

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Civil Rights 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 Ohio Civil Rights Commission (CIV), which includes the following three sections.

1. Overview: Provides a description of the Commission's existing functions and staffing, and an overview of the Commission's executive recommended budget for the FY 2014-FY 2015 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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Ohio Civil Rights Commission

- GRF flat-funded
- Federal funding nearly 40%
- Discrimination filings continue to decrease

OVERVIEW

Duties and Responsibilities

The Ohio Civil Rights Commission is charged with enforcing R.C. Chapter 4112., which prohibits discrimination in the following areas:

- Employment on the basis of race, color, sex, religion, national origin, age, ancestry, disability, or military status;
- Places of public accommodation on the basis of race, color, sex, religion, national origin, age, ancestry, disability, or military status;
- Housing on the basis of race, color, sex, religion, national origin, ancestry, disability, familial status, or military status;
- Granting of credit on the basis of race, color, sex, religion, national origin, age, ancestry, disability, marital status, or military status;
- Higher education on the basis of disability.

The Commission was established in 1959 with the enactment of Am. S.B. 10 of the 103rd General Assembly. Before being renamed the Ohio Civil Rights Commission in 1961, the agency was originally known as the Fair Employment Practices 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.

Conceptually, the Commission's services and activities can be categorized into two distinct components as follows:

1. Receiving, mediating, and investigating complaints and adjudicating discrimination charges filed by citizens of Ohio pertaining to discrimination in employment, housing, places of public accommodation, credit, and admission to, and participation in, activities sponsored by institutions of higher education.

2. Conducting educational and public outreach programs.¹

Appropriation Overview

Summarized in Table 1 below is a fund group comparison of the Commission's FY 2013 estimated expenditures with the executive recommended appropriations for the FY 2014-FY 2015 biennium. Relative to the FY 2013 estimated expenditures, most notable are the executive recommended flat funding in the amount of General Revenue Fund (GRF) and increase in federal funding that will be made available for the Commission's use in each of FY 2014 and FY 2015 to pay for its annual operating expenses.

Table 1. Appropriation Comparison by Fund Group, FY 2013-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
General Revenue	\$4,725,784	\$4,725,784	0.0%	\$4,725,784	0.0%
General Services	\$3,500	\$4,000	14.3%	\$4,000	0.0%
Federal Special Revenue	\$2,762,000	\$2,820,670	2.1%	\$2,947,983	4.5%
TOTAL	\$7,491,284	\$7,550,454	0.8%	\$7,677,767	1.7%

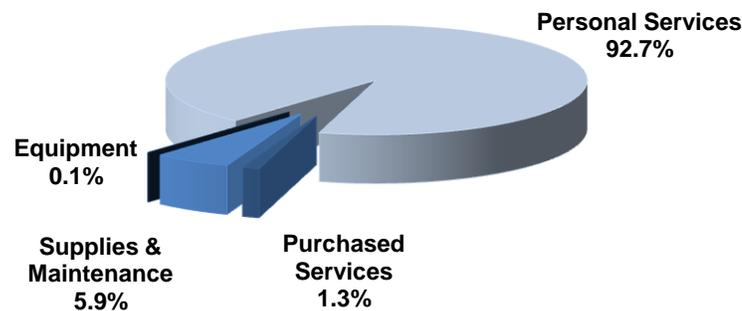
*FY 2013 figures represent estimated expenditures.

Appropriations by Expense Summary

Chart 1 below shows the Commission's total recommended appropriations (FY 2014 and FY 2015) by major object of expense. All of these appropriated moneys will be allocated for operating expenses, most notably personal services, which are payroll-related costs. About 93% of the Commission's total budget will be allocated for personal services.

¹ R.C. 4112.04(A)(9) states that the Civil Rights Commission is to "Prepare a comprehensive educational program, in cooperation with the department of education, for the students of the public schools of this state and for all other residents of this state that is designed to eliminate prejudice on the basis of race, color, religion, sex, familial status, national origin, disability, age, or ancestry in this state, to further good will among those groups, and to emphasize the origin of prejudice against those groups, its harmful effects, and its incompatibility with American principles of equality and fair play."

