

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Athletic Commission

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ATTACHMENTS:

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

Ohio Athletic Commission

- Governor proposes funding of \$640,000 for the biennium
- The Athletic Commission issued approximately 2,300 licenses in FY 2014

OVERVIEW

Agency Overview

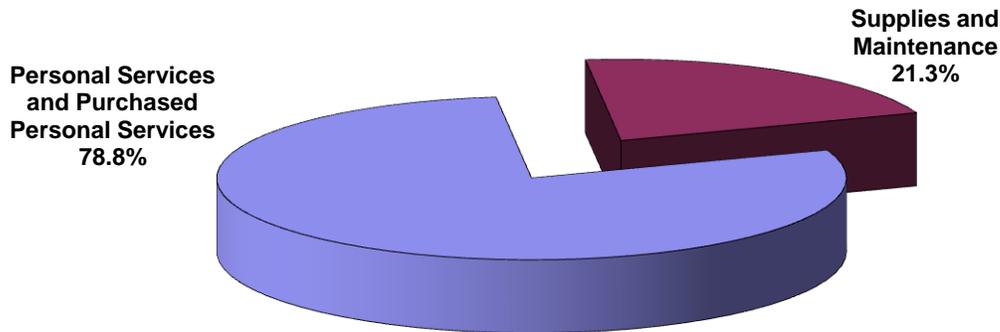
The Ohio Athletic Commission (ATH) regulates boxing, mixed martial arts, professional wrestling, kickboxing, karate, and tough-person contests – the striking sports – in an effort to protect the safety of the participants and the interests of the public. ATH carries out its mission by setting standards 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 (UFC) decided to come to Ohio to hold major events. Overall, ATH regulated about 2,300 competitors, promoters, officials, other event personnel, and athlete agents in FY 2014.

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 administrative assistant, and a full-time account clerk. The Commission receives no GRF funding; instead, its operations are entirely supported by fee revenue.

Appropriation Overview

The executive recommends funding of \$320,000 in each fiscal year of the FY 2016-FY 2017 biennium, matching estimated FY 2015 spending for Commission operations. As a regulatory entity, personnel costs are ATH's biggest expense. As seen from the chart below, combined personal services expenses and purchased personal services amount to approximately 78.8% of the proposed budget. The remaining amount, approximately 21.3%, is for supplies and maintenance.

**Chart 1: Biennial Executive Budget Recommendations
by Expense Category, FY 2016-FY 2017**



Note: Totals do not add to 100 due to rounding.

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 \$12,167 in FY 2014.

Fee Revenues and Fund 4K90

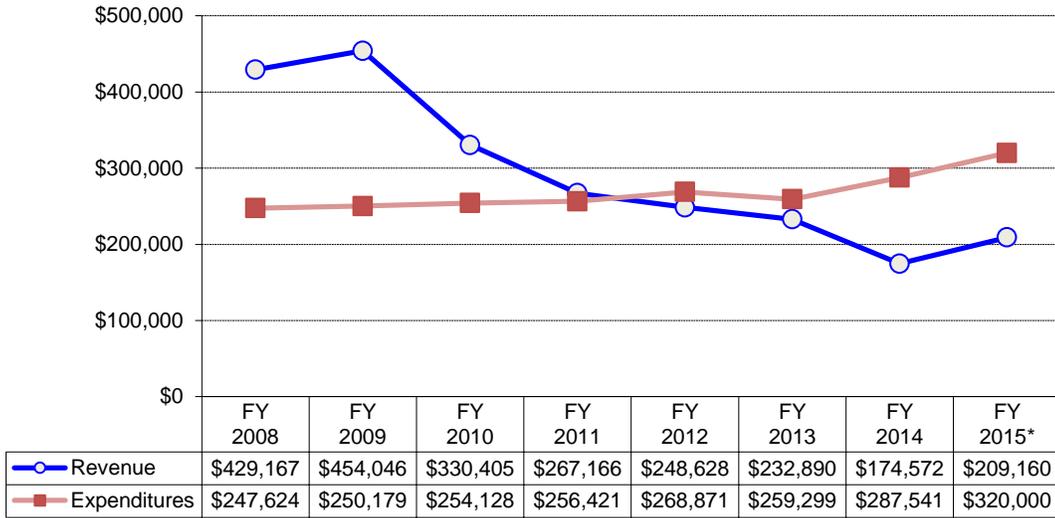
The Commission issues several different types of licenses, permits, and identification cards. The table below shows the current fee amounts charged. All of the Commission's licenses renew annually, except for the athlete agent license, which renews biennially. The Commission collects two national registrations – 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. These fees are deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90).

