

# Expositions Commission

**House Agriculture and Development Subcommittee**

*Jeremie Newman, Budget Analyst*

*Legislative Service Commission*

*March 1, 2005*

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# **LSC Redbook**

## **for the**

# **Expositions Commission**

**House Agriculture and Development Subcommittee**

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## **TABLE OF CONTENTS**

<b>Overview .....</b>	<b>1</b>
<b><i>Staffing Levels .....</i></b>	<b>2</b>
<b><i>Summary of FYs 2006-2007 Executive Recommendations ..</i></b>	<b>3</b>
<b>Analysis of Executive Proposal .....</b>	<b>4</b>
<b><i>State Fair Management .....</i></b>	<b>4</b>
<b><i>NonFair Events .....</i></b>	<b>5</b>
<b>Requests Not Funded .....</b>	<b>6</b>
<b>Attachments:</b>	
<b>Catalog of Budget Line Items</b>	
<b>LSC Budget Spreadsheet By Line Item</b>	

*March 1, 2005*

# Expositions Commission

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- The Ohio State Fair was successfully reduced from 17 days to 12 days in 2004 in order to reduce operating costs.
- The Expositions Commission continues to implement a Facility Improvement and Modernization Plan to help attract nonfair events, a significant source of revenue to the Commission.

## OVERVIEW

The Ohio Expositions Commission was created and is governed by Revised Code Chapter 991. It is comprised of a 13-member commission specifically charged with the responsibility of conducting at least one fair annually and maintaining and managing property held by the state for the purpose of conducting fairs, expositions, and exhibits. The Commission currently oversees operations of the Ohio Expositions Center, a 360-acre facility located in Columbus, employs approximately 82 permanent staff and hires approximately 1,000 temporary employees throughout the year to work the State Fair and special events.

The Commission's goal is to become a self-sufficient agency. In order to do this, the Commission believes it must continue to make long-term improvements to the annual Ohio State Fair and provide an accommodating facility that will attract new nonfair events. The Commission is hopeful that these efforts will increase both participants and guests at the Fair and the nonfair events, resulting in greater revenues to fully support its operations.

The Commission believes that the primary fiscal and programmatic challenge of the Ohio State Fair lies in achieving public expectation, such as providing support to the Junior Fair, while not negatively impacting the annual operating budget of the Ohio Expositions Commission.

Many fair visitors believe that prices for entry, admission, and Midway rides should be nominal, so a concerted attempt is made to keep Fair prices affordable. However, the Fair is currently not designed to break even in and of itself. Fair revenue depends upon paid attendance, which is related to admission and Midway prices, and also the weather. The Ohio Expositions Commission relies on a strong nonfair operation to financially buffer these Fair revenue factors and support the total annual operations of the Ohio Expo Center.

Another challenge is the increase in local competition for nonfair events. Nonfair events are an important source of revenue to the Commission through rental fees for the facility and through parking fees. During the FY 2004-2005 biennium, the Commission continued the implement to Facility Improvement and Modernization Plan. The Commission is currently working on phase II of the plan by improving the 17th Avenue entrance through an electrical upgrade project. In addition, the Commission is making a concerted effort to improve handicapped accessibility.

For the FY 2006-2007 biennium, the Commission plans to continue its ongoing efforts to promote efficient management, increase return business, and increase customer satisfaction with the physical facilities. The aim is to increase the number of participants and the guests that come to the Ohio Expositions Center, whether for the State Fair or for nonfair events. Success in improved management,

well maintained facilities and increased attendance would provide greater revenues to support operations on a daily basis. Challenges for the 2006-2007 budget are increased payroll costs, general inflation, and increased utility costs.

**Staffing Levels**

The Expositions Commission employees 82 full-time employees. Pursuant to collective bargaining contracts, these state employees will receive a 4% raise on July 1, 2005. Paired with an increase in benefit costs, staffing costs will increase for the FY 2006-2007 biennium.

