

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Athletic Commission

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TABLE OF CONTENTS

OVERVIEW	1
Agency Overview.....	1
Appropriation Overview	1
Fee Revenues and Fund 4K90	2
ANALYSIS OF EXECUTIVE PROPOSAL	4
Licenses	4
REQUESTS NOT FUNDED	5
ATTACHMENTS:	
Catalog of Budget Line Items	
Budget Spreadsheet By Line Item	

Ohio Athletic Commission

- Governor proposes funding of about \$574,000 for the biennium
- Popularity of mixed martial arts events has increased Commission revenues over the years

OVERVIEW

Agency Overview

The Ohio Athletic Commission (ATH) regulates boxing, wrestling, kickboxing, karate, and tough-man contests – the striking sports – in an effort to protect the safety of the participants and the interests of the public. ATH carries out its mission by setting standards for licensure of individuals, granting permits, and conducting sanctioned events. Ohio has been particularly active in regulating amateur mixed martial arts (MMA) events. This is one of the reasons the Ultimate Fighting Championship decided to come to Ohio to hold major events. Overall, ATH regulated over 4,300 competitors, promoters, officials, other event personnel, and athlete agents in FY 2010.

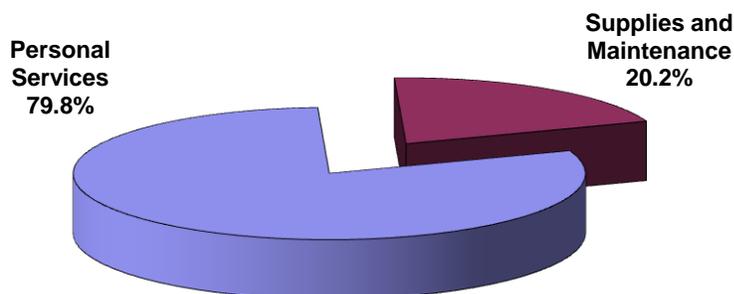
ATH's governing authority consists of five voting members appointed by the Governor, including two members knowledgeable in boxing, at least one member knowledgeable and experienced in high school athletics, one member knowledgeable and experienced in professional athletics, and at least one member knowledgeable and experienced in collegiate athletics. One member must be a doctor of medicine or osteopathy. Members receive a per diem in an amount fixed pursuant to state law as well as reimbursement for actual and necessary expenses incurred as part of their duties. The day-to-day operations of the Commission are managed by an executive director, a full-time executive secretary, and a part-time account clerk. The Commission receives no GRF funding; instead, its operations are entirely supported by fee revenue. ATH's annual budget for FY 2010 was \$254,128, and estimated spending for FY 2011 is \$265,624.

Appropriation Overview

The executive recommends funding of \$281,904 in FY 2012, an increase of \$16,280 (6.1%) over FY 2011 estimated spending. Recommended funding for FY 2013 is \$292,509, an increase of \$10,605 (3.8%) over the previous year. The executive budget does not include approximately \$34,087 of requested funding. However, it is likely that current operations and staffing levels can be maintained.

As a regulatory entity, personnel costs are ATH's biggest expense. As seen from the chart below, 80% of the executive budget recommendations for the biennium is for personal services while 20% is for supplies and maintenance.

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



As with many other licensing boards and commissions, the Commission receives centralized administrative support services provided by the Central Service Agency (CSA) of the Department of Administrative Services. Services made available through CSA include items such as budget development, Controlling Board request preparation assistance, management consultation, procurement, fiscal processing, human resources, and payroll. Charges for these services were \$9,131 in FY 2010. FY 2011 charges are estimated at \$9,648. For the next biennium, those charges are projected to be \$9,545 annually. *However, it is important to note that the FY 2012-FY 2013 estimates were prepared before the Governor's Blue Book was published, and thus are subject to change.*

Fee Revenues and Fund 4K90

The Commission issues several different types of license. The table below shows the current fee amounts charged. All of the Commission's licenses renew annually, except for the athlete agent license, which renews biennially.

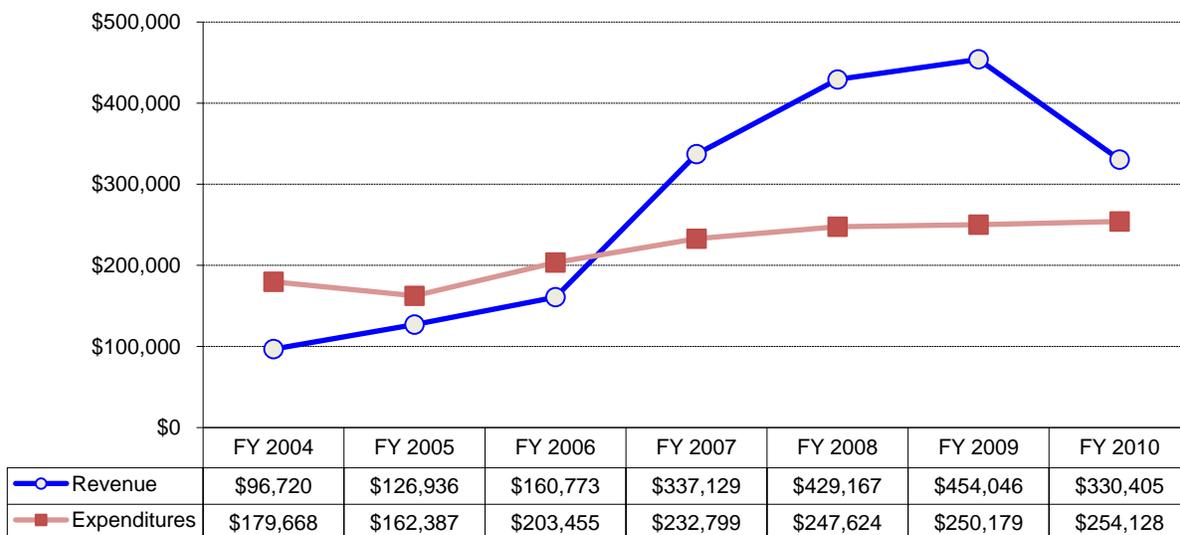
Table 1. License Fees	
License	Fee Amount
Athlete Agent	\$500
Wrestling Promoter	\$200
Boxing, Mixed Martial Arts, Tough Person Promoter	\$100
Competitor (Boxer, Mixed Martial Arts, Tough Person) License	\$20
Nonofficials (Manager, Matchmaker, Second, Trainer)	\$20
Officials (Judge, Referee, Timekeeper)	\$20
Federal Identification Card	\$20

