Legislative Fiscal Bureau

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Tourism Marketing Funding (Tourism)

[LFB 2011-13 Budget Summary: Page 422, #5]

CURRENT LAW

The Department of Tourism is provided $9,970,700 each year of the 2009-11 biennium for activities to market tourist attractions and destinations in Wisconsin. Funding for 2010-11 includes: (a) $8,213,600 tribal gaming PR for general marketing activities; (b) $160,000 tribal gaming PR for grants to tourist information centers (TICs) operated by local nonprofit organizations, tribal organizations or local governments throughout the state; and (c) $1,597,100 transportation fund SEG for general marketing activities. General marketing activities include: (a) advertising campaigns throughout Wisconsin and neighboring states to draw visitors to attractions; (b) joint effort marketing (JEM) grants, which are disbursed to local organizations to assist with the promotion of seasonal, one-time, or new events, or notable destinations; (c) cooperative marketing efforts, in which Tourism makes advertising space available to Wisconsin businesses under banner ads or in e-mails as a means of providing such attractions with lower-cost options for reaching certain audiences; and (d) statutory earmarks for various activities.

GOVERNOR

Provide an additional $2,344,100 GPR in 2012-13 and $1,191,000 tribal gaming PR each year for tourism marketing and promotion.

DISCUSSION POINTS

1. The administration intends for additional marketing funding to increase Wisconsin's exposure as a tourist destination and to increase traveler spending in the state. Relative to marketing funding of $9,970,700 in 2010-11, which consists of tribal gaming PR and transportation SEG, the bill would increase marketing funding by 11.9% in 2011-12 and an additional 21% in 2012-13 or

35.4% over the biennium. Historical Tourism marketing funding levels are shown in the attachment.

2. Tourism reports it intends to use additional marketing funding for advertising and public relations activities, including costs of production, to increase Wisconsin's exposure to prospective travelers and consumers. Advertising increases would primarily occur in television and radio. Currently, Tourism airs most of its television and radio advertising for summer travelers in its targeted markets in the late spring and summer, usually from about May to July. This coincides with peak travel seasons, and the end of the school year when prospective travelers are planning trips. With additional marketing funding, Tourism would attempt to extend this advertising period, likely through Labor Day, and perhaps airing more ads beginning in April. However, additional late summer purchases would not necessarily occur immediately each July, when marketing funding increases would take effect under the bill. Rather, because Tourism would have additional funding to use during its typical purchasing periods for summer campaigns (beginning in about March), the Department would likely use additional funding to purchase more ad placements further into the future than it does currently. This is because advertisers generally can purchase better placements at better rates the earlier a purchase is made. Tourism expects any increases in print and Internet-based advertising, which the Department typically conducts year-round, to also be increased, but more modestly than its broadcast advertising.

3. Further, the Department has specifically identified Chicago for additional marketing to increase Wisconsin's share of travelers from that metropolitan area. Tourism notes that research done for the Department indicates Chicago travelers on average spend more per trip than travelers from any other market. Tourism has also identified targeted areas of the Twin Cities, Duluth, eastern Iowa and in-state areas such as Milwaukee, Madison, Green Bay and the Fox Cities. The Department notes that these areas constitute the primary areas from which Wisconsin already draws travelers and spending, and developing a stronger presence in such markets would provide the best short-term return on marketing expenditures.

Tourism Marketing Funding Impacts

4. Traveler spending in Wisconsin in 2009 was approximately $12.1 billion, as estimated by Davidson-Peterson Associates, a firm Tourism has commissioned in recent years to annually estimate the economic impacts of visitors to Wisconsin. Traveler spending was also estimated to support $6.7 billion in resident income and perhaps 286,400 full-time equivalent positions. For 2009, state and local tax revenues attributable to travelers were estimated at nearly $2 billion. Table 1 shows the estimated number of overnight travelers and traveler spending in Wisconsin from 2000 to 2009, the most recent year available.

TABLE 1

Estimated Travelers and Traveler Spending in Wisconsin, 2000-2009

Calendar Year	Traveler Expenditures Amount (Billions)	Traveler Expenditures Percent Change	Overnight Visitors Number (Millions)	Overnight Visitors Percent Change
2000	$11.05	21.7	37.4	16.1
2001	11.45	3.7	36.9	-1.3
2002	11.56	1.0	38.0	3.0
2003	11.71	1.3	38.6	1.6
2004	11.78	0.6	39.1	1.3
2005	11.95	1.4	39.1	0.0
2006	12.83	7.3	40.5	3.4
2007	12.78	-0.4	38.3	-5.5
2008	13.12	2.7	37.2	-2.9
2009	12.09	-7.8	36.0	-3.2

5. The U.S. Travel Association (USTA), an industry trade group, publishes annual estimates of tourism impacts for all 50 states using its Travel Economic Impact Model (TEIM). For 2008, the most recent year available, USTA estimates traveler spending in Wisconsin of approximately $9.7 billion, with 115,600 associated jobs and state and local tax receipts of $1.5 billion. These estimates are generally lower than those by Davidson-Peterson studies, and variations in estimates are discussed in greater detail below.

