

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Civil Rights Commission

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LBO Redbook

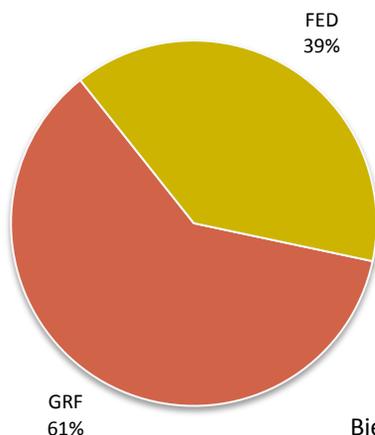
Ohio Civil Rights Commission

Quick look...

- The primary responsibility of the Ohio Civil Rights Commission (CIV) is to investigate and resolve charges of discrimination.
- The executive budget’s funding recommendations for the Commission total \$9.4 million in FY 2020 and \$9.8 million in FY 2021.
 - GRF accounts for 61% of the Commission’s recommended budget, with the remaining 39% coming from federal reimbursements.
 - Of the Commission’s recommended budget, almost 88%, or \$8.2 million in FY 2020 and \$8.6 million in FY 2021, is allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges).
- If federal funding remains stable, it appears that the Commission will be able to maintain existing service delivery levels, including paying for the cost of 80 equivalent full-time staff.

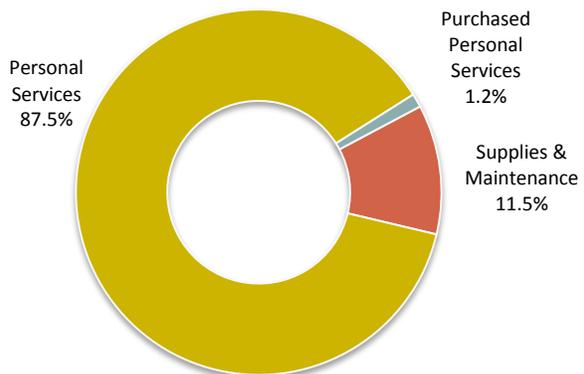
Fund Group	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
General Revenue (GRF)	\$5,039,347	\$5,664,776	\$5,863,161	\$5,863,161
Dedicated Purpose (DPF)	\$4,000	\$3,000	\$3,000	\$3,000
Federal (FED)	\$3,045,918	\$2,860,224	\$3,555,504	\$3,908,497
Total	\$8,089,265	\$8,528,000	\$9,421,665	\$9,774,658
% change	--	5.4%	10.5%	3.7%
<i>GRF % change</i>	--	12.4%	3.5%	0.0%

**Chart 1: Commission Budget by Fund Group
FY 2020-FY 2021 Biennium**



Biennial total: \$19.2 million

**Chart 2: Commission Budget by Expense Category
FY 2020-FY 2021 Biennium**



Agency overview

The Ohio Civil Rights Commission is charged with enforcing R.C. Chapter 4112, which prohibits discrimination in employment, places of public accommodation, housing, granting of credit, and higher education on the basis of certain characteristics. The Commission's duties can be summarized as follows:

- Enforcing Ohio's anti-discrimination laws through the investigation of complaints and the determination of whether or not discrimination has occurred;
- Educating the public, employers, housing providers, and places of public accommodation about Ohio's anti-discrimination laws; and
- Offering alternative dispute resolution and mediation services to parties who have filed charges with the Commission.

The Governor, with the advice and consent of the Senate, appoints five members to the Commission, not more than three of whom can be of the same political party, and at least one member of whom must be at least 60 years of age. The Commission is served by 80 full-time equivalent (FTE) staff. The number of staff positions has decreased by 14 FTEs, or 14.9%, since the FY 2010-FY 2011 biennium as a result of budget reductions and various related actions taken to reduce costs. The staff reductions were achieved through a variety of mechanisms that include abolishing positions, implementing an early retirement incentive plan, and downsizing by attrition.

