

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Lake Erie Commission

Jessica Murphy, Budget Analyst
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LBO Redbook

Ohio Lake Erie Commission

Quick look...

- The Ohio Lake Erie Commission’s (LEC) mission is the protection, conservation, and development of Lake Erie and its surrounding areas.
- Total budget recommendations: \$744,000 in FY 2020 and \$749,000 in FY 2021.
 - Sources of the budget: State non-GRF (93%), and FED (7%).
 - Staff payroll (personal services) is the largest spending area (56%).
- The executive budget appropriates funding for 3.25 full-time employees.

FY 2016*	FY 2017*	FY 2018	FY 2019	FY 2020	FY 2021
Actual	Actual	Actual	Estimate	Introduced	Introduced
DPF Fund 4C00 ALI 780601, Lake Erie Protection					
\$149,131	\$183,862	\$365,706	\$571,000	\$694,000	\$699,000
% change	23.3%	98.9%	56.1%	21.5%	0.7%
FED Fund EPO ALI 780603, LEC Federal Grants					
\$152,887	\$61,063	\$0	\$3,743,258	\$50,000	\$50,000
% change	-60.1%	-100%	100%	-98.7%	0%
Total funding:					
\$471,336	\$412,808	\$365,706	\$4,314,258	\$744,000	\$749,000
% change	-12.4%	-11.4%	1,079.7%	-82.8%	0.7%

*The Commission’s FY 2016 and FY 2017 total funding includes amounts appropriated to ALI 780602, Lake Erie Resources, which does not receive funding in the executive budget and is therefore not included in this table. Effective FY 2018, the line item’s revenue stream and purpose were merged into the Lake Erie Protection Fund (Fund 4C00), the line item was discontinued, and its related Fund 5D80 was abolished.

Agency overview

The Lake Erie Commission’s mission is: “to preserve Lake Erie’s natural resources, to protect the quality of its waters and ecosystem, and to promote economic development of the region by ensuring the coordination of policies and programs of state government pertaining to water quality, toxic substances, and coastal resource management.” In accordance with that mission, the Commission implements policies and programs focused on water quality, habitat, recreation, tourism, and resource management. The Lake Erie watershed covers 33 of Ohio’s 88 counties.

The Commission consists of 11 members: the directors of Environmental Protection, Natural Resources, Health, Agriculture, Transportation, and Development Services, plus an additional five members appointed by the Governor. The Commission’s 3.25 staff primarily coordinate programs that address nutrient management and the beneficial use of dredged

material, and promote the sales of Lake Erie license plates that help support staff operations and grants programs. Services are also provided by member state agencies. The Ohio Environmental Protection Agency (Ohio EPA) provides fiscal management services and the Department of Natural Resources provides public information and information technology support. The Commission receives no GRF funding, it relies on three, somewhat uncertain, revenue streams: (1) Lake Erie license plate sales, (2) interest earnings distributed from the multi-state Great Lakes Protection Fund, and (3) federal grants.

Staffing

The Commission currently employs: one full-time employee, one part-time employee, and two full-time employees whose salaries are split equally between the Commission and the Ohio EPA. The executive budget includes an appropriation increase in line item 780601, Lake Erie Protection, which will allow the Commission to increase the allocation for the latter two employees to 100%, making them full employees of the Commission.

Fiscal challenge

An ongoing challenge for the Commission is to ensure that there is sufficient money on hand to fund staff operations and to maintain grants programs. To address this uncertainty, the executive budget contains a cash transfer provision. It permits the Director of the Office of Budget and Management (OBM) to transfer specified cash amounts in FY 2020 and FY 2021 from certain state funds to the Lake Erie Protection Fund (Fund 4C00). The total amount of cash authorized for transfer annually is up to \$125,000 in FY 2020 and FY 2021 (see the table below).

Authorized Cash Transfers to Fund 4C00*				
Fund	Fund Name	User	FY 2020	FY 2021
5BC0	Environmental Protection Fund	Environmental Protection Agency	\$25,000	\$25,000
6690	Pesticide, Fertilizer and Lime Fund	Department of Agriculture	\$25,000	\$25,000
4700	General Operations Fund	Department of Health	\$25,000	\$25,000
1570	Central Support Indirect	Department of Natural Resources	\$25,000	\$25,000
TBD**	TBD**	Development Services Agency	\$25,000	\$25,000
Total			\$125,000	\$125,000

*All of the authorized cash transfers are "up to" amounts, with the exception of Development Services Agency.

