

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Expositions Commission

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ATTACHMENTS:

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

Ohio Expositions Commission

- Recommended budget of \$13.4 million in FY 2014 and \$13.4 million in FY 2015
- 2012 State Fair generated a profit of \$280,000

OVERVIEW

Agency Overview

The Ohio Expositions Commission (EXP) is responsible for producing the annual Ohio State Fair with an emphasis on promoting Ohio's agricultural industry and youth education in the agricultural field. The Commission also holds many public events throughout the year at the 360-acre Ohio Expo Center, located in Columbus. The Commission is governed by a 13-member board, consisting of nine gubernatorial appointees, the directors of Development and Agriculture, and chairs of the House of Representatives and Senate standing committees dealing with agricultural issues. As of January 2013, EXP employs 56 full-time permanent staff, about two-thirds of whom are maintenance personnel. In addition to the permanent staff, the Commission hires a substantial number of temporary seasonal workers, about 600 annually for the State Fair, and about 90 for the other nonfair events held at the Expo Center.

Appropriation Overview

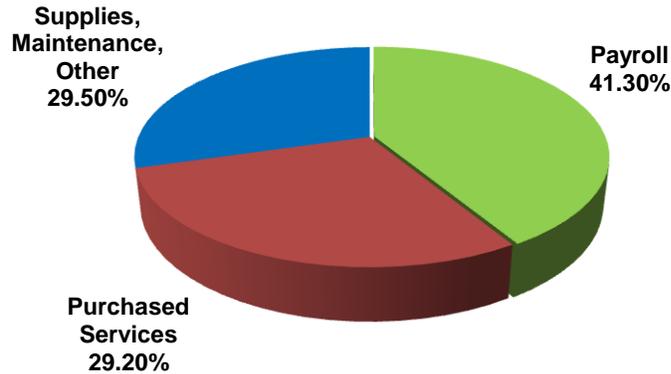
Table 1 shows the executive funding recommendations for EXP by fund group. Overall, the proposed funding is \$13.4 million in both FY 2014 and FY 2015, a decrease of approximately 6.8% when compared to estimated FY 2013 spending of \$14.3 million. Of the FY 2013 amount, however, note that \$1.0 million was added in H.B. 487, the mid-biennium budget review bill, for construction planning purposes on the fairgrounds. Putting aside that one-time appropriation, the recommendation for FY 2014 is essentially a continuation budget. Nearly all of the funding recommended by the executive (98.1%) comes from revenues from both State Fair and nonfair events. The remaining 1.9% of proposed funding comes from the GRF and is used to subsidize the Junior Fair portion of the Ohio State Fair.

Table 1. Executive Budget Recommendations by Fund Group, FY 2014-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$1,250,000	\$250,000	-80.0%	\$250,000	0%
State Special Revenue	\$13,098,000	\$13,129,000	-0.2%	\$13,129,000	0%
TOTAL	\$14,348,000	\$13,379,000	-6.8%	\$13,379,000	0%

*FY 2013 totals represent estimated expenditures.

Chart 1 below shows the Governor's funding recommendations broken down by expense type. Overall, 41.3% of EXP's recommended funding over the FY 2014-FY 2015 biennium is slated for payroll. Purchased services, primarily for entertainment and vending contracts for the State Fair, make up 29.2% of the recommended funding. Supplies, maintenance, and other costs account for a further 29.5% of proposed spending.

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



Issues of Interest

2012 State Fair Results

EXP reported a profit of approximately \$280,000 from the 2012 State Fair. Overall revenue from the event, held July 28 through August 8, was \$8.0 million, of which \$5.6 million (70.0%) was derived from admission fees, ticket sales for entertainment and attractions, and exhibit space rental. The remaining \$2.4 million (30.0%) came from event sponsorships, parking and camping fees, and other sources such as concession and livestock auction revenues. Expenses totaled \$7.7 million, with payroll and entertainment contracts accounting for \$4.8 million (62.3%) of that amount. A further \$2.9 million (37.7%) was spent on prizes, advertising, fairground

maintenance, supplies, utilities, and other items. Over 840,000 attended the 2012 State Fair, an increase of approximately 7,000 compared to attendance in 2011.