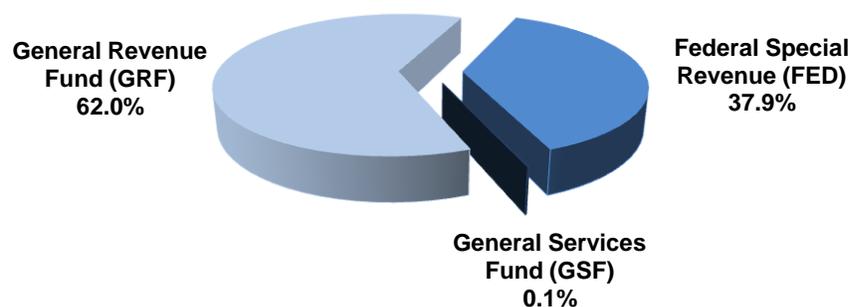
**Chart 1: Biennial Executive Budget Recommendations
by Expense Category, FY 2014 and FY 2015**



Appropriations by Fund Group Summary

Chart 2 below shows the Commission's total recommended appropriations (FY 2014 and FY 2015) by fund group. Money appropriated from the GRF will provide around 62% of the Commission's funding. Virtually all of the remaining funding (close to 38%) will be drawn from reimbursement contract payments received from two federal agencies: the Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (HUD).

**Chart 2: Biennial Executive Budget Recommendations
by Fund Group, FY 2014 and FY 2015**



Staffing Levels

As can be seen in Table 2 below, as a result of budget reductions and various related actions taken to reduce costs, the Commission's number of full-time equivalent (FTE) staff positions has decreased by almost 50% since the FY 2006-FY 2007 biennium. The Commission has made earlier staff reductions through a variety of mechanisms, including abolishing positions, implementing an early retirement incentive plan, and downsizing by attrition.

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013*	FY 2014*	FY 2015*
140	142	124	127	94	94	75	75	75	75

*The staffing levels displayed in the above table represent full-time equivalents (FTEs). The number of FTEs for FY 2013-FY 2015 are estimates.

Cost-Saving Measures

During the previous biennia, the Commission implemented additional cost-saving initiatives, while still remaining compliant with state and federal requirements. Some of those initiatives that have resulted in significant savings include the following:

- Reducing information technology expenditures by \$120,000 per year by eliminating the Information Technology Department and its two FTEs and contracting with the Department of Administrative Services for IT functions; and
- Reducing payroll expenditures by an estimated \$1.7 million per year by eliminating 12 positions.

Investigation and Enforcement

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. Complaints must be filed within six months of the alleged act of discrimination. State law mandates that investigations must be completed within one year.

During FY 2012, the Commission investigated 3,637 charges of discrimination, obtained \$2,951,959 in monetary relief for victims of discrimination, and successfully mediated 540 cases, with a resolution rate of 86%.

Caseload Statistics

Table 3 below shows the number of discrimination charges that have been filed, by regional office, from FY 2004 through FY 2012. One notable feature is the change in the total number of charges filed statewide. After peaking at 6,144 total charges filed in FY 2007, that number has steadily declined, closing at 3,500 in FY 2012. That is a decrease of 2,644, or 52.9%, in charges filed annually. The annual decline in charges filed for that five-year period averaged 529, or 10.6%.

Region	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Akron	943	1,177	1,329	1,213	1,012	822	714	672	638
Cincinnati*	597	637	589	721	621	562	-----	-----	-----
Cleveland	722	958	967	1,026	810	770	699	686	587
Columbus	875	1,016	1,193	1,550	1,240	982	959	876	841
Dayton	572	615	568	692	626	502	960	844	741
Toledo	892	939	1,056	942	903	870	789	746	693
TOTAL	4,601	5,342	5,702	6,144	5,212	4,508	4,121	3,824	3,500

*The Cincinnati and Dayton regional offices were merged in 2009.