6. Longwoods International completed a study for Tourism in March, 2011, that estimated the impacts of Tourism's summer marketing campaign for 2010. (Tourism is likely to use Longwoods International for future return-on-investment studies, as well as economic impact studies and traveler demographic studies, which would replace reports previously commissioned through Davidson-Peterson. Tourism reports Longwoods International's services have been widely used by other state tourism agencies.) Longwoods International derives its estimates from a national Web-based panel survey of U.S. consumers conducted by a third party hired by Longwoods to gather survey results. Longwoods International reports the panel is demographically balanced to attempt to represent the U.S. population as a whole. Estimates generated by Longwoods International for Wisconsin are based on the panel respondents identifying themselves as having traveled to Wisconsin during or shortly after Tourism's campaign. Based on these responses, Longwoods International estimated Tourism's summer advertising purchases of about $1.7 million, including development and production costs, generated approximately 1.6 million trips beyond those that were estimated to have occurred without advertising. Although the 2010 baseline number of travelers is not yet established by Longwoods International's estimates, the 2009 baseline was 87.2 million person-trips, or one trip taken by one person. This total consisted of 52.8 million day trips and 34.4 million overnight trips. If the 2009 and 2010 baselines were similar, the additional trips may represent a 1.8% increase. Further, Longwoods International estimated 1.6 million additional trips generated spending of approximately $139.5 million, or about $88 per trip. Additionally, Longwoods International estimated $11.6 million in state and local taxes were generated by the incremental increase in tourists. Longwoods International also estimated that after seeing the 2010 summer advertising campaign, about 1 million respondents considered themselves

"definitely" or "probably" likely to visit Wisconsin in 2011.

7. It should be noted that estimates of tourism's economic impacts are generally subject to considerable variability, depending on the data used and the structure of any statistical models used for the estimate. Sources of variation in estimates may include: (a) different methods for estimating overall spending by travelers; (b) difficulties in defining traveler spending and distinguishing between resident recreational spending, leisure travel and business travel; and (c) translating traveler spending estimates to indirect and induced impacts, which would describe spending in non-travel industries or spending by persons who derive wages from these industries. The studies cited above illustrate some of these differences. For example, USTA's methods generally rely on estimated travel activity reflected in aggregate economic data for geographic regions. Because the data included in USTA's TEIM do not capture some activities such as hunting and fishing license fees, consumer expenditures on certain durable goods and recreational equipment, or "bridge" spending between a traveler's origin and ultimate destination, the TEIM has been considered as a conservative estimation of travel impacts in many respects. This is due largely to its intent of producing annual estimates that measure certain economic activities consistently among states and the country as a whole. Conversely, the reports Tourism has commissioned recently from both Longwoods International and Davidson-Peterson Associates each use surveys to gather data from travelers or tourism-related businesses, with the intention of using these samples to describe tourism's impacts on a larger population. Such sampling is dependent on the assumption that the sample accurately represents the variability in the larger population. Accuracy of findings is also contingent on the accuracy of respondents' replies; for instance, it is possible that respondents in a survey could misstate their subjective preferences, such as the influence of Wisconsin's marketing on their decision to travel, or inaccurately report past activity, such as their levels of spending. If such phenomena occurred in the course of the Longwoods International study, this could alter the study's results, although Longwoods International reports it attempts to control for these issues. Further, Davidson-Peterson's methods illustrate issues in differences of a study's definition. Specifically, the firm's definition of traveler includes "anyone who visits an area while traveling outside of his or her normal routine and spends money." This includes categories such as business travelers, persons visiting family, and certain spending by second homeowners, which may not be significantly influenced by marketing, if at all. A broader definition may tend to overstate the scope of the tourism industry. Despite these limitations, each organization's estimations are regularly used throughout the tourism industry.

8. In attempting to assess the impact of future marketing expenditures, it cannot be determined at this time how much of an incremental increase may result from any advertising increases that would result from additional funding under the bill. Although Tourism's 2010 advertising campaign as estimated by Longwoods International suggests that each $1 in advertising may generate $82 in traveler spending, the general principle of diminishing returns would suggest that an increase in advertising and marketing may not produce the same proportional increase in traveler spending.

