

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Ohio Cultural Facilities Commission**

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## **READER'S GUIDE**

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Ohio Cultural Facilities Commission (OCFC), which includes the following three sections.

1. **Overview:** Provides a brief description of OCFC and an overview of the provisions of the executive budget that affect the agency.
2. **Analysis of Executive Proposal:** Provides a brief analysis of the executive budget recommendations for OCFC, including funding for each appropriation line item.
3. **Attachments:** Includes the Catalog of Budget Line Items (COBLI) for OCFC, which briefly describes each line item that supports the agency's operations, and the LSC budget spreadsheet summarizing the recommended appropriations.

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### **ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Ohio Cultural Facilities Commission

- Appropriations of \$29.2 million in FY 2012 and \$29.8 million in FY 2013
- 95% of OCFC budget is for debt service payments
- Supports the administration of 165 active capital projects

## OVERVIEW

### Agency Overview

The Ohio Cultural Facilities Commission (OCFC) administers the development of arts, sports, and historical facilities statewide using a combination of capital and operating dollars. The responsibilities of OCFC include funding oversight for projects at theaters, music venues, museums, local historical facilities, arts education facilities, science and technology museums, and publicly owned professional sports venues. OCFC is also responsible for administering the capital funding and debt service for projects at state historical sites managed by the Ohio Historical Society (OHS).

Since its inception in 1988, OCFC has acted as the steward of over \$523.2 million in state capital improvement funds appropriated for planning, construction, renovation, and expansion at over 300 projects in 72 counties statewide. Of the \$523.2 million appropriated, nearly \$462.6 million (88.4%) has been disbursed through June 2010. OCFC is assigned projects in the state's biennial capital appropriations bills. Once a project is assigned to OCFC, its staff provides project management assistance, capital dollars administration, and contract oversight for the communities and local project sponsors. This oversight is required for the entire duration of bond funding, which for these projects is typically 15 years.

OCFC consists of nine members appointed by the Governor and three nonvoting members – one member each from the Senate and the House of Representatives, and the Executive Director of the Ohio Arts Council. OCFC's staff of 13 full-time employees and one part-time employee includes the executive, administrative, and fiscal staff, as well as project managers who oversee the progress of funded projects.

### Appropriation Overview

As can be seen from Table 1, the executive proposal recommends a mostly continuation budget for OCFC in the FY 2012-FY 2013 biennium. The decrease of 1.7% from FY 2011 estimated expenditures and the increase of 2.3% in FY 2013 are attributable mostly to changes in debt service payments from the GRF. State Special Revenue appropriations, which support the majority of OCFC's payroll and other

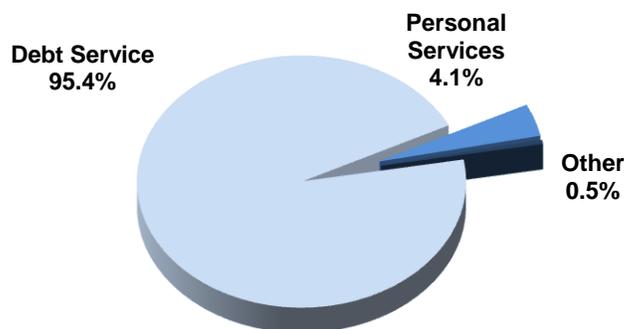
operating costs, decrease 0.9% in FY 2012 and are flat in FY 2013. OCFC expects to be able to maintain service levels under the proposed funding levels.

<b>Table 1. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013</b>					
<b>Fund Group</b>	<b>FY 2011*</b>	<b>FY 2012</b>	<b>% change, FY 2011-FY 2012</b>	<b>FY 2013</b>	<b>% change, FY 2012-FY 2013</b>
General Revenue	\$28,400,236	\$27,903,536	-1.8%	\$28,563,636	2.4%
State Special Revenue	\$1,292,502	\$1,280,891	-0.9%	\$1,280,891	0.0%
<b>TOTAL</b>	<b>\$29,692,738</b>	<b>\$29,184,427</b>	<b>-1.7%</b>	<b>\$29,844,527</b>	<b>2.3%</b>

\*FY 2011 figures represent estimated expenditures.