Junior Fair Funding

The proposed budget contains \$250,000 in GRF funding for Junior Fair events. The subsidy pays for awards to participants, payments for judges, meals and lodging for the Ohio State Fair Band and Choir, and other various expenses. According to EXP, the total cost of the Junior Fair portion of the 2012 Ohio State Fair was approximately \$750,000. The Ohio Expositions Commission Fund (Fund 5060), the Commission's principal source of operating revenue, was used to cover the costs in excess of the GRF subsidy.

Ongoing Fairgrounds Upgrades

In recent years, EXP has been following through on a master plan to improve the grounds and facilities at the Expo Center. The first phase was completed in FY 2002 with the construction of the OHIO gate on 11th Avenue. Work on the second phase of the master plan progressed as renovations to the O'Neil and Brown buildings as well as paving on the grounds south of 17th Avenue have been completed. EXP is currently in the final phase of the electrical upgrade project, which consists of burying all overhead wires. These improvements are not funded through the main operating budget, but rather the capital budget. Recent capital appropriations have included \$14.0 million for a new multi-purpose building included in H.B. 699 of the 126th General Assembly, \$20.0 million for building renovations, electrical upgrades, and parking lot improvements contained in H.B. 562 of the 127th General Assembly, and \$7.5 million for electrical upgrades and facility modernization in H.B. 482 of the 129th General Assembly. The renovations include handicapped accessibility improvements for parking, building entrances, restrooms, and concert seating. EXP also received one-time GRF funding in the amount of \$1.0 million in FY 2013 under H.B. 487 of the 129th General Assembly to be used for construction planning services.

Overall, these improvements are intended to make the property more attractive to potential customers and to increase the number of nonfair events held at the fairgrounds, in turn boosting the Commission's operating revenue. In 2012, EXP hosted 142 nonfair events that covered a total of 499 event days. These events generated approximately \$5.5 million in operating revenue in calendar year 2012, representing 40.7% of receipts for the year.

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Funding for the Ohio Expositions Commission				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund				
GRF	723403	Junior Fair Subsidy	\$250,000	\$250,000
General Revenue Fund Subtotal			\$250,000	\$250,000
State Special Revenue Fund Group				
4N20	723602	Ohio State Fair Harness Racing	\$235,000	\$235,000
5060	723601	Operating Expenses	\$12,894,000	\$12,894,000
State Special Revenue Fund Group Subtotal			\$13,129,000	\$13,129,000
Total Funding: Ohio Expositions Commission			\$13,379,000	\$13,379,000

Junior Fair Subsidy (723403)

This line item is used to support 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. According to EXP, the Junior Fair portion of the 2012 Ohio State Fair cost approximately \$750,000. The recommended funding of \$250,000 in both FY 2014 and FY 2015 matches the amount budgeted for this subsidy in FY 2013. Any costs that exceed this amount are paid from the Expositions Fund (Fund 5060).

Ohio State Fair Harness Racing (723602)

This line item is used to pay cash awards for harness races held in conjunction with the State Fair. The Ohio State Fair Harness Racing Fund (Fund 4N20) is a pass-through fund which holds entry fee receipts for the harness races collected by the Commission. These amounts are then disbursed to Scioto Downs, where these races are held. The executive recommends \$235,000 in each fiscal year of the biennium for cash awards, an increase of 3.1% compared to estimated FY 2013 expenditures of \$228,000 for this purpose. Overall, Fund 4N20 collected \$227,169 in receipts and disbursed \$242,954 in FY 2012.

Operating Expenses (723601)

The recommended funding for appropriation item 723601, Operating Expenses, is approximately \$12.9 million in both FY 2014 and FY 2015, virtually no change when compared to estimated FY 2013 spending. This line item is used to pay all expenses related to operations at the Expo Center. Also, any additional expenses for the Junior Fair portion of the State Fair in excess of the \$250,000 GRF subsidy for that purpose will be absorbed by funding provided in this line item.