Analysis of FY 2020-FY 2021 budget proposal

Appropriation summary

The executive budget provides a total appropriation of \$9.4 million in FY 2020 and \$9.8 million in FY 2021 for a combined total of \$19.2 million for the biennium. The table and Chart 1 shown in the preceding "Quick look" section present the executive recommended appropriations by fund group. As shown in Chart 1, money appropriated from the GRF will provide 61% of the Commission's funding. Virtually all of the remaining funding, close to 39%, will be drawn from reimbursement contract payments received from two federal agencies: the U.S. Equal Employment Opportunity Commission (EEOC) and Department of Housing and Urban Development (HUD). A small portion appropriated from the Dedicated Purpose Fund (\$6,000, or \$3,000 in each year) will be used for supplies and maintenance.

What essentially has happened under the enacted budget for the current FY 2018-FY 2019 biennial budget is that, in FY 2018, the Commission's GRF funding was reduced and more or less offset by using more of the available cash balance in its Federal Programs Fund (Fund 3340). In FY 2019, the enacted budget restored the Commission to its FY 2017 level of GRF funding, and generally offset that increase by reducing the amount appropriated from Fund 3340.

Under the executive budget proposal for the FY 2020-FY 2021 biennium, the amount of GRF appropriated for the Commission's use is increased by 3.5% in FY 2020 and held flat in FY 2021, coupled with a notable increase in the amount of money appropriated from Fund 3340 in each of FY 2020 (24.3%) and FY 2021 (9.9%). If federal funding over the next biennium

remains stable, it appears that the Commission will be able to maintain existing service delivery levels, including paying for the cost of 80 FTE staff.

Fund 3340 is supported by federal reimbursement payments from EEOC and HUD. From FY 2017 projected through FY 2019, the combined annual revenue generated by these sources is expected to average \$2.5 million. Revenues are expected to remain stable in FY 2020 and FY 2021; however, expenditures, generally in the area of personal services/payroll, have increased. At the end of FY 2021, the Commission estimated Fund 3340 will have a cash balance of approximately \$130,000.

Chart 2 in the “Quick look” section shows the executive recommended total biennial appropriation by object of expense. All of this appropriated money will be allocated for operating expenses, most notably personal services (wages, salaries, fringe benefits, and payroll checkoff charges). Almost 88%, or \$16.8 million, is allocated for personal services.

Operating Expenses (ALIs 876321, 876604, and 876601)

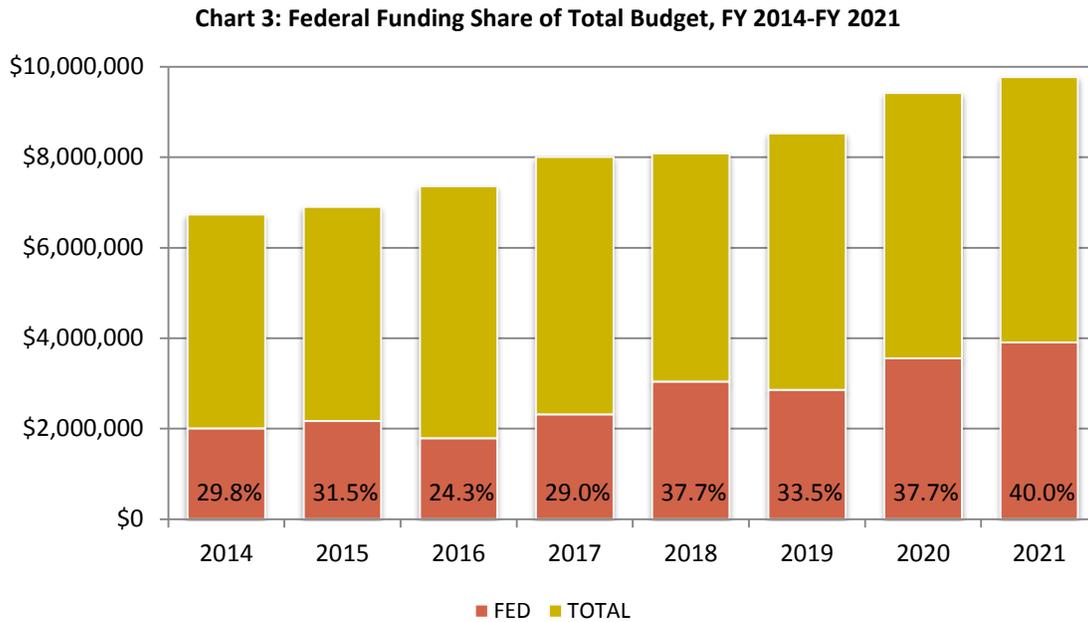
FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
GRF ALI 876321, Operating Expenses					
\$5,567,540	\$5,684,546	\$5,039,347	\$5,664,776	\$5,863,161	\$5,863,161
% change	2.1%	-11.4%	12.4%	3.5%	0.0%
DPF Fund 2170 ALI 876604, Operations Support					
\$3,355	\$4,000	\$4,000	\$3,000	\$3,000	\$3,000
% change	19.2%	0.0%	-25.0%	0.0%	0.0%
FED Fund 3340 ALI 876601, Federal Programs					
\$1,789,747	\$2,319,644	\$3,045,918	\$2,860,224	\$3,555,504	\$3,908,497
% change	29.6%	31.3%	-6.1%	24.3%	9.9%
Total	\$8,008,190	\$8,089,265	\$8,528,000	\$9,421,665	\$9,774,658
% change	8.8%	1.0%	5.4%	10.5%	3.7%