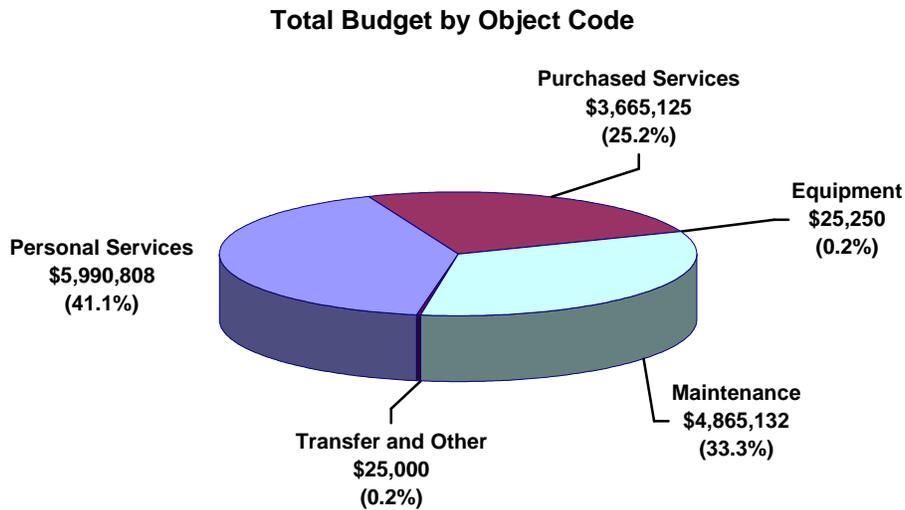
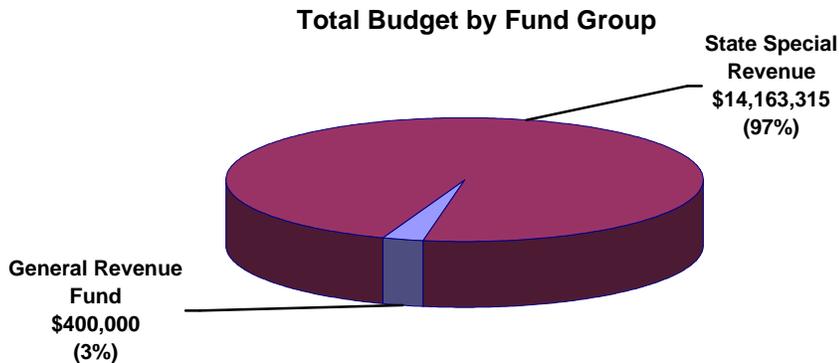
In addition, the Commission hires over 1,000 temporary-seasonal employees to work during the Ohio State Fair and during nonfair events. Temporary-seasonal employees are paid for the hours they work, but may not work more than 14 weeks per year. These employees do not accrue vacation or sick time, but do earn Public Employees Retirement System contributions. According to the Commission, many temporary-seasonal employees return to work the State Fair each year. These employees perform such duties as ticket sales and parking. Nonfair events, however, are generally staffed using a contracted temporary agency, which provides the Commission with temporary employees for a few days at a time.

The following table shows the staffing levels for permanent and temporary-seasonal employees from 2002 to 2005 and estimates for the 2006-2007 biennium.

<b>Ohio Expositions Commission Staffing Levels, by Fiscal Year</b>						
<b>Division</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<i>Estimated</i>	
					<b>2006</b>	<b>2007</b>
<b>Permanent Staff</b>						
General Manager's Office	3	3	3	3	3	3
Entertainment	1	1	1	1	1	1
Finance	7	7	6	6	6	6
Livestock	2	2	1	1	1	1
Maintenance	60	60	60	60	60	60
Marketing	6	6	5	5	5	5
Personnel	2	2	2	2	2	2
Rental Department	4	4	3	3	3	3
Special Events	2	2	1	1	1	1
<b>Total-Permanent Staff</b>	<b>87</b>	<b>87</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Ohio State Fair Temporary seasonal workers</b>						
General Manager's Office	27	27	27	27	27	27
Entertainment	100	100	100	100	100	100
Finance	460	460	450	440	440	440
Livestock	110	110	110	110	110	110
Maintenance	300	300	300	300	300	300
Marketing	6	6	6	7	7	7
Personnel	20	20	20	20	20	20
Rental Department	29	29	29	29	29	29
Special Events	110	110	110	110	110	110
<b>Total-Ohio State Fair</b>	<b>1162</b>	<b>1162</b>	<b>1152</b>	<b>1143</b>	<b>1143</b>	<b>1143</b>

**Summary of FYs 2006-2007 Executive Recommendations**

The Executive recommends flat funding for FY 2006 and 2007 at \$14,563,315 each year. This is a 0.3% decrease over estimated FY 2005 spending levels. As the first pie chart below demonstrates, the Commission is 97% funded through a rotary fund, in the State Special Revenue Fund Group. The second pie chart shows that the majority of these funds are used for personnel costs (\$5,990,808 each year) and maintenance (\$4,856,132 each year) to the Commission's facilities.



