that these activities will allow online access to the Historical Society's collections as well as support immersive experiences at the new History Center.

5. The four positions include the following: (a) a security and operations supervisor to provide agency-wide management and administration of cybersecurity and IT support activities; (b) a data specialist to implement and support data and metadata strategies associated with digital initiatives and projects; (c) a digital program area specialist to consult, plan, and implement digitization projects; and (d) a digital program assistant to provide technical support for digitization projects. Funding for the four positions includes \$56,300 in salary and \$23,800 in benefits in 2023-24 and \$262,500 in salary and \$110,900 in fringe benefits in 2024-25.

6. The one-time transition costs in 2023-24 include the following: (a) \$365,000 for hardware for VoIP, endpoint management, multifactor authentication, and transition services and support recommended by DET; (b) \$23,100 for data migration services and software, primarily to migrate Microsoft 365 data; and (c) \$110,000 for a large format scanner for digitization initiatives included in the WHS strategic plan.

7. The remaining \$1,996,700 annually for supplies and services includes \$458,600 for infrastructure and network services, \$266,600 for software, licensing, and cloud solutions, \$362,100 for security and support operations, and \$909,400 for contractor staffing.

8. WHS indicates that the costs for key infrastructure and network services, including server and file hosting, are 50% to 70% higher with DET than DoIT. Additionally, the costs of software, licensing, and cloud solutions, such as Microsoft 365, Adobe, Tableau, and Google

Workspace, are higher because UW contracts are able to benefit from lower educational pricing and certain upgraded licensing types are required to meet the security standards of the Employee Identity and Access Management (EIAM) system provided through DET. Finally, WHS indicates that DET does not provide some of the same services as DoIT, which would require WHS to contract directly for those services.

9. The \$909,400 for annual contractor staffing includes the following: (a) \$108,160 for an information systems (IS) network services specialist to support, maintain, and expand network services, and service internet, communications, safety, and security systems during the migration process; (b) \$239,200 for an IS technical architect to plan, communicate, and lead innovation through implementation of systems involving considerable business and technical complexity, and assist in replacing legacy systems; (c) \$168,480 for an IS database administrator to replace responsibilities DoIT offers that support the agency's database systems and software through monitoring and alerting tools, database backup and recovery operations, security patching, optimization, software upgrades, and data management innovations; (d) \$135,600 for two IS desktop support specialists to replace services provided by LTEs at DoIT that support and maintain desktop systems, software, and voice services, and manage endpoint and mobile device solutions in alignment with enterprise security standards; (e) \$124,800 for an IS business analyst to lead the data management program, establish governance standards, train WHS staff, and serve as the primary liaison between WHS and DOA to integrate data from enterprise and internal systems to a business intelligence platform and data warehouse; and (f) \$133,100 for a systems engineer to support the migration and rebuilding process, provide ongoing maintenance and sustainability, and replace services provided by DoIT related to virtual machine and application hosting.

10. WHS indicates that all of the contractor positions are needed on an ongoing basis, and once the transition is complete, their duties will change to complete follow-up projects that have been identified to further integrate into the state of Wisconsin enterprise system, modernize IT systems that currently include legacy and non-standard systems, and establish digital infrastructure to preserve collections. WHS indicates that to support changing IT needs and new initiatives in the past, DoIT was able to provide flexibility with high levels of staff and contracted resources at certain times, and that alternatively, WHS will maintain a more fixed level of contractors with DET. WHS also indicates that it was not provided with sufficient notification from DoIT to identify potential alternatives for managing IT services.

11. Assembly Bill 43/Senate Bill 70 would provide \$2,574,900 GPR in 2023-24 and \$2,370,100 GPR in 2024-25 and 4.0 positions annually for the transition of IT services and support for WHS from DoIT to DET. The funding and position authority is to ensure the WHS IT program can maintain the current level of services, implement initiatives included in the IT strategic plan, and provide additional resources to support the new history center. [Alternative 1]

## **ALTERNATIVES**

1. Provide \$2,574,900 in 2023-24 and \$2,370,100 in 2024-25 and an increase of 4.0 positions for the Historical Society to transition information technology services and support from the University of Wisconsin-Madison Division of Information Technology to the Department of

Administration's Division of Enterprise Technology.

