

# Tourism

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

| <u>Item #</u> | <u>Title</u>   |
|---------------|--|
| 2             | Marketing and Advertising Funds (Paper #750)           |
| 3             | Opportunity Attraction and Promotion Fund (Paper #751) |
| 5             | Meetings, Conventions, and Sports Bureau (Paper #752)  |
| 6             | Office of Outdoor Recreation (Paper #753)              |
| 7             | Arts Board Fund Matching (Paper #754)                  |

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

| <u>Item #</u> | <u>Title</u>   |
|---------------|--|
| 4             | Convert Tribal Gaming Marketing Funds to General Purpose Revenue                   |
| 8             | Native American Tourism of Wisconsin Contract Transfer                             |
| 9             | Tribal Liaison Position  |
| 10            | Equity Officer Position  |
| 11            | Agency Supplies and Services Funding Increase                                      |
| 12            | Tourism Capital Grants (Removed under Administration -- General Agency Provisions) |
| 13            | Tourism Marketing and Reporting Requirements                                       |

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

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





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June 1, 2023

Joint Committee on Finance

Paper #750

### Marketing and Advertising Funds (Tourism)

[LFB 2023-25 Budget Summary: Page 613, #2]

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#### CURRENT LAW

The Department of Tourism manages the state's tourism marketing campaigns, which utilize print, billboard, Internet, email and other forms of advertising to encourage travel in Wisconsin. The Department reports that it focuses much of this advertising in large Midwest population centers such as Chicago, Minneapolis-St. Paul, and in-state areas such as Milwaukee, Madison, and Green Bay.

Tourism promotion-related appropriations generally have remained within a range of \$15 million to \$17 million annually in recent biennia, with a majority of each year's funding dedicated to marketing of the state. Under Committee action to date, the Department is budgeted \$16,955,300 in each year of the 2023-25 biennium for tourism promotion functions, which includes: (1) \$5,975,800 in state general purpose revenues (GPR); (2) \$9,376,000 from program revenues (PR); and (3) \$1,603,500 from the segregated (SEG) transportation and conservation funds. Funding for marketing and promotions is \$13.3 million each year, while other Department operations account for \$3.7 million. The Department is also authorized 27.0 tourism development positions, of which 26.0 are GPR-supported and 1.0 is PR-supported, under Committee action to date.

#### DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide \$33,600,000 GPR in 2023-24 to expand Tourism's marketing and advertising initiatives. The provision would be intended to increase marketing and exposure of the state, particularly relative to the annual marketing campaigns of other neighboring Midwest states. Funding would be provided in Tourism's biennial marketing appropriation, meaning that Tourism would be able to expend or encumber the amounts through June

30, 2025, at which time unencumbered amounts would return to the general fund.

2. Additionally, the bill would provide \$1,700,000 in base funding each year with 4.0 permanent positions for Tourism general operations. Funds and staffing would be intended to address rising costs of production fees, website management, research, and information management. The 4.0 positions would include a consumer communications specialist, a marketing coordinator, a content marketing writer, and a social media assistant. Funding would include \$157,800 in 2023-24 and \$211,000 in 2024-25 for salaries and fringe benefit costs, with \$1,542,200 in 2023-24 and \$1,489,000 in 2024-25 for supplies or contracted services. The 4.0 positions are intended to make permanent 4.0 federally-funded (FED) project positions funded from the American Rescue Plan Act (ARPA) State Fiscal Relief Fund (SFRF). The positions were authorized in March of 2022 and would expire September 30, 2023.

3. Tourism indicates that marketing funding under AB 43/SB 70 would be used for seven seasonal marketing campaigns, beginning in the summer of 2023 and running through advertising purchased for subsequent fall, winter and summer campaigns into 2025. This would likely account for an average of perhaps \$4.2 million per campaign in production costs and advertising purchases, although Tourism expects advertising costs will vary by season and campaign. Tourism notes the Department utilized \$7.5 million in funds allocated by the Governor under ARPA, predominantly in 2022-23, but the exhaustion of funding will limit the Department's reach with base funding as advertising campaign development and placement costs increase. Tourism expects additional funding would support longer and more consistent advertising buys in its preferred markets, including throughout summer seasons rather than at the outset of such campaigns.

4. Tourism continues to utilize its 'Propensity to Visit Model,' a statistical model that aims to predict visitor interests and spending habits. Tourism states that the model uses psychographic, demographic, and geographic data to make these predictions. Tourism utilizes the information from the model to decide how to advertise and market effectively. The Department reports that, based on the model, additional marketing funding would likely support additional advertising in its existing 12 markets: Milwaukee, Madison, Green Bay, and Wausau in Wisconsin; Chicago and Rockford in Illinois; Minneapolis-St. Paul, Duluth, and Rochester in Minnesota; and Des Moines, Cedar Rapids, and Davenport in Iowa. Tourism indicates that once marketing funding is determined, the Department will also use the model to determine where to expand marketing efforts.

5. Table 1 depicts Tourism's funding levels from fiscal year 2016 to 2025, with budgeted amounts through 2022-23. Figures for 2023-24 and 2024-25 show each of Committee action to date and amounts under AB 43/SB 70 that remain under consideration by the Committee. The marketing component of the Department's budget directly affects the level of advertising and other activities that can be supported by Tourism. Under Committee action to date, a total of \$13,289,500 is budgeted for marketing activities in each year of the 2023-25 biennium, with \$2,571,000 GPR, \$9,127,100 tribal gaming PR, and \$1,591,400 transportation fund SEG.

**TABLE 1****Tourism Promotion Funding Levels**

| Fiscal Year              | GPR<br>Tourism<br>Marketing | PR<br>Tourism<br>Marketing | SEG<br>Tourism<br>Marketing | Tourism<br>Marketing<br>Total | GPR<br>Program<br>Operations | PR<br>Program<br>Operations | SEG<br>Program<br>Operations | Other<br>PR | Tourism<br>Total |
|--------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|------------------------------|-----------------------------|------------------------------|-------------|------------------|
| 2015-16                  | \$2,327,100                 | \$9,127,100                | \$1,591,400                 | \$13,045,600                  | \$2,680,000                  | \$345,300                   | \$12,100                     | \$109,000   | \$16,192,000     |
| 2016-17                  | 1,827,100                   | 9,127,100                  | 1,591,400                   | 12,545,600                    | 2,680,000                    | 324,500                     | 12,100                       | 109,000     | 15,671,200       |
| 2017-18                  | 1,909,600                   | 9,127,100                  | 1,591,400                   | 12,628,100                    | 2,464,600                    | 319,300                     | 12,100                       | 99,100      | 15,523,200       |
| 2018-19                  | 1,827,100                   | 9,127,100                  | 1,591,400                   | 12,545,600                    | 2,506,500                    | 319,300                     | 12,100                       | 99,100      | 15,482,600       |
| 2019-20                  | 2,080,400                   | 9,127,100                  | 1,591,400                   | 12,798,900                    | 3,231,800                    | 133,400                     | 12,100                       | 99,100      | 16,275,300       |
| 2020-21                  | 2,571,000                   | 9,127,100                  | 1,591,400                   | 13,289,500                    | 3,321,600                    | 133,400                     | 12,100                       | 99,100      | 16,855,700       |
| 2021-22                  | 2,571,000                   | 9,127,100                  | 1,591,400                   | 13,289,500                    | 3,404,900                    | 141,100                     | 12,100                       | 99,100      | 16,946,700       |
| 2022-23                  | 2,571,000                   | 9,127,100                  | 1,591,400                   | 13,289,500                    | 3,404,900                    | 141,100                     | 12,100                       | 99,100      | 16,946,700       |
| Committee Action to Date |                             |                            |                             |                               |                              |                             |                              |             |                  |
| 2023-24*                 | 2,571,000                   | 9,127,100                  | 1,591,400                   | 13,289,500                    | 3,404,800                    | 149,800                     | 12,100                       | 99,100      | 16,955,300       |
| 2024-25*                 | 2,571,000                   | 9,127,100                  | 1,591,400                   | 13,289,500                    | 3,404,800                    | 149,800                     | 12,100                       | 99,100      | 16,955,300       |
| AB 43/SB 70 <sup>1</sup> |                             |                            |                             |                               |                              |                             |                              |             |                  |
| 2023-24*                 | 56,171,000                  | 9,127,100                  | 1,591,400                   | 66,889,500                    | 6,993,400                    | 0                           | 12,100                       | 99,100      | 73,994,100       |
| 2024-25*                 | 12,571,000                  | 9,127,100                  | 1,591,400                   | 23,289,500                    | 7,099,500                    | 0                           | 12,100                       | 99,100      | 30,500,200       |

<sup>1</sup> Provisions still under consideration by the Committee

6. Table 2 depicts comparative tourism budgets across nearby Midwestern states, from fiscal year 2011-12 to 2020-21. Wisconsin ranked second among states in tourism budget totals and budgeted dollars per capita. Most state tourism budgets are supported by state general fund taxes, although some are at least partly supported by special-purpose taxes such as those on casinos, gaming centers, or hotel operators. In the intervening years, some states have enacted, or are considering, increases to state tourism agency marketing budgets. In Minnesota, which has generally had a similar state tourism budget to Wisconsin, the Legislature in May of 2023 approved an increase of \$33.3 million over the 2023-25 fiscal biennium for Explore Minnesota. Iowa, in its 2023 fiscal year, added \$1.1 million in general fund appropriations for tourism advertising.

