



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #387

Circus World Museum (Historical Society)

[LFB 2017-19 Budget Summary: Page 254, #3]

CURRENT LAW

The Circus World Museum facilities, artifacts, and site are owned by the Wisconsin Historical Society. Operations of the museum are managed privately through a lease and management agreement with the Circus World Museum Foundation.

GOVERNOR

Provide \$500,000 GPR in 2017-18 and \$700,000 GPR in 2018-19 and 6.5 GPR positions beginning in 2017-18, \$250,000 PR annually and 2.0 PR positions beginning in 2017-18, and \$925,000 SEG annually and 1.5 SEG positions beginning in 2017-18 to provide funding for the Circus World Museum to operate as a historic site within the Historical Society.

Provide that the Historical Society would operate and maintain Circus World Museum as a historic site, if there was not a lease agreement in effect with the Circus World Museum Foundation for the purpose of operating the museum on the effective date of the bill. If a lease agreement is in effect on the effective date of the bill, the lease agreement would be required to terminate on January 1, 2018, or on the date that termination occurs according to the lease agreement, whichever is earlier, after which the Historical Society would operate and maintain the museum. The Historical Society would be required to offer employment to each individual employed by the Foundation on the lease termination date, but only if vacant authorized or limited-term positions were available and the Historical Society had funding for the positions.

DISCUSSION POINTS

1. The Circus World Museum was founded by a former employee of the Ringling Brothers and other circus enthusiasts, on a portion of the site of the winter quarters of the Ringling Bros. and Barnum & Bailey Circus in the Ringlings' hometown of Baraboo, WI. Ownership of the new museum transferred to the Historical Society upon its opening in 1959. The next year, the Wisconsin Historical Society (WHS) arranged for a private foundation, presently the Circus World Museum Foundation (Foundation), to operate the Museum on behalf of the state. The Foundation has continued to operate the Museum for 57 years, through a lease and management contract with the Historical Society. (The current two-year lease and management agreement is renewed annually in September.) Under the bill, management of the Circus World Museum would be transferred from the private foundation to the state of Wisconsin, to be operated and funded in a manner consistent with the state's other 11 historic sites and museums within WHS.

2. The Circus World Museum is the largest circus history museum in the world, including: (a) seven National Historic Landmark Ringling Brothers winter quarters buildings; (b) a library and research center; (c) an exhibit hall and visitors center; (d) a circus wagon restoration center and a circus wagon pavilion; and (e) a hippodrome performance building. Collections include 260 historic circus wagons, classic vehicles, and historic railroad cars, as well as circus artifacts, circus posters, paintings, photographs, lithographs, recordings, and other materials.

3. Revenues are derived primarily from admissions, fundraising, donations, and food service and museum store sales. The Foundation's revenues began to decline in 2003, following the discontinuation of the Great Circus Parade. The Parade, which was held annually in Milwaukee between 1985 and 2003, had generated significant revenue of up to \$750,000 during those years through corporate fundraising. The parade was moved to Baraboo for 2004 and 2005, but generated minimal profit and was discontinued. The parade was staged in Milwaukee on a one-time basis in 2009, providing approximately \$773,400 in profit and significantly improving the Foundation's financial position in that year.

4. Other sources of revenue have also declined in recent years. According to the Foundation's audited financial statements, in 2000, the Foundation had revenues of \$4.3 million, and at that time had approximately 30 employees. In 2015, revenues had declined to approximately \$1.3 million, with six employees. As the Museum's revenues have fallen, expenditures have also declined. Between 2000 and 2015, expenditures decreased by 81% for historic restoration and preservation; by 50% for performances and seasonal operations; and by 67% for marketing and public relations.

5. As revenues have declined, the state has provided financial assistance to operate the Museum. After 2005, the Foundation stopped making debt service payments on state bonds for the Museum's exhibit hall and visitors center, built in 1987. The Historical Society voluntarily paid debt service on the Foundation's behalf for several years. In 2011, the debt was forgiven through a \$350,000 one-time grant from the state Building Commission. The result was that the Foundation was relieved of all responsibility for the debt, and the Historical Society was reimbursed for its payments made on the Foundation's behalf. Additionally, under 2007 Act 20 (the 2007-09 state budget), fuel and utilities funding was provided in the Historical Society's fuel and utilities

appropriation to pay those costs on the Foundation's behalf. The Historical Society indicates that payments totaled \$116,400 GPR in 2015-16, the most recent year for which data is available. State funds have also been provided to the Museum as part of the all agency projects program under the Building Commission, which uses a combination of bonding and GPR to fund new construction projects up to \$760,000 and maintenance and renovation projects under \$3 million. Based on bid information available on the Department of Administration's website, estimated costs from 2008 to the present include the following: (a) \$500,000 for mechanical systems repairs in 2017; (b) \$150,000 for a security system upgrade in 2015; (c) \$142,000 for an exhibit hall restroom renovation in 2014; and (d) \$1,230,000 for a train shed rehabilitation in 2013.