<b>ALT 1</b>	<b>Change to Base Funding</b>	<b>Positions</b>
GPR	\$4,945,000	4.00

2. Take no action.

Prepared by: Maria Toniolo



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May 4, 2023

Joint Committee on Finance

Paper #486

### **Wisconsin History Center (Historical Society)**

[LFB 2023-25 Budget Summary: Page 323, #5]

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#### **CURRENT LAW**

The Wisconsin Historical Society (WHS) is responsible for collecting and disseminating information about the history of Wisconsin and the surrounding region. Its activities include collecting and preserving the state's archival records, operating the Wisconsin Historical Museum and 11 historic sites around the state, documenting and assisting in the preservation of historic properties, and publishing historical texts, including textbooks and curriculum support materials for school-aged children and teachers.

#### **DISCUSSION POINTS**

1. The Historical Society first began displaying collections in the state Capital building in 1866, when the Legislature provided space in three rooms for the purpose. By 1900, the collections and visitors had grown, and a new museum was opened in the WHS headquarters building on the UW-Madison campus. The museum could accommodate approximately 35,000 visitors annually; however, the collections and need for additional space continued to grow. The current historical museum opened in 1968 and was converted from an old hardware store, and provided over 17,000 square feet of exhibition space to allow for more than double the number of annual visitors.

2. In its 2019-21 capital budget request, the Historical Society requested enumeration of \$100.0 million, including \$70.0 million of general fund supported borrowing and \$30.0 million of gifts, grants, and other receipts, to demolish the existing museum and construct the new Wisconsin History Center. The Historical Society indicated that the desire for a new museum had existed for decades, and the request was the result of deteriorating conditions at the current facility, including public safety considerations, failing technology, major facility maintenance issues, and insufficient space forcing the museum to turn away hundreds of school children each year. The building also lacks

seating, an adequately sized lobby, an appropriate number of elevators and restrooms, and a loading dock, which limits the size of items that can be displayed in exhibits. The Historical Society indicated that the new facility was expected to nearly double the number of students it can accommodate annually. By using the existing site, the benefits of the proximity of the museum to the Capitol, including the ability of school groups to visit both in one trip, will be maintained.

3. Under 2019 Act 9, the Legislature enumerated \$100.0 million for the construction of the new Wisconsin History Center to replace the current Historical Museum. The Act specified that the State Building Commission may not authorize construction of the museum until after the Historical Society certified it had raised \$30.0 million in gifts, grants, and other receipts for the project. The initial proposed timeline involved architect and engineer selection in October, 2019, a design report in August, 2020, bidding for the project in August, 2021, construction starting in November, 2021, and final completion in April, 2023.

4. The Historical Society worked with the Department of Administration (DOA) to consider plans and potential sites for the new museum. In its 2021-23 capital budget request, DOA requested \$4.0 million of building trust funds to begin preliminary planning for the redevelopment of the existing State Industry and Labor (GEF 1) Building that houses the Department of Workforce Development. As part of the request, DOA proposed relocating the Historical Museum from its current site, rather than demolishing the existing building and constructing a new one. In June, 2021, the Legislature removed the Historical Museum from the proposal for planning redevelopment of the GEF 1 building and allocated \$4.0 million of building trust funds to WHS for the project planning, site selection, and land and property acquisition. In October, 2021, it was announced that the two buildings adjacent to the current museum would be sold to the Wisconsin Historical Foundation to donate to WHS for construction of the new museum. The Historical Society then shifted back to its initial plan for constructing the new museum on its current site, with an anticipated opening by 2026.

5. The Wisconsin History Center replaces the current Historical Museum and two adjacent properties on Madison's Capital Square, which will more than double the exhibition space of the current museum and allow for the display of some of the Historical Society's largest objects. The new center is expected to serve 250,000 visitors annually. In anticipation of construction, which is expected to begin in 2024, the current museum was closed in December, 2022, with the exception of the first-floor retail store, which will remain open through 2023. Historical Society staff will move artifacts and exhibitions into storage at the State Archive Preservation Facility to prepare for the opening of the new center.

