

Ohio Athletic Commission

Senate Finance and Financial Institutions Committee

Jason Phillips, Budget Analyst

Legislative Service Commission

April 19, 2005

*Additional copies are available on our website at www.lsc.state.oh.us
Click on 'Budget Documents' then 'Redbooks'*

LSC Redbook for the Ohio Athletic Commission

Senate Finance and Financial Institutions Committee

*Jason Phillips, Budget Analyst
Legislative Service Commission*

TABLE OF CONTENTS

Overview	1
<i>Summary of FYs 2006-2007 Budget Issues</i>	1
<i>Revenues and Expenditures</i>	2
<i>Increased DAS/CSA Costs</i>	2
<i>Progress in Responding to the Inspector General and Auditor of State Reports</i>	3
<i>Staffing Levels</i>	3
Facts and Figures	4
<i>Licenses</i>	4
<i>License Fees</i>	4
Analysis of Executive Proposal.....	5
<i>Ohio Athletic Commission</i>	5
Attachments:	
Catalog of Budget Line Items	
LSC Budget Spreadsheet By Line Item: Executive to House Passed	
Compare Document: Permanent and Temporary Law	

April 19, 2005

Ohio Athletic Commission

- 1,222 licenses issued in FY 2004
- Executive recommendation of \$248,150 for FY 2006
- Planned consolidation within Department of Commerce in FY 2007

OVERVIEW

The Ohio Athletic Commission is part of the 4K9 Fund group. The 4K9 Fund (Occupational Licensing and Regulatory Fund) is a General Services Fund that is a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The 4K9 Fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to the creation of the fund, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

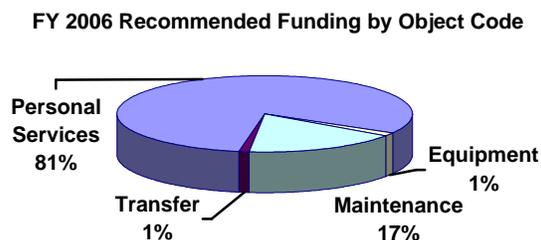
The Ohio Athletic Commission was created by Am. Sub. S.B. 240 of the 121st General Assembly. The purpose of the Commission, which replaced the State Boxing Commission, is to regulate boxing, wrestling, kickboxing, karate, and tough-man contests in the state in an effort to protect the safety of the participants and the interests of the public. The agency carries out its mission by setting standards for licensure of individuals, granting permits, and conducting events sanctioned by the Commission.

Summary of FYs 2006-2007 Budget Issues

The Executive Budget recommends that the 27 independent occupational licensing boards be absorbed into the departments of Health, Commerce, and Public Safety. As such, the Executive recommends no funding in FY 2007 for the boards and commissions. The specifics of the consolidation plan will be addressed during FY 2006 by a task force consisting of the agencies acquiring the boards, as well as the Department of Administrative Services, the Office of Budget and Management (OBM), and the Governor's Office. According to OBM's *Blue Book*, current staff will be retained through FY 2006 and a hiring freeze and early retirement incentives will be offered to regulatory board staff. These incentives should result in staff reductions. Effective July 1, 2006, all remaining regulatory board staff will be transferred to the relevant agency. Board and commission members for each agency will be retained and continue to serve in the manner in which they were appointed.

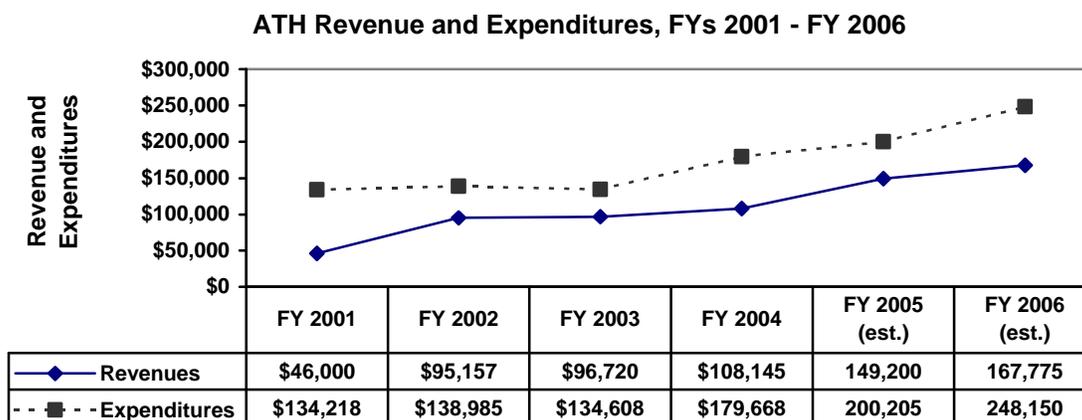
The Executive recommends \$248,150 for FY 2006, representing an increase of approximately 23.9% over estimated FY 2005 of \$200,205, and recommends no appropriation in this bill for FY 2007, as the Athletic Commission is slated for consolidation within the Department of Commerce.