6. Following a request in 2013 by the Board of the Foundation for additional state funds, the Governor included a recommendation in his 2013-15 biennial budget (Assembly Bill 40) to transfer management of the Circus World Museum from the private foundation to the state of Wisconsin. AB 40 provided funding and position authority equal to that in the current proposal. The Foundation did not support the provision at that time, and it was removed from the bill during Joint Committee on Finance deliberations.

7. In 2015, a committee including Foundation Board members and representatives from Baraboo local government and businesses began meeting to consider long-term funding and governance models for the Museum. In a June, 2016, report, the committee recommended seeking public support from the state to supplement fundraising and other funding sources. The report published by the committee indicated that the additional state funds could be used to increase staff, including an education director, a restoration specialist, and a curator; fund the Museum's budget for restoration of its historic circus wagons; and provide additional funding for education, facilities, library services, marketing, and administration.

8. The bill includes funding and authority for 10.0 FTE positions at Circus World. Currently, the Museum employs six full-time employees including the following: an executive director, a facilities and wagon restoration center director, a guest services and volunteer director, a performance and marketing director, an archivist, and a finance director. Under the bill, the Historical Society would be required to offer employment to each individual employed by the Foundation on the lease termination date, subject to position authority and funding availability.

9. Of the 10.0 positions, under the bill: (a) 6.5 GPR positions would be funded with \$348,200 GPR in 2017-18 and \$465,800 GPR in 2018-19; (b) 2.0 PR positions would be supported with program revenue from fundraising, gifts, and grants (\$158,400 PR in 2017-18 and \$211,100 PR in 2018-19); and (c) 1.5 SEG positions would be funded with segregated revenue earned from admissions and sales at the Museum (\$129,100 SEG in 2017-18 and \$172,000 SEG in 2018-19). It appears that sufficient revenues would be available to support the 2.0 PR positions and 1.5 SEG positions recommended by the Governor. In 2015, Museum revenue from fundraising activities, gifts, and grants totaled approximately \$525,000. Revenue from admissions and sales at the Museum totaled approximately \$775,100. With 6.5 positions funded with GPR under the bill, revenues from admissions, sales, grants, and fundraising that currently are used to fund the Museum's staff could be shifted to operating the Museum site, producing live performances, maintaining the buildings and grounds, and preserving artifacts, circus wagons, and other

collections.

10. One option the Committee could consider would be for the Museum, which has been operated by the Foundation since 1959, to remain a locally-operated private enterprise. Proponents of this approach indicate that the Museum's important role in the Baraboo community should be taken into consideration when management decisions are made, and that this interest could be better served by retaining the current Foundation in its independent role. Under this option, the Committee could provide a grant to the Circus World Foundation in the amount of the GPR funding currently in the bill (\$500,000 GPR in 2017-18 and \$700,000 GPR in 2018-19) while maintaining the operation of the site under the current lease management agreement with the Historical Society. This approach would be similar to that used for the Wisconsin Black Historical Society and Museum in Milwaukee, which receives a state grant equal to \$84,500 GPR annually from a separate appropriation under the Historical Society.

11. On the other hand, because the state owns the facility, site, and collections, direct state management and funding as proposed under the bill may be desirable. The Historical Society has substantial experience in managing historical sites, and state management and funding could result in greater long-term stability for the Museum. In addition, the Historical Society could provide professional fundraising support to Circus World Museum through the Wisconsin Historical Foundation. The Historical Society has partnered with the Historical Foundation, a 501(c)(3) organization, to be the official membership, fundraising, and gift-receiving organization for the Historical Society since 1954. The Circus World Museum Foundation currently lacks sufficient revenues to support a dedicated development director. In addition, circus history is important to the state's history as a whole, not only to Baraboo, and the state has an interest in preserving this legacy.

ALTERNATIVES

1. Approve the Governor's recommendation to provide funding for the Circus World Museum to operate as a historic site within the Historical Society.

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$1,200,000	6.50	\$0	0.00
PR	500,000	2.00	0	0.00
SEG	<u>1,850,000</u>	<u>1.50</u>	<u>0</u>	<u>0.00</u>
Total	\$3,550,000	10.00	\$0	0.00

2. Delete the Governor's recommendation and, instead, provide \$500,000 GPR in 2017-18 and \$700,000 GPR in 2018-19 (the GPR funding in the bill) as a separate grant to the Circus World Museum Foundation to support its continued operation of the site under the current lease management agreement with the Historical Society.

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$1,200,000	0.00	\$0	- 6.50
PR	0	0.00	- 500,000	- 2.00
SEG	<u>0</u>	<u>0.00</u>	<u>- 1,850,000</u>	<u>- 1.50</u>
Total	\$1,200,000	0.00	- \$2,350,000	- 10.00

3. Delete provision.

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	- \$1,200,000	- 6.50
PR	0	0.00	- 500,000	- 2.00
SEG	<u>0</u>	<u>0.00</u>	<u>- 1,850,000</u>	<u>- 1.50</u>
Total	\$0	0.00	- \$3,550,000	- 10.00

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