These fees are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90), which was created by H.B. 152 of the 120th General Assembly. In addition to ATH, several other occupational licensing and regulatory boards and commissions

use Fund 4K90 as an operating account into which receipts are deposited and from which expenses are paid. Each board or commission is expected to be self-sufficient by generating enough revenues to cover expenses.

Chart 2 below shows revenues and expenditures since FY 2004. As the chart shows, until recently ATH's expenses consistently exceeded revenues. However, beginning in FY 2007, revenues increased significantly as a result of (1) the 5% event tax applied to gross ticket sales on major mixed martial arts events, such as the Ultimate Fighting Championship (UFC) and (2) an increasing number of mixed martial arts competitors and nonofficials that are being licensed. The Commission continues to work toward making the UFC event an annual occurrence in Ohio. Revenue increased in FY 2009, in part due a large number of participants paying for a national MMA identity card that never expires. This one-time issuance of national ID cards and the UFC event not returning to Ohio led to a 27% decrease in revenues in FY 2010.

Chart 2: Revenue and Expenditures, FY 2004 through FY 2010



ANALYSIS OF EXECUTIVE PROPOSAL

ATH's operations are funded by a single line item appropriation out of the Occupational Licensing and Regulatory Fund (Fund 4K90). The table below shows the Governor's recommended funding for the Commission for the FY 2012-FY 2013 biennium.

Governor's Recommended Amounts for the Commission				
Fund	ALI and Name		FY 2012	FY 2013
General Services Fund Group				
4K90	175609	Operating Expenses	\$281,904	\$292,509

This line item supports all of the Commission's operating expenses. The funding recommended for FY 2012 and FY 2013 is about \$55,000 (10.5%) above that appropriated for the current FY 2010-FY 2011 biennium. Overall, the Commission will likely be able to maintain current operations and staffing levels, and potentially replace some outdated equipment.

Licenses

Table 2 shows the number of active licenses issued by the Commission as of the end of FY 2009 and FY 2010. The total number of active licenses increased by over 4.5% between these years, due primarily to the increasing popularity of mixed martial arts, which has driven an increase in competitor and nonofficial license activity.

Table 2. Active Licenses, FY 2009 and FY 2010			
License Type	FY 2009	FY 2010	% Change
Competitor (Boxer, Mixed Martial Arts, Tough Person)	2,176	2,027	-6.8%
Nonofficials (Manager, Matchmaker, Second, Trainer)	1,846	2,063	11.8%
Officials (Judge, Referee, Timekeeper)	150	150	0.0%
Federal Identification Card	148	91	-38.5%
Boxing, Mixed Martial Arts, Tough Person Promoter	60	47	-21.7%
Athlete Agent	63	30	-52.4%
Wrestling Promoter	14	29	107.1%
National Mixed Martial Art ID Card	1,063	1,329	25.0%
TOTAL	5,520	5,766	4.5%

REQUESTS NOT FUNDED

The amounts listed in the table below were included in the Commission's budget but were not recommended for funding by the executive. Amounts not recommended for funding appear mostly to have been requested compensation increases for Commission members attending events regulated by the Commission.

Operating Expenses						
Fund Line Item	FY 2012 Recommended	FY 2012 Requested	Difference	FY 2013 Recommended	FY 2013 Requested	Difference
4K90 175609	\$281,904	\$299,000	(\$17,096)	\$292,509	\$309,500	(\$16,991)

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Ohio Athletic Commission

General Services Fund Group

4K90 175609 Operating Expenses

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$247,624	\$250,179	\$254,128	\$265,624	\$281,904	\$292,509
	1.0%	1.6%	4.5%	6.1%	3.8%

Source: General Services Fund Group: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 3773.33 and 4743.05; Section 221.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This appropriation item is used for general operating expenses, including payroll, supplies, and equipment for the Ohio Athletic Commission.

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
Report For Main Operating Appropriations Bill			Version: As Introduced					
ATH Ohio Athletic Commission								
4K90	175609	Operating Expenses	\$ 254,128	\$ 265,624	\$ 281,904	6.13%	\$ 292,509	3.76%
General Services Fund Group Total			\$ 254,128	\$ 265,624	\$ 281,904	6.13%	\$ 292,509	3.76%
Ohio Athletic Commission Total			\$ 254,128	\$ 265,624	\$ 281,904	6.13%	\$ 292,509	3.76%