

Cultural Facilities Commission

Kerry Sullivan, Budget Analyst

- Total appropriation in FY 2006 is \$39.33 million; FY 2007 is \$39.51 million
- GRF dollars available for operating expenses are reduced by 60% compared to FY 2005; reliance on interest earned from bond sales increases by 59%
- Total membership on the Commission increases from ten to twelve

OVERVIEW

Duties and Responsibilities

The Ohio Cultural Facilities Commission was established in 1988, as the Ohio Arts Facilities Commission, to provide for the development, performance, and presentation of the arts in Ohio. Over the years, the responsibilities of the Commission have been expanded by the legislature to include funding oversight for projects at science and technology museums, local historical facilities, state historical sites, arts education facilities, and publicly owned professional sports venues.

The Commission's mission is to ensure wise stewardship of state capital improvement funds appropriated by the General Assembly and the Governor for planning, construction, renovation, and expansion projects. The General Assembly and Governor assign projects to the Commission in the state's biennial capital appropriations bills. The Commission reports to the Governor and General Assembly on the need for any additional facilities, and conducts reviews to ensure that uses of Ohio cultural facilities are consistent with statewide interests and the Commission's purposes. After a project is assigned to the Commission, the staff works with communities and local project sponsors to assist them through required processes. These include project management assistance, funding administration, and contract oversight. Over the last 16 years, more than \$440 million in capital spending authority has been appropriated for over 200 projects of various sizes and complexities.

The Commission consists of seven members appointed by the Governor and three nonvoting members, consisting of one member each from the Senate and the House of Representatives and the Executive Director of the Ohio Arts Council. The Commission's full-time staff has historically included the Executive Director, Finance Director (currently vacant), Community Relations Director, Information Systems Director, three project managers, an executive assistant, and an administrative assistant.

Agency in Brief

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Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
7	\$39.33 million	\$39.51 million	\$38.33 million	\$38.44 million	Am. Sub. H.B. 66

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005.

ANALYSIS OF THE ENACTED BUDGET

For budget purposes, as detailed below, the Cultural Facilities Commission is considered a single program series agency and its activities are not subdivided into separate programs.

Program Series 1

Ohio Cultural Facilities Commission Operations

Purpose: To protect state capital investments by determining the need for facilities and determining that there is sufficient local/regional support prior to making expenditures for a facility.

The following table shows the line items that are used to fund the Ohio Cultural Facilities Commission, as well as the enacted funding levels contained in Am. Sub. H.B. 66.

Fund	ALI	Title	FY 2006	FY 2007
General Revenue Fund				
GRF	371-321	Operating Expenses	\$198,406	\$195,707
GRF	371-401	Lease Rental Payments	\$38,126,600	\$38,246,500
General Revenue Fund Subtotal			\$38,325,006	\$38,442,207
State Special Revenue Fund				
4T8	371-601	Riffe Theatre Equipment Maintenance	\$81,000	\$81,000
4T8	371-603	Project Administration	\$920,448	\$983,295
State Special Revenue Fund Subtotal			\$1,001,448	\$1,064,295
Total Funding: Ohio Cultural Facilities Commission Operations			\$39,326,454	\$39,506,502

Ohio Cultural Facilities Commission Operations

Program Description: The Ohio Cultural Facilities Commission oversees capital improvement funds appropriated by the General Assembly and Governor for planning, construction, renovation, and expansion projects at Ohio's nonprofit theatres, museums, historical sites, and publicly owned professional sports venues. In the past 16 years, more than \$440 million has been appropriated for over 200 projects of various sizes and complexities. The Commission partners with nonprofit organizations and local governments to administer these community projects.

Enacted under section 3383.02 of Am. Sub. H.B. 66 is a provision that increases the number of members on the Commission from ten to twelve, and in turn increases the number of voting members from seven to nine and the number needed for a quorum from four to five. The initial terms of the two new members are set to expire December 31, 2007 and December 31, 2008. The change is not expected to result in higher operating costs for the Commission because members serve without compensation.

Changes to Capital Bill Appropriations

Am. Sub. H.B. 66 also contains several amendments to previous capital appropriation and capital reapportionment legislation. These changes include: (1) the elimination of a \$100,000 appropriation to the Fairfield Outdoor Theatre (CAP-836), made under Am. Sub. H.B. 189 of the 125th General Assembly, (2) an increased appropriation to the Butler Palace Theatre (CAP-846) from \$100,000 made under Am. Sub. H.B. 16 of the 126th General Assembly to \$200,000, (3) the elimination of a \$30,000 appropriation

to the Becky Thatcher Showboat (CAP-828), made under Am. Sub. H.B. 189 of the 125th General Assembly, and the transfer of that appropriation to the Mid Ohio Valley Players (CAP-829), increasing its appropriation from \$50,000 to \$80,000, and (4) the elimination of a \$15,000 appropriation to the Kennedy Stone House (CAP-865), made under Am. Sub. H.B. 16 of the 126th General Assembly, and the reestablishment of that appropriation (CAP-068, Kennedy Stone House) under the administration of the Department of Natural Resources.

Funding Sources: General Revenue Fund, equipment and theatre ticket fees, and revenue bond interest

Implication of the Enacted Budget: The total FY 2006 appropriation to GRF item 371-321, Operating Expenses, is \$198,406, which represents a decrease of 60% compared to FY 2005 actual spending (\$490,473). As a result of decreased appropriations to this GRF line item, and in light of a current vacancy that exists within the position of finance director, in order to cut costs, the Commission is considering changing the nature of this position and outsourcing some of the higher-level financial analysis the person in this position used to perform. The Commission is also planning other cuts to purchased goods and services in order to operate within the budget appropriation.

The Commission also relies upon interest earnings from bond sales for operating revenue. These earnings are deposited to Fund 4T8, Project Administration. Revenue to this fund is partially dependent on the timing of bond issuances (determined by the Office of Budget and Management), the total amount of capital appropriation authority assigned to the Commission, and interest rates. Although the overall operating expenses of the Commission have not varied significantly over the years, revenue and appropriations to these two line items have fluctuated somewhat. In FY 2006, the fund is appropriated a total of \$1,001,448, which represents an increase of 59% compared to FY 2005 actual spending (\$630,396). Language contained within Am. Sub. H.B. 66 clarifies that the Treasurer of State may issue obligations to refund bonds previously issued to pay the costs of capital facilities leased to the Ohio Cultural Facilities Commission (formerly known as the Ohio Arts and Sports Facilities Commission). Additional language (1) permits the Director of Budget and Management to transfer to the Ohio Cultural Facilities Administrative Fund the premium paid on any bonds issued on behalf of the Commission and credited to the Cultural and Sports Facilities Building Fund that exceed federal arbitrage rebate requirements and (2) requires the Director of Budget and Management to determine the amount of cash from the premium paid on each bond issuance to be transferred from Fund 030 to Fund 4T8. As reliance on GRF dollars to fund Commission operations decreases, these changes will ultimately allow a portion of premiums paid on the Commission's bond issuances to be used for project management.