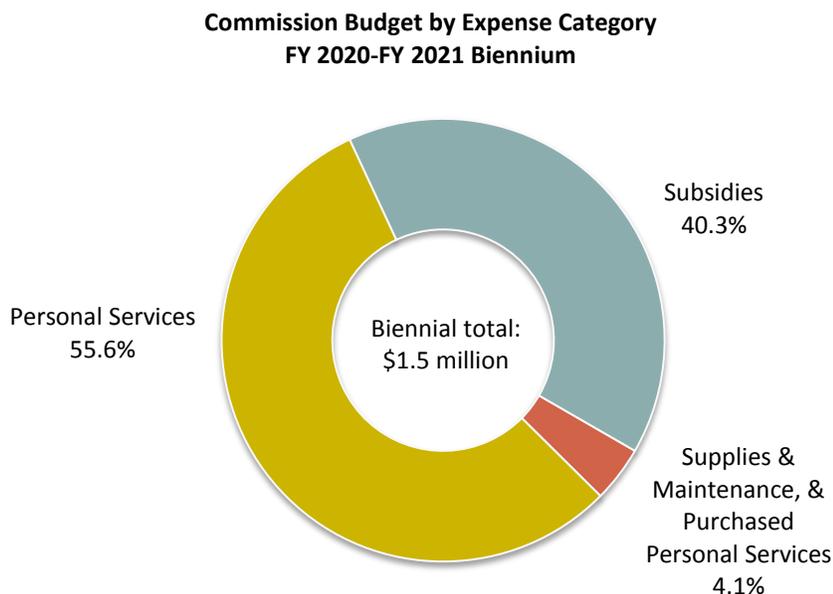
**TBD means to be determined by the Director of Development Services.

Analysis of FY 2020-FY 2021 budget proposal

The Commission's budget consists of two appropriation line items (ALIs), one of which is supported by money appropriated from the Dedicated Purpose Fund (DPF) Group, and the other is supported by federal grants or awards. The executive budget provides a total appropriation of \$744,000 in FY 2020 and \$749,000 in FY 2021, of which 93% is supported by the DPF Group, and 7% by federal funding. Each of these line items is discussed further below.

Executive recommendations by expense category

The chart below shows the Commission's total recommended biennial appropriation (FY 2020 and FY 2021) by expense category. Of the biennial total, 55.6%, or \$831,000, is allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges), followed by subsidies (40.3%, or \$601,000), supplies and maintenance (4.0%, or \$60,000), and purchased personal services (0.1%, or \$1,000).



Lake Erie Protection (ALI 780601)

This line item is used to pay for the Commission's ongoing annual operating expenses and to award research and demonstration grants related to the protection and restoration of Lake Erie resources of up to \$50,000.

The Lake Erie Protection Fund (Fund 4C00), which supports this line item, consists primarily of Lake Erie license plate sales, and, effective FY 2018, Ohio's share of the interest earned from the multi-state Great Lakes Protection Fund (GLPF). Prior to FY 2018, GLPF interest was credited to the Lake Erie Resources Fund (Fund 5D80). Under the current FY 2018-FY 2019 biennial budget, the revenue stream and related purposes for Fund 5D80 was merged into Fund 4C00 and Fund 5D80 was abolished.

The enactment of S.B. 2 of the 132nd General Assembly, effective October 6, 2017, revised the permissible uses of the money in Fund 4C00. As a result, it is currently used to: (1) fund cooperative research, data gathering, or demonstration projects related to the priorities outlined in the Lake Erie Protection and Restoration Strategy (LEPRS),¹ (2) encourage cooperation with and among public and private sector leaders in the Lake Erie basin, (3) award grants for projects and programs that are designed to address priorities outlined in the LEPRS, and (4) pay expenses authorized by the members of the Commission necessary to implement the Coastal Management Law (R.C. Chapter 1506).²

LEC Federal Grants (ALI 780603)

This line item is primarily used to disburse project grants awarded by the Great Lakes Restoration Initiative (GLRI).³ Currently, the line item is being used to disburse three Great Lakes grants totaling \$4.2 million that are expected to be awarded by the end of FY 2019. The three grants are as follows:

- \$2.5 million for partial implementation of Ohio’s Domestic Action Plan to reach the 40% nutrient reduction target in the Great Lakes Water Quality Agreement;
- \$1.7 million to implement the West Branch Euclid Creek – Mayfield Stream Restoration Project; and
- \$46,000 to host the Great Lakes Area of Concern Conference to be held in Cleveland (Cuyahoga County) in the fall of 2019.

LEC/zg

¹ LEPRS outlines actions LEC and its member agencies will take toward achieving prioritized environmental, recreational and economic goals.

² The Coastal Management Law establishes programs administered by the Ohio Department of Natural Resources with other state agencies that protect Lake Erie’s shoreline and water, including erosion prevention and the development of recreational facilities.

³ The GLRI is a 2010 federal initiative aimed at restoring the Great Lakes ecosystem. The U.S. EPA is the lead federal agency for implementing the GLRI.