

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Athletic Commission

Russ Keller, Economist
Legislative Service Commission

March 2013

TABLE OF CONTENTS

OVERVIEW 1
Agency Overview 1
Appropriation Overview 1
Fee Revenues and Fund 4K90 2
ANALYSIS OF EXECUTIVE PROPOSAL 4
Agency Receipts 4

ATTACHMENTS:

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

Ohio Athletic Commission

- Governor proposes funding of about \$632,000 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, mixed martial arts, professional wrestling, kickboxing, karate, and tough-person 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 about 4,000 competitors, promoters, officials, other event personnel, and athlete agents in FY 2012.

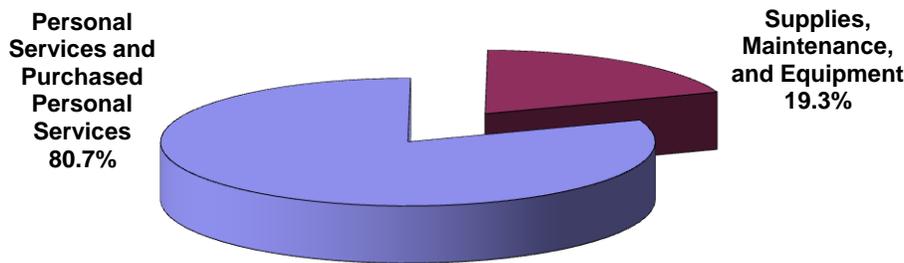
ATH's governing authority consists of five voting members appointed by the Governor, including two members knowledgeable in boxing, at least one member knowledgeable and experienced in high school athletics, one member knowledgeable and experienced in professional athletics, and at least one member knowledgeable 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 2012 was \$268,871, and estimated spending for FY 2013 is \$292,509.

Appropriation Overview

The executive recommends funding of \$312,000 in FY 2014, an increase of \$19,491 (6.7%) over FY 2013 estimated spending. Recommended funding for FY 2015 is \$320,000, an increase of \$8,000 (2.6%) over the previous year.

As a regulatory entity, personnel costs are ATH's biggest expense. As seen from the chart below, 81% of the executive budget recommendations for the biennium is for personal services and purchased personal services while 19% is for supplies, maintenance, and equipment.

Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2014-FY 2015



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 2012, and they should remain comparable in future years because the DAS charge is based upon agency headcount, and the Commission's staffing levels will remain unchanged.

Fee Revenues and Fund 4K90

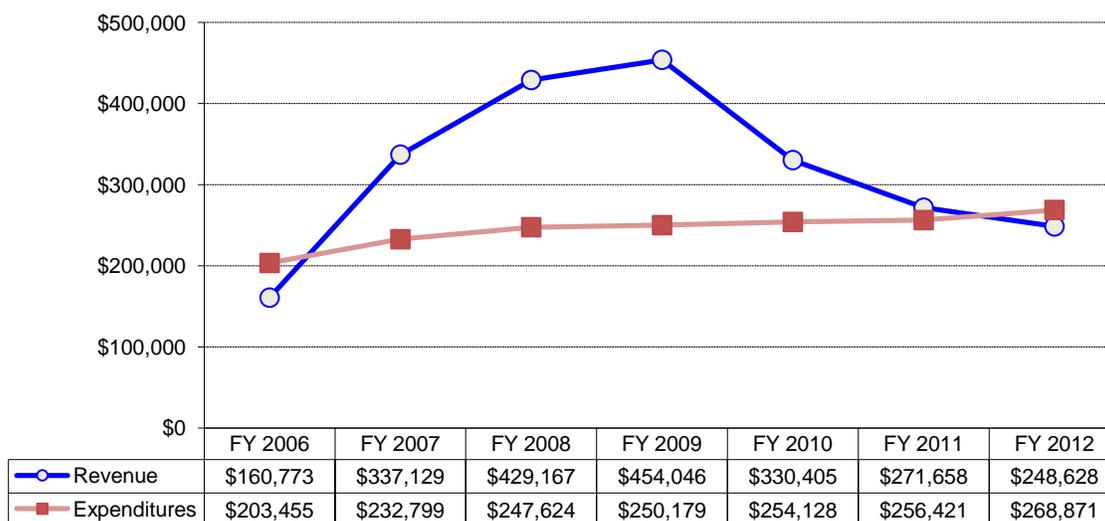
The Commission issues several different types of licenses, permits, and identification cards. The table below shows the current fee amounts charged. All of the Commission's licenses renew annually, except for the athlete agent license, which renews biennially. The Commission collects two national registrations – the Federal Boxing ID Card and the National Mixed Martial Arts ID Card. The former is valid for four years and the latter is valid in perpetuity.