9. It should also be noted that regardless of amounts expended on deploying a marketing campaign, the subjective content of a campaign is likely also a significant determinant in a campaign's success. In other words, if a campaign's content is particularly convincing in getting persons to consider travel to a certain destination, such a campaign may be more effective than a

more prevalent campaign that contains material or images to which persons are indifferent or view negatively. For example, as more of the population uses Internet-based electronic services for news and entertainment, content that is posted or published electronically in Internet-based media and that elicits positive responses from viewers may be quickly disseminated at little or no expense, whereas ads placed in print publications or on billboards may be costlier without reaching as large an audience. Such an instance also suggests certain means of distributing content may be more cost-effective to the purveyors of the content. Additionally, traveler expenditures can be significantly affected by relatively short-term or unpredictable factors that may affect household discretionary income and consumers' tendencies to spend on travel. Such considerations could include weather and other economic conditions such as fuel prices and other travel costs.

10. Wisconsin's historical levels of marketing spending illustrate the potential for marketing funding to increase but traveler spending to change in a disproportionate or inverse manner. Table 3 below shows the levels of marketing funding appropriated since 2000-01, as well as the traveler spending estimated by Davidson-Peterson studies, as this is the most consistent source of information on traveler spending for the longest period. Notably, estimated traveler spending increased each year from 2001-02 through 2003-04 despite marketing funding reductions each year. Further, a 17% increase in marketing funding in 2005-06 coincided with a 7.4% increase in traveler spending, a 5.9% increase in marketing in 2006-07 coincided with relatively flat traveler spending in 2007. Table 2 suggests that factors beyond the state’s marketing budget play a substantial role in tourism-related spending.

TABLE 2

Wisconsin Tourism Promotion Budget and Traveler Expenditures by Year

Fiscal Year	Tourism Marketing	Percent Change	Calendar Year	Estimated Traveler Spending (Billions)	Percent Increase
2000-01	$11,660,500	-0.1	2001	$11.45	--
2001-02	10,403,800	-10.8	2002	11.56	1.0
2002-03	9,472,900	-8.9	2003	11.71	1.3
2003-04	9,155,900	-3.3	2004	11.78	0.6
2004-05	9,155,900	0.0	2005	11.95	1.4
2005-06	10,715,700	17.0	2006	12.83	7.4
2006-07	11,349,400	5.9	2007	12.78	-0.4
2007-08	11,349,400	0.0	2008	13.12	2.7
2008-09	11,349,400	0.0	2009	12.09	-7.8

Other State Tourism Marketing

11. Table 3 shows tourism advertising and promotion funding levels for Wisconsin and its bordering states since the 2009 fiscal year. Amounts shown should be construed as available for advertising purchases or other marketing, but not inclusive of funding primarily associated with personnel costs, film offices or filming incentives, or other expenditures not substantially related to state tourism agency's marketing activities. However, the descriptions below for each state note any programs that may have the effect of increasing marketing activities in the state. The table attempts

to show amounts approved by the legislatures of each state, to the extent possible. Totals for Illinois, Michigan and Wisconsin are legislatively approved. Tourism marketing expenditures for Iowa and Minnesota, however, exist as part of larger appropriations to those state agencies, and amounts shown reflect actual expenditures, for 2009 and 2010, and agency budgeted amounts for 2011. Fiscal years 2012 and 2013 are based on the Governor's recommendation in that state's budget proposal if available; Illinois, Iowa and Michigan have customarily enacted annual budgets, however, and the FY 2013 figures therefore may not be those ultimately presented for legislative consideration. The Illinois FY 2012 budget proposal does not make any specific references to FY 2013 funding. Also, the table shows each state's population as of the 2010 Census for comparisons among per-capita budgets in that year.

TABLE 3

State Tourism Promotion Funding (Millions)

State	2009	2010	2010 Census (Millions)	2010 Budget Per Capita	2011	2012	2013
Illinois	$15.32	$15.32	12.83	$1.19	$15.32	$16.32	N.A.
Iowa	4.07	3.29	3.05	1.08	2.54	2.39	2.39
Michigan	33.22	14.90	9.88	1.51	25.40	25.00	25.00
Minnesota	8.09	6.47	5.30	1.22	6.96	7.91	8.14
Wisconsin	11.35	9.97	5.69	1.75	9.97	11.15	13.50

12. As shown in the table, Wisconsin's tourism marketing appropriations have generally been and would continue to be higher than those of Iowa and Minnesota. However, Wisconsin's tourism marketing has and likely would continue to trail marketing funds available in Illinois and Michigan. Michigan in particular has allocated significant additional funding for tourism promotion in recent years. However, Wisconsin ranks favorably among neighboring states in per-capita tourism marketing appropriation levels.