Table 4 below shows the basis on which charges of alleged discrimination have been filed with the Commission over the period of time covering FY 2004-FY 2012. As seen in the table, the total number of filings noticeably exceeds the total number of filings in Table 3. For example, the total number of charges filed in FY 2012 in Table 3 was 3,500, while the analogous number in Table 4 was 5,185. What this difference signifies is that discrimination allegations are not necessarily based on a single factor, e.g., race, sex, or disability. According to the Commission, filed charges frequently allege that the complainant experienced discrimination as a function of multiple factors, e.g., their race and sex.

Discrimination Charge	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Race/Color	2,899	2,809	3,092	2,739	2,408	1,891	1,780	1,461	1,339
Sex	1,747	1,753	1,843	1,657	1,301	1,123	992	957	810
Disability	1,234	1,238	1,301	1,419	1,267	1,045	1,070	1,099	985
Familial Status	89	70	75	81	101	193	121	134	156
Age	841	1,084	886	902	736	739	653	652	563
Retaliation	1,296	1,643	1,367	1,547	1,323	1,075	1,005	970	1,064
National Origin	325	368	387	302	268	291	259	285	179
Religion	117	187	158	165	193	132	106	81	89
TOTAL	8,548	9,152	9,109	8,812	7,597	6,489	5,986	5,639	5,185

*Effective March 24, 2008, military status was added as a protected class; 18 charges had been filed as of December 2012.

From FY 2004-FY 2012, as depicted in Table 5 below, charges of discrimination in matters related to employment accounted for between 77% and 85% of all cases terminated. Over that same nine-year span, the Commission terminated, on average, around 4,860 discrimination cases annually. Each investigator currently completes an average of 88 cases per year. The Commission does not have the option to refuse to investigate a charge.

Type of Case	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Employment	4,183	4,225	4,381	4,908	4,814	4,198	3,410	3,129	2,818
Housing	569	539	620	661	602	571	549	663	621
Public Accommodation	198	200	210	290	257	312	185	244	184
Credit	2	6	14	14	8	4	11	4	0
Disability in Education	13	13	16	15	25	24	17	16	14
TOTAL	4,965	4,983	5,241	5,888	5,706	5,109	4,172	4,056	3,637

Mediation Services

The Commission's Alternative Dispute Resolution Unit offers mediation services as an alternative means of resolving a discrimination complaint. Mediation brings both the charging party and respondent together in an attempt to voluntarily settle disputes short of a full-scale investigation. Whereas the investigative process for a case can take between six months and one year to complete, mediation requires only 30 days to 45 days. Most successful mediations are resolved within one day. Discrimination complaints that cannot be successfully mediated are then investigated. In FY 2012, the Commission successfully mediated 540 cases, with a resolution rate of 86%.

Each of the Commission's regional offices employs one mediator. According to the Commission, one mediator in each regional office is an adequate level of staffing to meet the current demand for its mediation services. The Commission's regional offices are located in Akron, Cleveland, Columbus, Dayton, and Toledo.

Public Affairs and Community Service

In addition to its enforcement responsibilities, the Commission is mandated to conduct educational and public outreach programs. In order to meet the requirements of the mandate, when possible, the Commission partners with the federal government (HUD and EEOC), which allows it to get maximum use of the federal money available for education and public outreach. According to the Commission, it has been involved in educational and outreach activities such as joint "Best Practices" and Technical Assistance Forums with the EEOC, fair housing conferences, training seminars, and hate crime forums.

The Commission generally expends a relatively small percentage of its annual operating budget to meet its statutorily mandated outreach and education obligations. The amount allocated for this purpose for the FY 2014-FY 2015 biennium will be about \$95,000 annually, or 1.2%, of the Commission's total biennial budget. That amount includes payroll costs for one FTE in the amount of \$82,000 for FY 2014 and FY 2015, in addition to about \$13,000 per year for nonpayroll expenditures.

Current education and outreach services and activities include, but are not limited to:

- 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; and
- 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 (currently 2,500 cases for federal FY 2013). 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 \$650 for every approved case submitted to EEOC, up to the agreed contract number of cases. The Commission does not receive payment for any cases over the contract number. Ohio is only one of a handful of states that contract with the federal government to mediate cases filed with EEOC.

