

LSC Redbook

Analysis of the Executive Budget Proposal

Lake Erie Commission

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Lake Erie Commission (LEC), which includes the following three sections.

1. **Overview:** Provides a brief description of the Commission's existing functions and staffing, and an overview of its executive recommended budget for the FY 2012-FY 2013 biennium, and notes other important budgetary matters.
2. **Analysis of Executive Proposal:** Provides a detailed analysis of the Commission's executive recommended budget, including the funding and purposes for each appropriated line item, and the services and activities that are financed by those appropriated moneys.
3. **Attachments:** Includes LSC's Catalog of Budget Line Items (COBLI), which describes each line item's purpose, revenue, and expenditures, and the LSC budget spreadsheet, which summarizes each line item's recent expenditure and appropriations history.

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Lake Erie Commission

- Non-GRF entity
- Funding reliant on reduced grants and license plate sales
- Mission to protect, restore, grow Lake Erie

OVERVIEW

Agency Overview

The Lake Erie Commission's primary role is to coordinate state policy and programs pertaining to the protection, conservation, and development of Lake Erie and its surrounding areas. Specifically, the Commission is charged with protecting Lake Erie's natural resources and safeguarding its watershed's ecological quality against pollution while promoting responsible economic development along the shoreline. The Lake Erie watershed covers 33 of Ohio's 88 counties.

In complying with these duties, the Commission currently focuses on five activities:

1. Conducting formal quarterly meetings to coordinate state agencies and provide a forum for citizens and other interested parties;
2. Preparing and implementing the *State of the Lake Report/Lake Erie Quality Index Report* and the *Lake Erie Protection and Restoration Plan*;
3. Awarding Lake Erie Protection Fund research and implementation grants;
4. Implementing the Lake Erie Balanced Growth Program;
5. Implementing a public education program; and
6. Representing the state's interest in various regional and international Great Lakes management organizations.

The Commission itself is comprised of six cabinet-level state officials: the directors of: (1) Environmental Protection, (2) Natural Resources, (3) Health, (4) Transportation, (5) Development, and (6) Agriculture. The Commission's office and staff are located in Toledo. Of note is that these member state agencies also provide the Commission with staffing assistance. For example, the Ohio Environmental Protection Agency provides fiscal management, legal, and human resources services, and the Ohio Department of Natural Resources provides media relations and administrative support.

Staffing Levels

Table 1 below displays the number of staff paid, or to be paid, by the Commission from FY 2008 through FY 2013.

In FY 2010, the Executive Secretary position was vacated by a retirement. An Environmental Specialist 2 position was created as a part-time position (0.75 FTE) and filled in FY 2011. The Executive Secretary position has been left vacant, and those duties have been divided among the remaining staff. This arrangement was implemented to permit staff to allocate more time to Commission programs while still meeting its administrative needs.

In FY 2012, the current Executive Director is expected to retire. The next Executive Director is expected to be a full-time position; this transition was factored into the Commission's FY 2012-FY 2013 biennial budget request. The Executive Director position was originally a full-time position, but was reduced to part-time to accommodate the current Executive Director. The Commission feels the duties do require a full-time Executive Director and is in the process of searching for a new one.

Table 1. Lake Erie Commission Staffing Levels,* FYs 2008-2013**						
Employee Title	2008	2009	2010	2011	2012	2013
Executive Director	0.50	0.50	0.50	0.50	1.00	1.00
Environmental Specialist	1.00	1.00	1.00	1.75	1.75	1.75
Executive Secretary	1.00	1.00	1.00	----	----	----
Secretary/Webmaster	0.75	0.75	0.75	0.75	0.75	0.75
TOTALS	3.25	3.25	3.25	3.00	3.50	3.50

*Staffing levels are expressed in terms of full-time equivalent (FTE) positions.

**FYs 2012 and 2013 are estimates.

Appropriation Overview

As seen in Table 2 below, the Commission's FY 2012-FY 2013 biennial budget will consist largely of money appropriated from the State Special Revenue Fund (SSR) Group plus a relatively small amount of federal money.

