



**Historic Preservation Fund (HPF)  
State Apportionment Formula  
and  
Three Year Period of Performance**

# Topics of Discussion

- State Apportionment Formula
  - Statute and History
  - Review of the Formula
  - Revised Formula
  - Q&A
- HPF Updates for FY2023
  - Shift to 3 year cycle
  - Reporting
  - HPF Online changes
  - Q&A

# Statutory Elements for the Formula



## Authorities

- The NHPA states “the amount of appropriated and made available for grants to States... shall be **apportioned** among the States by the Secretary on the basis of **needs** as determined by the Secretary.” (54 U.S.C. §302902(c))
- The review is mandated by Section 103(b) of the National Historic Preservation Act (NHPA) (54 U.S.C. §302902(c)(3)), “the Secretary shall **analyze** and **revise** as necessary the method of apportionment.”
- “The Secretary shall administer a program of **matching grants** to the States for the purposes of carrying out this division [Act].” (54 U.S.C. §302902)
- In accordance with the Department of the Interior Departmental Manual 245 DM 1.1C(15), the NPS Director is authorized on behalf of the Secretary of the Interior to “administer the Historic Preservation Fund program.”

## Funds to Certified Local Governments

- “Not less than **10 percent** of the annual apportionment distributed by the Secretary to each State ... shall be transferred by the State ... to certified local governments for historic preservation projects or programs of the certified local governments. In any year in which the total annual apportionment to the State **exceeds \$65,000,000, 50 percent of the excess shall also be transferred** by the States to certified local governments.” (54 U.S.C. §302902(c)(4))

## Funds to the Freely Associated States

- “As part of the program making grant assistance from the Historic Preservation Fund to States, the Secretary shall administer a program of direct grants to the Freely Associated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau in furtherance of the Compact of Free Association Act.... The goal of the program shall be to establish historic and cultural preservation programs that **meet the unique needs** of each of those nations so that at the termination of the compacts the programs shall be firmly established...”

# Past Formula History



## 1967-1994 –

- Often different apportionment formula each year.
  - Included a basic program allocation (usually based on past awards)
  - Lack of stability and predictability in awards caused major problems
  - Challenges between States and NPS lead to first Task Force in 1993/1994

## 1993/1994 –

- NPS Task Force to examine:
  - current apportionment formula
  - ways to determine “need”
  - characteristics formula should have
- Survey of all States and principles established to guide the process
- Used simulations to determine the effect of the proposed formula
- Established a Three Tiered Formula

## 2001-2003 –

- NPS Task Force convened for periodic review of the formula.
- Found only minor changes to the formula were needed.
- Task Force decided there should be a substantive reason to recommend a change.
- The updated formula would use the 2000 census instead of the 1990 census.
- Tier 3 of the formula would encourage States to spend more money on local historic preservation issues and activities.
- The SHPO response was overwhelmingly positive, and, in FY 2003, the new (current) apportionment formula became active.

## 2010

- NPS incorrectly determined that detailed census data needed for 50 year old residential properties was not available for the 2010 census, so use of 2000 census data continued

# HPF Three Tier Formula

## c. Tier 1 -- Base Award

Each State will receive an equal share of Tier 1. Assuming \$20 million in Tier 1, this amounts to approximately \$357,000 each State per annum subject to inflation.

## d. Tier 2 -- Noncompetitive Factors

NPS will allocate the funds available for Tier 2 equally among three factors:

1) Population. NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the 2000 population of the United States. NPS will use U.S. Census data to make the calculations. NPS will use square roots to control extreme values.

2) Area. NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the total area of the United States. NPS will use U.S. Census/United States Geological Survey (U.S.G.S.) data to make the calculations. For the purposes of this apportionment formula, a State's area includes water boundaries out to the three-mile limit. NPS will use square roots to control extreme values.

3) Historic Resources. NPS will divide one-third of the funds available for Tier 2 based upon each State's share of the total number of residences over 50 years old as defined and identified in the 2000 U.S. Census. NPS will use square roots to control extreme values.

## e. Tier 3 – Preservation Initiatives.

1) NPS will base its Tier 3 calculations upon predetermined competitive factors that it develops in consultation with State Historic Preservation Officers and makes known to them no later than the beginning of the fiscal year preceding that of the grant period in which the formula is to be applied.

# FY2020 Changes to Tier 3

## HPF MANUAL CHANGE

### CHAPTER 2. Section B: (pages 2-1 to 2-2)

#### B. Apportionment of Funds to State Historic Preservation Office Programs.

The National Park Service shall use the following formula to calculate its recommended apportionment of HPF funds to States.

##### 1. Formula Structure:

###### a. Three-Tiered Apportionment Formula.

The formula will use three sequential tiers as follows below, subject to adjustment for inflation. See Sections B.1.b, c., d., and e. below for details.

- 1) For annual appropriations up to \$20 million (excluding the Freely Associated States – see Section B.4, below), NPS will allocate all funds to Tier 1 (the Base Award – see Section B.1.c. below).
- 2) For annual appropriations from \$20 million to ~~\$50~~ **65** million, NPS will allocate \$20 million to Tier 1 (the Base Award) and the balance (i.e. up to ~~\$30~~ **45** million) to Tier 2.
- 3) For annual Noncompetitive Factors – see Section B.1.d.below). appropriations higher than ~~\$50~~ **65** million, NPS will allocate \$20 million to Tier 1 (the Base Award), ~~\$30~~ **45** million to Tier 2 (Noncompetitive Factors), and the balance to Tier 3 (Preservation Initiatives – see Section B.1.e. below).