The exclusive purpose of these three line items is to pay for the Commission’s operating expenses. Under the executive budget, of the total amount appropriated in each of FY 2020 and FY 2021, almost 88%, or \$8.2 million in FY 2020 and \$8.6 million in FY 2021, is allocated for personal services (wages, salaries, fringe benefits, and payroll checkoff charges). This is expected to pay for the ongoing annual cost of retaining 80 FTE staff.

Federal Programs Fund (Fund 3340)

This fund consists of reimbursement payments from EEOC and HUD, which are then used to offset the cost of investigating cases. These reimbursement payments do not, however, cover the full cost of processing the cases; the remainder of the cost must be absorbed by GRF funds.

The percentage of federal funds comprising the overall budget of the Commission from FY 2014 projected through the end of FY 2019 is depicted in Chart 3 below. It peaked at 37.7% in FY 2018 and hit a low of 24.3% in FY 2016. As the chart also shows, at the recommended funding levels, the federal fund portion of the budget is projected at 37.7% and 40.0% for FY 2020 and FY 2021, respectively.



Facts and figures

Anyone who lives or works in Ohio and feels that he or she has been subjected to unlawful discrimination can file a charge with one of the Commission’s regional offices, by telephone, or online. Complaints must be filed within six months of the alleged act of discrimination for issues involving employment, public accommodation, credit discrimination, and higher education disability. Complaints must be filed within one year for housing issues.

Once the charge of discrimination is received, the case is assigned to an investigator who notifies the person filing the charge (charging party) and the company or person against whom the charge was filed (respondent). Generally, mediation is offered to resolve the complaint. If mediation is declined or unsuccessful, the Commission will determine whether or not discrimination has occurred through a series of steps which may include witness interviews, document requests, and on-site visits. The Commission has one year from the date on which a charge was filed to complete the investigation. For FY 2018, the number of completed cases averaged 94 cases per investigator. The Commission does not have the option to refuse to investigate a charge.

The Commission initially attempts to conciliate these charges and reach a settlement. When conciliation attempts fail, the charge is referred to the office of the Attorney General and, if necessary, a public hearing on the merits (administrative adjudication) is held.

Investigation and enforcement statistics

Table 1 below shows the number of discrimination charges filed, by regional office, from FY 2015 through FY 2018.

Region	FY 2015	FY 2016	FY 2017	FY 2018
Akron	494	426	648	558
Cleveland	519	472	596	634
Columbus	739	749	899	944
Dayton	753	629	794	782
Toledo	632	622	703	751
Total	3,137	2,898	3,640	3,669

Table 2 below shows the basis on which these charges were filed. Charges must be based on the belief that the discriminatory act occurred on the basis of certain characteristics. As shown, the total number of charges filed statewide noticeably exceeds the analogous number in Table 1. The difference signifies that a single charge may allege discrimination on multiple bases, e.g., race and age, rather than a single factor.

