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Joint Committee on Finance

Paper #834

Wisconsin Veterans Museum Operations and Position for Veterans Museum Maintenance (Veterans Affairs and Administration -- Facilities)

[LFB 2023-25 Budget Summary: Page 681, #18 and Page 45, #6]

CURRENT LAW

The Wisconsin Veterans Museum contains exhibits, displays and other presentations related to Wisconsin's participation in U.S. military actions from the Civil War to the present. The museum, located on the Capitol Square in Madison, features dioramas depicting important historical events in which Wisconsin veterans participated. In addition, the museum offers presentations by historians, authors, and museum staff on military history, world events, and the experiences of Wisconsin veterans.

The operations of the museum are supported with GPR and veterans trust fund appropriations. The museum has 12.45 permanent positions and base funding of \$3,507,700 SEG and \$248,500 GPR.

DISCUSSION POINTS

1. The state has leased space in 30 West Mifflin Street for the State Veterans Museum since 1993, when the museum was moved out of the Capitol Building. Initially, the state leased 5,800 square feet for the museum, but subsequent contract amendments added to the space, bringing the total to its current 28,300 square feet. The Museum occupies the first floor in the building, but the Department also rents space in the basement and on the second and third floors for offices, meeting rooms, and exhibit lab space.

2. The state's current lease for the museum space extends to November 30, 2025. For the annual period from December 1, 2022, to November 30, 2023, the Department will pay rent totaling \$911,629, an amount billed to the Museum's SEG appropriation.

3. 30 West Mifflin is a ten-story building, with 84% of the space leased to tenants, including the State Veterans Museum, as of October of 2022.

4. Under the terms of the museum's lease agreement, the state has the option to purchase the full building from the owner prior to the end of the current lease.

5. In 2021, the Department of Administration, in cooperation with the Department of Veterans Affairs, contracted with an architectural design firm for a study related to the future of the State Veterans Museum, and in particular to explore the feasibility of establishing a new and expanded museum. The contractor, SmithGroup, conducted workshops and meetings with museum staff and interested groups to define the goals and develop alternatives. With this input, SmithGroup developed proposals for a new museum building, examined the feasibility of several alternative sites, and developed capital and operating cost estimates for planning purposes.

6. The concept developed by SmithGroup envisions a new museum building with 40,000 square feet of exhibit space, nearly four times larger than the current museum. In addition to providing capacity to display more artifacts, the larger area would be intended to improve the flow of visitors between exhibits, allow for a more open display of exhibits than is possible in the existing museum, and to create space to host traveling and rotating exhibits. Also, the exhibit space is proposed to allow for the gift shop to be separated from the entrance area.

7. In addition to a larger exhibit space, the proposed museum facility would have expanded collections and handling areas for storage and preparing exhibits, archives and reading room, and a larger visitor services area, including larger space to host public events. In total, the proposed museum would have over 63,000 square feet of assignable space, which is nearly three times larger than the current museum's assignable space.

8. SmithGroup evaluated several potential locations for the new museum, mostly sites in close proximity to the Capitol Square. The current building site was recommended as the preferred alternative based on its location near the Capitol building and other cultural sites, as well as for other factors, such as the opportunity for the state to own the building.

9. Establishing a new museum at 30 West Mifflin would require the state to purchase and demolish the existing building prior to constructing the new building. SmithGroup estimates the total cost of this alternative, including acquisition and demolition costs, at \$140 million. The estimate includes design, contingencies, exhibit costs, and construction inflation for an anticipated bid date in 2025.

10. Of the total estimated cost, \$9 million is for building acquisition. As noted earlier, the Department's lease includes the option to purchase the building prior to the end of the lease period in November of 2025. The Department's capital budget request included \$9,000,000 in general obligation bond authority for the purchase, while the Governor's capital budget recommendation was that the purchase be funded with cash.

11. The Committee may decide whether or not to approve funding for the purchase of the building when it considers the state building program. But AB 43/SB 70 includes two other budget items related to the museum proposal that can be considered. First, the bill would provide \$700,000

SEG annually for costs related to maintaining the building following the purchase, such as utilities and maintenance. Second, the bill would provide 1.0 PR position in DOA for building maintenance, in addition to associated funding of \$45,100 PR in 2023-24 and \$60,100 PR in 2024-25. The amount of funding that would be provided for building costs was based on estimates contained in a building appraisal conducted for DOA's Division of Facilities and Transportation Services.

12. The Committee could approve the funding in DVA and the position and funding in DOA to prepare for the purchase of the building at 30 West Mifflin. [Alternative 1] However, the timing and need for this funding is uncertain. Although the state would likely incur some building-related costs in the 2023-25 biennium in the event of the purchase of the building, the Department of Veterans Affairs would also no longer pay rent to the current building owner. Since the current annual rent payment is in excess of the estimated building-related costs, any building-related costs could be paid from the base budget for rent. Furthermore, the timing of the purchase is uncertain. The Department indicates that negotiations for the purchase would begin during the 2023-25 biennium if the funding for the purchase is approved, but the actual purchase may not occur until later in the biennium. In the event that DOA needs a position for maintenance, the Department could request approval at that time under s. 16.505 of the statutes. Consequently, the Committee could decide that the proposed funding and position increases in DVA and DOA are not necessary. [Alternative 2]

13. Since the segregated veterans trust fund (VTF) is funded primarily by a GPR sum sufficient appropriation that supplements other VTF segregated revenues, any increase in SEG spending from the veterans trust fund will increase the amount expended from the GPR supplemental appropriation by a corresponding amount. Consequently, Alternative 1, which would provide additional funding in DVA for building costs would increase estimates of the amount of these supplements to reflect these spending increases from the VTF. [No total is shown in the funding box for this alternative to avoid presenting the funding change as a double-counted total.]

ALTERNATIVES

1. Approve the AB 43/SB 70 proposal to provide \$700,000 SEG annually in DVA's appropriation for general administration and \$45,100 PR in 2023-24 and \$60,100 PR in 2024-25 and 1.0 PR position in DOA for building costs at 30 West Mifflin following purchase of the building. Increase estimates of GPR revenue that will be transferred to the veterans trust fund by \$700,000 GPR in 2023-24 and \$700,000 GPR in 2024-25.

ALT 1	Change to Base	
	Funding	Positions
Veterans Affairs		
GPR	\$1,400,000	0.00
SEG	1,400,000	0.00
Administration		
PR	\$105,200	1.00

2. Take no action.

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