**TABLE 2****Comparative Tourism Budgets**

| State               | 2011-12             |               | 2020-21             |               | Percent Change<br>(FY12 to FY21) |               |
|---------------------|---------------------|---------------|---------------------|---------------|----------------------------------|---------------|
|                     | Total<br>(millions) | Per<br>Capita | Total<br>(millions) | Per<br>Capita | Total                            | Per<br>Capita |
| Illinois            | \$54.6              | \$4.24        | \$61.9              | \$4.88        | 13%                              | 15%           |
| Iowa                | 3.8                 | 1.23          | 3.7                 | 1.14          | -4                               | -7            |
| Michigan            | 27.4                | 2.78          | 15.0                | 1.49          | -45                              | -46           |
| Minnesota           | 8.3                 | 1.56          | 15.6                | 2.73          | 88                               | 75            |
| Wisconsin           | 15.2                | 2.66          | 16.9                | 2.86          | 11                               | 7             |
| Combined<br>Average | \$21.9              | \$2.96        | \$22.6              | \$3.01        | 3.4%                             | 1.6%          |

Source: Digital state budget documents, U.S. Census Bureau, U.S. Travel Association

7. Tourism reports rising costs of production fees, website management, research, and information management. The Department cites the following estimated annual cost increases:

(a) Approximately \$500,000 each year for production costs of ads, marketing research, and other marketing initiatives. The Department states that the production cost for a typical summer marketing campaign has increased in cost from approximately \$272,600 in 2021 to approximately \$420,000 in 2023.

(b) \$198,500 each year for the creation and distribution of marketing content on YouTube, websites, and other social media platforms.

(c) \$2.2 million annual increase for purchasing advertisements via television, radio, social media, and billboards. The Department anticipates higher costs for purchasing advertising generally, including potentially exaggerated effects on advertising rates from substantially higher demand for airtime during the 2024 presidential primary and general election campaigns.

(d) \$519,800 annual increase for billable hours on contracted services, including those with Hiebing (marketing), Turner (public relations), Ascedia (website management), and McLernon (social media).

(e) \$126,500 for marketing brand partnerships with organizations such as UW-Madison athletics, the Green Bay Packers, the Milwaukee Brewers, and Chicago Cubs, all of which Tourism indicates it ceased due to insufficient funding.

(f) \$13,000 annual increase for vendor fees.

(g) \$101,000 each year for information management licensing and storage costs, with \$500,000 on a one-time basis to modernize outdated electronic databases for statewide industry contacts and amenity information.

8. Tourism contends that current staffing levels are insufficient for executing the Department's preferred marketing initiatives. The 4.0 positions under the bill would be intended to increase staff capacity. Table 3 shows total Tourism's authorized positions from 2009-10 to 2024-25 under Committee action to date. Tourism's total position authorization has not increased, and has decreased in some years, since 2009-10. (The reductions shown for the 2023-25 biennium reflect the removal of 3.0 project positions for the Office of Outdoor Recreation as a standard budget adjustment; the positions' reauthorization is also before the Committee under Paper #753.)

**TABLE 3**

**Department of Tourism Position Authorization from 2009-10 to 2024-25**

| <u>Fiscal Year</u> | <u>Total Positions</u> | <u>Fiscal Year</u> | <u>Total Positions</u> |
|--------------------|------------------------|--------------------|------------------------|
| 2009-10            | 30.45                  | 2017-18            | 30.00                  |
| 2010-11            | 30.45                  | 2018-19            | 30.00                  |
| 2011-12            | 27.00                  | 2019-20            | 30.00                  |
| 2012-13            | 27.00                  | 2020-21            | 30.00                  |
| 2013-14            | 27.00                  | 2021-22            | 30.00                  |
| 2014-15            | 27.00                  | 2022-23            | 30.00                  |
| 2015-16            | 31.00                  | 2023-24*           | 27.00                  |
| 2016-17            | 31.00                  | 2024-25*           | 27.00                  |

\*Committee action to date

9. Of the 4.0 positions under the bill, Tourism indicates the following intended responsibilities: (a) 1.0 consumer communications specialist would book interviews, write talking points for radio and television interviews, and contact regional media and content creators for collaborations; (b) 1.0 marketing coordinator would research and analyze marketing trends; (c) 1.0 content marketing writer would write articles and increase the number of publications that the Department can produce; and (d) 1.0 social media assistant would manage the Department's social media accounts, including Facebook, Instagram, Pinterest, YouTube, and Twitter.

10. There are several options the Committee could consider for Tourism's marketing funding in the 2023-25 biennium. The Committee could provide \$33,600,000 GPR for marketing in 2023-24 as proposed in the bill [Alternative 1a]. As amounts would not continue in the base, additional action would be required to provide additional ongoing funding in future biennia.

11. As Tourism has received an allocation from discretionary ARPA funds of \$7.5 million, the Committee could provide an additional \$7,500,000 each year [Alternative 1b] or \$7,500,000 in 2023-24 [Alternative 1c]. The Committee could also consider providing \$3.65 million each year, which approximates the amount that Tourism identified as expected increases in costs, discussed previously [Alternative 1d].

12. The Department's last general increase in marketing funding was \$781,800 per year, provided first in the 2019-21 biennium each year as one-time funding and as a base increase beginning in 2021-22. The amount was based on increases in the Consumer Price Index (CPI) reported by the federal Bureau of Labor Statistics as reflected in Midwest measurements of CPI between 2013, the year of Tourism's preceding base increase, and early 2019. Since the last marketing appropriations increase of \$781,800 in was first budgeted in July, 2019, the most recently available data indicates both Midwest and national CPI rose 18% in the period since. The Committee could increase Tourism's GPR marketing funds by \$2,400,000, approximately equal to an inflationary adjustment based on these CPI measures since these funds were last increased in 2019 [Alternative 1e].

13. The Committee could also choose to provide one or more of the proposed positions [Alternatives 2a through 2d]. Over the period shown in Table 3, Tourism's marketing budget has increased from \$10.0 million in 2009-10 to \$13.3 million under the adjusted base and Committee action to date. Some may argue that effectively deploying Tourism's funding, as well as overseeing the additional forms of media and communications that have developed since 2009, warrant additional position authority to conduct tourism promotion activities. Additionally, as Tourism indicates its hourly billing rates are likely to increase under its contracts with marketing and advertising management agencies, it may be that providing additional position authority would allow the Department to rely less on contracted work at rates of perhaps \$100 or more per hour and utilize in-house staff for additional management of marketing activities, public information outlets, and social media accounts.

14. AB 43/SB 70 would include additional operations funding of \$1,542,200 in 2023-24 and \$1,489,000 in 2024-25 for supplies or contracted services, of which \$1,498,200 in 2023-24 and \$1,445,000 in 2024-25 would not be associated with positions under Alternatives 2a through 2d. [Alternative 3a]. A number of anticipated cost increases previously discussed have been, or could reasonably be, funded through Tourism's marketing appropriations. Tourism indicates a desired upgrade to the agency's databases for managing industry contacts and amenity information, which is currently organized manually using standard spreadsheets, has been bid at \$500,000. Costs for licensing and management would be an estimated \$61,000 each year, and a separate database for storing images and graphics is anticipated to cost \$40,000 annually in the future. The Committee could consider providing additional supplies and services funding of \$601,000 in 2023-24 and \$101,000 each year beginning in 2024-25 [Alternative 3b].

15. The Committee could also take no action with regard to marketing funding [Alternative 4]. Action could be taken on specific marketing and other Tourism activities under other issue papers.

## ALTERNATIVES

1. Provide one of the following amounts in Tourism's biennial marketing appropriation to expand marketing and advertising initiatives.

a. \$33,600,000 in 2023-24;

| ALT 1a | Change to Base |
|--------|----------------|
| GPR    | \$33,600,000   |

b. \$7,500,000 in each year of the biennium;

| ALT 1b | Change to Base |
|--------|----------------|
| GPR    | \$15,000,000   |



c. \$7,500,000 in 2023-24;

| <b>ALT 1c</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$7,500,000           |

d. \$3,650,000 in each year of the biennium;

| <b>ALT 1d</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$7,300,000           |

e. \$2,400,000 in each year of the biennium.

| <b>ALT 1e</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$4,800,000           |

2. Provide one or more of the following positions:

a. 1.0 consumer communications specialist with \$46,100 in 2023-24 and \$58,000 in 2024-25.

| <b>ALT 2a</b> | <b>Change to Base</b> |                  |
|---------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$104,100             | 1.00             |

b. 1.0 marketing coordinator with \$54,800 in 2023-24 and \$69,500 in 2024-25.

| <b>ALT 2b</b> | <b>Change to Base</b> |                  |
|---------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$124,300             | 1.00             |

c. 1.0 content marketing writer with \$54,800 in 2023-24 and \$69,500 in 2024-25.

| <b>ALT 2c</b> | <b>Change to Base</b> |                  |
|---------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$124,300             | 1.00             |

- d. 1.0 social media assistant with \$46,100 in 2023-24 and \$58,000 in 2024-25.

| ALT 2d | Change to Base |           |
|--------|----------------|-----------|
|        | Funding        | Positions |
| GPR    | \$104,100      | 1.00      |

(Any or all positions could be selected in addition to Alternative 1.)

- 3. Provide additional operations funding for supplies or contracted services in one of the following amounts:

- a. \$1,498,200 in 2023-24 and \$1,445,000 in 2024-25.

| ALT 3a | Change to Base |  |
|--------|----------------|--|
| GPR    | \$2,943,200    |  |

- b. \$601,000 in 2023-24 and \$101,000 each year beginning in 2024-25.

| ALT 3b | Change to Base |  |
|--------|----------------|--|
| GPR    | \$702,000      |  |

(Additional operations funding could be selected with any of Alternatives 1 or 2.)

- 4. Take no action.

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June 1, 2023

Joint Committee on Finance

Paper #751

### Opportunity Attraction and Promotion Fund (Tourism)

[LFB 2023-25 Budget Summary: Page 614, #3]

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#### CURRENT LAW

The Department of Tourism has general statutory authority for promoting the growth of travel to and within the state. Over the past several decades, tourism promotion has expanded to include such activities as: (1) advertising the state's scenic, historic, cultural, recreational, and other attractions through digital, print, radio, and television communications; (2) developing cooperative marketing programs with the state tourism industry; (3) administering tourism-related grants; and (4) administering tourism development programs that assist businesses and municipalities in identifying marketable features that may attract customers. In many states, tourism promotion has expanded to include the hosting of events that encourage interstate and international travel, spending by visitors, media coverage, and general exposure of the host state to visitors.