6. In its 2023-25 capital budget request, the Historical Society requested an increase of \$60,487,000, including \$45,487,000 of general fund supported borrowing and \$15,000,000 of gifts, grants, and other receipts, for a revised total estimated cost for the History Center project. The Governor recommended providing \$42,341,000 in cash and an increase of \$18,146,000 of gifts, grants, and other receipts. The updated proposed timeline involves architect and engineer selection in December, 2022, approval from the State Building Commission in June, 2022, bidding for the project in July, 2024, starting construction in January, 2025, and final completion in September, 2026.

7. In June, 2022, the State Building Commission approved release of \$4.0 million of building trust funds to prepare design plans for the new museum. The Historical Society hired a design



team in 2022 and completed pre-design work in January, 2023, along with an updated cost projection. WHS indicated that from 2019-2022, it incurred transition costs and real estate acquisition costs totaling \$7 million due to project delays and that these costs were covered with private funds. WHS also indicated that construction costs have increased since the initial enumeration of funds, and that it has and will raise gift funds in addition to the initial commitment to ensure construction of the new museum is on schedule to open in 2026.

8. The operating budget impact anticipated for the project includes revenues from the following sources: (a) \$1.5 million of earned income; (b) \$115,000 of memberships and donations; (c) \$600,000 of endowment funds; and (d) \$950,000 of state support for maintenance, janitorial, and security services. The anticipated operating expenses include \$1.5 million for staffing and programming costs, \$950,000 for maintenance and security services, \$400,000 for administration and information technology, \$150,000 for cost of goods sold, and \$150,000 for event rental expenses.

9. The Historical Society secured temporary space in the U.S. Bank Plaza at 1 South Pinckney Street, across the Capitol Square from the current museum, to be able to continue offering programming and exhibits to school groups and the public during construction of the new History Center. Funding for the temporary exhibit is from Urban Land Interests, the site's property management and development firm, as well as fundraising efforts from the Wisconsin Historical Foundation. The Historical Society indicates that the temporary space will include youth walking tours, pop-up exhibits, speaker events, and previews of the new History Center. In addition, the current retail store will remain open until Fall 2023, then will move to the new temporary space.

10. The Historical Society indicates that its collections include over 150,000 cubic feet of archival collections, 25,000 maps and atlases, 3 million photographs, and 750,000 3D artifacts and archeological items, including American Indian collections. Approximately 6,300 items will be selected for display in the 35,000 square feet of exhibition space at the new History Center, and an additional approximately 18,000 items will be digitized for inclusion in films, media productions, audio recordings, and other immersive experiences within the center and in future changing exhibits.

11. Assembly Bill 43/Senate Bill 70 would provide an increase of \$2,500,000 GPR in 2023-24 and \$500,000 GPR in 2024-25 in the Historical Society's general program operations appropriation to support the conservation, preservation, and preparation of historical artifacts as well as digital infrastructure for the planning and operation of the History Center. [Alternative 1]

12. Although the bill provides a larger amount of funding in the first year of the biennium than in the second, the Historical Society has indicated that its need for funding will be greater in the second year of the biennium as the opening date for the new museum approaches. If the Committee wishes to provide additional flexibility to the Historical Society but maintain the proposed funding split, the Committee could modify the proposal to make the appropriation biennial rather than annual. [Alternative 2]

13. In its agency budget request, the Society requested \$1,450,000 PR annually, from tribal gaming revenue transferred from DOA, to support the planning, preparation, and operation of the new History Center. The Historical Society indicated that, of the total \$2.9 million requested, \$1.9 million would be used to assess, clean, and perform a range of conservation activities on objects to be

displayed at the new center, \$300,000 would be used to support contractors to prepare items for transportation, and \$700,000 would be used to engage consultants in digital collections and audio-visual material to prepare immersive media experiences. Specific services the consultants would provide include photography, 3D scanning, digitization, captioning, audio description and enhancement, transcription of audio-visual recordings, translation, and accessibility audits. Such activities would also preserve access to exhibits by making them available online. [Alternative 5]

14. In its agency budget request, the Historical Society indicated that it requested the funding on an ongoing basis because in future years, the funding will be used to install exhibits, train staff, and provide essential functions to operate the museum, including security, janitorial, and maintenance services. The Society indicated that it does not anticipate requesting additional funding for the museum operations in future biennia, but will likely request position authority and reallocate funding to support these activities.