Discrimination Charge	FY 2015	FY 2016	FY 2017	FY 2018
Race or Color	1,239	1,346	1,558	1,570
Sex/Pregnancy	789	718	877	953
Disability	960	889	1,100	1,127
Familial Status	88	91	80	89
Age	467	404	522	508
Retaliation	897	938	1,276	1,428
National Origin/Ancestry	192	184	225	229
Religion	110	147	128	171
Military Status	13	11	16	23
Other	13	56	58	30
Total	4,768	4,784	5,840	6,128

Over that same four-year span, as depicted in Table 3, the Commission closed, on average, 3,270 cases annually. Discrimination in the area of employment consistently represents the largest share case closures. In FY 2018, of the 3,674 total cases closed, around 60%, or 2,181, were closed after an investigation finds no probable cause that an unlawful discriminatory act occurred. Including “no probable cause,” the EEOC defines a total of 13 reasons for which a case can be closed.

Type of Case	FY 2015	FY 2016	FY 2017	FY 2018
Employment	2,323	2,355	2,437	2,660
Housing	595	418	475	670
Public Accommodation	219	258	237	306
Credit	7	15	11	19
Disability in Education	24	13	20	19
Total	3,168	3,059	3,180	3,674

Mediation services

The Commission’s Alternative Dispute Resolution Unit offers mediation services as an alternative means of resolving a discrimination complaint. Each of the Commission’s regional offices employs one mediator. Mediation requires both parties voluntarily agreeing to participate in the process and brings both the charging party and respondent together in an attempt to voluntarily settle disputes short of a full-scale investigation. The parties have two weeks to confirm they want mediation.

If mediation is successful, the case is closed and no further administrative action is taken. The mediation process must conclude within 45 days. In FY 2018, the Commission successfully mediated 374 cases, or 83% of the total number of cases taken to mediation. The average processing time was approximately 35 days.

Public affairs and community service

In addition to its enforcement responsibilities, the Commission is mandated to conduct educational and public outreach programs. The amount allocated for this purpose for the FY 2020-FY 2021 biennium will be about \$149,250 annually, or 1.6% of the Commission’s total biennial budget. The entire amount in each fiscal year will be used for payroll costs for one FTE.

Outreach and service activities generally include:

- Working with core constituent groups in identifying and addressing issues of discriminatory practices.
- Providing businesses and organizations with training on how to comply with the state’s nondiscrimination laws.
- Developing and implementing training programs and public forums.

- Preparing and making available an educational program and related materials for grades K-12.

Federal and state agency partnerships

Equal Employment Opportunity Commission (EEOC)

The Commission has a work-sharing agreement with the U.S. Equal Employment Opportunity Commission for a specific number of cases agreed upon by both parties. EEOC permits the Commission to draw down 50% of the agreement in May or June and the remaining 50% in October or November, as long as the Commission meets the contracted number of cases submitted and approved by EEOC. The Commission is currently paid \$700 for every approved case submitted to EEOC, up to the agreed number of cases in the contract. The Commission does not receive payment for additional cases beyond the number detailed in the contract. Ohio is one of a handful of states that contract with the federal government to mediate cases filed with EEOC.

For federal FY 2019, EEOC increased the total number of cases to be processed by the Commission from 2,136 in federal FY 2018 to 2,200. As a result, the federal money generated by this contract annually increased from \$1,495,200 to \$1,540,000, a gain of \$44,800, or 3%.

Department of Housing and Urban Development (HUD)

The Commission also has a work-sharing agreement with the U.S. Department of Housing and Urban Development for the number of cases actually submitted and approved by HUD by September 30 of each year. HUD permits the Commission to draw down 100% of the agreed upon sum in October of each year.

The Commission processes, on average, 450 housing cases annually. In federal FY 2018, the Commission processed 380 cases that were eligible for payment from HUD. HUD pays the Commission \$2,800 for each approved case as long as the case is completed and submitted to HUD within the *Standards for Payments for Timeliness of Complaint Processing*. HUD's case payment is decreased if the Commission submits a case outside of the timeline requirements. Conversely, the Commission receives an additional \$5,000 per approved case if it is litigated before the administrative law judge and \$8,000 if it is litigated in a court of common pleas. In federal FY 2018, the Commission received from HUD, on average, a payment of \$2,291 per case. For the FY 2020-FY 2021 biennium, the Commission estimates that it will receive around \$870,000 annually.