



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #471

Circus World Fuel and Utilities (Historical Society)

Bill Agency

[LFB 2007-09 Budget Summary: Page 355, #3]

CURRENT LAW

No provision.

GOVERNOR

Provide \$142,600 GPR in 2007-08 and \$147,600 GPR in 2008-09 for fuel and utility payments for the Circus World Museum. This funding would be provided in the Historical Society's existing fuel and utilities appropriation.

DISCUSSION POINTS

1. The Wisconsin Historical Society owns the Circus World Museum in Baraboo and its collections, which are independently managed by the not-for-profit Circus World Museum Foundation. The museum collects and exhibits archival material and artifacts relating to the history of the American circus. The site includes a library and research center, as well as exhibit and performance spaces.

2. The annual Great Circus Parade was hosted by Milwaukee from 1985 through 2003. Revenues generated by the parade supported the Circus World Museum operational costs throughout the year. When Milwaukee organizers were unable to raise the necessary funds for 2004, museum directors moved the parade to Baraboo. The parade was by far the largest source revenue for the museum up until that time. However, revenues related to the parade dropped from

\$1,900,900 in 2003 to \$439,600 in 2004, when it was moved to Baraboo. For 2005, the parade was again held in Baraboo. Revenues dropped to \$282,600, which was largely offset by the costs of organizing the parade. Because of this steep decline in revenue, the parade was cancelled for 2006.

3. In recent years, the Circus World Museum has experienced declining revenues not only related to the parade, but also due to declining attendance. Admission sales declined in every year from 1999 through 2003, by 11.8% to 13.8% on an annual basis. However, after the parade was moved to Baraboo, museum attendance declined more sharply, by 19.9% in 2004 and by 19.4% in 2005. Since the parade was discontinued, museum admission fees have become a critical source of revenue, and the decline in attendance has further eroded Circus World's financial stability. The table below shows total annual revenues and expenditures for Circus World over the past five calendar years.

Circus World Museum Revenues and Expenditures

	<u>Revenue</u>	<u>Expenditures</u>	<u>Net Income</u>
2002	\$4,594,400	\$4,858,700	-\$264,300
2003	3,901,500	3,954,800	-53,300
2004	2,209,300	2,518,200	-308,900
2005	2,039,300	2,084,900	-45,600
2006	1,594,200	1,530,000	64,200

4. In response to declining income, the executive committee of the Circus World Museum Foundation, with the assistance of staff from the Historical Society, has significantly reduced the operations budget. Staffing levels have been cut by two-thirds in recent years, as the museum's hours of operation, especially in the winter off-season, have likewise been reduced. Since 2002 expenditures for historic preservation have been cut by 90%, and funds for marketing the museum have been reduced by almost 85%. Although fundraising is currently a major focus for the museum, expenditures for fundraising events and activities have also been significantly reduced, to \$9,200 in 2006, down from \$128,900 in 2003. However, certain operating costs for the site are essentially fixed, including fuel and utilities and debt service costs for its facilities, as well as funds for the programs and live circus performances that draw visitors to the site.

5. Because Circus World Museum is owned by the state, and given the financial difficulties experienced by the site in recent years, the Committee could consider approving state funding for the museum's fuel and utilities costs. Other historic sites owned and operated by the Historical Society are funded with GPR. Circus World currently receives no direct state funding, although the museum received a grant of \$100,000 in 2006 and in 2007 through the City of Baraboo, which was part of a Department of Commerce grant. That funding will not be available for 2008, and the museum has a projected deficit of \$19,700 for calendar year 2007. Therefore, if the Committee would approve the recommendation under the bill, the funding would allow the museum to maintain its current operating budget in the absence of the Commerce grant, and would cover the projected deficit in 2007. It is anticipated that the operating budget would remain

relatively stable over the coming biennium, at approximately \$1.6 million annually.

6. Further, one could argue that the state would eventually incur greater costs if the museum were no longer able to operate. In this case, the Historical Society would become wholly responsible for storing and maintaining the museum's collections and facilities. Last year, for the first time, staff from the Historical Society began to assist Circus World with day-to-day operations, as the museum is now minimally staffed. Therefore, it might be desirable for the state to assist the facility financially until a sustainable business model, in the absence of the Great Circus Parade, can be found.

7. On the other hand, if the Committee would delete the Governor's recommendation for funding, it is possible that the museum could continue to operate. The reductions in programming and operations costs over the last five years appear to have brought the museum's finances into balance. For the first time in several years, the museum's income exceeded its expenditures in 2006, with \$1,594,200 in revenues and \$1,530,000 in expenditures. However, revenues in 2006 included \$100,000 from the one-time Commerce grant in that year; without that grant, the museum would have had a deficit.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide \$142,600 in 2007-08 and \$147,600 in 2008-09 for fuel and utility payments for the Circus World Museum. This funding would be provided in the Historical Society's existing fuel and utilities appropriation.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$290,200

2. Delete provision.

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	-\$290,200	\$0

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