## ANALYSIS OF EXECUTIVE PROPOSAL

### Ohio Expositions Commission

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**Purpose:** The Ohio Expositions Commission is responsible for (1) producing the annual Ohio State Fair, and (2) professionally managing and maintaining the Ohio Expositions Center, a 360-acre facility located in Columbus, for year-round events.

The following table shows the line items that are used to fund the Ohio Expositions Commission, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	723-403	Junior Fair Subsidy	\$400,000	\$400,000
<b>General Revenue Fund Subtotal</b>			<b>\$400,000</b>	<b>\$400,000</b>
<b>State Special Revenue Fund</b>				
4N2	723-602	Ohio State Fair Harness Racing	\$520,000	\$520,000
506	723-601	Operating Expenses	\$13,643,315	\$13,643,315
<b>State Special Revenue Fund Subtotal</b>			<b>\$14,163,315</b>	<b>\$14,163,315</b>
<b>Expositions Commission Total Funding:</b>			<b>\$14,563,315</b>	<b>\$14,563,315</b>

The Expositions Commission is responsible for the following two programs:

- **State Fair Management**
- **NonFair Events**

#### State Fair Management

**Program Description:** The Ohio State Fair, authorized by R.C. Chapter 991., is an annual event that emphasizes youth education, and the promotion of Ohio’s agricultural industry, Ohio products, Ohio tourism, and cultural activities. The Junior Fair, a part of the Ohio State Fair, allows over 10,000 youth from across the state who participate in FFA or 4H to show their livestock. In addition, youth bands and choirs are invited to perform at the Fair. The commission provides lodging and food for these youth while they are participating in the Fair. These youth programs are supported through the GRF. The Commission also conducts harness racing during the Fair. Participants in the harness races pay a entry fee which goes to pay for the use of the Scioto Downs Race Track located in Central Ohio.

In 2004, the Ohio State Fair went from 17 days to 12 days in order to reduce operational costs. However, this reduced number of days did not significantly hurt attendance. To illustrate, in 2003 the number of people that attended the Fair was 1,011,331; attendance in 2004 was 850,218.

**Funding Source:** GRF and SSR derived from fees charged for facility rental, exhibit entries, parking, admissions, etc.

**Line Items:** 723-403, Junior Fair Subsidy; 723-602, Ohio State Fair Harness Racing; and 723-601, Operating Expenses.

**Implication of Executive Recommendation:** The Executive recommends flat funding for FY 2006 and 2007 at \$14,563,315 each year. This is a 0.3% decrease over estimated FY 2005 spending levels. The Executive recommends the full amount requested for the Commission's two rotary accounts, which are used to support the Ohio State Fair Harness Racing and the Operating Expenses for the State Fair and nonfair events. However, the Executive recommends \$37,487 less in each fiscal year for the GRF funded line item. See Request Not Funded section of the Redbook for more details.

**Temporary and Permanent Law Provisions:** n/a

**NonFair Events**

**Program Description:** The Ohio Expositions Commission manages and operates the Ohio Exposition Center for year-round events. Nonfair events are an important source of revenue to the Commission, which charges rental fees for the facilities and for parking at these events. In 2004, the largest revenue-generating events included: Ohio Quarter Horse Association (over \$1.17 million); the Equine Affaire (over \$300,000); and the Goodguys event (over \$127,000).

As mentioned in the Overview, in order to remain competitive in the Columbus area, the Commission wants to improve the Fairground's image. During the FY 2006-2007 biennium, the Commission plans to continue implementation of the Facility Improvement and Modernization Plan. The Commission is currently working on phase II of the plan by improving the 17th Avenue entrance through an electrical upgrade project and handicapped accessibility.

**Funding Source:** SSR, consisting of fees for fair and nonfair events

**Line Items:** 723-601, Operating Expenses

**Implication of Executive Recommendation:** The Executive's recommendations provide full support for the Non-Fair Events program within the Ohio Expositions Commission.

**Temporary and Permanent Law Provisions:** n/a

## REQUESTS NOT FUNDED

This section focuses on the Junior Fair Subsidy, the only line item that was not fully funded in the Executive's recommendations.

