



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #582

Office of Outdoor Recreation (Tourism)

[LFB 2021-23 Budget Summary: Page 558, #5]

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. 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 database; (3) meeting with industry stakeholders; (4) establishing 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.

2019 Wisconsin Act 9 provided Tourism with 3.0 GPR two-year project positions for OOR in the 2019-21 biennium, as well as funding of \$274,300 GPR in 2019-20 and \$349,000 GPR in 2020-21 on a one-time basis. These original positions and funding expire on June 30, 2021.

DISCUSSION POINTS

1. 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.

2. The table below shows the Office of Outdoor Recreation's expenditures for 2019-20 and estimated expenditures for 2020-21, as reported by Tourism. Initial salary and fringe expenditures were less than the appropriated amounts due to positions not being filled at the start of 2019-20. Additionally, the Office was in its initial stages of setup, resulting in fewer expenditures for supplies and services. The table also depicts OOR's budgeted expenditures by category under Assembly Bill 68/Senate Bill 111.

Office of Outdoor Recreation Expenditures

	<u>2019-20</u>	<u>2020-21*</u>	<u>2021-22**</u>	<u>2022-23**</u>
Salary	\$61,700	\$195,500	\$196,800	\$196,800
Fringe Benefits	14,000	52,300	89,300	89,300
Supplies and Services	77,900	172,000	67,700	67,700
One-time Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$153,600	\$419,800	\$353,800	\$353,800

* Estimated.

** Assembly Bill 68/Senate Bill 111.

3. The 3.0 OOR positions currently include a director, a community development and communications specialist, and a research analyst. The director is responsible for establishing the mission and strategy, holding stakeholder meetings, managing staff and budget, participating in media interviews, and maintaining relations with various stakeholders, committees, and government contacts. The community development and communications specialist primarily maintains public outreach, prepares media talking points, produces content for publications and newsletters, and manages the stakeholder database. Additionally, the incumbent publishes updates to fall leaf color reports and winter ski and snowmobile trail reports, which Tourism has customarily released in recent years to promote fall and winter outdoor recreation. The research analyst produces data for the Office's research database and website in part with data from the U.S. Department of Commerce's Bureau of Economic Analysis.

4. The Office of Outdoor Recreation distributes a monthly newsletter to stakeholders, which includes a foreword note from Tourism, testimonies from stakeholders, industry and community news, events, and resources. OOR reports that the newsletter has more than 1,500

subscribers. The Office has maintained close contact and held at least 200 virtual meetings with stakeholders. Tourism reports OOR secured media coverage for the state's outdoor recreation offerings and manufacturers in both smaller niche and national media such as *Backpacker TV*, *The New York Times*, *Forbes*, and *Reader's Digest*.

5. Tourism contracts with Longwoods International and Tourism Economics annually to conduct research on the impacts of tourism on Wisconsin's economy. Longwoods randomly solicits survey participation each quarter from a national sample, and the organization collected data regarding 3,300 overnight trips to Wisconsin in 2019, the most recently available data. Other than visiting friends and relatives (46%) and special events (11%), outdoor recreation (8%) was the next most commonly cited reason for overnight leisure trips in Wisconsin. Tourism describes outdoor recreation as the top "marketable" reason for travel, as social occasions and business travel are not typically influenced by consumer choice.

6. According to a November, 2020, report from the U.S. Bureau of Economic Analysis, outdoor recreation generated \$7.7 billion of the estimated \$350 billion in Wisconsin's 2019 state gross domestic product, or about 2.2% of the state's GDP. The BEA estimated the size of Wisconsin's outdoor recreational manufacturing sector as contributing \$1.6 billion to state GDP, ranking Wisconsin 9th in the United States in 2019. Additionally, March, 2021, testimony from the acting Tourism Secretary to the Senate Committee on Agriculture and Tourism cited Department of Natural Resources data estimating that, from 2019 to 2020, Wisconsin experienced growth in multiple measures of outdoor recreation, including: (a) 42% more state park passes sold; (b) 22% more state park visits; (c) 19.5% more fall turkey hunting licenses sold; (d) 12% more archery licenses sold; (e) 11% more fishing licenses sold; (f) 9% more small game hunting licenses sold; and (g) 7% more nights spent camping.

7. Circumstances throughout 2020 were such that the COVID-19 pandemic drove a significant amount of leisure activity into open outdoor settings, which were thought to be of lower risk of transmitting the novel coronavirus and also less susceptible to capacity limitations that were in place for certain other recreational venues. Therefore, there is not a clear causation between the efforts of the Office of Outdoor Recreation and recent growth in outdoor recreation.