The Ohio Expositions Fund (Fund 5060) is comprised of fees charged during the annual State Fair, as well as for nonfair events. Income is derived from space rentals, exhibit entries, admissions, parking, and other such sources. Nonfair revenues consist of charges for building rentals, parking, and concession income from the 155 or so events held at the Expo Center throughout the year. Overall, calendar year 2012 receipts from the State Fair and nonfair events totaled \$13.5 million. Of that amount, \$8.0 million (59.3%) was derived from the 2012 State Fair.

Uncodified law included in H.B. 59 allows the General Manager of the Expositions Commission, in consultation with the Director of Budget and Management, to submit a request to the Controlling Board to use available amounts in the State Fair Reserve Fund (Fund 6400) if revenues from the Ohio State Fair for the 2013 or 2014 Ohio State Fair are unexpectedly low.

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Expositions Commission

General Revenue Fund

GRF 723403 Junior Fair Subsidy

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$249,580	\$250,704	\$249,393	\$250,000	\$250,000	\$250,000
	0.5%	-0.5%	0.2%	0.0%	0.0%

Source: General Revenue Fund

Legal Basis: Section 287.10 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 line item is 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.

GRF 723501 Construction Planning

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$0	\$0	\$1,000,000	\$0	\$0
	N/A	N/A	N/A	-100%	N/A

Source: General Revenue Fund

Legal Basis: Section 601.40 of Am. Sub. H.B. 487 of the 129th G.A.

Purpose: This line item pays for the cost of consulting services related to facility planning on the Expositions Commission's grounds. This includes architectural and engineering services, as well as land or facility use consulting services.

Expositions Commission

State Special Revenue Fund Group

4N20 723602 Ohio State Fair Harness Racing

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$336,780	\$284,261	\$242,954	\$228,000	\$235,000	\$235,000
	-15.6%	-14.5%	-6.2%	3.1%	0.0%

Source: State Special Revenue Fund Group: Participant entry fees for state fair harness races

Legal Basis: Section 287.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Controlling Board on May 3, 1993)

Purpose: This line item is used to pay cash awards for harness races held in conjunction with the State Fair. The Ohio State Fair Harness Racing Fund (Fund 4N20) is a pass-through fund which holds entry fees for the harness races that are collected by the Expositions Commission and disbursed to Scioto Downs, where the races are held.

5060 723601 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$12,404,223	\$12,902,489	\$13,108,225	\$12,870,000	\$12,894,000	\$12,894,000
	4.0%	1.6%	-1.8%	0.2%	0.0%

Source: State Special Revenue Fund Group: Income from space rental, exhibit entries, admissions, parking, and concessions during the annual State Fair as well as events held on the fairgrounds throughout the year

Legal Basis: ORC 991.04; Section 287.10 of Am. Sub. H.B. 153 of the 129th G.A.

Purpose: This line item is used to cover payroll, maintenance, and equipment costs that the Expositions Commission incurs for hosting the State Fair and the many other shows and events held on the fairgrounds throughout the year.

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					
EXP Expositions Commission								
GRF	723403	Junior Fair Subsidy	\$ 249,393	\$ 250,000	\$ 250,000	0.00%	\$ 250,000	0.00%
GRF	723501	Construction Planning	\$ 0	\$ 1,000,000	\$ 0	-100.00%	\$ 0	N/A
General Revenue Fund Total			\$ 249,393	\$ 1,250,000	\$ 250,000	-80.00%	\$ 250,000	0.00%
4N20	723602	Ohio State Fair Harness Racing	\$ 242,954	\$ 228,000	\$ 235,000	3.07%	\$ 235,000	0.00%
5060	723601	Operating Expenses	\$ 13,108,225	\$ 12,870,000	\$ 12,894,000	0.19%	\$ 12,894,000	0.00%
State Special Revenue Fund Group Total			\$ 13,351,179	\$ 13,098,000	\$ 13,129,000	0.24%	\$ 13,129,000	0.00%
Expositions Commission Total			\$ 13,600,572	\$ 14,348,000	\$ 13,379,000	-6.75%	\$ 13,379,000	0.00%