Wisconsin's tourism promotion-related appropriations generally have remained within a range of \$15 million to \$17 million annually in recent biennia, with a majority of each year's funding dedicated to marketing of the state. (See Legislative Fiscal Bureau Paper #750 for a summary of Tourism funding.) Under Committee action to date, the Department is also authorized 27.0 tourism development positions, of which 26.0 are supported by general purpose revenues (GPR) and 1.0 is supported from program revenues (PR).

#### DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide \$20 million GPR in 2023-24 and \$10 million GPR in 2024-25 to create what would be known as an Opportunity Attraction and Promotion Fund. Funding would be provided in a new, continuing appropriation intended to support marketing, advertising, and outreach to encourage large events to be held in the state, or to secure features of the

state in television or film. The bill would direct Tourism to collaborate with the Wisconsin Economic Development Corporation (WEDC) to implement the provision. The bill would also include 1.0 permanent position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25 in Tourism's general operations appropriation to administer the program. Funding of \$10 million in 2024-25 would continue in the agency base for future biennia.

2. Tourism reports that the Opportunity Attraction and Promotion Fund would be used for the state to bid competitively for hosting rights of large-scale events and attractions, including professional and collegiate sporting events, large-scale festivals and conventions, state-centric features in television and film productions, and other events where travel into the state would encourage visitor spending and state exposure. Tourism cites the following recent events that occurred in Wisconsin and that demonstrate the scale of event Tourism would intend to bid on, or otherwise assist or pair with statewide promotions during the event: (a) major golf events, such as the Ryder Cup, which was hosted in 2021, or the U.S. Senior Open, occurring June 27 to July 2, 2023, in Stevens Point; (b) the Crossfit Games, which have been held in Madison since 2017 and are planned to continue through 2024; (c) NASCAR, IndyCar, or other motorsports races, such as those historically held at the Milwaukee Mile or Road America; (d) the National Football League Draft, of which the 2025 event was awarded to the City of Green Bay and the Green Bay Packers on May 22; and (e) the Democratic and Republican National Conventions in Milwaukee in 2020 and 2024, respectively.

3. Tourism argues that such large events could attract national and international travelers, fans, media, and other guests into the state. A large volume of visitors would be expected to increase activity for numerous vendors in the area for the duration of the events. Media outlets that follow and report on large-scale events may provide television and written exposure to the state through normal reporting, also called "earned media."

4. Tourism indicates that the Opportunity Attraction and Promotion Fund would operate in three phases: (1) first, by identifying events that are believed to be both unique in reach and frequency, ranging from major events to television shows or movies; (2) second, by bidding competitively for hosting rights of those events; and (3) third, by promoting the state, rather than the event itself, while the event is occurring, including for those events for which bid or host fees were not supported by Tourism funding. Tourism contends a substantial use of the fund would be to promote Wisconsin and its recreational, cultural, business, agricultural, and other offerings, while the large events themselves would mostly be promoted by the organizations that own or run them.

5. In providing rationale for the \$30 million in total funding, Tourism reports that the funds could be used to attract between two and four events or productions to the state each year. The Department asserts that while event managers consider many variables when selecting a host state, including hotel availability, venue spaces, and private sponsorships, Tourism contends that the state's capacity to bid competitively for events can weigh significantly in successfully recruiting large events.

6. Costs can vary widely depending on the scale and prominence of the events in question. Tourism indicates that, for example, hosting a season of a major culinary or travel television show could cost between \$1 and \$2 million, while a single episode of a television show could cost between \$50,000 and \$100,000. The Department indicates that hosting a major sporting event could cost between \$1 and \$4 million. Tourism indicates that the Department's total marketing budget does not

currently allow for the procurement of large-scale events to the state, due to the high initial costs, and the Department has declined inquiries from event planners looking for venues to host such events and productions.

7. Tourism reports that, based on an informal survey conducted of other states of event attraction and promotion, most state tourism agencies do not currently have dedicated funds for opportunity attraction and promotion. Some states, however, have committed substantial funding to such efforts. Texas and Arizona are two states that maintain funds for event support. Listings for the Texas Events Trust Funds program indicate approximately \$100 million in state funding for events in 2022. Arizona in 2022 created the Major Events Fund program with \$7.5 million each year for attractions, but state proceeds are capped at 25% of the local operating committee's expenditures. Tourism indicates that some states have considered or are considering such funds, including a \$50 million proposal in Minnesota. Tourism indicates many states or large destination marketing organizations have made state funds available when event requests have been made of them, including New Jersey, Arkansas, Virginia and Missouri.

8. It may be that state funding is warranted to assist local destination marketing organizations or other parties who seek large events and productions to be held in Wisconsin. As an example, the efforts to secure the NFL Draft in Green Bay required an agreement between the NFL and area municipalities committing public support to costs such as public works, law enforcement, fire protection, traffic management, and costs of adverse impacts on local businesses. In addition, the municipalities agreed to waive permitting fees. However, the Packers have also pledged \$1 million toward an estimated \$6 million to \$7 million total needed for support of the NFL Draft hosting. State funding could assist municipalities in offsetting certain costs related to hosting such events, to the extent they are not covered by another organizer.

9. Under AB 43/SB 70, Tourism would receive \$30 million over the biennium in a continuing appropriation and \$10 million each year thereafter as base funding. All amounts would remain in the appropriation rather than lapse to the general fund balance at the close of a fiscal year or biennium. It is conceivable that if Tourism did not expend appropriated amounts on event bidding and hosting fees or other promotion of the state, the appropriation could accumulate a considerable balance that would be unavailable for other programs supported by the general fund.

10. To initiate an Opportunity Attraction and Promotion Fund, the Committee could approve the full amount of funding included in AB 43/SB 70 [Alternative 1a]. The Committee could also consider half the suggested amount [Alternative 1b], a quarter of the suggested amount [Alternative 1c] or the amount in either year of the biennium as one-time funding to begin the program on a pilot basis [Alternatives 1d and 1e]. Funding could be provided on a one-time basis [Alternative 2]. The Committee could also provide for an Opportunity Attraction and Promotion Fund, but allocate funding in the Committee's supplemental appropriation for Tourism to request at a later date in the event the Department were to make a proposal in seeking an event [Alternative 3]. The Committee could also consider providing 1.0 position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25 as a permanent or project position [Alternative 4].

11. The Committee could also consider specifying a match requirement for expenditures that would be shared with a local operating organization or other units of government. As introduced,

the program would not include a match requirement. A match may not be appropriate in all uses of the proposed fund, such as when Tourism acquires a Wisconsin feature for a television or film production. However, for state cost-sharing programs involving other entities or individuals, state matches typically are intended to require recipients of state funding to exercise prudence in incurring costs that would be subject to state reimbursement. The Committee could consider state funding limits of 25% [Alternative 5a], 50% [Alternative 5b] or two-thirds [Alternative 5c] of costs.

12. The Committee could also consider establishing the program under WEDC, with consultation provided by Tourism [Alternative 6]. WEDC programs mostly provide assistance or tax credits to start-up businesses or those seeking certain expansions. Although the events to be sought with funding under the provision could be mostly non-recurring events, it may be appropriate to provide WEDC with funding and authority to administer the program to recruit events, while Tourism would continue marketing and promotion of the state generally, in conjunction with the attention generated by large events. The Committee could still take action on Tourism's marketing budget under other budget provisions.

13. The Committee could also take no action on funding [Alternative 7]. Some may argue Tourism's primary role in event attraction is best suited to assisting local entities in such efforts, while maintaining promotions of the state through the Department's existing marketing efforts. Also, the attractions identified in point #2 of this paper occurred without state funding used to attract these events to the state. If the Committee took no action on the proposal, the Committee could still direct funding to Tourism's existing marketing appropriations under Paper #750 for additional tourism promotion activities in the 2023-25 biennium. The Legislature could also provide additional funding in the future under separate legislation should any large events be held in the state.

**ALTERNATIVES**

1. Create a continuing appropriation for Tourism authorizing expenditures to attract major opportunities and events to the state, including major marketing and promotional efforts. Require Tourism to coordinate program duties with the Wisconsin Economic Development Corporation. Provide one of the following amounts as funding:

- a. \$20 million in 2023-24 and \$10 million in 2024-25.

| ALT 1a | Change to Base |
|--------|----------------|
| GPR    | \$30,000,000   |

- b. \$10 million in 2023-24 and \$5 million in 2024-25.

| ALT 1b | Change to Base |
|--------|----------------|
| GPR    | \$15,000,000   |

- c. \$5 million in 2023-24 and \$2.5 million 2024-25.

| <b>ALT 1c</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$7,500,000           |

- d. \$20 million in 2023-24.

| <b>ALT 1d</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$20,000,000          |

- e. \$10 million in 2023-24.

| <b>ALT 1e</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$10,000,000          |

- 2. Specify that the funding under Alternative 1 is one-time.

3. Specify that funding is to be placed in the Committee's supplemental appropriation. Require Tourism to request release of the funds under s. 13.10 of the statutes with a report describing the event or opportunity in question with justification of requested funding. (This alternative could be moved in addition to Alternatives 1 or 2.)

4. Authorize 1.0 position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25. (This could be moved in addition to any of Alternatives 1a through 1e.) Specify the position as:

- a. A permanent position;

| <b>ALT 4a</b> | <b>Change to Base</b> |                  |
|---------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$124,300             | 1.00             |

- b. A four-year project position; or

| <b>ALT 4b</b> | <b>Change to Base</b> |                  |
|---------------|-----------------------|------------------|
|               | <b>Funding</b>        | <b>Positions</b> |
| GPR           | \$124,300             | 1.00             |

- c. A two-year project position.

| <b>ALT 4c</b> | <b>Change to Base<br/>Funding                  Positions</b> |      |
|---------------|--|------|
| GPR           | \$124,300  | 1.00 |

5. Require Tourism to administer the Opportunity Attraction and Promotion Fund with one of the following matches for events held in conjunction with local operating organizations or units of government:

- a. 25% of costs;
- b. 50% of costs; or
- c. Two-thirds of costs.