8. Tourism contends that OOR creates additional opportunities for consumers to become aware of and involved with outdoor recreation offerings, particularly at a time during which public health concerns have driven additional pursuit of outdoor recreational activities. Tourism argues that although numerous entities pursue management and growth of various aspects of outdoor recreation, the Office of Outdoor Recreation is a centralized organization unique in Wisconsin in that its goals are to develop linkages between, and promote growth in, each of the state's outdoor industries and interests, such as gear manufacturers, outfitters or guides, as well as tourism and conservation entities throughout the state.

9. Other states have created outdoor recreation offices, task forces, or other bodies. While such offices occur in less than half of states, the number of states with an outdoor recreation unit has increased from 10 in 2019 to 15, including Wisconsin and the following states: Colorado, Maine, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, Vermont, Virginia, Washington, and Wyoming.

10. In 2020, OOR released a survey to assess stakeholder values, priorities, and ideas. The survey was sent to 1,047 stakeholder organizations related to outdoor recreation in Wisconsin, including manufacturers, retailers, guides, businesses, nonprofit organizations, government agencies, and community organizations. The survey yielded 203 responses, including from nonprofit groups, service and hospitality providers, and educational, manufacturing, and corporate entities. Respondents were from 64 of Wisconsin's 72 counties, and 65% reported working in a rural setting. Certain questions asked stakeholders to rate the importance of OOR's potential promotion strategies. Stakeholders indicated that promoting Wisconsin as a whole was most important, followed by creating awareness of outdoor recreation benefits, funding opportunities, and connecting youth. Other questions focused on how the Office of Outdoor Recreation might serve stakeholders in the outdoor recreation industry. Respondents indicated that they believed that OOR could help with marketing and promotional initiatives (82%) and assistance in securing funding (15%).

11. In May, 2021, phone calls were placed to randomly-selected OOR stakeholders, to request first-hand testimony as to the effectiveness and necessity of the Office. Those that responded provided positive comments, stating that while their relationships with OOR were still young, they felt that no other organization provided comparable services. Respondents were pleased with OOR's business directory and its efforts to quantify consumer impacts on the outdoor recreation industry. All respondents were pleased with OOR's help in marketing and networking.

12. If the Office were to continue in the 2021-23 biennium, Tourism indicates that OOR would focus on: (a) expanding the snow conditions and fall color reports; (b) improving upon its recently created Wisconsin Trail Report, which describe lands from the U.S. Forest Service, state parks, and other municipalities and nonprofits, to inform residents and visitors of hiking and biking trail conditions across the state; (c) continued connection of the outdoor recreation industry with visitors and consumers; (d) development of a comprehensive map-based inventory of outdoor recreation entities throughout the state; (e) outdoor retailer events; and (f) networking endeavors.

13. 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. The Committee could consider approving 3.0 GPR positions and annual funding of \$353,800 [Alternative 1]. This is the level of OOR staffing and funding included in Assembly Bill 68/Senate Bill 111.

14. Although OOR staff conduct the activities described previously, it is not clear how many positions would be required to continue the activities and program goals that have been established for OOR. Tourism argues that 2019-21 staffing levels are desirable to maintain as the travel industry recovers from pandemic-related declines, and particularly as outdoor recreation was a travel and leisure segment considered to have experienced growth in 2020.

15. The Committee could consider continuing OOR on a two-year basis, with positions provided as project positions and funding provided on a one-time basis in the 2021-23 biennium [Alternative 2]. Although OOR has existed on a short-term basis during the 2019-21 biennium, the Committee could consider an extension of the Office to further evaluate its operations during the 2021-23 biennium. During the next biennium, tourism is expected to continue to recover as COVID-19 cases decrease and public health measures to prevent coronavirus transmission are eased. It may

be worth evaluating the Office further based on a period when the traveling population and travel habits are more typical.

16. The Committee could also consider offsetting the cost of any OOR positions by reducing Tourism's GPR marketing appropriation [Alternative 3]. This would result in any funding provided for OOR continuation not changing the agency base.

17. The Committee could also take no action [Alternative 4]. Tourism would remain authorized to continue OOR activities with staffing provided under previous and subsequent Committee action. It is not clear to what extent OOR activities would continue without additional funding and positions.

ALTERNATIVES

1. Provide \$353,800 GPR annually with 3.0 permanent positions for the Office of Outdoor Recreation.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$707,600	3.00

2. Provide funding of \$353,800 GPR annually for the Office of Outdoor Recreation on a one-time basis during the biennium and specify that 3.0 positions would be two-year project positions that expire June 30, 2023.

ALT 2	Change to Base	
	Funding	Positions
GPR	\$707,600	3.00

3. In addition to Alternatives 1 or 2, decrease the Department's GPR marketing appropriation by the corresponding amount to reflect a reallocation of equal funding for the Office of Outdoor Recreation. (This alternative could be moved in addition to the alternatives above.)

4. Take no action.

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