

Capitol Square Review and Advisory Board

Senate Finance and Financial Institutions Committee

Kerry Sullivan, Budget Analyst

Legislative Service Commission

April 30, 2003

*Additional copies are available on our website at www.lsc.state.oh.us
Click on 'Fiscal Publications' then 'Ohio Budget'*

LSC Redbook

for the

Capitol Square Review and Advisory Board

Senate Finance and Financial Institutions Committee

Kerry Sullivan, Budget Analyst

Legislative Service Commission

TABLE OF CONTENTS

| | |
|---|---------|
| Overview | A1 |
| Analysis of Executive Proposal | A2 |
| Additional Facts and Figures | A4 |
| Permanent and Temporary Law | A5 |
| Requests Not Funded | A6 |
| Catalog of Budget Line Items..... | COBLI 1 |
| <i>Attachment: LSC Budget Spreadsheet Executive to House Passed Comparison</i> | |

April 30, 2003

Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Capitol Square Review and Advisory Board

- Funding in FY 2004 is 2.8% below FY 2003; FY 2005 is 0.9% below FY 2004
- As a result of reduced funding, various upgrades to Statehouse property will not be initiated; layoffs may also be required

OVERVIEW

The Capitol Square Review and Advisory Board (CSR) provides all educational, maintenance, support, and security services for the Capitol Square Complex, the Statehouse, and its grounds. The agency also operates a museum shop, maintains the underground public parking garage, and provides public tours of the Statehouse through a cooperative agreement with the Ohio Historical Society.

A former function of the Board was the operation of the Ohio Government Telecommunications (OGT) studio, which broadcasts House and Senate sessions and produces educational programming for the public. Funding for OGT was transferred to the Ohio Educational Telecommunications Network Commission (OET) under H.B. 94 of the 124th General Assembly. The studio is currently managed under contract with WVIZ/PBS in Cleveland, an affiliate of OET. Despite these changes, OGT functions within the Statehouse have remained much the same.

The Board comprises 11 members, including two members from the House, two members from the Senate, a former Speaker of the House appointed by the current Speaker, a former Senate President appointed by the current President, and five persons appointed by the Governor. An executive director handles the day-to-day operations of the agency. The CSR currently employs 67 full-time staff and three part-time employees. These staff levels are reduced from FY 2001, when the Board employed 85 full-time staff and nine part-time employees. The majority of staff reductions have occurred within building custodial positions.

The executive recommendation for FY 2004 appropriations is \$6,335,947, which represents a 2.8% decrease over estimated FY 2003 spending. The recommendation for FY 2005 appropriations is \$6,279,534, or 0.9% below the FY 2004 funding recommendation.

ANALYSIS OF EXECUTIVE PROPOSAL

Capitol Square Review and Advisory Board

| Fund | ALI | Title | FY 2004 | FY 2005 |
|--|---------|--------------------------------------|--------------------|--------------------|
| GRF | 874-321 | Operating Expenses | \$2,553,662 | \$2,534,329 |
| 4G5 | 874-603 | Capitol Square Maintenance Expenses | \$15,000 | \$15,000 |
| 4S7 | 874-602 | Statehouse Gift Shop/Events | \$770,484 | \$770,484 |
| 208 | 874-601 | Underground Parking Garage Operating | \$2,996,801 | \$2,959,721 |
| Total funding: Capitol Square Review and Advisory Board | | | \$6,335,947 | \$6,279,534 |

Some of the programs and activities in which the Capitol Square Review and Advisory Board are involved are described below.

Operating Expenses

Program Description: The Board’s GRF funding is primarily directed toward payroll expenses, utility costs, grounds maintenance, custodial services, and supplies. Payroll comprises approximately \$1.8 million of total funding, and utility costs (gas and electricity) comprise another \$445,000 annually.

Funding Source: GRF

Line Item: 874-321

Implication of the Executive Recommendation: The Board requested funding of \$3,021,424 in FY 2004 and \$3,048,424 in FY 2005. The executive recommendation does not fund this request fully; \$467,672 in FY 2004 and \$514,095 in FY 2005 is not recommended. It is likely that as a result of this recommendation, the Board will forgo upgrades and/or repairs in some areas of the Statehouse that are currently showing wear, such as furniture, carpeting, HVAC systems, walkway paving stones, and lawn irrigation systems.

Statehouse Gift Shop

Program Description: The gift shop offers a selection of merchandise relevant to Ohio heritage and the history of the Statehouse. The shop achieves some \$400,000 in sales annually (up from approximately \$300,000 last biennium) and now includes sales from the gift shop’s online store, located at <http://www.statehouseshop.com>. This website serves as the official website for the sale of Ohio Bicentennial merchandise, to which the recent increase in online sales may be attributed. A near three-fold increase in the number of Statehouse tours conducted since the completion of the Capitol Square Renovation Project has also helped increase sales within the museum gift shop. The shop employs one manager and six gift shop associates (three of whom work part-time). Operating expenses for the gift shop are supported solely by gift shop sales.

Funding Source: Fund 4S7 Statehouse Gift Shop/Events. This fund comprises the revenues from both the sale of merchandise and rental fees and services provided by the Board for the 500 plus special events that occur on statehouse grounds annually.