6. In addition to any of the alternatives selected, provide funding to the Wisconsin Economic Development Corporation, and authorize WEDC to administer a program to attract major opportunities and events to the state. Require WEDC to consult with Tourism to implement the program.

- 7. Take no action.

Prepared by: Moriah Rapp





## Legislative Fiscal Bureau

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June 1, 2023

Joint Committee on Finance

Paper #752

### Meetings, Conventions, and Sports Bureau (Tourism)

[LFB 2023-25 Budget Summary: Page 614, #5]

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#### CURRENT LAW

The Department of Tourism promotes Wisconsin as a destination to travelers by encouraging various meetings and events to take place in the state. Currently, Tourism accomplishes this with three grant programs: (1) Joint Effort Marketing grants; (2) Ready, Set, Go! grants; and (3) Meetings Mean Business grants. Tourism awards these grants from its three marketing appropriations, which are funded by general purpose revenues (GPR), the segregated (SEG) transportation fund, and state proceeds under tribal gaming compacts.

The Meetings Mean Business (MMB) grant program provides \$220,000 per biennium to assist organizations in the costs of events, including facilities rentals, shuttles or similar transportation costs within the destination city, or other hosting costs such as promotions. Grants cover up to 50% of the costs. In 2021-22, seven events received grant funds. Attachment 1 lists recent grants.

The Ready, Set, Go! grant program assists destinations in securing competitive sporting events that require an upfront commitment of capital. Tourism allocates \$220,000 per biennium from its tribal gaming PR marketing appropriation for the program. In 2021-22, seven events received grant funds. Attachment 2 lists recent grants.

The Joint Effort Marketing (JEM) grant program aims to help nonprofit tourism promotion organizations publicize innovative events and attractions in the state. Tourism administers the JEM grant program, and it is funded from tourism's marketing appropriations. 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. The program is funded at \$1,130,000 annually. In 2021-22, the most recent award year, 49 events were awarded

grant funds. Attachment 3 lists 2021-22 grants.

Tourism also operates the Office of Marketing Services (OMS) to provide to state agencies services such as marketing plan development, market research, public relations, and advertising. Under the arrangement, Tourism assesses state agencies charges for marketing services sufficient to cover Tourism's cost in providing the services. Typical projects may include recruitment videos, marketing of annual conferences, awareness campaigns for state programs, and agency publications, among others. Tourism is authorized 1.0 PR position for the office.

## **DISCUSSION POINTS**

1. Assembly Bill 43/Senate Bill 70 would eliminate the Office of Marketing Services and delete \$149,800 PR annually and 1.0 position associated with the office. The bill would also repeal the statutory requirement that Tourism must establish and maintain a marketing clearinghouse, and repeal the authority to charge fees for services to agencies for deposits to a dedicated appropriation. The bill would create a Meetings, Conventions, and Sports Bureau and provide \$1,314,300 GPR in 2023-24 and \$1,352,500 GPR in 2024-25 with 3.0 positions. The Bureau would be responsible for advertising Wisconsin as a site for meetings, conventions, sporting events, and tournaments. The Administration reports that the provision should have included 3.0 GPR positions instead of 2.0, and an errata was submitted to reflect 3.0 positions. The 3.0 GPR positions would include a director, an events coordinator, and a sales manager. It is intended 1.0 position would accommodate the transfer of the OMS incumbent.

### **Office of Marketing Services**

2. Although the marketing clearinghouse was created with Tourism in 1996, full implementation never proceeded. During that period, Tourism reports it provided occasional marketing services to agencies but did not bill for services. Under 2015 Wisconsin Act 55, Tourism was authorized 4.0 PR positions to create the OMS in its current form. Act 55 also deleted 29.8 positions and funding of approximately \$2 million annually in other agencies with the intent that agencies would instead work with Tourism on communications and marketing projects. No Tourism marketing or promotion positions, all of which were GPR-supported at the time, were eliminated or transferred within Tourism to OMS under the Act 55 provision. 2019 Act 9 subsequently reduced OMS staffing to its current level, based on work load and available funding.

3. In 2021-22, Tourism's 1.0 staff member in OMS provided approximately 1,400 hours of staff time to 13 projects, with revenue of \$128,000. Due to the COVID-19 pandemic and long-term reductions in group gatherings, Tourism reports that OMS did not complete a typical project load in recent years. Activity to date in 2022-23 includes approximately 1,500 billable hours and revenues of \$133,500. Additionally, Tourism reports that OMS has been underutilized in recent years. Revenues to OMS have not been sufficient to cover the costs of operations, and the Department has used funds from its PR marketing appropriation to pay some portion of the annual salary, fringe, and supplies related to the 1.0 position in OMS. Table 1 shows revenues to OMS from 2018 to 2022. Since 2017-18, revenues have not been sufficient to cover operational costs. Tourism utilized between \$50,000 and \$65,000 in these years from its PR marketing appropriation to cover OMS operational costs.

**TABLE 1**

**Office of Marketing Services Revenues  
Fiscal Year 2018 to 2022**

| <u>State<br/>Fiscal Year</u> | <u>Revenue<br/>From Other<br/>State Agencies</u> | <u>Revenue<br/>from Tourism</u> | <u>Total<br/>Revenue</u> |
|------------------------------|--|---------------------------------|--------------------------|
| 2017-18                      | \$101,600  | \$52,480                        | \$154,080                |
| 2018-19                      | 58,280   | 56,600                          | 114,880                  |
| 2019-20                      | 34,641   | 49,600                          | 84,241                   |
| 2020-21                      | 38,085   | 65,070                          | 103,155                  |
| 2021-22                      | <u>65,935</u>                                    | <u>57,960</u>                   | <u>123,895</u>           |
| Total                        | \$298,541  | \$281,710                       | \$580,251                |

4. It could be seen as preferable to transfer the incumbent OMS position from PR to GPR to eliminate the need to supplement OMS funding using Tourism's other marketing funds. The Committee could delete the marketing clearinghouse from statute, and transfer 1.0 PR incumbent with associated funding to Tourism's GPR operations appropriation [Alternative A1].

5. It could also be seen as desirable to retain the statutory marketing clearinghouse structure for certain small projects that state agencies may wish to execute by consulting with Tourism rather than hiring outside vendors. The Committee could consider transferring the OMS position but retaining the authority and appropriation for Tourism to conduct such interagency services [Alternative A2]. This could allow Tourism to continue conducting certain projects for agencies, but charging staffing or other costs to the marketing clearinghouse PR appropriation. Although transferring the position would delete funding from the PR annual appropriation, Tourism could seek expenditure authority from the Committee by a passive review under s. 16.515 of the statutes.

**Meetings, Conventions, and Sports Bureau**

6. The U.S. Travel Association reports that, prior to the COVID-19 pandemic, meetings and events accounted for 42% of all business travel spending and 11% of all travel spending in the U.S. The Association estimates that this spending totaled \$130 billion in meetings-related travel. Tourism indicates that the Meetings, Conventions, and Sports Bureau would aim to bring small-to-medium-scale meetings, conventions, and sporting events to the state. To do this, Tourism reports that the Bureau would advertise directly to meetings and sports planners, rather than marquee sporting event organizations or major television producers.

7. The Bureau would be intended to create professional relationships in the realm of business and organization meetings, and sporting events at a smaller scale than the Opportunity Attraction and Promotion Fund. (See Legislative Fiscal Bureau Paper #751.) The Department contends that a primary difference between the initiatives would be that the Meetings, Conventions,

and Sports Bureau would intend to secure consistent bookings of events over multi-year periods, while the Opportunity Attraction and Promotion Fund would be intended to bring major events occurring on an irregular basis, and promote the state to large national or international audiences. As a result, Tourism states that the intended role of the Meetings, Conventions, and Sports Bureau could not be absorbed by any existing area of the Department, nor by the proposed Opportunity Attraction and Promotion Fund.

8. Tourism reports that the proposed Bureau would increase state presence at tradeshows. The Department indicates that it maintains a statewide presence by attending a limited number of tradeshows and issuing grants through the Meetings Mean Business and Ready, Set, Go! programs. Further, Tourism indicates that event planners may not consider Wisconsin as a host state for their meetings and events because the Department does not have sufficient ongoing funding or staff to attract such events and meetings to the state. (Tourism indicates the Department used approximately \$1 million in funding under the American Rescue Plan Act to initiate activities the proposed Bureau would continue.)

9. Table 2 below depicts funding for the creation and staffing of the Bureau under the bill. Costs for salaries and fringe of 3.0 staff would total \$246,300 in 2023-24 and \$284,500 in 2024-25. Supplies and services costs would total \$1,068,000 each year.