For FY 2012, the executive budget recommends a total appropriation of \$755,533, which represents a decrease of 9.1% from the FY 2011 total appropriation of \$833,000. For FY 2013, the executive budget recommends a total appropriation of \$745,893, a decrease of 1.5% from the recommended FY 2012 appropriation. The Commission expects that it will be able to maintain current service levels with the amount of appropriations recommended for the FY 2012-FY 2013 biennium.

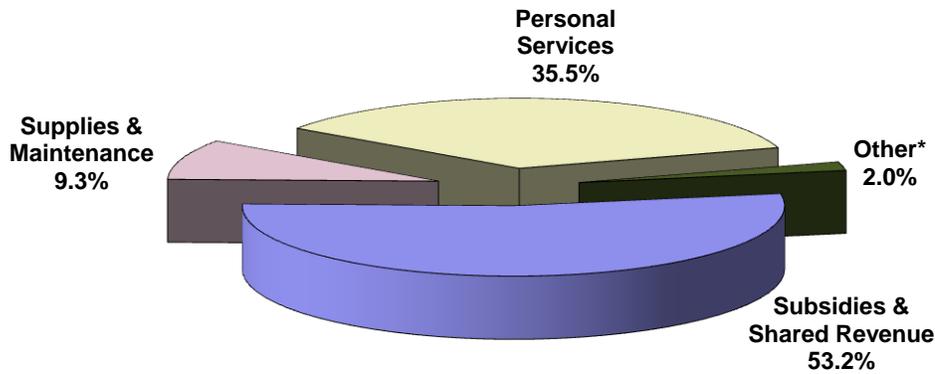
Table 2. Executive Budget Recommendations by Fund Group, FY 2012-FY 2013

Fund Group	FY 2011*	FY 2012	% change, FY 2011-FY 2012	FY 2013	% change, FY 2012-FY 2013
Federal Special Revenue	\$0	\$95,750	N/A	\$95,750	0.0%
State Special Revenue	\$833,000	\$661,783	-20.6%	\$650,143	-1.8%
TOTALS	\$833,000	\$755,533	-9.1%	\$745,893	-1.5%

*FY 2011 figures represent estimated expenditures.

The Commission proposed total biennial budget of \$1.5 million can also be depicted in terms of how the appropriated money will be allocated by type of expense. As Chart 1 below shows, the largest portion of the Commission's appropriations will be allocated for subsidies and shared revenue category (53.5%), which includes project grants that support Lake Erie research and protection efforts. The remainder of the Commission's biennial budget will be allocated more or less as follows: personal services (35.5%), supplies and maintenance (9.3%), and other (1.8%), the latter including purchased personal services and equipment.

Chart 1: Biennial Executive Budget Recommendations by Expense Category, FY 2012-FY 2013



*"Other" includes purchased personal services and equipment.

Lake Erie Balanced Growth Program

A major Commission initiative for the FY 2012-FY 2013 biennium is the continued management of the Lake Erie Balanced Growth Program. Pursuant to recommendations in the *Lake Erie Protection and Restoration Plan*, this program provides assistance to watersheds in the Lake Erie basin for: (1) developing watershed balanced growth plans that provide regional frameworks for local growth and conservation policies, (2) formulating a State Balanced Growth Incentives Strategy to help state

agencies assist watersheds in implementing their plans, and (3) conducting awareness and training programs on local land use practices.

Since FY 2006, implementation of this initiative has been assisted by grants awarded by the Ohio Department of Natural Resources' Office of Coastal Management. These grants are backed by federal money awarded by the National Oceanic and Atmospheric Administration (NOAA) and that the Office of Coastal Management distributes for designated purposes. For the FY 2012-FY 2013 biennium, the Commission expects additional awards of \$50,000 in each year.

ANALYSIS OF EXECUTIVE PROPOSAL

This section of the Redbook examines in more detail the money appropriated to finance the Commission's activities and services, including their intended purpose. Table 3 immediately below summarizes the relevant line items that are used for that purpose, as well as the executive recommended funding levels. It is then followed by a narrative describing how each appropriated amount will be used.