13. Illinois funds its tourism marketing program entirely with the Illinois hotel operators' occupation tax, which is levied on persons renting rooms to others for less than 30 consecutive days. Like Wisconsin, Illinois has programs both for direct state promotion of tourism and for grants to local governments and organizations to assist their marketing activities. In addition to $15.3 million for state-directed tourism promotion and marketing, the Illinois Office of Tourism for FY 2011 is appropriated approximately $33.6 million for other non-personnel costs that are not directly used for marketing or advertising but that are intended to foster tourism growth. These costs include: (a) $24.5 million for grants to local governments or tourism offices, or convention and visitors bureaus (CVBs) for local promotional efforts, half of which Illinois officials report may be used for local groups' operating and administrative costs as opposed to marketing activities; (b) approximately $5.5 million for 14 tourist information centers throughout the state operated privately under contract, as well as a call center, publications orders and miscellaneous non-marketing projects and grants; (c) matching grants to local governments and nonprofit organizations for capital improvements to or new development of tourism attractions ($2.1 million); (d) grants to nonprofit regional tourism development offices, which are stationed throughout Illinois in areas without

convention and visitors bureaus and which assist the Office of Tourism with various administrative and marketing duties ($792,000); and (e) matching funds for local governments and organizations to attract and host new or unique events that would attract visitors to the state ($660,000), which may be used for marketing or for other operations. Of approximately $48.9 million in total funding, however, Illinois officials report total Office of Tourism funding in FY 2011 is expected to be reduced by approximately 36%.

14. Iowa funds tourism marketing programs with general purpose revenues and tax receipts from casino and gaming centers in the state. Of the amounts shown in Table 3, gaming receipts account for: (a) $1.1 million in FY 2009; (b) $957,800 in FY 2010; (c) $862,000 in FY 2011; and (d) $810,300 in each of FYs 2012 and 2013. Not shown are appropriations for the Community Attraction and Tourism (CAT) program. The CAT program primarily supports local capital projects to develop, construct or refurbish tourism facilities or other community attractions. Although the program is mostly intended to build infrastructure, and has been funded in FY 2011 with revenue bonding, a component of the program provides marketing support for past CAT recipient projects. Also not shown is the Regional Sports Authority Districts Program, which provides up to $50,000 to CVBs for the promotion of 10 sports authority districts throughout Iowa that promote non-professional sporting events.

15. Michigan has increased its tourism marketing funding by the most significant amounts in recent years. The "Pure Michigan" campaign began about five years ago, and Travel Michigan, a part of the Michigan Economic Development Corporation, made its first national advertising buy for the campaign in 2009. This generally coincided with the recent high in annual tourism promotion funding shown above in the 2009 fiscal year. During the period shown in Table 3, Michigan has had a base of either $5.7 million (FY 2009) or $5.4 million (FY 2010 and 2011) in general fund appropriations. In addition to this base appropriation, increases were provided in FY 2009 and 2011 of $27.5 million and $20 million, respectively, from the state’s 21st Century Jobs Trust Fund, a special-purpose fund created largely with securitized proceeds from the state’s tobacco settlement. The Michigan Legislature’s fiscal offices also report this fund provided tourism marketing funding of $7.5 million in FYs 2006 and 2007, and $14.3 million in FY 2008. Approximately $9.5 million beyond the $5.4 million base in FY 2010 was supported by an allocation of certain tax revenues, although this represented an $18.3 million decline from FY 2009 appropriations. The appropriations shown in FY 2012 and 2013 reflect a gubernatorial budget recommendation, which would be supported by the 21st Century Jobs Trust Fund.

16. Minnesota funds tourism marketing primarily with general fund revenues as well as other program revenues. Included in Minnesota's totals is an organizational partnership grant program, which provides funding to local organizations, which must match state funds in campaigns to attract visitors to an area. This program is akin to Wisconsin's JEM grant program.

17. Governors of at least three neighboring states have proposed increasing state tourism promotion, either through new revenue sources or a reallocation of existing funds. Michigan would appropriate $25 million in FY 2012 and 2013 from the 21st Century Jobs Fund; this is an increase of approximately $20 million from the FY 2011 general fund-supported base of $5.4 million, but approximately equal to the current funding authorized for FY 2011. Minnesota would increase the state vehicle rental tax by 1%, with approximately $4.5 million over the biennium designated for

tourism promotion. Minnesota budget staff, however, reports this provision has been deleted by each legislative house. The Illinois Department of Commerce and Economic Opportunity, which houses tourism promotion programs, would receive approximately $1 million in additional advertising funding and $1 million in other marketing funding under the FY 2012 proposal relative to enacted FY 2011 appropriations.