As seen in Chart 1, debt service makes up the vast majority of OCFC's budget (95.4%). The amount of debt service is dependent on the number and value of outstanding bond-funded capital improvement projects in OCFC's portfolio. Approximately 4.1% of OCFC's budget consists of personal services costs, which cover the payroll and fringe benefits for staff who manage the projects under OCFC's jurisdiction. Equipment, maintenance, and other costs account for the remaining 0.6% of OCFC expenses.

**Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013**



## Major Initiatives

### Project Administration

OCFC will continue to administer its portfolio of 165 active projects, appropriations for which total approximately \$197 million in state capital funds. Of these 165 active projects, 74 are from prior capital bills that have not yet been approved by OCFC because the project sponsors are currently defining scope, developing business plans, or raising local funds. After granting project approval, OCFC is required to monitor each of the more than 300 projects for the duration of the bond funding, which for these projects is typically 15 years. OCFC expects to be prepared to

administer any projects receiving capital appropriations in the next biennium. The table below shows the total number of active projects by type that are currently being administered by OCFC, as well as a breakdown of the capital appropriations for these projects.

<b>Category</b>	<b>No. of Projects</b>	<b>Total Appropriations</b>
State Historical Facilities	31	\$43,643,755
Cultural Facilities	128	\$146,134,666
Sports Facilities	2	\$6,350,000
General Revenue Fund Capital Projects	4	\$1,100,000
<b>Total</b>	<b>165</b>	<b>\$197,228,421</b>

### **Model Process for Community Capital Improvements**

OCFC intends to continue pursuing efforts to implement its proposed Model Process for Community Capital Improvements to the extent that it is feasible under the proposed appropriation levels. According to OCFC, the Model Process would eliminate "venue shopping" and would ensure wise use of state resources by requiring project sponsors to perform business planning and to secure all funding commitments prior to the release of state funding.

## ANALYSIS OF EXECUTIVE PROPOSAL

The following table shows the appropriation in the executive proposal for each appropriation item in OCFC's budget in each fiscal year of the biennium.

Governor's Recommended Amounts for the Ohio Cultural Facilities Commission				
Fund	ALI and Name		FY 2012	FY 2013
<b>General Revenue Fund</b>				
GRF	371321	Operating Expenses	\$98,636	\$98,636
GRF	371401	Lease Rental Payments	\$27,804,900	\$28,465,000
<b>General Revenue Fund Subtotal</b>			<b>\$27,903,536</b>	<b>\$28,563,636</b>
<b>State Special Revenue Fund Group</b>				
4T80	371601	Riffe Theatre Equipment Maintenance	\$80,891	\$80,891
4T80	371603	Project Administration Services	\$1,200,000	\$1,200,000
<b>State Special Revenue Fund Group Subtotal</b>			<b>\$1,280,891</b>	<b>\$1,280,891</b>
<b>Total Funding: Ohio Cultural Facilities Commission</b>			<b>\$29,184,427</b>	<b>\$29,844,527</b>

### Operating Expenses (371321)

This line item supports the portion of the costs of payroll and supplies for OCFC that do not directly relate to the management of cultural, sports, and historical facilities capital projects. The executive budget recommends flat funding of \$98,636 in FY 2012 and FY 2013 for this line item.

### Lease Rental Payments (371401)

This line item supports the repayment of bonds issued by the Treasurer of State, the proceeds of which go toward the costs of capital improvement and construction projects for cultural, sports, and state historic facilities. These debt service payments account for 95.4% of OCFC's total budget.

### Riffe Theatre Equipment Maintenance (371601)

These funds are used by OCFC pursuant to a contract with the Columbus Association for the Performing Arts (CAPA), under which OCFC provides support for repairs and equipment at the theaters in the Vern Riffe Center for Government and the Arts. This line item is supported by rebates from a CAPA ticket surcharge that are deposited in the Cultural Facilities Commission Administration Fund (Fund 4T80).

### Project Administration Services (371603)

These funds support the majority of OCFC's payroll and other operating costs related to the administration of capital improvement and construction projects for cultural, sports, and historical facilities. The revenue that supports this appropriation consists of interest earnings on the cultural facilities bonds issued by the Treasurer of

State that are deposited into the Cultural Facilities Commission Administration Fund (Fund 4T80). The executive proposal recommends a decrease of 1.0% from FY 2011 estimated expenditures in FY 2012 and flat funding in FY 2013 for this item.

Supplemental funding for other administrative activities is provided through GRF line item 371321, Operating Expenses. As mentioned above, OCFC expects to be able to maintain service levels under the proposed funding levels.