Table 3. Executive Recommended Amounts, FY 2012 and FY 2013				
Fund	ALI and Name		FY 2012	FY 2013
Federal Special Revenue Fund (FED) Group				
3EP0	780603	Lake Erie Federal Grants	\$95,750	\$95,750
State Special Revenue Fund (SSR) Group				
4C00	780601	Lake Erie Protection Fund	\$400,000	\$400,000
5D80	780602	Lake Erie Resources Fund	\$261,783	\$250,143
State Special Revenue Fund Group Subtotal			\$661,783	\$650,143
Total Funding: Lake Erie Commission			\$757,533	\$745,893

Lake Erie Federal Grants (FED line item 780603)

This is a new line item created for the purpose of disbursing recently awarded federal grants totaling \$450,000. These grants will be used to undertake the two Great Lakes Restoration Initiative (GLRI) projects summarized in Table 4 immediately below. For this purpose, the executive budget recommends appropriations of \$95,750 in each fiscal year, all of which will be allocated for Commission payroll costs that would otherwise have been charged against the Lake Erie Resources Fund (Fund 5D80). The remainder of the federal money will be disbursed to the actual grant recipients at a date yet to be determined.

Table 4. Great Lakes Restoration Initiative (GLRI) Projects			
Project Title	Total Project Cost	GRLI Grant Amount	LEC State Funds
Toledo Harbor Sediment Management and Reuse	\$275,000	\$250,000	\$25,000
Lake Erie Synthesis and Coordination Team	\$219,500	\$200,000	\$19,500

The purpose of the Toledo Harbor Sediment Management and Reuse project is to develop a sediment management plan for the Toledo Harbor. As can be seen from Table 4, this project's funding includes a \$250,000 GLRI grant and \$25,000 in state funds appropriated for use by the Commission.

The purpose of the Lake Erie Synthesis and Coordination Team project is to focus on linking management and research projects to enhance the value and impact of research, improve management decisions, and clearly and concisely synthesize and

summarize the results of both for managers, decision makers, elected officials and the public. The funding mix for this project includes a \$200,000 GLRI grant and \$19,500 in state funds appropriated for use by the Commission. The project is a three-year effort involving collaboration between the Commission, the Lake Erie Millennium Network, and the Ohio Sea Grant College Program.

Lake Erie Protection Fund (SSR line item 780601)

For this SSR line item, the executive budget recommends appropriations of \$400,000 in each fiscal year, to be disbursed in the form of approximately 20 project grants. This line item draws its money from the Lake Erie Protection Fund (Fund 4C00), which has a revenue stream that is primarily through the sale of Lake Erie license plates, and secondarily, grants, gifts, and donations. A point of concern for the Commission in this revenue stream is that, after netting in excess of \$900,000 in Lake Erie license plate sales, annual sales have decreased to less than \$300,000.

The Lake Erie Protection Fund is used in accordance with statutory requirements to provide grants and financial resources to entities that perform research and develop strategies on the conservation and responsible development of Lake Erie watersheds and Ohio's Lake Erie region. Activities include: research on contamination of the lake and its tributaries, measurement and collection of water quality data, research and development of clean-up techniques, cooperative efforts between public and private entities within the Lake Erie basin, and other efforts to develop and implement Lake Erie protection programs.

Lake Erie Resources Fund (SSR line item 780602)

For this SSR line item, the executive budget recommends appropriations of \$261,783 in FY 2012 and \$250,143 in FY 2013, to be allocated more or less in order of magnitude as follows: payroll, supplies and maintenance, purchased personal services, and equipment. Specific activities supported by these expenditures include the annual Coastweeks Program, which hosts clean-up events along Lake Erie, publication of reports such as the *Lake Erie Protection and Restoration Plan*, organizing Commission meetings, and representing Ohio at regional Great Lakes management forums.

This line item draws its money from the Lake Erie Resources Fund (Fund 5D80), which relies primarily on Ohio's share of the interest earned the multi-state Great Lakes Protection Fund, and secondarily, contributions from member state agencies, and other special grants and donations. The Great Lakes Protection Fund is an interstate trust fund established in 1989 to protect and restore the Great Lakes. One-third of the fund's annual earnings are designated for Ohio. A point of concern for the Commission is that the trust fund's interest earnings have decreased as a result of the downturn in the economy.