**TABLE 2**

**Meetings, Conventions, and Sports Bureau Funding  
Assembly Bill 43/Senate Bill 70**

| <u>2023-24</u>        |                  | <u>2024-25</u>        |                  |
|-----------------------|------------------|-----------------------|------------------|
| <u>Item</u>           | <u>Cost</u>      | <u>Item</u>           | <u>Cost</u>      |
| Salaries and Fringe   | \$246,300        | Salaries and Fringe   | \$284,500        |
| Supplies and Services | <u>1,068,000</u> | Supplies and Services | <u>1,068,000</u> |
| Total                 | \$1,314,300      |                       | \$1,352,500      |

**Supplies and Services Detail -- Annual**

| <u>Item</u>            | <u>Purpose</u>  | <u>Cost</u>   |
|------------------------|---|---------------|
| Public Relations       | Hosting of travel writers   | \$85,000      |
| Website Development    | Maintenance of two websites                                       | 150,000       |
| Marketing Agency Fees  | Strategy development, campaign placement, and reporting by vendor | 60,000        |
| Trade Media Campaigns  | Marketing communications to meeting and event planners            | 150,000       |
| Tradeshows             | Sponsorship, registration, furnishing                             | 450,000       |
| Asset Collection       | Photo and video creation and storage                              | 40,000        |
| Contacts Database      | Customer relationship management software                         | 100,000       |
| Miscellaneous Supplies | Cell phones, printing, rent                                       | 23,000        |
| Staff Travel           | Travel costs  | <u>10,000</u> |
| Annual Total           |   | \$1,068,000   |

10. With the funding allocations shown in the table above, Tourism indicates that the Meetings, Conventions, and Sports Bureau would: (a) further build and maintain a meetings and conventions website (meetinwisconsin.com) and a sports website (sportswisconsin.com) to meet the needs of event planners; (b) collect video and photo assets to use for marketing materials; (c) run advertising campaigns directly to meetings and sports event planners; (d) attend a greater number of tradeshows and advertise the state to encourage event planners to choose Wisconsin for event hosting; (e) increase public relations strategy development, such as through additional hosting of travel writers; and (f) partially fund a database to track professional contacts and amenities in conjunction with local destination marketing organizations (DMOs).

11. The 3.0 intended staff would include: (a) 1.0 Bureau Director who would oversee strategy, manage the Bureau's budget, work with the Council on Tourism, and collaborate with other Tourism marketing and public relations teams; (b) 1.0 events coordinator who would provide customer service for events, develop and implement agency tradeshow strategies, and represent the agency at tradeshows; and (c) 1.0 sales manager who would build and maintain relationships with event planners and sports rights holders and serve as the liaison with in-state destination marketing organizations.

12. Tourism reports that the Office of Marketing Services 1.0 position is currently filled with a member who is highly experienced in meetings and conventions, which had been a typical area of contract work for OMS. However, the incumbent is underutilized in OMS due to the aforementioned lack of use by contracting parties. As such, the Department would intend to transfer the incumbent into one of the 3.0 positions under the Meetings, Conventions, and Sports Bureau.

13. States that currently maintain similar meetings, conventions, and sports bureaus or related initiatives at the city level include: Connecticut, Kansas, New York, Nevada, North Dakota, Oregon, Pennsylvania, South Carolina, and Virginia. Generally, these states aim to advertise their hotels, venues, convention centers, casinos, and sports stadiums to event planners nationwide.

14. It may be that a centralized statewide effort would attract additional meetings, conventions, and other sporting events by supplementing local efforts to secure such events with additional dedicated state resources for those purposes. The primary difference between the JEM, Meetings Mean Business, and Ready, Set, Go! grant programs and the proposed Meetings, Conventions, and Sports Bureau is that the proposed Bureau would be a large-scale, centralized effort by Tourism to garner events, rather than many separate efforts by various smaller organizations statewide. Although Meetings Mean Business and Ready, Set, Go! grants may be useful in securing certain numbers or types of events, a central state office overseeing coordinated efforts may be more beneficial to the state's attempts to recruit events to Wisconsin.

15. The Committee could approve all ongoing funding and permanent positions to create a Meetings, Conventions, and Sports Bureau [Alternative B1]. The Committee could specify that the funding is one-time and the positions are two-year project positions that would expire on June 30, 2025 [Alternative B2]. This would result in a pilot period similar to what the Committee has previously authorized for the Office of Outdoor Recreation, discussed in Paper #753.

16. On the other hand, the Ready, Set, Go! program has seen consistent demand in recent years, and Meetings Mean Business grants increased in 2021-22. It could be argued that existing programs, including JEM grants, sufficiently allow local DMOs to pursue events that communities seek to host, using available Tourism funding to secure those events. The Committee could consider providing an additional \$90,000 GPR annually [Alternative C1] or \$40,000 GPR annually [Alternative C2] for additional allocations under the programs. If Tourism did not receive grant applications for the amount of funding set aside, the additional amounts would be available for Tourism's general marketing activities.

**ALTERNATIVES**

**A. Office of Marketing Services**

1. Delete the Office of Marketing Services and transfer its 1.0 filled PR position and related salary, fringe, and supplies funding to Tourism's GPR general operations appropriation s. 20.380 (1)(a).

| ALT A1 | Change to Base |             |
|--------|----------------|-------------|
|        | Funding        | Positions   |
| PR     | - \$299,600    | - 1.00      |
| GPR    | <u>299,600</u> | <u>1.00</u> |
|        | \$0            | 0.00        |

2. Transfer 1.0 PR position and related salary, fringe, and supplies funding to Tourism's GPR general operations appropriation s. 20.380 (1)(a). Retain statutory authority for a marketing clearinghouse for minor project work for state agencies.

| ALT A2 | Change to Base |             |
|--------|----------------|-------------|
|        | Funding        | Positions   |
| PR     | - \$299,600    | - 1.00      |
| GPR    | <u>299,600</u> | <u>1.00</u> |
|        | \$0            | 0.00        |

3. Take no action.

**B. Meetings, Conventions, and Sports Bureau**

1. Create a Meetings, Conventions, and Sports Bureau and provide \$1,314,300 GPR in 2023-24 and \$1,352,500 in 2024-25 with 3.0 positions.

| ALT B1 | Change to Base |           |
|--------|----------------|-----------|
|        | Funding        | Positions |
| GPR    | \$2,666,800    | 3.00      |

2. Specify the funding as one-time and the positions as two-year project positions.
3. Take no action.

**C. Additional Funding for Existing Grant Programs**

1. Provide \$90,000 GPR in additional funding for each of Tourism's three event-based grant programs: Joint Effort Marketing grants, Meetings Mean Business grants, and Ready, Set, Go! grants. Increase the statutory minimum allocation for JEM grants to \$1,220,000.

| ALT C1 | Change to Base |
|--------|----------------|
| GPR    | \$540,000      |

2. Provide \$40,000 GPR in additional funding for each of JEM grants, Meetings Mean Business grants, and Ready, Set, Go! grants. Increase the statutory minimum allocation for JEM grants to \$1,170,000.

| ALT C2 | Change to Base |
|--------|----------------|
| GPR    | \$240,000      |

3. Specify that the funding is one-time.
4. Take no action.

Prepared by: Moriah Rapp  
Attachment





## ATTACHMENT 1

### Meetings Mean Business Grant Awards

| <u>Event Name</u>  | <u>Awarded</u> | <u>County</u> | <u>Recipient Organization</u>                   |
|--|----------------|---------------|---|
| <b>2020-21</b>   |                |               |   |
| Going on Faith Conference  | \$20,000       | Brown         | Greater Green Bay Convention & Visitors Bureau  |
| Sports Broadcast Symposium and Dream<br>Job Competition                                  | <u>7,230</u>   | Rock          | Beloit Convention & Visitors Bureau             |
| Total  | \$27,230       |               |   |
| <b>2021-22</b>   |                |               |   |
| Travel Blog Exchange (TBEX) North<br>America   | \$30,000       | Eau Claire    | Visit Eau Claire                                |
| Wisconsin Golf Travel Showcase   | 29,488         | Portage       | Stevens Point Area Convention & Visitors Bureau |
| National Association of Congregational Christian<br>Churches Annual Meeting & Conference | 20,000         | Waukesha      | Visit Brookfield                                |
| World Congress Genetic Applied Livestock<br>Production                                   | 20,000         | Dane          | Destination Madison                             |
| Health Physics Society Annual Meeting  | 10,000         | Dane          | Destination Madison                             |
| Supreme Session  | 5,000          | Dane          | City of Middleton                               |
| North American Maple Syrup Council<br>2022 Annual Meeting                                | <u>2,750</u>   | La Crosse     | Explore La Crosse                               |
| Total  | \$117,238      |               |   |



## ATTACHMENT 2

### Ready, Set, Go! Grant Awards

| <u>Event Name</u>  | <u>Awarded</u> | <u>County</u> | <u>Recipient Organization</u>                   |
|--|----------------|---------------|---|
| <b>2020-21</b>   |                |               |   |
| 2022 U.S. Olympic Time Trials - Long Track                         | \$20,000       | Milwaukee     | Visit Milwaukee                                 |
| 2021 USA Climbing National Championships                           | 20,000         | Dane          | Madison Area Sports Commission                  |
| Tackle Warehouse TITL Pro Circuit Championship                     | 20,000         | La Crosse     | La Crosse County Convention & Visitors Bureau   |
| Battle at the Bay/World Series of Ice Drags                        | 10,000         | Brown         | Greater Green Bay Convention & Visitors Bureau  |
| Kenosha Marathon   | 10,000         | Kenosha       | Kenosha Area Convention & Visitors Bureau       |
| National Professional Fishing League Bass<br>Tournament            | 10,000         | Winnebago     | Oshkosh Convention & Visitors Bureau            |
| 2022 College Table Tennis National Championships                   | 8,740          | Eau Claire    | Eau Claire Area Convention & Visitors Bureau    |
| 2021 Baseball Players Association Dairyland<br>Baseball Series     | 7,275          | Multiple      | Visit Beloit                                    |
| 2021 Elite One Cup Qualifier                                       | <u>5,982</u>   | Outagamie     | Fox Cities Convention & Visitors Bureau         |
| Total  | \$111,997      |               |   |
| <b>2021-22</b>   |                |               |   |
| United States Senior Open Championship                             | \$30,000       | Portage       | Stevens Point Area Convention & Visitors Bureau |
| American Cornhole Organization Heroes Cup                          | 20,000         | Brown         | Discover Green Bay                              |
| Olympic Team Trials and U.S. Boxing National<br>Championships      | 20,000         | Dane          | Madison Area Sports Commission                  |
| IIHF U18 Women's World Ice Hockey<br>Championships                 | 10,000         | Dane          | Madison Area Sports Commission                  |
| Women's Para Ice Hockey World Challenge                            | 10,000         | Brown         | Discover Green Bay                              |
| Great Lakes Watercross Series - Kenosha and<br>Racine/Mt. Pleasant | 6,512          | Kenosha       | Visit Kenosha                                   |
| Wisconsin United Football Club Patriot Cup                         | <u>6,250</u>   | Outagamie     | Fox Cities Convention & Visitors Bureau         |
| Total  | \$102,762      |               |   |