15. Tribal gaming revenue is paid to the state under current state-tribal gaming compacts. Payments are based on a percentage of net revenue, defined as gross revenue minus winnings. State funding from tribal payments is appropriated to a variety of state programs. Tribal gaming receipts in excess of amounts appropriated to specific programs are credited to the general fund. In general, agreements with tribes require the state to undertake efforts to ensure gaming revenues are used for economic development initiatives to benefit tribes, including American Indians in Wisconsin or regions around casinos, promoting tourism in the state, and supporting programs and services of counties in which tribes are located.

16. It could be argued that the museum promotes tourism in Wisconsin, and thus the preparation of exhibits for the museum could be considered an appropriate use of tribal gaming revenue. In addition, the Historical Society indicates that it is a priority to ensure the museum reflects culturally sensitive collections and an understanding of the history of Wisconsin's Tribal Nations and members. To accomplish this, the Historical Society recently hired a Curator of American Indian Collections to consult tribal members and tribal museum professionals to determine how best to display collections and share stories of the Tribal Nations and to ensure display items are appropriately selected and accurately described. WHS indicates that this position would also be involved in conservation activities, in consultation with the Historical Society's collections preservation staff and subject matter professionals.

17. Under state-tribal gaming compacts, payments to the state may be reduced in the event of a natural or manmade disaster that affects gaming operations. In 2019-20 and 2020-21, payments were postponed because of casino closures during the COVID-19 pandemic. As a result, DOA's gaming receipts appropriation is expected to have a closing balance of -\$32,957,600 in 2022-23. In addition, under AB 43/SB 70, no tribal gaming revenue is estimated to be deposited to the general fund in the 2023-25 biennium. It may not be preferable to use tribal gaming revenue to fund new programs until it is known that the gaming receipts appropriation has a positive balance. The Committee could consider funding the agency request using GPR. [Alternative 3] On the other hand, allocations of tribal gaming revenue under AB43/SB70 total \$45.1 million annually, consisting of net increases to allocations above standard budget adjustments totaling \$37.6 million over the biennium, and the estimated tribal payments total \$59.5 million in 2023-24 and \$61.9 million in 2024-25. Tribal

gaming revenue may be deposited to the general fund in 2023-25 if the Committee allocates a lesser amount of tribal gaming revenue than the bill. The Committee could consider funding the amounts proposed under the bill using tribal gaming revenue. [Alternative 4]

## ALTERNATIVES

1. Provide \$2,500,000 in 2023-24 and \$500,000 in 2024-25 to support the conservation, preservation, and preparation of historical artifacts as well as digital infrastructure for the planning and operation of the Wisconsin History Center in a new annual appropriation.

ALT 1	Change to Base
GPR	\$3,000,000

2. Provide \$2,500,000 in 2023-24 and \$500,000 in 2024-25 for the planning and operation of the Wisconsin History Center in a new biennial appropriation.

ALT 2	Change to Base
GPR	\$3,000,000

3. Provide \$1,450,000 annually (the amount requested by WHS in its agency request document) for the planning and operation of the Wisconsin History Center.

ALT 3	Change to Base
GPR	\$2,900,000

4. Provide \$2,500,000 in 2023-24 and \$500,000 in 2024-25 from the tribal gaming revenue transferred from DOA for the planning and operation of the Wisconsin History Center.

ALT 4	Change to Base
PR	\$3,000,000
GPR-REV	- \$3,000,000

5. Provide \$1,450,000 annually from the tribal gaming revenue transferred from DOA for the planning and operation of the Wisconsin History Center.

<b>ALT 5</b>	<b>Change to Base</b>
PR	\$2,900,000
GPR-REV	- \$2,900,000

6. Take no action.

Prepared by: Maria Toniolo

# **HISTORICAL SOCIETY**

## **LFB Summary Items for Which No Issue Papers Have Been Prepared**

<u>Item #</u>	<u>Title</u>
3	Fuel and Utilities Reestimate
9	Records Management
10	Revenue Reestimates