Line Item: 874-602

Implication of the Executive Recommendation: The executive budget recommends funding at \$770,484 in each of FYs 2004 and 2005. Funding at this level will allow the gift shop to continue purchasing merchandise and operating the gift shop at adequate levels.

ADDITIONAL FACTS AND FIGURES

| Capitol Square Review and Advisory Board Staffing Levels (Full-time/part-time) | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Program Series/Division | 2000 | 2001 | 2002 | 2003 | Estimated | |
| | | | | | 2004 | 2005 |
| Executive Staff | 3 | 2 | 2 | 2 | 2 | 2 |
| Administration | 29/5 | 25/5 | 25/5 | 27/3 | 27/3 | 27/3 |
| Buildings and Grounds | 45/1 | 46/1 | 46/1 | 35 | 35* | 35* |
| Ohio Government Television | 9 | 7/2 | 0 | 0 | 0 | 0 |
| Communications and Education | 4/1 | 5/1 | 5 | 5 | 5 | 5 |
| Totals | 90/7 | 85/9 | 78/6 | 69/3 | 69/3 | 69/3 |

* In discussions with the agency, it was indicated that positions within Administration will likely be cut under the executive funding recommendation for FYs 2004 and 2005, but specific positions and number of affected employees could not be determined at the time.

Special Events

Capitol Square hosts some 500 special events annually, roughly half of which involve catered food service. Annual attendance at these events is approximately 250,000 persons. Permits are required of every person or group who gathers (or demonstrates) on Statehouse grounds. (Governmental entities do not pay for these permits as a standard courtesy.) By design, all charges assessed to a permit holder are intended to cover only what it costs the Board to host an event. Currently, the Board is considering revising this policy in order to accrue some measure of profit that could be used toward contingency expenses, such as replacing equipment used during events when it breaks down.

Statehouse Art Collection

In 2002, the Headwaters Group in New Albany compiled an inventory of all of the paintings, sculptures, and prints owned by Capitol Square. The catalogue, entitled “A Catalogue to the Capitol Collection” lists various works by category, medium, location, size, artist, and subject. The group estimated the total appraised value of the art collection at \$18.1 million.

Currently, the Board is considering funding alternatives that would allow the art collection to be insured. Such an insurance package could cost an approximate \$150,000 annually. General Revenue Fund dollars are not currently available for this purpose.

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the Board's activities and spending decisions during the next biennium.

There are no permanent or temporary law provisions affecting Capitol Square Review and Advisory Board.

REQUESTS NOT FUNDED

| Operating Expenses – GRF | | | | | | |
|--------------------------|-------------------|---------------------|-------------|-------------------|---------------------|-------------|
| Fund Line Item | FY 2004 Requested | FY 2004 Recommended | Difference | FY 2005 Requested | FY 2005 Recommended | Difference |
| GRF 874-321 | \$3,021,424 | \$2,553,662 | (\$467,762) | \$3,048,424 | \$2,534,329 | (\$514,095) |

It is likely that as a result of this recommendation, the Board will forgo upgrades and/or repairs in some areas of the Statehouse that are currently showing wear, such as furniture, carpeting, HVAC systems, walkway paving stones, and lawn irrigation systems.

In discussions with the agency, it was also indicated that positions within Administration will likely be cut under the executive funding recommendation, but specific positions and number of affected employees could not be determined at the time.

General Revenue Fund

GRF 874-321 Operating Expenses

| 2000 | 2001 | 2002 | 2003 Estimate | 2004 House Passed | 2005 House Passed |
|-------------|-------------|-------------|---------------|--------------------|--------------------|
| \$4,617,398 | \$5,135,963 | \$3,331,257 | \$2,703,862 | \$2,803,662 | \$2,784,329 |
| | 11.2% | -35.1% | -18.8% | 3.7% | -0.7% |

Source: GRF

Legal Basis: ORC 105.41

Purpose: This line item is used to cover administration, maintenance, equipment, and utilities costs for the Statehouse, Senate building, atrium, offices, and grounds. Until FY 2002, a portion of this line item also funded the operation of the Ohio Government Telecommunications (OGT) studio, which on January 1, 2002, came under the administration of the Ohio Educational Telecommunications Network Commission.

General Services Fund Group

4G5 874-603 Capitol Square Maintenance Expenses

| 2000 | 2001 | 2002 | 2003 Estimate | 2004 House Passed | 2005 House Passed |
|---------|----------|-----------|---------------|-------------------|-------------------|
| \$2,664 | \$43,842 | \$171,168 | \$45,000 | \$15,000 | \$15,000 |
| | 1545.7% | 290.4% | -73.7% | -66.7% | 0.0% |

Source: GSF: Donations received for the Capitol Square Renovation Project and the Capitol Square Foundation from non-governmental parties

Legal Basis: ORC 105.41

Purpose: The line item is used to support the education center, including the production of educational programming and videos. It is also used to fund acquisitions of art, antiques, and artifacts relevant to Ohio history and to the Statehouse for display at the Capitol Square. Under Revised Code section 105.41, this fund is referred to as the Capitol Square Renovation Gift Fund.