## ATTACHMENT 3

### Joint Effort Marketing Grant Awards in 2021-22

| <u>Event Name</u>  | <u>Event Type</u>      | <u>Amount</u> | <u>County</u> | <u>Organizer</u>   |
|--|------------------------|---------------|---------------|--|
| All Aboard for Osceola Tourism - Year 2                          | Sales Promotion        | \$39,550      | Polk          | Osceola Historical Society                                   |
| Antigo Lions Roaring Raceway Championship Off-Road Race          | Existing Event         | 20,000        | Langlade      | Antigo Lions Club Inc.                                       |
| Art & Chalk Fest 2022 A Live Arts Festival - Year 2              | Existing Event         | 15,450        | Washington    | Museum of Wisconsin Art                                      |
| Art at the Park - Year 2   | Existing Event         | 5,000         | Outagamie     | Trout Museum of Art  |
| Art Escape   | New Event              | 29,763        | Bayfield      | Bayfield Chamber of Commerce and Visitor Bureau              |
| Barron County Pro Rodeo Event - Year 3                           | New Event              | 17,313        | Barron        | Barron County Pro Rodeo Inc                                  |
| Blue Ox Music Festival - Year 2                                  | Existing Event         | 19,875        | Eau Claire    | Visit Eau Claire   |
| Bourbon, Bluegrass & Brews                                       | Existing Event         | 24,788        | Pierce        | River Falls Area Chamber of Commerce                         |
| Come Out and Play! Driftless Wisconsin - Year 3                  | Destination Marketing  | 7,841         | Multiple      | Driftless Wisconsin Inc                                      |
| Coon Creek Canoe Race - Year 3                                   | New Event              | 1,575         | Vernon        | Coon Valley Business Association                             |
| Country Fest 2022  | Existing Event         | 30,000        | Chippewa      | Chippewa Falls Area Chamber of Commerce                      |
| Country Jam USA-Operation Head East - Year 2                     | Existing Event         | 39,500        | Eau Claire    | Visit Eau Claire   |
| Crandon Rocks Labor Day Weekend - Year 2                         | Existing Event         | 30,000        | Forest        | Forest County Chamber of Commerce                            |
| DAS Fest USA - Year 2  | New Event              | 24,500        | Walworth      | United Way of Walworth County                                |
| Destination Weddings in Oshkosh - Year 2                         | Sales Promotion        | 20,000        | Winnebago     | Visit Oshkosh  |
| Dino Daze - Year 2   | New Event              | 1,000         | Green Lake    | Green Lake Renewal.Inc.                                      |
| Dirty Ninja Mud Run for Kids™ - Year 2                           | Existing Event         | 5,000         | Washington    | City of West Bend  |
| Discover Polk County Wisconsin                                   | Destination Marketing  | 13,075        | Polk          | Polk County Tourism Council                                  |
| Eau Claire Marathon  | Existing Event         | 39,500        | Eau Claire    | Visit Eau Claire   |
| ElktoberFest   | New Event              | 27,928        | Sheboygan     | Elkhart Lake Tourism   |
| Fat Bike World Championships                                     | New Event              | 10,150        | St. Croix     | BRF-Apex Cycling Inc   |
| Fox Cities Rebranding – Fox Cities Originals – Year 3            | Destination Marketing  | 35,000        | Outagamie     | Fox Cities Convention & Visitors Bureau                      |
| Frank Lloyd Wright Trail Relaunch                                | Destination Marketing  | 39,550        | Multiple      | Taliesin Preservation  |
| Friends of Rapids Music Festival 2022 - Year 2                   | Existing Event         | 1,915         | Wood          | Friends of Rapids Music                                      |
| Glass Lakeside Art Show & Sale Arts Festival                     | New Event              | 39,500        | Winnebago     | Bergstrom-Mahler Museum of Glass                             |
| Ice Carving Challenge 2022                                       | New Event              | 14,250        | Marinette     | City of Marinette  |
| J.R.R. Tolkien: The Art of the Manuscript                        | One-Time/One-of-a-Kind | 27,825        | Milwaukee     | Marquette University   |
| Jack-O'-Lantern Nights at Racine Zoo                             | New Event              | 39,550        | Racine        | Racine Zoological Society, Inc.                              |
| Mineral Point Blues and Roots Festival 2022 - Year 2             | Existing Event         | 2,150         | Iowa          | Mineral Point Historical Society                             |
| Northern Wisconsin ATV/UTV Traveler Development Project - Year 2 | Destination Marketing  | 39,550        | Multiple      | Antigo/Langlade County Chamber of Commerce & Visitors Center |

| <u>Event Name</u>   | <u>Event Type</u>      | <u>Amount</u> | <u>County</u>                           | <u>Organizer</u>                                   |
|---|------------------------|---------------|---|--|
| Northwoods Fall Ride  | Existing Event         | \$30,000      | Lincoln                                 | Tomahawk Regional Chamber of Commerce              |
| Oneida County Research Project: Diversity, Equity, Accessibility, Inclusion | Destination Marketing  | 39,550        | Oneida                                  | Let's Minocqua                                     |
| Quad-County Trail Adventures  | Destination Marketing  | 39,550        | Oconto, Florence, Forest, and Marinette | Oconto County Economic Development Corporation Inc |
| Rib Mountain Adventure Challenge - Year 2                                   | Existing Event         | 4,395         | Marathon                                | Ironbull   |
| Ride Across Wisconsin   | Existing Event         | 39,550        | Multiple                                | Wisconsin Bike Federation                          |
| Rock Fest 2022  | Existing Event         | 30,000        | Chippewa                                | Chippewa Falls Area Chamber of Commerce            |
| Sledding in Sawyer County: A Snowmobile Friendly Community - Year 2         | Destination Marketing  | 11,225        | Sawyer                                  | Hayward Lakes VCB                                  |
| Stormy Kromer: Evolution of a Classic                                       | One-Time/One-of-a-Kind | 28,250        | Marathon                                | Leigh Yawkey Woodson Art Museum                    |
| Taste N Glow Balloon Fest Bureau  | Existing Event         | 29,663        | Marathon                                | Wausau/Central Wisconsin Convention & Visitors     |
| The Nature of Light: An Exploration After Dark                              | One-Time/One-of-a-Kind | 28,250        | Winnebago                               | Paine Art Center & Gardens                         |
| U.S. Open Chainsaw Sculpture Championship                                   | Existing Event         | 30,000        | Eau Claire                              | Visit Eau Claire                                   |
| Vilas County Demographic Traveler Research and Branding Project             | Destination Marketing  | 39,550        | Vilas                                   | Vilas County Tourism & Publicity                   |
| Visit Marshfield Branding Campaign - Year 3                                 | Destination Marketing  | 12,750        | Wood                                    | Visit Marshfield                                   |
| #welovethenorthwoods Regional Marketing Campaign - Year 3                   | Destination Marketing  | 28,000        | Multiple                                | Let's Minocqua                                     |
| Whitewater Storytelling Festival - Year 2                                   | New Event              | 1,850         | Walworth                                | Whitewater Chamber of Commerce                     |
| Winter Wonders 2021: Boerner Bigger and Brighter - Year 3                   | New Event              | 16,638        | Milwaukee                               | Friends of Wehr Nature Center, Inc.                |
| Wisconsin Art Museums Collaboration   | Destination Marketing  | 39,550        | Statewide                               | Paine Art Center & Gardens                         |
| Wisconsin Arts and Peony Festival   | Existing Event         | 7,381         | Dodge                                   | Beaver Dam Chamber of Commerce                     |
| Wisconsin River Pro Rodeo   | Existing Event         | 12,750        | Lincoln                                 | Lincoln County Rodeo Association                   |
| Total   |                        | \$1,130,000   |   |  |

Note: Awards listed were made in 2021-22 and will be reimbursed mostly in 2022-23. As such, award amounts do not match JEM grant expenditures for 2021-22 shown in Table 4.



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June 1, 2023

Joint Committee on Finance

Paper #753

### Office of Outdoor Recreation (Tourism)

[LFB 2023-25 Budget Summary: Page 615, #6]

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#### CURRENT LAW

The Department of Tourism is responsible for promoting visitor activity and spending in the state, as well as advertising Wisconsin destinations and attractions. The Department's primary activities include: (1) advertising the state's scenic, historic, cultural, recreational, and other attractions through digital, print, radio, and television communications; (2) providing information to prospective travelers by internet, social media, and telephone; (3) developing cooperative marketing programs with the state tourism industry; (4) administering tourism-related grants; and (5) administering tourism development programs that assist businesses and municipalities in identifying marketable features that may attract customers.

The Department operates the Office of Outdoor Recreation (OOR) to facilitate the promotion of Wisconsin's outdoor recreational opportunities and to connect businesses and other interests involved in outdoor recreation. The Office of Outdoor Recreation's mission is "to support and uplift the state's outdoor recreation industry for the economic health and overall wellbeing of the state and its residents." OOR operates according to four principles: (1) to encourage residents, visitors, and businesses to experience the state's natural places and outdoor recreation offerings as a means of economic development; (2) to connect people to Wisconsin's natural places and outdoor recreation opportunities through access and education; (3) to promote active lifestyles and healthy individuals and communities; and (4) to sustain Wisconsin's natural assets by encouraging outdoor recreation, and the preservation of lands and waters.

2019 Wisconsin Act 9 created the Office and provided Tourism with 3.0 GPR two-year project positions and associated funding in the 2019-21 biennium. 2021 Act 58 reauthorized the Office's funding of \$353,800 annually and 3.0 project positions for two more years. Funding and positions expire on June 30, 2023, and authorized positions are removed under standard budget adjustments.