# Division of the Tiers going into review

## –Tier 1- Base Award

- Equal split up to \$20 million (\$357K per office)
- % for FSM

## –Tier 2- Noncompetitive factors

- Population, Area, Over 50 - up to \$65 million

## –Tier 3- Preservation Initiatives

- Over \$65 million competitive factors TBD with half transferring to Certified Local Governments

# NPS Goals



- In place for FY2023 (pushed to FY2024)
- Use current formula as a starting point
- Done in consultation with SHPOs and CLGs
- A predictable formula that allows for planning
- Bring Freely Associated States into the formula
- Regularly update with current census & reviews
- Define process over \$65m – Tier 3



# Consultation Process



- NPS contracted Brian Conway, former MI SHPO
- Conducted survey of SHPOs through NOWCC
- Organized Task Force, held initial meeting, adopted principles
- Received Solicitor opinion on Federal Advisory Committee Act (FACA)
- Task Force transitioned to NCSHPO & NAPC
- NAPC conducted survey of CLGs
- Task force delivered comments November 2021

# Federal Advisory Committee Act

- Federal Advisory Committee Act defines advisory committee as "any committee, board, commission, council, conference, panel, task force, or other similar group" that dispenses "advice or recommendations" to the President of the United States,. . . . The goal of the law was to make advisory groups (meetings, process, etc.) objective and accessible to the public"
- The Federal Advisory Committee Act of 1972 created a structured process for creating, operating, and terminating Federal advisory committees that provide advice to the Executive Branch of government. This law also stipulated requirements for:
  - public notification of the creation and operation of Federal advisory committees;
  - public input; and
  - data collection and reporting of Federal advisory committee activities.
- Any advisory group, with limited exceptions, that is established or utilized by a federal agency and that has at least one member who is not a federal employee, must comply with the FACA.
- The NPS has FACA Committees in place (i.e. NAGPRA), the establishment of a FACA Committee requires considerable time and high level official reviews and "can be created only when they are essential to the performance of a duty or responsibility conveyed upon the executive branch by law or Presidential Directive."

# NPS State Apportionment Principles



- The apportionment formula should be as **logical** and simple to explain as possible.
- The apportionment formula must be **equitable** to every State.
- Every State requires a **base allocation** to run a program that **meets minimum** Federal requirements.
- The formula will be **dynamic**, moving forward with adjustments made as needed and warranted.
- As much as possible, each State's award amount should be **predictable** to allow each State to plan accordingly.
- Any formula modifications should be implemented in a way to **minimizes disruption** to State programs.
- Modifications to the formula must also take into account potential **impacts** to Certified Local Governments (CLGs).
- The impacts of the HPF annual allocation reaching the \$65 million statutory threshold should be a focus area for the Taskforce. A proposed plan will need to be developed to address the changes that will be required once the **\$65 million threshold** is reached or exceeded.



- Tier 1 – analyzed amount needed for basic operations (required positions)
- Tier 2 - Looked at multiple third-party factors
- Tier 3 – Evaluated formula vs competitive
- Ran simulations, for 2010 and 2020 census
- Simulated recommendations from Surveys and Task Force
- Developed final recommendations for NPS leadership approval

# Tier 1 amount analyzed

- Goal to create an explainable base amount
- Focused on minimum federal requirements
- Researched average cost of a historian, architectural historian, and archeologist
- 3 Required positions + CLG + office = \$400,000
- Provides an increase over previous base of \$357,000 which assists states that don't perform as well under Tier 2

# Tier 2 Factors Considered

- Independent third party data needed
- Multiple factors with reliable census data sources
- Acreage
  - Conducted research into underwater areas
- Residential Structures over 50 years
  - Data thought not available in 2010 was located
- Municipalities as recommended by Task Force
- Tribal Consultation as recommended by Pacific SHPOs
- How to handle Freely Associated States which does not have this detailed census data

# Tier 3

- Discussed previous use of competitive factors
- Determined too much burden on SHPOs & NPS
- Ran scenarios using Tier 2 and other factors
- Determined greater predictability if Tier 2 used
- Addressing need to make CLG funding easier to allocate and spend
  - Discussed with State CLG Coordinators at NAPC
  - Currently under SOL review

# NPS Approval & Release



- Recommendations presented to Director
- Reviewed by Solicitor, Budget, Legislative Affairs
- Communication plan developed
- Leadership Approved
- Released to Governors, SHPOs, Partners  
7/15/2022
- Website provided with FAQs/Simulations:  
[go.nps.gov/shpoapportionment](https://go.nps.gov/shpoapportionment)
- Bulletin sent to all SHPO contacts, State CLG Coordinators, and CLGs 7/22/2022



# Recommendations Accepted



- The base amount all SHPOs receive (Tier 1) should be increased and the application of a square root should continue to apply to the apportionment formula
- The U.S. Census based (Tier 2) should continue to rely on U.S. Census data, specifically land area, population, and residential structures (American Community Survey/US Census)
- The formula should be updated as new U.S. Census data becomes available
- Apply the Tier 2 Census formula to amounts over \$65 million then allocate to CLGs by statute
- Extending the period of performance for the grants to 3 years (implemented FY2022)
- Making CLG funding more accessible by expanding how the funding can be distributed (NPS working with SOL)

# The Revised Formula

- Utilize current census data going forward or next review of formula (2020 Census data beginning in **FY24**)
- Increase Tier 1 base award amount to **\$400,000** per state from \$357,143 (an overall increase of \$20,000,008 to \$22,400,000)
- Continue use of US **Census** data for land area, population, number of 50+ year old residential structures. Continue to apply square roots
- Tier 3 will occur by **statute** (54 U.S.C. 302902(c)(4)) for appropriations above \$65 million. Tier 2 Census calculations will be applied, and each state required to award 50% of that calculated amount to Certified Local Governments (CLGs), per statute
- Freely Associated States, due to a lack of Census data, will be based on **percentage** of total received in FY21



# Questions?