18. Although Wisconsin Tourism's marketing levels in Table 3 reflect amounts in the schedule for marketing from GPR, tribal gaming PR and transportation SEG, as well as amounts appropriated for TIC grants, the amounts do not reflect actual expenditures. For example, of Tourism's 2009-10 appropriations of about $10 million, actual expenditures totaled $8.8 million. Expenditures were reduced from budgeted levels primarily to allow for general fund transfers under 2009 Act 28.

19. Tourism reports Wisconsin typically competes with Michigan and Minnesota for travelers from Chicago and the Twin Cities. Wisconsin and Michigan each claim Chicago as their largest source for out-of-state travelers. Wisconsin's primary competition with Minnesota is for traveler share in the Twin Cities, which is Minnesota's largest in-state source of travelers and Wisconsin's second-largest source of out-of-state travelers. Tourism officials note that although Michigan and Minnesota have recently both marketed in Milwaukee, and Minnesota has marketed in western Wisconsin areas such as La Crosse and Eau Claire, Wisconsin generally does not have significant in-state competition from other states.

Funding Availability

20. The bill would provide equal amounts of tribal gaming PR each year. Additional GPR funding would be provided beginning in 2012-13. Although the recommended GPR appropriation would become base funding for the 2013-15 biennium, it could be argued that providing GPR funding only in the second year of the biennium would delay any potential benefits from increased traveler spending. Tourism reports advertising purchases can secure the best placements for the best prices the earlier a purchase is made. For example, television ads scheduled to air in spring and summer would be purchased two to three months in advance, likely in February, March and April. Although Tourism reports it could consider purchasing advertising that may be available in late summer of 2012 after the marketing GPR would be available, most of the additional purchases that would be funded by GPR would take place in early 2013, with any resulting travel primarily taking place beginning in the spring and summer of 2013.

21. The Committee may wish to provide additional funding in 2011-12 to increase Tourism’s ability to purchase advertising in the first year of the biennium. The Committee may wish to provide GPR in 2011-12 equal to the amount recommended for 2012-13 [Alternative A2a].

22. The Committee could consider transferring the GPR allocation recommended for 2012-13 to 2011-12 [Alternative A2b]. It could be argued that this would provide a more immediate impact in marketing and any resulting traveler spending, although it would result in Tourism having no base GPR funding for 2013-15. Providing GPR could be considered in 2013-15 budget legislation.

23. Additionally, the Committee may wish to consider splitting the marketing GPR recommended by the Governor into equal parts of $1,172,000 in 2011-12 and $1,172,100 in 2012-13 [Alternative A2c]. This would provide Tourism with increased ability to purchase advertising in 2011-12, while providing an equal amount in 2012-13 and a base GPR funding level for 2013-15.

24. As a technical modification in the state budget system, any GPR should be allocated under supplies and services. This would correct an error currently in the system, which allocates the GPR as salaries for permanent positions.

25. Some would argue that tourism marketing funding should not be increased at a time when many other state programs would have funding reduced under the bill. More modest increases than those recommended by the Governor could be considered. The funding increases for tourism marketing under the bill would be 11.9% in 2011-12 and an additional 21.0% in 2012-13 for a 35.4% change over the biennium. The Committee could consider the following: (a) $250,000 tribal gaming PR each year and $250,000 GPR beginning in 2012-13, which would be a 2.4% increase annually and approximately a 5% increase over the biennium [Alternative A3a]; (b) $500,000 tribal gaming PR each year and $500,000 GPR beginning in 2012-13, which would be approximately a 5% increase annually and 10% over the biennium [Alternative A3b]; or (c) $500,000 tribal gaming PR each year, and $1,000,000 GPR beginning in 2012-13, which would be approximately a 5% increase in 2011-12 and an additional 10% increase in 2012-13, or 15% over the biennium [Alternative A3c].

26. Alternatively, the Committee could consider deleting the recommendation [Alternative A4]. This would decrease GPR funding by $2,344,100. Also, because unspent tribal gaming PR is credited to the general fund, the deletion of marketing PR would increase the amount deposited to the general fund by $2,382,000.