## DISCUSSION POINTS

1. Wisconsin is generally regarded as having a significant outdoor recreation industry, including such activities as hunting, fishing, recreational vehicle use, hiking, cycling, climbing, boating, and skiing. The U.S. Bureau of Economic Analysis maintains and publishes estimates on the size of states' outdoor recreation industries, and the activities listed are generally considered by BEA to be 'conventional outdoor recreation.' BEA estimates Wisconsin's conventional outdoor recreation industry adds \$4.1 billion in economic activity as of 2021, the most recent year for which statistics are available. BEA ranks Wisconsin 13th among states for largest economic value added by outdoor recreation. BEA estimates Wisconsin's outdoor recreation industry grew an average of 2.6% from 2012 to 2021, and 4.1% from 2019 to 2021. These growth rates ranked Wisconsin an estimated 33rd and 36th, respectively.

2. Since its creation in 2019, OOR's projects have included: (1) establishing an advisory committee to guide the Office's operations; (2) creating a stakeholder contact and amenity database; (3) meeting with industry stakeholders; (4) establishing a website and a monthly email for subscribers; (5) deploying an input survey to stakeholders; (6) creating a free, downloadable toolkit to advise communities on safe recreation during the COVID-19 pandemic; (7) airing a radio public service announcement campaign; (8) establishing an outdoor recreation business directory; (9) publishing an economic impact report; and (10) creating a series of webinars. Lifetime metrics of the Office's achievements, provided by Tourism, include: (a) 329 stakeholder meetings; (b) 557% increase in page views of the Wisconsin Trail Report since 2021; (c) 1,054 business and organizations listed in the business directory; (d) 2,030 newsletter subscribers; (e) six webinars; (f) 965 webinar registrations; (g) six toolkits and publications; and (h) 6,191 website users accessing tools and resources.

3. Assembly Bill 43/Senate Bill 70 would authorize 3.0 permanent positions for the Office of Outdoor Recreation. Table 1 shows the Office of Outdoor Recreation's GPR expenditures for 2021-22, estimated expenditures for 2022-23, and projected expenditures under the bill, as reported by Tourism. (The table does not include a minimal amount of Office of Outdoor Recreation-related supplies and services expenditures in other appropriations during the current biennium.) The Office also manages a \$300,000 outdoor recreation mapping project, initiated using funding allocated by the Governor under the American Rescue Plan Act (ARPA) in 2022-23. Funding for positions in future years is calculated for nine months of work in 2023-24 and 12 months in 2024-25, and at classification minimums for the intended positions.

**TABLE 1**

### **Office of Outdoor Recreation Expenditures**

| <u>Category</u>       | <u>2021-22</u> | <u>2022-23*</u> | <u>2023-24**</u> | <u>2024-25**</u> |
|-----------------------|----------------|-----------------|------------------|------------------|
| Salary                | \$182,500      | \$191,200       | \$110,000        | \$146,800        |
| Fringe Benefits       | 57,000         | 67,300          | 49,000           | 65,400           |
| Supplies and Services | <u>64,600</u>  | <u>55,400</u>   | <u>360,500</u>   | <u>360,500</u>   |
| Total                 | \$304,100      | \$313,900       | \$519,500        | \$572,700        |

\*Estimated.

\*\*Assembly Bill 43/Senate Bill 70



4. In its agency budget request in September, 2022, Tourism requested the continuation of 3.0 positions, salaries and fringe benefits shown in Table 1, and \$78,000 each year in supplies and services for such costs as space occupancy, computer and technology costs, travel, and costs of production for OOR publications and resources. This is generally consistent with the level of funding provided for OOR in the 2021-23 biennium. Funding for OOR under AB 43/SB 70 reflects an additional \$282,500 GPR each year in supplies and services. Tourism indicates that the additional \$282,500 each year would be used for the activities listed in Table 2.

**TABLE 2**  
**Office of Outdoor Recreation Additional Supplies and Services Budget**  
**AB 43/SB 70**

| <u>Item</u>               | <u>Description</u>  | <u>Cost</u>   |
|---------------------------|---|---------------|
| Trail Report              | Website providing trail condition information                       | \$31,500      |
| Workforce Attraction Tool | Publication advertising outdoor recreation for employer recruitment | 15,000        |
| Economic Impact Report    | Report describing Wisconsin outdoor recreation outcomes             | 12,000        |
| Asset Collection Project  | Database of amenity and destination information                     | 50,000        |
| Website                   | Office's website at outdoorrecreation.wi.gov                        | 40,000        |
| Education and Recruitment | Videos and print materials to engage audiences                      | 19,000        |
| Social Media              | Creation and maintenance of social media accounts                   | 2,000         |
| Tradeshows and Events     | Presence at consumer-facing events                                  | 50,000        |
| Educational Webinars      | Creation of webinars to promote the office                          | 5,000         |
| Stakeholder Meetings      | Meetings and collaboration with partners                            | 12,000        |
| Travel                    | State fleet vehicles, meals, hotel rooms                            | 6,000         |
| Supplies and Services     | Increases in costs  | <u>40,000</u> |
| Total                     |   | \$282,500     |

5. Tourism reports that, if the office and positions were extended, its primary endeavors would include: (a) continuation of the Wisconsin Trail Report, an online trail mapping site that shows the conditions of trails, parks, and other public terrain; (b) enhancement of OOR's database, which contains information about all outdoor recreation amenities; and (c) an increased presence at tradeshows, which the Department indicates it is generally unable to accomplish with current funding levels. Other activities in Table 2 include: (a) a workforce attraction tool, which OOR has published for state employers to use in promoting Wisconsin's outdoor recreational opportunities and quality of life to prospective employees; (b) the continued publication of the economic impact report; (c) further website development and maintenance; and (d) the continuation of educational webinars and meetings with industry stakeholders.

6. The National Conference of State Legislatures reports that an increasing number of states have created outdoor recreation offices, task forces, or other bodies. In 2019, 10 states reported having such offices. In 2021, there were 15 states with outdoor recreation offices, and in 2023 there are 18 including: Arkansas, Colorado, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming.

7. OOR could be seen as providing cross-industrial promotional and communications services for industries and entities involved in outdoor recreation, and that are not otherwise provided in the state in a coordinated manner. Further, it appears that outdoor recreation offices are increasingly becoming a typical component of state tourism or economic development programming. From that perspective, it may be desirable to continue Wisconsin's office, rather than discontinue services that outdoor-oriented businesses and travelers may come to see as standard throughout states.

8. On the other hand, some may view the four years of OOR operations as demonstrating services that, while perhaps valuable, could be furnished by other non-state or private providers for the benefit of associated businesses and interested groups. Tourism would retain current statutory authorizations for promoting Wisconsin natural and recreational destinations, and coordinating the development of Wisconsin's tourism industry and its constituent sectors. Other state, local, and private entities would likely remain engaged in promoting outdoor recreation in parks and other areas.

9. The Committee could provide all ongoing funding and positions under Assembly Bill 43/Senate Bill 70 [Alternative 1], which would cover the costs of OOR's standard 3.0 positions and activities, and an additional \$282,500 GPR each year. Alternatively, the Committee could provide funding and positions under the September, 2022, agency request, and generally commensurate with the amounts of the last two biennia [Alternative 2].

10. Tourism contends that additional funding under AB 43/SB 70 is imperative as other states create outdoor recreation offices. In addition to Alternative 2, the Committee could consider a lower level of supplies and services than recommended under AB 43/SB 70, but higher than the amounts requested under the September, 2022, agency budget request. Table 3 lists several alternatives the Committee could consider to provide funding for different groups of activities. Alternative 3a would provide funding for three activities Tourism indicated were among the most important to continue. Alternatives 3b and 3c provide different options to include additional activities discussed previously.

**TABLE 3**

**Office of Outdoor Recreation Additional Supplies and Services Alternatives**

| <u>Item</u>               | <u>Cost</u>   | <u>Alt. 3a</u>    | <u>Alt. 3b</u>    | <u>Alt. 3c</u>    |
|---------------------------|---------------|-------------------|-------------------|-------------------|
| Trail Report              | \$31,500      | \$31,500          | \$31,500          | \$31,500          |
| Workforce Attraction Tool | 15,000        |                   | 15,000            | 15,000            |
| Economic Impact Report    | 12,000        |                   | 12,000            |                   |
| Asset Collection Project  | 50,000        | 50,000            | 50,000            | 50,000            |
| Website                   | 40,000        |                   | 40,000            | 40,000            |
| Education and Recruitment | 19,000        |                   |                   |                   |
| Social Media              | 2,000         |                   |                   |                   |
| Tradeshows and Events     | 50,000        | 50,000            |                   | 50,000            |
| Educational webinars      | 5,000         |                   | 5,000             |                   |
| Stakeholder meetings      | 12,000        |                   | 12,000            |                   |
| Travel                    | 6,000         |                   |                   |                   |
| Supplies and Services     | <u>40,000</u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Total                     | \$282,500     | \$131,500         | \$165,500         | \$186,500         |

11. The Committee could provide funding and positions but specify that the funding is one-time, and the positions expire in two or four years [Alternative 4]. Additional one-time authorizations could allow the Department to continue developing OOR programs while allowing the Legislature to determine permanent funding and positions at a future time. The Committee could also take no action [Alternative 5]. OOR positions and funding would expire on June 30, 2023.