The adjacent pie chart illustrates the Board’s planned expenses by object code for FY 2006. Like many other licensing and regulatory boards, the vast majority of the Athletic Commission’s expenses are for personal services, such as payroll, health care, and fringe benefit costs. The Executive recommends an increase in personal service spending of 26.4% in FY 2006 over estimated FY 2005 personnel expenditures.



Revenues and Expenditures

The Athletic Commission's revenue for the FY 2003-2004 renewal cycle was \$204,866. Revenue increased 11.8% from FY 2003 to FY 2004 due in part to various fee increases in FY 2003. Please see the “Facts and Figures” section for detail. The Commission expects revenue to continue increasing based upon their forecasts that estimate greater licensure activity. The chart below illustrates the Athletic Commission’s revenue and expenditures from FY 2001 to FY 2006. Data for FYs 2005-2006 are estimates.



As the chart above shows, the Commission's expenditures for the FY 2003-2004 period were \$314,276 compared to revenue of \$284,865, yielding a deficit of \$109,411 for the two-year span. Greater licensure activity should help alleviate this deficit in the future. In addition, the Commission has stated that expanding its 5% event taxes to include professional wrestling events could increase revenue by approximately \$85,000 to \$90,000.

Increased DAS/CSA Costs

The expenditures of the Commission are expected to rise due to increases in payroll and health care costs in addition to fees charged by the Department of Administrative Services (DAS) for centralized support services. These central support charges to the Athletic Commission are expected to increase from \$4,533 in FY 2004 to \$5,771 in FY 2005. The Commission has attempted to offset these charges through the placement of all licensing and renewal forms online. In addition, if the permanent law changes described below are enacted, the Executive Director anticipates a decreased number of Board meetings, as the provision in the main operating appropriations bill will give authority to the Executive Director that only

the Commission has currently. The Commission expects this change in permanent law to allow the Commission to cut Commission member expenses.

Progress in Responding to the Inspector General and Auditor of State Reports

According to the Board, significant progress has been made in responding to concerns raised in reports by the State Inspector General and Auditor of State. Reforms include preventing walk-ins from competing in tough-man contests, a mandatory 48-hour registration period before competing in events, a database to track wins and championships of competitors, and a zero-balance account that is swept into the state treasury.

Staffing Levels

The Ohio Athletic Commission requested funding for a third staff member who would serve as a fiscal officer. The Athletic Commission's request originally included an extended program request to fund a part-time Chief Safety Officer; however, the Executive Director has taken on these duties. The funding would be redirected toward providing a fiscal officer and offsetting additional payroll costs. In FY 2004, the Commission added an Executive Secretary to the staff.

Ohio Athletic Commission Staffing Levels, by Fiscal Year						
Program Series/Division	2002	2003	2004	2005	<i>Estimated</i>	
					2006	2007
Commissioners	5	5	5	5	5	5
Office Staff	1	1	2	2	2	*
Totals	6	6	7	7	7	*

*In FY 2007, the 27 occupational licensing boards will be consolidated into various agencies. According to OBM, current staff will be retained through FY 2006. However, significant staff reductions are expected as a result of the implementation of a hiring freeze and early retirement incentives. Remaining staff will be transferred to the departments of Health, Commerce, or Public Safety in FY 2007. Board and commission members will be retained.

FACTS AND FIGURES

Licenses

The Commission renews its licenses annually. The Commission issued over 1,200 licenses in FY 2004. The Commission expects the number of licensed boxers, referees, timekeepers, matchmakers, managers, trainers, and seconds to remain at the 2004 level for 2005 and to increase by 2.5% in 2006 and 2007. Event permitting for 2005 is expected to remain at 2004 levels and to increase by 10% in 2006 and 2007. Athlete agents are expected to increase by approximately 40% in 2005 and by 10% in 2006 and 2007.

ATH Licenses by License Type, FY 2004	
License Type	FY 2004
Boxers/Tough-Man	682
Mixed Martial Arts Fighters	26
Judges	47
Referees	16
Timekeepers	12
Managers	23
Trainers	57
Seconds	179
Matchmakers	3
Federal ID	119
Promoters	35
Athlete Agents	23
TOTAL	1,222

License Fees

During FY 2003, license fees for boxers, referees, judges, matchmakers, managers, timekeepers, trainers and seconds were increased from \$10 to \$20; permits for boxing and wrestling were raised to \$50 and \$100, respectively. Promoter licenses for boxing went from \$50 to \$100 and promoter licenses for wrestling went from \$100 to \$200. The Commission reports that the addition of a full time Executive Secretary in FY 2004 has enhanced the Commission's ability to identify individuals and collect fees.

ANALYSIS OF EXECUTIVE PROPOSAL

Ohio Athletic Commission

Purpose: Regulates boxing, wrestling, kickboxing, karate, and tough-man contests

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

Fund	ALI	Title	FY 2006	FY 2007
General Services Fund				
4K9	175-609	Operating Expenses	\$248,150	\$0
Total Funding: Ohio Athletic Commission			\$248,150	\$0

Program Description: In accordance with Chapter 3733. of the Revised Code, the Ohio Athletic Commission regulates prizefights, boxing, professional wrestling, and athlete agents within the state in an effort to protect the safety of the fight participants and the interests of the public.