Joint Effort Marketing Grants

27. The joint effort marketing (JEM) grant program is funded from tourism marketing appropriations and is intended to help nonprofit tourism promotion organizations publicize innovative events and attractions in the state. Public agencies and private nonprofit organizations, including any tribal government or not-for-profit tribal entity, may submit applications for grants to develop publicity and produce and place advertising. Under JEM, Tourism generally pays up to 75% of the total promotional budget for the first year of a project, up to 50% for the second year of a project, and up to 25% for the third year of a project, although not all types of JEM grants are eligible for multiple years of funding. JEM grants must also not exceed 50% of a project's total annual costs. Along with annual percentage caps, Tourism has set annual dollar limits for each project type. The Department may change these limits each year. JEM grants may be used to fund promotional costs related to the following items and media: (a) magazines; (b) newspapers; (c) radio; (d) television; (e) e-mail; (f) Internet; (g) direct mail; (h) media kits; and (i) billboards. Expenses ineligible for JEM grants include: (a) operational costs; (b) local advertising; (c) research; and (d) posters and brochures that are not direct mailed. In order to make a grant, the Department must determine that: (a) the applicant has developed an advertising plan and budget; (b) the project coordinates with the statewide tourism marketing strategy; (c) the project has broad appeal and targets markets outside the local area; (d) the project will generate a substantial increase in tourist

visits and expenditures; (e) the applicant is able to pay its share of the project costs; and (f) if the project is a continuing event, it has the potential to be self-sufficient within three years.

28. The JEM grant program offers five different grant options: (a) destination marketing; (b) one-time/one-of-a-kind event; (c) existing event; (d) sales promotion; and (e) new event. Administrative rules generally limit individual grant awards to no more than 7% of the JEM budget for that year. That would equate to $79,900 under the $1.13 million minimum allocation. However, Tourism has established the following limits in each category: (a) for destination marketing grants, $10,000 per municipality involved in the project up to $40,000 for the project per year; (b) for a one-time or one-of-a-kind event, $28,250 for one year; (c) for existing events or sales promotions, $39,550 per year for up to two years; and (d) for new events, $39,550 per year for up to three years.

29. The statutes require Tourism to expend at least $1,130,000 annually on the JEM program; this requirement first took effect under 1999 Act 9. The minimum JEM expenditure as a percentage of total marketing funding has changed over that period, ranging between 9.7% (1999-2001) and 12.3% (2003-05). On average, the minimum JEM expenditure has represented about 10.8% of appropriated marketing funding. For 2009-11, the minimum JEM expenditure represented 11.5% of the $9,810,700 appropriated, which excludes $160,000 allocated separately in each year for grants to tourist information centers. Under the bill, $1.13 million would represent 10.3% of 2011-12 non-TIC marketing funding and 8.5% of 2012-13 non-TIC funding.

30. The Department has typically expended more than the statutorily required amount in recent years, although grant requests typically exceed actual awards. Table 4 shows JEM grants requested and awarded since 2004-05. (Tourism administers JEM grants in conjunction with state fiscal years.) The average in unfulfilled requests since 2004-05 has been $880,500 per year.

TABLE 4

Joint Effort Marketing Grant History

Year	Requested	Awarded	Difference
2004-05	$2,109,976	$1,196,657	$913,319
2005-06	2,324,523	1,358,685	965,838
2006-07	2,481,158	1,469,577	1,011,581
2007-08	1,862,841	1,139,922	722,719
2008-09	1,669,053	1,181,605	487,448
2009-10	2,267,084	1,141,145	1,125,939
2010-11*	1,665,715	728,984	936,731

* Totals are partial for 2010-11. The application period for JEM categories other than destination marketing does not close until May 1.

31. It should be noted that although the Department typically receives requests exceeding total program allocations, Tourism staff report that marketing plans undertaken by JEM recipients typically vary widely in their strength and likely effectiveness. From this perspective, it may be desirable to have applications substantially exceed available funds under a competitive grant

program.

32. The Committee may wish to consider increasing the statutory minimum Tourism must spend each year for JEM grants [Alternative 3]. The Committee could specify one of the following: (a) change the minimum JEM expenditure to $1,190,000 in 2011-12 and $1,440,000 beginning in 2012-13, which would equate to the long-term average of 10.8% of annual non-TIC marketing funding [Alternative B1]; (b) change the minimum JEM expenditure to $1,265,000 in 2011-12 and $1,540,000 beginning in 2012-13, which would equate to the 2009-11 percentage of 11.5% of total non-TIC marketing funding [Alternative B2]; or (c) change the minimum JEM expenditure to specify it be 11% of the amounts shown each year in the appropriations schedule, which would be in between the long-term average and the 2009-11 average [Alternative B3].

33. It could be argued that specifying a dollar amount would establish a clearer legislative directive and more certain expenditures for the JEM program, whereas alternatively it could be argued that specifying a percentage would allow the JEM minimum expenditure to fluctuate with changes to Tourism's overall marketing appropriations under future budget legislation.