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Lake Erie Commission

Federal Special Revenue Fund Group

3EPO 780603 Lake Erie Federal Grants

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$0	\$0	\$95,750	\$95,750
	N/A	N/A	N/A	N/A	0.0%

Source: Federal Special Revenue Fund Group: CFDA 66.469, Great Lakes Program

Legal Basis: Established by Controlling Board on December 13, 2010

Purpose: The fund, and related line item, were created for the purpose of disbursing federal money awarded as part of the Great Lakes Restoration Initiative (GLRI). This federal money will be used to support two specific projects: (1) the Toledo Harbor Sediment Management and Reuse project, the purpose of which is to develop a sediment management plan for the Toledo Harbor, and (2) the Lake Erie Synthesis and Coordination Team project, the purpose of which is to link management and research projects to enhance the value and impact of research and improve management.

Lake Erie Commission

State Special Revenue Fund Group

4C00 780601 Lake Erie Protection Fund

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$526,304	\$375,444	\$383,214	\$450,000	\$400,000	\$400,000
	-28.7%	2.1%	17.4%	-11.1%	0.0%

Source: State Special Revenue Fund Group: (1) Donations, gifts, bequests, and other moneys received for the purposes of preserving and protecting Lake Erie and its tributaries, and (2) \$15 contribution paid by Ohio motorists for the issuance of Lake Erie license plates

Legal Basis: ORC 1506.23; Section 315.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Moneys from the fund are to be expended for any of the following purposes: (1) accelerating the pace of research into the economic, environmental, and human health effects of contamination of Lake Erie and its tributaries, (2) funding cooperative research and data collection regarding Lake Erie water quality and toxic contamination, (3) developing improved methods of measuring water quality and establishing a firm scientific base for implementing a basin wide system of water quality management for Lake Erie and its tributaries, (4) supporting research to improve the scientific knowledge on which protection policies are based and devising new and innovative clean-up techniques for toxic contaminants, (5) supplementing state commitments to policies and programs pertaining to Lake Erie water quality and resource protection, (6) encouraging cooperation with and among leaders from state legislatures, state agencies, political subdivisions, business and industry, labor, institutions of higher education, environmental organizations, and conservation groups within the Lake Erie basin, (7) awarding of grants for the development and implementation of projects and programs that are designed to protect Lake Erie by reducing toxic contamination of or improving water quality in Lake Erie, and (8) expenses authorized by the Ohio Lake Erie commission necessary to implement ORC Chapter 1506., which contains law governing coastal management.

Lake Erie Commission

5D80 780602 Lake Erie Resources Fund

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$301,087	\$300,187	\$299,629	\$383,000	\$261,783	\$250,143
	-0.3%	-0.2%	27.8%	-31.6%	-4.4%

Source: State Special Revenue Fund Group: (1) Annual earnings from the regional endowment of the Great Lakes Protection Fund, a private not-for-profit corporation created in 1989 by one-time contributions of the seven Great Lakes states, and (2) donations, gifts, bequests, and other moneys received for the purposes of preserving and protecting Lake Erie and its tributaries

Legal Basis: ORC 1506.24; Section 315.10 of Am. Sub. H.B. 1 of the 128th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Moneys in the fund are to be used for the same purposes and administered in the same manner as the above described Lake Erie Protection Fund (Fund 4C00).

FY 2012 - FY 2013 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
LEC Lake Erie Commission								
3EP0	780603	Lake Erie Federal Grants	\$0	\$ 0	\$ 95,750	N/A	\$ 95,750	0.00%
Federal Special Revenue Fund Group Total			\$0	\$ 0	\$ 95,750	N/A	\$ 95,750	0.00%
4C00	780601	Lake Erie Protection Fund	\$ 383,214	\$ 450,000	\$ 400,000	-11.11%	\$ 400,000	0.00%
5D80	780602	Lake Erie Resources Fund	\$ 299,629	\$ 383,000	\$ 261,783	-31.65%	\$ 250,143	-4.45%
State Special Revenue Fund Group Total			\$ 682,843	\$ 833,000	\$ 661,783	-20.55%	\$ 650,143	-1.76%
Lake Erie Commission Total			\$ 682,843	\$ 833,000	\$ 757,533	-9.06%	\$ 745,893	-1.54%