Funding Source: GSF Fund 4K9

Line Items: 175-609, Operating Expenses

Implication of Executive Recommendation: The Executive recommendation does not fully fund the Athletic Commission’s budget request. The Commission sought to hire a full-time fiscal officer. However, the Governor’s recommendation includes enough funding to allow the Commission to hire a part-time fiscal officer. The Commission states that they will be able to sustain current service levels with the funding they have been recommended.

Permanent Law:

Permits for Prize Fights and Boxing or Wrestling Matches or Exhibitions (R.C. sections 3773.34, 3773.38, 3773.39, 3773.40, and 3773.57). Current law requires the Athletic Commission to issue, deny, suspend, or revoke permits to hold prizefights and public boxing or wrestling matches or exhibitions. This provision allows the Executive Director of the Athletic Commission, when authorized by the Commission, to perform the duties previously stated.

Temporary Law:

Board Consolidation (Section 315.03). The Executive's recommendation includes a provision that consolidates the Ohio Athletic Commission into the Department of Commerce beginning on July 1, 2007. The provision also includes the creation of a transition team to plan and effectuate the proposed merger of the Athletic Commission within the Department of Commerce. The temporary language states that the necessary statutory changes and appropriations needed for the consolidation will be introduced in FY 2006.

REQUESTS NOT FUNDED

Athletic Commission - Operating Expenses						
Fund Line Item	FY 2006 Requested	FY 2006 Recommended	Difference	FY 2007 Requested	FY 2007 Recommended	Difference
175-609	\$282,176	\$248,150	(\$34,026)	\$290,415	\$0	(\$290,415)

The Athletic Commission filed an Extended Program Budget Request to provide funds for a fiscal officer. The Governor's recommendation allows the Commission to maintain current service levels, but does not fully fund the full time fiscal officer. However, enough money was recommended to hire a fiscal officer at part time status. As the Commission is to merge with the Department of Commerce according to the Governor's plan, no appropriation is planned for FY 2007 in this budget bill.

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

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	Estimated 2005	<i>As Introduced 2006</i>	House Passed 2006	<i>% Change Est. 2005 to House 2006</i>	<i>As Introduced 2007</i>	House Passed 2007	<i>% Change House 2006 to House 2007</i>
ATH Ohio Athletic Commission									
4K9	175-609	Athletic Commission-Operating	\$200,205	\$ 248,150	\$ 248,150	23.9%	\$ 0	\$ 0	-100.0%
5R1	175-602	Athlete Agents Registration	\$0	\$ 0	\$ 0	N/A	\$ 0	\$ 0	N/A
General Services Fund Group Total			\$ 200,205	\$ 248,150	\$ 248,150	23.9%	\$ 0	\$ 0	-100.0%
Total All Budget Fund Groups			\$ 200,205	\$ 248,150	\$ 248,150	23.9%	\$ 0	\$ 0	-100.0%

As Introduced (Executive)

As Passed by the House

(CD-158-ATH) Expanded Authority for Executive Director**R.C. 3773.34, 3773.38, 3773.39, 3773.40, 3773.57**

Allows the executive director of the Ohio Athletic Commission, when authorized by the Commission, to issue, deny, suspend, or revoke permits to hold prize fights and public boxing or wrestling matches or exhibitions.

Fiscal effect: Potential decrease in Ohio Athletic Commission personal services expenditures in appropriation item, 175-609, Operating Expenses (Fund 4K9), in the general services fund group, due to a potential decrease in the number of Commission meetings as a result of greater executive director authority.

R.C. 3773.34, 3773.38, 3773.39, 3773.40, 3773.57

Same as the Executive.

As Introduced (Executive)**As Passed by the House****(CD-421-ATH) Consolidation of Regulatory Boards****Section: 315.03**

Consolidates the occupational licensing boards into the departments of Health, Public Safety, or Commerce not later than July 1, 2006. In the case of the Ohio Athletic Commission, the Commission will be consolidated into the Department of Commerce. The directors of Budget and Management, Administrative Services, Commerce, Health, and Public Safety shall appoint representatives to a transition team. The team shall develop a plan for the smooth and timely consolidation of the boards and shall address the details of the consolidation. The team shall submit a report containing recommendations and the details of the consolidation not later than December 31, 2005 to the Governor, Speaker of the House, and President of the Senate. A bill will be introduced in fiscal year (FY) 2006 that will include the necessary salutatory changes and appropriations for consolidation. (See the item entitled "Consolidation of Regulatory Boards" in the Department of Commerce).

Fiscal effect: The Board will receive no appropriation in FY 2007. The total fiscal effect is unknown at this time since the specifics of the transfer will not be addressed until FY 2006.

Section: 315.03

Same as the Executive.