

Testimony before the Ohio Senate Subcommittee On Higher Education

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Regarding
Fiscal Years 2016-2017 Biennium Budget
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Good afternoon Chairman Gardner, Vice Chair Cafarro and members of the Subcommittee; my name is Gail Hesse and I am the Executive Director of the Ohio Lake Erie Commission. I am pleased to offer this testimony on behalf of the Lake Erie Commission.

The Commission is comprised of the directors of six state agencies including the Ohio Environmental Protection Agency, and the Departments of Natural Resources, Transportation, Health, Agriculture and Development Services. In addition, there are up to five additional members appointed by the governor.

The mission of the Ohio Lake Erie Commission and its office is to protect and restore Lake Erie's natural resources, its waters and ecosystem and to promote economic development of the region. We serve this mission through the coordination of policies and programs of state government pertaining to water quality, fish & wildlife, habitat protection, economic development, coastal management, and other state actions impacting Lake Erie.

While the member agencies of the Commission have their own statutory authorities that affect Lake Erie, the Commission provides a forum for cross-program coordination to improve program effectiveness.

Our key program activities include:

- 1) Awarding grants through the Lake Erie Protection Fund for projects that help implement the objectives of the Commission's *Lake Erie Protection & Restoration Plan*. The revenue for the Lake Erie Protection Fund comes from the proceeds of the sale of the Lake Erie license plates as well as donations and contributions made directly to the

Fund. The grant program funds a wide range of projects for the benefit of Lake Erie. The Fund supported work on numerous nutrient and algae-related projects, providing researchers and policy makers with key information about phosphorus and the algae found in Lake Erie. The Fund has been used for projects to track other trends and changes in the ecosystem, to assist local governments with land management and land use change and a variety of on-the-ground projects to improve water resources along the rivers and coastline of Lake Erie. We have funded wetlands restoration, invasive species control, soil conservation and storm water management projects as well as development of Lake Erie tourism opportunities. During the next biennium, the Commission expects to award 20 to 25 grant projects worth approximately \$600,000. Over the past 17 years, we have funded over 300 projects with a grant portfolio close to \$12 million.

- 2) Preparation and implementation of the *State of the Lake Report ~ Lake Erie Quality Index, Lake Erie Protection & Restoration Plan (LEPR)*, and publication of periodic progress reports. These reports provide the direction for Ohio's programs to protect and restore Lake Erie. These reports have provided a useful framework for securing funding from the federal Great Lakes Restoration Initiative for Ohio agencies and organizations to implement Lake Erie projects.
- 3) Implementing the *Ohio Balanced Growth Program* in the Lake Erie basin. This program provides technical resources and a planning framework for local communities. The Balanced Growth Program helps local communities address land use change while balancing the protection of Lake Erie and supporting economic growth. This voluntary, incentive-based program provides resources on the connection between land use, water resources and economic competitiveness.
- 4) Coordination and delivery of special projects to benefit Lake Erie. One particular project I would like to mention is the Ohio Lake Erie Phosphorus Task Force. I serve as the lead chair for this Task Force in cooperation with Ohio EPA, the ODNR and the ODA. The Lake Erie Phosphorus Task Force has been instrumental in synthesizing complex, technical information and developing consensus-based recommendations. Going forward, we know that success in reducing nutrient runoff to Lake Erie will require

adaptive management approaches. As a multi-stakeholder forum, the Task Force is well-equipped to evaluate results, understand what works well and how to communicate what is needed as we make progress in addressing the algal blooms in Lake Erie. A planned project for the Commission is to produce an annual atlas that summarizes water quality monitoring results for the Maumee River and the western basin of Lake Erie. The State of Ohio and its partners are making a significant investment in monitoring to better analyze nutrient patterns and to track progress in northwest Ohio. The atlas will provide a synthesis of results for stakeholders and the lay audience that's easy to understand and will augment the technical reports prepared by monitoring agencies.

The Commission maintains three accounts. First, the Lake Erie Protection Fund (4C00) receives thousands of individual donations from Ohioans through the sale of the Lake Erie license plates and other contributions. This Fund is used solely to fund projects that benefit Lake Erie through restoration projects or research. The Commission is requesting \$300,000 spending authority in SFY 2016 and again in SFY 2017. We anticipate leveraging these funds with external sources to support one or more larger impact projects to benefit Lake Erie. The purpose of looking to leverage the Lake Erie Protection Fund with external funding is in part to secure larger projects with greater benefit to Lake Erie, and also to offset the decline in license plate sales. The decline in sales is largely due to the growing competition in the specialty plate market.

The Lake Erie Federal Grants fund (3EP0) was established in SFY 2011 to include receipts from federal grant dollars for special projects. Grant funds are used for support of Commission staff while some of the funds are passed through as grants.

The third fund of the Commission is the Lake Erie Resources Fund (5D80) and this is the primary source of funding for our operations. This fund receives Ohio's share of the earnings from the Great Lakes Protection Fund (GLPF). The GLPF is an interstate trust fund established in 1989 to protect and restore the Great Lakes. The GLPF principal is invested in

open financial markets and one-third (1/3) of the earnings are returned to the participating states for support of local Great Lakes activities. For the Lake Erie Resources Fund (5D80), the Commission is requesting \$329,000 in spending authority for SFY 2016 and \$367,000 in SFY 2017.

Operations of the Lake Erie Commission Office are funded from both the Lake Erie Resources Fund (5D8) and the Lake Erie Federal Grants fund (3EP0) to support 3.5 FTEs. The Ohio Lake Erie Commission Office receives no General Revenue Funds.

The Commission continues to be fiscally-conscious in the management of our operational costs. During the last biennium we relocated the Commission office to Sandusky to cut costs and to be more centrally located in the Ohio Lake Erie basin. We have kept our FTE level at historic lows for the Commission with 2 full time and 2 part time employees.

In recent years, there has been significant variability of earnings from the Great Lakes Protection Fund resulting in lower state disbursements in contrast to historical trends. We were able to offset this by successfully securing federal grants for special projects. However, future federal grants are uncertain and the Commission was facing a cash shortfall in the SFY2016-2017 biennium. The member agencies of the Commission (Ohio EPA, ODNR, Agriculture, Health, Transportation and Development) were concerned about the shortfall and agreed to make contributions to the Commission to cover operating expenses as needed through the biennium. The same arrangement was made for the current biennium and I am happy to report that we have not had to rely on any transfer of funds from the member agencies of the Commission. The proposed contributions for the upcoming biennium are included in the amounts budgeted for FY 2016 and FY2017 and are reflected in temporary law in the budget bill (with the exception of the contribution from Transportation which will be made using an intrastate transfer voucher).

Thank you for your consideration of our budget request and I welcome any questions you may have.