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 Permit	\$100
Boxing, Mixed Martial Arts, Tough Person Promoter License	\$100
Boxing, Mixed Martial Arts, Tough Person Event 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

Chart 2 below shows revenues and expenditures between FY 2008 and FY 2014, as well as estimated FY 2015 revenues and expenditures. Although ATH's expenses increased only modestly, there was a significant decline in revenue between FY 2009 and FY 2014. Although there are several reasons that explain the decline, a major cause is a drop in receipts from the 5% event tax applied to gross ticket sales at events regulated by the Commission. For a three-year period between FY 2007 and FY 2009, the Commission collected a significant amount of this event tax from four major UFC-sponsored MMA events that were hosted in Ohio. Since that time, there has not been a UFC-sponsored event in the state. A second reason for the drop in event tax revenue is the increasing number of events being held at county fairs. This affects revenues collected by the Commission because the cost of entry to an event is included in the admission to the fair and is not subject to the 5% event tax.

Two other reasons explain the recent decline in revenues. As Chart 2 shows, although revenue increased in FY 2009, this was due, in part, to a large number of participants paying for a newly originated, national MMA identity card that never expires. Also contributing to the decline is the fact that Ohio faces more competition from events in other states. Ohio was one of the first states to regulate amateur MMA. This attracted promoters from other states to host events in Ohio. Over time, Ohio has lost this advantage as more states have adopted similar regulations. All of these factors have combined to reduce the revenue collected by the Commission. Looking ahead, however, there has been an increase in boxer licenses (the largest source of operating revenue after the 5% event tax) in the first half of FY 2015. This could translate to more events in the upcoming two years. There is also a possibility that the UFC will host a fighting event in Ohio in CY 2016, leading to a gain in event tax receipts.

Chart 2: Revenue and Expenditures, FY 2008 through FY 2015*



*FY 2015 figures represent estimated revenues and expenditures.

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 2016-FY 2017 biennium.

Governor's Recommended Amounts for the Commission				
Fund	ALI and Name		FY 2016	FY 2017
Dedicated Purpose Fund Group				
4K90	175609	Operating Expenses	\$320,000	\$320,000

This line item supports all of the Commission's operating expenses. The funding recommended for FY 2016 and FY 2017 is about \$8,000 above amounts appropriated for the current FY 2014-FY 2015 biennium. Overall, the Commission will be able to maintain current operations and staffing levels.

Agency Receipts

Table 2 shows the number of licenses, permits, and identification cards issued by the Commission in FY 2014 as well as the receipts from its 5% charge on event tickets.

Table 2. Agency Receipts, FY 2014		
Revenue Source	Number Paying the Fee	Total Receipts
Athlete Agent Registration (Two Years)	36	\$18,000
Professional Wrestling Promoter License	32	\$6,400
Professional Wrestling Match or Exhibition Permit	169	\$16,900
Boxing, Mixed Martial Arts, Tough Person Promoter License	23	\$2,300
Boxing Match or Exhibition Permit	79	\$3,950
Competitor (Boxer, Mixed Martial Arts, Tough Person) License	802	\$24,060
Nonofficials (Manager, Matchmaker, Second, Trainer) License	758	\$22,740
Officials (Judge, Referee, Timekeeper) License	63	\$1,890
Federal Identification Card for Boxers (Four Years)	71	\$1,420
National Identification Card for Mixed Martial Art Fighters (Lifetime)	281	\$5,620
Event Assessment – 5% of ticket sales	N/A	\$69,947
Fines and miscellaneous revenue	N/A	\$1,345
TOTAL	2,314	\$174,572

Ohio Athletic Commission

Dedicated Purpose Fund Group

4K90 175609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$268,871	\$259,299	\$287,541	\$320,000	\$320,000	\$320,000
	-3.6%	10.9%	11.3%	0.0%	0.0%

Source: Dedicated Purpose 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 219.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

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

FY 2016 - FY 2017 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			Estimate	Introduced	FY 2015 to FY 2016	Introduced	FY 2016 to FY 2017	
			FY 2014	FY 2015	FY 2016	FY 2017	% Change	
					% Change		% Change	
Report For Main Operating Appropriations Bill			Version: As Introduced					
ATH Ohio Athletic Commission								
4K90	175609	Operating Expenses	\$ 287,541	\$ 320,000	\$ 320,000	0.00%	\$ 320,000	0.00%
Dedicated Purpose Fund Group Total			\$ 287,541	\$ 320,000	\$ 320,000	0.00%	\$ 320,000	0.00%
Ohio Athletic Commission Total			\$ 287,541	\$ 320,000	\$ 320,000	0.00%	\$ 320,000	0.00%