4S7 874-602 Statehouse Gift Shop/Events

| 2000 | 2001 | 2002 | 2003 Estimate | 2004 House Passed | 2005 House Passed |
|-----------|-----------|-----------|---------------|-------------------|-------------------|
| \$450,020 | \$585,685 | \$666,393 | \$770,484 | \$770,484 | \$770,484 |
| | 30.1% | 13.8% | 15.6% | 0.0% | 0.0% |

Source: GSF: Fees, receipts, and revenues (specifically, revenue from merchandise sales in the Statehouse gift shop and rental fees from special events at the Statehouse) received by the Capitol Square Review and Advisory Board, except for state underground parking revenues

Legal Basis: ORC 105.41

Purpose: Moneys in this fund pay for inventories, services, and maintenance costs related to the Statehouse gift shop and the 500 plus special events that occur on Statehouse grounds annually.

Capitol Square Review and Advisory Board - Catalog of Budget Line Items

4T2 874-604 Government Television/Telecommunications Operating

| 2000 | 2001 | 2002 | 2003 Estimate | 2004 House Passed | 2005 House Passed |
|----------|-----------|---------|---------------|-------------------|-------------------|
| \$26,310 | \$105,466 | \$8,704 | \$0 | \$0 | \$0 |
| | 300.9% | -91.7% | -100.0% | N/A | N/A |

Source: GSF: Funds transferred from the Underground Parking Garage Operating Fund at the Board's request (subject to the approval of the Director of Budget and Management) and moneys received from contract productions of the Ohio Government Telecommunications studio

Legal Basis: Discontinued line item (originally established in ORC 105.41)

Purpose: Under Am. Sub. H.B. 94 of the 124th G.A., operation of the OGT studio transferred from the Capitol Square Review and Advisory Board to the Ohio Educational Telecommunications Network Commission.

Underground Parking Garage Fund

208 874-601 Underground Parking Garage Operating

| 2000 | 2001 | 2002 | 2003 Estimate | 2004 House Passed | 2005 House Passed |
|-------------|-------------|-------------|---------------|-------------------|-------------------|
| \$2,371,807 | \$2,427,818 | \$2,530,031 | \$2,996,801 | \$2,996,801 | \$2,959,721 |
| | 2.4% | 4.2% | 18.4% | 0.0% | -1.2% |

Source: UPG: All fees, receipts, and revenues received by the capitol square review and advisory board from the state underground parking garage

Legal Basis: ORC 105.41 (originally established by Sub. H.B. 715 of the 120th G.A.)

Purpose: This line item is used to pay for the operation and maintenance of the underground parking garage at the Statehouse and for Statehouse operations. Profits are used to help repay a loan from the Ohio Building Authority.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

| <i>Fund ALI ALI Title</i> | <i>Estimated 2003</i> | <i>As Introduced 2004</i> | <i>House Sub Bill 2004</i> | <i>% Change Est. 2003 to House 2004</i> | <i>As Introduced 2005</i> | <i>House Sub Bill 2005</i> | <i>% Change House 2004 to House 2005</i> |
|---|---------------------------|-----------------------------------|------------------------------------|---|-----------------------------------|------------------------------------|--|
| CSR Capitol Square Review and Advisory Board | | | | | | | |
| GRF 874-321 Operating Expenses | \$2,703,862 | \$ 2,553,662 | \$ 2,803,662 | 3.7% | \$ 2,534,329 | \$ 2,784,329 | -0.7% |
| General Revenue Fund Total | \$ 2,703,862 | \$ 2,553,662 | \$ 2,803,662 | 3.7% | \$ 2,534,329 | \$ 2,784,329 | -0.7% |
| 4G5 874-603 Capitol Square Maintenance Expenses | \$45,000 | \$ 15,000 | \$ 15,000 | -66.7% | \$ 15,000 | \$ 15,000 | 0.0% |
| 4S7 874-602 Statehouse Gift Shop/Events | \$770,484 | \$ 770,484 | \$ 770,484 | 0.0% | \$ 770,484 | \$ 770,484 | 0.0% |
| 4T2 874-604 Government Television/Telecommunications Operating | \$0 | \$ 0 | \$ 0 | N/A | \$ 0 | \$ 0 | N/A |
| General Services Fund Group Total | \$ 815,484 | \$ 785,484 | \$ 785,484 | -3.7% | \$ 785,484 | \$ 785,484 | 0.0% |
| 208 874-601 Underground Parking Garage Operating | \$2,996,801 | \$ 2,996,801 | \$ 2,996,801 | 0.0% | \$ 2,959,721 | \$ 2,959,721 | -1.2% |
| Underground Parking Garage Fund Total | \$ 2,996,801 | \$ 2,996,801 | \$ 2,996,801 | 0.0% | \$ 2,959,721 | \$ 2,959,721 | -1.2% |
| | | | | | | | |
| Total All Budget Fund Groups | \$ 6,516,147 | \$ 6,335,947 | \$ 6,585,947 | 1.1% | \$ 6,279,534 | \$ 6,529,534 | -0.9% |
| | | | | | | | |