Table 1. License, Permit, and Identification Card Fees	
Name of License or Permit	Fee Amount
Athlete Agent Registration (Two Years)	\$500
Professional Wrestling Promoter License	\$200
Professional Wrestling Match or Exhibition Permit	\$100
Boxing, Mixed Martial Arts, Tough Person Promoter License	\$100
Boxing Match or Exhibition Permit	\$50
Competitor (Boxer, Mixed Martial Arts, Tough Person) License	\$30
Nonofficials (Manager, Matchmaker, Second, Trainer) License	\$30
Officials (Judge, Referee, Timekeeper) License	\$30
Federal Identification Card for Boxers (Four Years)	\$20
National Identification Card for Mixed Martial Art Fighters (Lifetime)	\$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 2006. In FY 2012, expenditures exceeded revenues by \$20,243. As the chart shows, until recently ATH's revenues consistently exceeded expenses. Beginning in FY 2007, revenues increased significantly over a three-year period that included four MMA events by the Ultimate Fighting Championship (UFC). ATH receives a 5% event tax applied to gross ticket sales on all events, and UFC events were the most lucrative. Additionally, revenue increased in FY 2009, in part, due to a large number of participants paying for a newly originated, national MMA identity card that never expires. This one-time issuance of national ID cards and the absence of an Ohio UFC event in FY 2010-FY 2012 led to a decline in revenues over the most recent three-year period. However, ATH remarked that promoters indicated that they plan on scheduling more shows in the upcoming two years, and several large promotion companies have inquired about scheduling pay per view boxing and MMA events in FY 2014 and FY 2015.

Chart 2: Revenue and Expenditures, FY 2006 through FY 2012



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 2014-FY 2015 biennium.

Governor's Recommended Amounts for the Commission				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
4K90	175609	Operating Expenses	\$312,000	\$320,000

This line item supports all of the Commission's operating expenses. The funding recommended for FY 2014 and FY 2015 is about \$58,000 (10.0%) above amounts appropriated for the current FY 2012-FY 2013 biennium. Overall, the Commission will be able to maintain current operations and staffing levels, and potentially cover the compensation of Commission members attending events regulated by the Commission.

Agency Receipts

Table 2 shows the number of licenses, permits, and identification cards issued by the Commission in FY 2012 as well as the receipts from its 5% charge on event tickets.

Revenue Source	Number Paying the Fee	Total Receipts
Athlete Agent Registration (Two Years)	45	\$22,500
Professional Wrestling Promoter License	39	\$7,800
Professional Wrestling Match or Exhibition Permit	145	\$14,550
Boxing, Mixed Martial Arts, Tough Person Promoter License	38	\$3,850
Boxing Match or Exhibition Permit	131	\$6,550
Competitor (Boxer, Mixed Martial Arts, Tough Person) License	1,183	\$29,780
Nonofficials (Manager, Matchmaker, Second, Trainer) License	1,226	\$30,790
Officials (Judge, Referee, Timekeeper) License	111	\$3,050
Federal Identification Card for Boxers (Four Years)	46	\$930
National Identification Card for Mixed Martial Art Fighters (Lifetime)	477	\$9,540
Event Assessment – 5% of ticket sales	N/A	\$110,587
Fines and miscellaneous revenue	N/A	\$8,701
TOTAL	3,441	\$248,628

ATH.docx/th

Ohio Athletic Commission

General Services Fund Group

4K90 175609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$254,128	\$256,421	\$268,871	\$292,509	\$312,000	\$320,000
	0.9%	4.9%	8.8%	6.7%	2.6%

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. 153 of the 129th 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 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
JCO Judicial Conference of Ohio								
GRF	018321	Operating Expenses	\$ 799,939	\$ 801,700	\$ 824,900	2.89%	\$ 847,200	2.70%
General Revenue Fund Total			\$ 799,939	\$ 801,700	\$ 824,900	2.89%	\$ 847,200	2.70%
4030	018601	Ohio Jury Instructions	\$ 384,660	\$ 385,000	\$ 385,000	0.00%	\$ 385,000	0.00%
General Services Fund Group Total			\$ 384,660	\$ 385,000	\$ 385,000	0.00%	\$ 385,000	0.00%
Judicial Conference of Ohio Total			\$ 1,184,599	\$ 1,186,700	\$ 1,209,900	1.96%	\$ 1,232,200	1.84%