

TO: Greg Hobbs, Mayor of Thomasville  
FROM: Josie Wang, Budget Analyst, Budget Office of the City of Thomasville  
DATE: March 3th, 2020  
SUBJECT: Analysis of the Thomasville Museum of Contemporary Arts Budge

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The purpose of this memo to provide a budget analysis for the Thomasville Museum of Contemporary Arts. This memo summarizes some findings of the baseline budget, visitor/tour guide ratio change, admission increase change, and recommended changes. Baes on these findings, I recommend that you can increase the adult admission fee and increase the visitor/tour guide ratio and visitor/security guard ratio.

### **Background**

The Thomasville Center for the Arts was at or above capacity for a majority of days it was open last year so you want to increase the capacity for visitors at this museum. However, the government does not in favor of incurring a new expense in the city's already strained budget.

The government will allow the repurposing of an old office building to increase museum capacity but the museum has to take the responsibility to organize and funding sources to support the rest of costs. Our director plans to open a new museum, the Thomasville Museum of Contemporary Arts(TMCA).

### **Analysis**

Now, the total deficit of the museum at the baseline budget is \$1,482,080.39. If we try to increase the visitor/tour guide ratio from 60/1 to 100/1, the total deficit changes will decrease to \$713,326.79. The total deficit decreases significantly by 51.87%. This is an effective way to cut total expenditures.

We also could change another parameter, admission increase rate. Our baseline budget assumes that the number of adult visitors will grow by 2% each month, and the number of children visitors will increase by 5% from February to May and by 2% from June to December. However,

if the estimated admissions increase by only 2% per month for all months, we cannot see an obvious change in the total deficit. The total deficit changes from \$1,482,080.39 to \$1,492,136.04. There is a only 0.68% change from the original total deficit. Therefore, we cannot cut costs by decreasing the predictable number of visitors.

### **Recommendations**

In order to balance the budget, we should increase the adult admission fee from \$10 to \$15. After this recommended change, we turn a deficit into a surplus. The total surplus is \$194,430.83 and the balance index shows 3.41%, which is less than 5%. So we balance our budget successfully. The reason why I choose to increase the adult admission fee is that we cannot charge students a lot. The government should support the schools to carry out educational field trips so increasing child price is not a good way. Although we will lose some visitors when the price is increasing, for the adult who often go to the museum when the price is \$10, they are more likely to continue visiting the museum as usual when the price just increases \$5.

The second recommendation is to increase the visitor/tour guide ratio to 140/1 and increase the visitor/security guard ratio to 250/1. The balance index is 0.98%, which is less than 1%. This solution aims to reduce the required staff. We only remain 11-14 tour guides and 6-8 security guards. The advantage is we could pay less personnel cost than before, however, our staff may bear a heavy workload per individual and want to resign next year.

### **Conclusion**

While each recommendation has pros and cons, based on the analysis of the budget, you could choose the one you support depending on the priority of the Thomasville government.