

LSC Greenbook

Analysis of the Enacted Budget

Ohio Athletic Commission

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ATTACHMENT:

Budget Spreadsheet By Line Item

Ohio Athletic Commission

- Funding of \$632,000 for the biennium is 19.7% above spending in the previous biennium
- Popularity of mixed martial arts events has increased Commission revenues over the past decade

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 more than 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 spending for FY 2013 was \$259,299.

Appropriation Overview

The budget provides funding of \$312,000 in FY 2014, an increase of \$52,701 (20.3%) over FY 2013 spending. Am. Sub. H.B. 59 provides this funding by way of a single line item, drawn from the Occupational Licensing and Regulatory Fund (Fund 4K90) in the General Services Fund Group. The appropriation for FY 2015 is \$320,000, \$8,000 (2.6%) higher than FY 2014 funding. As a regulatory entity, personnel costs are ATH's biggest expense.

Fee Revenues and Fund 4K90

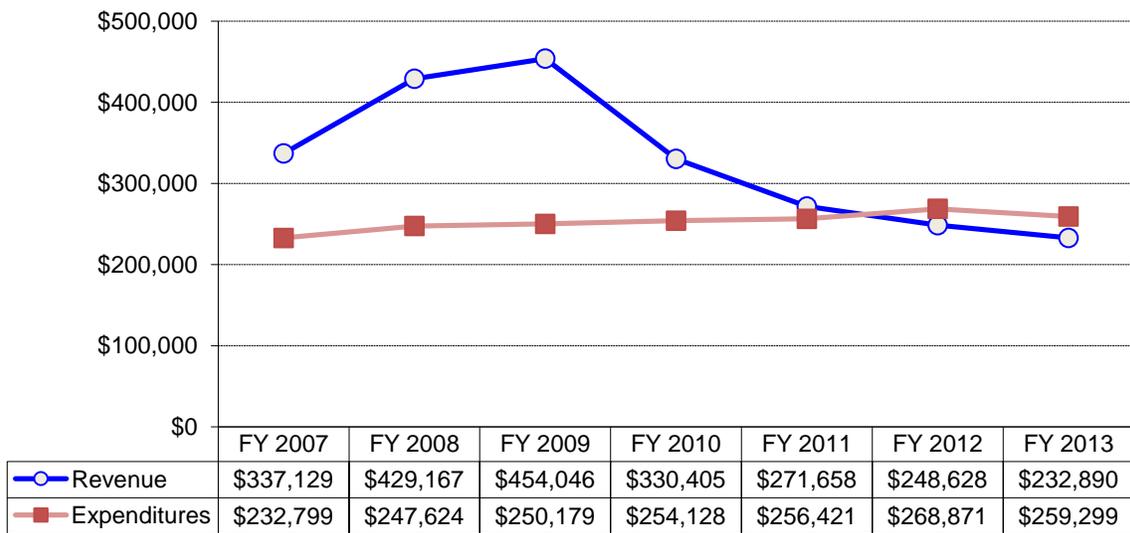
The Commission issues several different types of licenses, permits, and identification cards. The table below shows the current fee amounts charged. All of the Commission's licenses renew annually, except for the athlete agent license, which renews biennially. The Commission collects two national registrations – 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 Fund 4K90. 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 1 below shows revenues and expenditures since FY 2007. In FY 2013, expenditures exceeded revenues by \$26,409. 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 2013 led to a decline in revenues over the most recent four-year period. However, ATH officials report 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 1: Revenue and Expenditures, FY 2007 through FY 2013



ANALYSIS OF ENACTED BUDGET

ATH's operations are funded by a single line item appropriation out of Fund 4K90. The table below shows the funding for the Commission for the FY 2014-FY 2015 biennium.

| Appropriations for the Athletic 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 for FY 2014 and FY 2015 is \$103,830 (19.7%) above total actual expenditures for the 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.

| Table 2. Agency Receipts, FY 2012 | | |
|--|-----------------------|------------------|
| 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 |

FY 2014 - FY 2015 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

| | | | Appropriation | FY 2013 to FY 2014 | Appropriation | FY 2014 to FY 2015 | | |
|--|--------|--------------------|-------------------------|--------------------|-------------------|--------------------|-------------------|--------------|
| | | | FY 2012 | FY 2013 | FY 2014 | % Change | FY 2015 | % Change |
| Report For Main Operating Appropriations Bill | | | Version: Enacted | | | | | |
| ATH Ohio Athletic Commission | | | | | | | | |
| 4K90 | 175609 | Operating Expenses | \$ 268,871 | \$ 259,299 | \$ 312,000 | 20.32% | \$ 320,000 | 2.56% |
| General Services Fund Group Total | | | \$ 268,871 | \$ 259,299 | \$ 312,000 | 20.32% | \$ 320,000 | 2.56% |
| Ohio Athletic Commission Total | | | \$ 268,871 | \$ 259,299 | \$ 312,000 | 20.32% | \$ 320,000 | 2.56% |