Tourist Information Centers

34. Tourism closed the Wisconsin Welcome Centers (WWCs) in April, 2009, and 2009 Act 28 mostly eliminated funding and positions for the WWC system. Instead, Tourism was appropriated $160,000 tribal gaming PR beginning in 2010-11 for grants to regional tourist information centers (TICs). This appropriation would not be affected by the bill. Tourism also distributed one-time transportation SEG funding of $160,000 in 2009-10 to organizations only in the communities in which the WWCs had been located. This non-competitive funding was distributed at Tourism’s discretion to help chambers of commerce and CVBs in these areas assume the roles previously held by the WWCs.

35. Tourism has conducted two grant cycles in 2010-11 to distribute the $160,000 tribal gaming PR for TIC grants. Total requests to date have been $386,500, or $226,500 in excess of amounts available.

36. In addition to TIC grant recipients, the role of the WWCs has also been assumed by a group known as the Gateway Visitor Information Centers (GVICs). This consortium includes the City of Marinette and chambers of commerce or CVBs of Beloit, Hudson, Hurley, Kenosha, La Crosse, Onalaska, Platteville, Prairie du Chien and Superior. Currently, the entities in Kenosha, La Crosse and Marinette have begun operations in the former WWC locations of those cities, while the other seven will operate from their organization's own offices. Each organization distributes at no charge publications that are produced or distributed by Tourism. The consortium has established a fee-based system for accepting and distributing brochures from other businesses or nonprofit groups. This system is intended to offset some of these organizations' costs in assuming the informational role previously carried out by the WWCs. It should be noted that Tourism has worked with the GVIC consortium to facilitate some organizations' entries to former WWC locations. The Department has also facilitated communications among the group, publicized the group on the travelwisconsin.com Web site, and some GVIC organizations have received TIC grants. The fee

system for brochure distribution, however, was created and is administered within the consortium and not by Tourism.

37. Tourism officials report the Department has no plans and does not expect to dedicate its own staff or specific funding for WWC operations in the near future. However, Tourism and the administration report that because in-person, roadside assistance may still be valuable to some travelers, Tourism in the future will continue to assess whether and how the current structure of distributing information to travelers could be improved.

38. The Committee could consider providing additional funding for TIC grants, which could provide more resources for roadside assistance to travelers. The Committee could consider reallocating $22,600 tribal gaming PR to TIC grants each year from the increases recommended for marketing; this would provide general marketing PR and TIC grants ($182,600 annually) with approximately equal 14.1% increases [Alternative C1]. The general marketing PR increase under this alternative would be $1,168,400 each year.

39. In addition to increases for TIC grants in 2011-12, the Committee could also consider providing additional funding for TIC grants beginning in 2012-13 to correspond with additional marketing GPR Tourism would have under the bill. The Committee could reduce general marketing PR provided in the bill by $55,000 in 2012-13 and increase TIC grants by the same amount to $215,000 beginning in 2012-13 [Alternative C2]. This would provide approximately equal 35% increases to TIC grants and combined non-TIC marketing appropriations over the biennium. The increases for the general marketing PR in 2012-13 under this alternative would be reduced by $55,000 to $1,136,000.

ALTERNATIVES

A. Funding Availability

1. Approve the Governor's recommendation to provide $2,344,100 GPR in 2012-13 and $1,191,000 tribal gaming PR each year, with a correction to transfer GPR from permanent salaries to supplies and services.

2. Approve the Governor’s recommendation to provide $1,191,000 tribal gaming PR each year. Additionally, provide marketing GPR of:

a. $2,344,100 in both 2011-12 and 2012-13;

ALT A2a	Change to Bill Funding
GPR	$2,344,100

b. $2,344,100 in 2011-12 only; or

c. $1,172,000 in 2011-12 and $1,172,100 in 2012-13.

3. Reduce tourism marketing funding recommended by the Governor to one of the following:

a. $250,000 tribal gaming PR each year and $250,000 GPR beginning in 2012-13, a reduction of $941,000 PR annually and $2,094,100 GPR in 2012-13;

ALT A3a	Change to Bill	
	Revenue	Funding
GPR	$1,882,000	- $2,094,100
PR	0	- 1,882,000
Total	$1,882,000	- $3,976,100

b. $500,000 tribal gaming PR each year and $500,000 GPR beginning in 2012-13, a reduction of $691,000 PR annually and $1,844,100 GPR in 2012-13; or

ALT A3b	Change to Bill	
	Revenue	Funding
GPR	$1,382,000	- $1,844,100
PR	0	- 1,382,000
Total	$1,382,000	- $3,226,100

c. $500,000 tribal gaming PR each year, and $1,000,000 GPR beginning in 2012-13, a reduction of $691,000 PR annually and $1,344,100 GPR in 2012-13.