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## Ohio Cultural Facilities Commission

### General Revenue Fund

#### GRF 371321 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$138,135	\$152,162	\$93,416	\$98,636	<b>\$98,636</b>	<b>\$98,636</b>
	10.2%	-38.6%	5.6%	<b>0.0%</b>	<b>0.0%</b>

**Source:** General Revenue Fund

**Legal Basis:** ORC 3383.04; Section 253.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 694 of the 114th G.A.)

**Purpose:** This line item supports agency operations by providing funds for payroll, maintenance, equipment, and related expenses that are not directly associated with administering capital projects.

#### GRF 371401 Lease Rental Payments

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$36,496,250	\$31,848,569	\$26,329,718	\$28,301,600	<b>\$27,804,900</b>	<b>\$28,465,000</b>
	-12.7%	-17.3%	7.5%	<b>-1.8%</b>	<b>2.4%</b>

**Source:** General Revenue Fund

**Legal Basis:** ORC 3383.07; Section 253.10 of Am. Sub. H.B. 1 of the 128th G.A.

**Purpose:** This line item is used to retire debt for revenue bonds, issued by the Treasurer of State, for cultural projects and sports facilities throughout the state.

### State Special Revenue Fund Group

#### 4T80 371601 Riffe Theatre Equipment Maintenance

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$55,996	\$43,197	\$80,891	\$81,000	<b>\$80,891</b>	<b>\$80,891</b>
	-22.9%	87.3%	0.1%	<b>-0.1%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: Rebates from CAPA from a graduated ticket surcharge (facility fee)

**Legal Basis:** ORC 3383.02(I); Section 253.10 of Am. Sub. H.B. 1 of the 128th G.A.

**Purpose:** This line item receives rebates from the Columbus Association for the Performing Arts (CAPA) from a graduated ticket surcharge (facility fee) as part of their management contract with the Cultural Facilities Commission for the Riffe Theatres. These funds are used for needed repairs and equipment at the theatres.

## Ohio Cultural Facilities Commission

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### 4T80 371603 Project Administration Services

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$1,327,831	\$1,313,886	\$1,227,716	\$1,211,502	<b>\$1,200,000</b>	<b>\$1,200,000</b>
	-1.1%	-6.6%	-1.3%	<b>-0.9%</b>	<b>0.0%</b>

**Source:** State Special Revenue Fund Group: Interest earnings from revenue bonds

**Legal Basis:** ORC 3383.09; Section 253.10 of Am. Sub. H.B. 1 of the 128th G.A.

**Purpose:** This line item receives earnings from investments of revenue bonds issued by the Ohio Building Authority and by the Treasurer of State for the renovation and construction of cultural and sports facilities. The earnings provide funds for payroll, maintenance, equipment, and related expenses. The operations supported include all activities related to agency management of projects funded by the revenue bonds.

# FY 2012 - FY 2013 Introduced Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>AFC Ohio Cultural Facilities Commission</b>								
GRF	371321	Operating Expenses	\$ 93,416	\$ 98,636	\$ 98,636	0.00%	\$ 98,636	0.00%
GRF	371401	Lease Rental Payments	\$ 26,329,718	\$ 28,301,600	\$ 27,804,900	-1.76%	\$ 28,465,000	2.37%
<b>General Revenue Fund Total</b>			<b>\$ 26,423,133</b>	<b>\$ 28,400,236</b>	<b>\$ 27,903,536</b>	<b>-1.75%</b>	<b>\$ 28,563,636</b>	<b>2.37%</b>
4T80	371601	Riffe Theatre Equipment Maintenance	\$ 80,891	\$ 81,000	\$ 80,891	-0.13%	\$ 80,891	0.00%
4T80	371603	Project Administration Services	\$ 1,227,716	\$ 1,211,502	\$ 1,200,000	-0.95%	\$ 1,200,000	0.00%
<b>State Special Revenue Fund Group Total</b>			<b>\$ 1,308,607</b>	<b>\$ 1,292,502</b>	<b>\$ 1,280,891</b>	<b>-0.90%</b>	<b>\$ 1,280,891</b>	<b>0.00%</b>
<b>Ohio Cultural Facilities Commission Total</b>			<b>\$ 27,731,740</b>	<b>\$ 29,692,738</b>	<b>\$ 29,184,427</b>	<b>-1.71%</b>	<b>\$ 29,844,527</b>	<b>2.26%</b>