**ALTERNATIVES**

1. Provide ongoing funding of \$519,500 in 2023-24 and \$572,700 in 2024-25 with 3.0 permanent positions for the Office of Outdoor Recreation. (\$282,500 GPR each year would be for additional supplies and services as recommended in AB 43/SB 70.)

| <b>ALT 1</b> | <b>Change to Base</b> |                  |
|--------------|-----------------------|------------------|
|              | <b>Funding</b>        | <b>Positions</b> |
| GPR          | \$1,092,200           | 3.00             |

2. Provide ongoing funding of \$237,000 in 2023-24 and \$290,200 with 3.0 permanent positions for the Office of Outdoor Recreation. (Amounts would cover staff salary, fringe benefits, and supplies and services similar to prior biennia, as submitted under Tourism's September, 2022, agency request.)

| <b>ALT 2</b> | <b>Change to Base</b> |                  |
|--------------|-----------------------|------------------|
|              | <b>Funding</b>        | <b>Positions</b> |
| GPR          | \$527,200             | 3.00             |

3. In addition to Alternative 2, provide one of the following amounts for additional supplies and services:

a. \$131,500

| <b>ALT 3a</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$263,000             |

b. \$165,500

| <b>ALT 3b</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$331,000             |

c. \$186,500

| <b>ALT 3c</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$373,000             |

4. Specify funding under other Alternatives 3 as one-time funding in the 2023-25 biennium and authorized positions as project positions for one of the following terms

a. Four years; or

b. Two years.

5. Take no action.

Prepared by: Moriah Rapp



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June 1, 2023

Joint Committee on Finance

Paper #754

### Arts Board Fund Matching (Tourism)

[LFB 2023-25 Budget Summary: Page 615, #7]

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#### CURRENT LAW

The Wisconsin Arts Board, budgeted in the Department of Tourism, administers several grant programs in which it distributes state and federal funds to Wisconsin arts organizations. State funding is primarily supported by general purpose revenues (GPR) and program revenue (PR) from tribal gaming receipts. Federal (FED) funding is provided by the National Endowment for the Arts (NEA). In 2022-23, the Arts Board is budgeted state funding of \$782,200 GPR and \$44,900 PR, and authorized positions include 3.0 GPR and 1.0 FED. Current funding levels are intended to provide the minimum amounts necessary to match federal funding provided by NEA, which requires an equal state match on its grant awards. These awards totaled \$887,100 for 2021-22 and \$954,500 for 2022-23. Total appropriations of match-eligible state funding are \$807,100 in 2022-23, including \$782,200 GPR and \$24,900 tribal gaming PR.

Current Arts Board grant programs are: (a) Creation and Presentation Grants, which are awarded to established nonprofit arts organizations to assist with their operations or creation and presentations of arts programming; (b) Creative Communities Grants, which fund projects focused on arts education, development of local arts programming, or folk and traditional arts; (c) Folk Arts Apprenticeship Grants, which support the study of an apprentice with a master of native or traditional ethnic arts or performance; (d) the Wisconsin Regranting Initiative, which provides funding for local arts agencies to disburse in turn to artists and local arts organizations in their regions of the state; (e) the Arts Challenge Initiative, which currently supports several minority-focused arts organizations in the Milwaukee area; and (f) the Woodland Indian Arts Initiative, which is intended to support events, facilities or institutions to practice and preserve the arts traditions of Wisconsin's Native American tribes. As of April 15, 2023, the Arts Board has allocated available state and federal funding in 2022-23 to 216 arts organizations or individual artists. By statute, Arts Board grants require an equal recipient match. Arts Board staff also provide

technical assistance to Wisconsin arts organizations relating to fundraising, marketing, and other aspects of operations.

## DISCUSSION POINTS

1. The NEA requires states to provide an equal match to its awards. Prior to being consolidated with Tourism in 2011, the Board's state funding was \$3.0 million. Current funding levels are intended to provide the minimum amounts necessary to match federal funding provided by the NEA. However, for most fiscal years since 2011, state appropriations for the Arts Board have been lower than available NEA grants. These shortfalls have required Committee or legislative action to provide sufficient state matches.

2. The NEA award for 2022-23 is \$954,500, and the NEA award for 2023-24 is anticipated to be \$1,078,000. NEA awards are dependent upon federal appropriations and an allocation process that may vary with awards claimed by other states. Thus, it is not yet known what amount will be available in 2024-25. Based on recent award trends, it is estimated that the 2024-25 award could increase by approximately 10%, to \$1,185,800.

3. The table outlines state appropriations and federal awards for fiscal years 2023 through 2025. Not shown in the table is \$20,000 PR budgeted each year for arts publications and other services, which is not eligible to offer as a state match.

### Arts Board Federal Match Amounts

|                                      | Base<br><u>2022-23</u> | JFC to Date<br><u>2023-24</u> | JFC to Date<br><u>2024-25</u> |
|--------------------------------------|------------------------|-------------------------------|-------------------------------|
| Staff and Operations*                | \$306,200              | \$318,000                     | \$318,000                     |
| Grants                               |                        |                               |                               |
| State Aid for the Arts (GPR)         | \$359,300              | \$359,300                     | \$359,300                     |
| Regranting (GPR)                     | 116,700                | 116,700                       | 116,700                       |
| Woodland Indian Arts Initiative (PR) | <u>24,900</u>          | <u>24,900</u>                 | <u>24,900</u>                 |
| Subtotal - Grants                    | \$500,900              | \$500,900                     | \$500,900                     |
| Total State Funding Available        | \$807,100              | \$818,900                     | \$818,900                     |
| Federal Awards <sup>†</sup>          | \$954,500              | \$1,078,000                   | \$1,185,800                   |
| Current Year Overage/Shortfall       | - \$147,400            | - \$259,100                   | - \$366,900                   |
| Prior Year Shortfall                 | <u>- 700</u>           | <u>- 148,100</u>              | <u>- 407,200</u>              |
| Total Fiscal Year Shortfall          | - \$148,100            | - \$407,200                   | - \$774,100                   |

\*Amounts for the 2023-25 biennium include standard budget adjustments under Committee action of May 2.

<sup>†</sup> The NEA award for 2024-25 is estimated.

4. It is anticipated that 2022-23 state appropriations for the Arts Board will be insufficient to fully match federal funding available through September 30, 2023. As shown in the table, total

match-eligible state funding of \$807,100 in 2022-23 is \$147,400 less than the NEA grant available for the fiscal year. In addition to the \$147,400 shortfall in 2022-23 state funding relative to NEA funding available for the year, Arts Board staff and the Department of Administration indicate that the Arts Board has a shortfall of \$700 carried over from 2021-22. Tourism submitted to the Committee a funding request under s. 13.10 of the statutes for \$148,100 in January, 2023, to resolve the shortfall; the request is pending. However, because the federal fiscal year ends on September 30, the Arts Board could also receive additional state funding during the first three months of state fiscal year 2023-24 to match federal fiscal year 2023 awards. The NEA generally expects state grant recipients to match awards on a consistent basis, and delays in award matching can result in loss of grant funds.

5. In August, 2022, the Committee provided \$107,400 GPR in supplemental funding in 2022-23 to reconcile the 2021-22 misalignment in how state Arts Board funding had been allocated to federal grant cycles, owing to the later end in the federal fiscal year. However, the August, 2022, supplemental funding did not include amounts to cover the shortfalls in state funding for the 2022-23 fiscal year. The Committee could provide a state match of \$148,100 in 2023-24 for shortfalls through 2022-23, as match to funding available through September 30, 2023 [Alternative 1a]. The Committee could consider providing state matches for the 2021-22, 2022-23, and final 2023-24 amounts, totaling \$407,200 [Alternative 1b], as these amounts yielding the shortfall are unlikely to change appreciably through the 2023-24 state fiscal year.

6. Under Assembly Bill 43/Senate Bill 70, Arts Board base funding would be increased by \$215,300 in 2024-25. Given the tendency in recent years for NEA grants to be increasingly larger than the state's budgeted funds, additional base funding for state arts aids would lessen or obviate the need for additional Committee or legislative action to match available federal funds. The Committee could increase the Arts Board base funding by \$215,300 in 2024-25, as proposed in the bill [Alternative 2a]. The Committee could also consider providing \$366,900 in 2024-25 to match the state shortfall in that year [Alternative 2b]. Amounts in 2024-25 could also be provided as one-time funding, given the uncertainty of future federal appropriations levels and subsequent grants to states [Alternative 3].

7. The Committee was able to address the funding shortfall in August, 2022, using available base funding in the Committee's supplemental appropriation of \$133,600 GPR each year. As a biennial appropriation, the biennial amount of \$267,200 could be directed by the Committee to funding insufficiencies such as those involving the Arts Board. However, the Committee's base supplemental funding would be insufficient for current Arts Board shortfalls projected in the 2023-25 biennium. The Committee could allocate the current anticipated annual shortfalls in state funding, or \$259,100 in 2023-24 and \$366,900 in 2024-25, to the Committee's supplemental GPR appropriation [Alternative 4]. This would allow the Arts Board to seek supplemental funding from the Committee once annual shortfalls are confirmed.

8. The Committee could also take no action [Alternative 5]. Taking no action would likely result in reduced federal awards in future years.

## **ALTERNATIVES**

1. Provide one of the following amounts for state aid for the arts in 2023-24:

a. \$148,100 GPR. (This would reflect equal state matches for federal NEA awards available through September 30, 2023.)

| <b>ALT 1a</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$148,100             |

b. \$407,200 GPR. (This would reflect equal state matches for federal NEA awards available through September 30, 2024.)

| <b>ALT 1b</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$407,200             |

2. Provide one of the following amounts in 2024-25, in addition to one of the amounts in Alternative 1:

a. \$215,300 GPR. (This would increase base funding for state aid for the arts as under Assembly Bill 43/Senate Bill 70.)

| <b>ALT 2a</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$215,300             |

b. \$366,900 GPR. (This would match the potential NEA grant for 2024-25, based on recent increases in federal funding.)

| <b>ALT 2b</b> | <b>Change to Base</b> |
|---------------|-----------------------|
| GPR           | \$366,900             |

3. Specify funding in 2024-25 as one-time funding. (This could be selected in addition to any of the options under Alternative 2.)

4. Provide \$259,100 in 2023-24 and \$366,900 in 2024-25 to the Committee's supplemental GPR appropriation. (These amounts would be anticipated to fully match NEA awards to Wisconsin in 2023-24 and 2024-25.)

| <b>ALT 4</b> | <b>Change to Base</b> |
|--------------|-----------------------|
| GPR          | \$626,000             |

5. Take no action.

Prepared by: Moriah Rapp