Junior Fair Subsidy						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
723-403	\$437,487	\$400,000	\$37,487	\$437,487	\$400,000	\$37,487
<b>TOTAL</b>	\$437,487	\$400,000	\$37,487	\$437,487	\$400,000	\$37,487

The Ohio Expositions Commission requested \$437,487 in each year of the FY 2006-2007 biennium in GRF to support and operate the Junior Fair portion of the Ohio State Fair. This appropriation is used to pay premium payments to participants, payments for judges, meals and lodging for the All Ohio State Fair Band and Choir, and other related costs.

However, the Executive recommended \$400,000 in each fiscal year, \$37,487 less than requested. As a result, the Commission plans to use a portion of the State Fair operating expenses rotary fund (Fund 506) in an effort to maintain the Junior Fair at current levels.

## General Revenue Fund

### GRF 723-403 Junior Fair Subsidy

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$483,367	\$464,684	\$436,902	\$437,487	\$400,000	\$400,000
	-3.9%	-6.0%	0.1%	-8.6%	0.0%

**Source:** GRF

**Legal Basis:** Section 50 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

**Purpose:** Moneys are used to help support and operate the Junior Fair portion of the Ohio State Fair, which includes premium payments to participants, payments for judges, meals and lodging for the All Ohio State Fair Band and Choir, and other related costs.

## State Special Revenue Fund Group

### 4N2 723-602 Ohio State Fair Harness Racing

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$490,711	\$487,918	\$459,857	\$520,000	\$520,000	\$520,000
	-0.6%	-5.8%	13.1%	0.0%	0.0%

**Source:** SSR: Participant entry fees for state fair harness races

**Legal Basis:** Section 50 of Am. Sub. H.B. 95 of the 125th G.A. (originally established by Controlling Board on May 3, 1993)

**Purpose:** These funds are used to pay cash awards. Previously, these funds were processed through line item 723-601, Operating Expenses.

### 506 723-601 Operating Expenses

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$12,172,930	\$12,464,145	\$12,181,725	\$13,643,315	\$13,643,315	\$13,643,315
	2.4%	-2.3%	12.0%	0.0%	0.0%

**Source:** SSR: Fees charged during the annual State Fair and for non-fair events (State Fair income is derived from space rental, exhibit entries, admissions, parking, etc.; fees collected during events held throughout the year include charges for building rental, parking, and concession income)

**Legal Basis:** ORC 991.04

**Purpose:** All disbursements for payroll, maintenance, and equipment are made from this line item.

**Expositions Commission - Catalog of Budget Line Items**

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**640 723-603 State Fair Reserve**

2002	2003	2004	2005 Estimate	2006 Executive Proposal	2007 Executive Proposal
\$449,663	\$125,001	\$0	\$0	<b>\$0</b>	<b>\$0</b>
	-72.2%	-100.0%	N/A	<b>N/A</b>	<b>N/A</b>

**Source:** SSR: GRF appropriation transfer from line item 723-404, State Fair Reserve, in FY 2000

**Legal Basis:** Discontinued line item (originally established in Am. Sub. H.B. 283 of the 123rd G.A.)

**Purpose:** This fund was used on a contingency basis to cover future operating losses of the Ohio State Fair.

## LSC Budget Spreadsheet by Line Item, FY 2006 - FY 2007

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2004</i>	<i>Estimated 2005</i>	<i>Executive 2006</i>	<i>% Change 2005 to 2006</i>	<i>Executive 2007</i>	<i>% Change 2006 to 2007</i>
<b><i>EXP Expositions Commission</i></b>								
GRF	723-403	Junior Fair Subsidy	\$ 436,902	\$437,487	\$ 400,000	-8.6%	\$ 400,000	0.0%
<b>General Revenue Fund Total</b>			<b>\$ 436,902</b>	<b>\$ 437,487</b>	<b>\$ 400,000</b>	<b>-8.6%</b>	<b>\$ 400,000</b>	<b>0.0%</b>
4N2	723-602	Ohio State Fair Harness Racing	\$ 459,857	\$520,000	\$ 520,000	0.0%	\$ 520,000	0.0%
506	723-601	Operating Expenses	\$ 12,181,725	\$13,643,315	\$ 13,643,315	0.0%	\$ 13,643,315	0.0%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 12,641,582</b>	<b>\$ 14,163,315</b>	<b>\$ 14,163,315</b>	<b>0.0%</b>	<b>\$ 14,163,315</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 13,078,484</b>	<b>\$ 14,600,802</b>	<b>\$ 14,563,315</b>	<b>-0.3%</b>	<b>\$ 14,563,315</b>	<b>0.0%</b>