ALT A3c	Change to Bill	
	Revenue	Funding
GPR	$1,382,000	- $1,344,100
PR	0	- 1,382,000
Total	$1,382,000	- $2,726,100

4. Delete the Governor's recommendation. (Tourism would be appropriated $9,802,800 for general marketing each year.)

ALT A4	Change to Bill	
	Revenue	Funding
GPR	$2,382,000	- $2,344,100
PR	0	- 2,382,000
Total	$2,382,000	- $4,726,100

B. Joint Effort Marketing

Require Tourism to expend at least one of the following on joint effort marketing grants each year:

1. $1,190,000 in 2011-12 and $1,440,000 beginning in 2012-13 (approximately 10.8% of the Governor's recommended non-TIC marketing funding, consistent with the long-term average of JEM's percentage of total non-TIC marketing funding);

2. $1,265,000 in 2011-12 and $1,540,000 beginning in 2012-13 (approximately 11.5% of Governor's recommended marketing funding, consistent with the JEM percentage of non-TIC marketing funding in 2009-11); or

3. 11% of total general marketing appropriations each fiscal year (excludes funds appropriated in that year for tourist information center grants).

C. Tourist Information Centers

1. Delete $22,600 each year from the Governor's recommended increase in tribal gaming PR for marketing, and provide $22,600 tribal gaming PR each year for tourist information center grants. TIC grants would total $182,600 annually.

2. Transfer $22,600 in 2011-12, and transfer $55,000 in 2012-13 from the Governor's recommended increase in tribal gaming PR for marketing, instead for tourist information center grants. TIC grants would total $182,600 in 2011-12 and $215,000 beginning in 2012-13.

Prepared by: Paul Ferguson
Attachment

ATTACHMENT

Tourism Marketing Funding

Fiscal Year	GPR Tourism Marketing	Tribal Gaming PR Tourism Marketing	Tribal Gaming PR Information Centers	SEG Tourism Marketing	Total Tourism Marketing	Percentage Change in Marketing	Joint Effort Marketing Minimum Outlay	JEM Percentage of General Marketing Total
1989-90	$6,864,600	$0	---	$0	$6,864,600	--	---	---
1990-91	7,492,400	0	---	0	7,492,400	9.1%	---	---
1991-92	7,092,400	0	---	0	7,092,400	-5.3	---	---
1992-93	7,110,300	0	---	0	7,110,300	0.3	---	---
1993-94	7,110,300	0	---	0	7,110,300	0.0	---	---
1994-95	8,110,300	0	---	0	8,110,300	14.1	---	---
1995-96	7,750,000	0	---	0	7,750,000	-4.4	---	---
1996-97	7,741,000	0	---	0	7,741,000	-0.1	---	---
1997-98	7,741,000	0	---	0	7,741,000	0.0	---	---
1998-99	9,241,000	0	---	0	9,241,000	19.4	---	---
1999-00	7,691,000	3,976,500	---	0	11,667,500	26.3	$1,130,000	9.69%
2000-01	7,691,000	3,969,500	---	0	11,660,500	-0.1	1,130,000	9.69
2001-02	6,434,300	3,969,500	---	0	10,403,800	-10.8	1,130,000	10.86
2002-03	5,503,400	3,969,500	---	0	9,472,900	-8.9	1,130,000	11.93
2003-04	5,186,400	3,969,500	---	0	9,155,900	-3.3	1,130,000	12.34
2004-05	5,186,400	3,969,500	---	0	9,155,900	0.0	1,130,000	12.34
2005-06	0	9,115,700	---	1,600,000	10,715,700	17.0	1,130,000	10.55
2006-07	0	9,149,400	---	2,200,000	11,349,400	5.9	1,130,000	9.96
2007-08	0	9,149,400	---	2,200,000	11,349,400	0.0	1,130,000	9.96
2008-09	0	9,149,400	---	2,200,000	11,349,400	0.0	1,130,000	9.96
2009-10	0	8,213,600	0	1,757,100	9,970,700	-12.1	1,130,000	11.52
2010-11	0	8,213,600	160,000	1,597,100	9,970,700	0.0	1,130,000	11.52
2011-12 (Bill)	0	9,397,900	160,000	1,595,900	11,153,800	11.9	1,130,000	10.28
2012-13 (Bill)	2,344,100	9,397,900	160,000	1,595,900	13,497,900	21.0	1,130,000	8.47