For federal FY 2013, EEOC reduced the total number of cases processed by the Commission from 2,930 in federal FY 2012 to 2,500. As a result, the federal money generated by this contract annually will decrease from \$1,904,500 to \$1,625,000, a loss of \$279,500, or 14.7%.

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 30th of each year. HUD permits the Commission to draw down 100% of the agreed upon sum in October of each year.

The Commission historically processes, on average, 450 housing cases annually. In federal FY 2012, the Commission processed approximately 397 cases. HUD pays the Commission \$2,600 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 \$2,600 case payments are decreased if the Commission submits a case outside of the timeline requirements. Conversely, the Commission receives an

additional \$500 per approved case if it is a probable cause case. In federal FY 2012, the Commission received from HUD, on average, a payment of \$2,531 per case.

Office of the Attorney General's Civil Rights Section

The Commission has historically provided funding for legal services performed by the Office of the Attorney General's Civil Rights Section. Under R.C. 4112.10, the Civil Rights Section handles all litigation in which the Commission participates as a party pursuant to R.C. Chapter 4112. Under its previous contract, the Commission was responsible for payment in the amount of \$111,120 annually for legal services, including the equivalent of 14 full-time attorneys to prosecute discrimination cases. In FY 2012, payment to the Office of the Attorney General was eliminated due to budgetary constraints resulting in an annual savings of \$111,120. In addition to the legal services payments it made to the Civil Rights Section, the Commission disbursed \$51,100 in FY 2011 and \$45,500 in FY 2012 to cover other litigation-related expenses, e.g., deposition costs and expert witness fees. Litigation costs for FY 2013 are expected to total around \$55,000.

ANALYSIS OF EXECUTIVE PROPOSAL

Introduction

This section provides an analysis of the executive recommended funding for each line item in the Commission's budget, followed by a description of the services and activities that it delivers with those appropriated moneys. That narrative begins with a description of the context in which the Commission built the biennial budget request that it subsequently submitted to the Office of Budget and Management (OBM). Table 6 below shows the Governor's recommended funding for each line item.

Table 6. Executive Recommended Funding for the Commission				
Fund	ALI and Name		FY 2014	FY 2015
General Revenue Fund (GRF)				
GRF	876321	Operating Expenses	\$4,725,784	\$4,725,784
General Services Fund (GSF) Group				
2170	876604	Operations Support	\$4,000	\$4,000
Federal Special Revenue Fund (FED) Group				
3340	876601	Federal Programs	\$2,820,670	\$2,947,983
Total Funding: Commission Operating Expenses			\$7,550,454	\$7,677,767

Operating Expenses

In the paragraphs that follow, the three line items that pay for the Commission's annual operating expenses will be discussed in more detail, including the implications of the executive budget recommendations.

GRF Line Item 876321, Operating Expenses

This GRF line item is the Commission's primary source of funding. The executive recommendation provides funding in the amount of \$4,725,784 in each of FY 2014 and FY 2015, an amount identical to FY 2013 estimated expenditures. The recommended amount fully funds the Commission's request. It is likely that well over 90% of the recommended amount in each fiscal year will be allocated for personal services, which means payroll-related costs (salaries, wages, fringe benefits, and other payroll charges).

GSF Line Item 876604, Operations Support

This relatively small GSF line item, which draws its appropriations from money collected by the Commission from various sources, e.g., copying charges and legal cost reimbursements, is statutorily restricted for the purpose of paying operating costs of the Commission. The Commission currently offers records and files to requestors on CD media at the cost of \$1 or one hard copy at the cost \$0.05 per page plus postage. According to the Commission, use of the CD media has resulted in an estimated annual

savings of about \$30,000, which includes approximately 1,040 hours of secretarial time and \$5,000 in paper and toning expenses. Historically, expenditures from this line item have been used for supply costs, such as paper and postage.

For this line item, the Commission requested an appropriation of \$4,000 in each of FY 2014 and FY 2015, and the executive budget recommends that amount for both years. The recommended funding levels represent an increase of 14.3% over FY 2013 estimated expenditures. The entire amount in each fiscal year is likely to be allocated for supplies and maintenance.

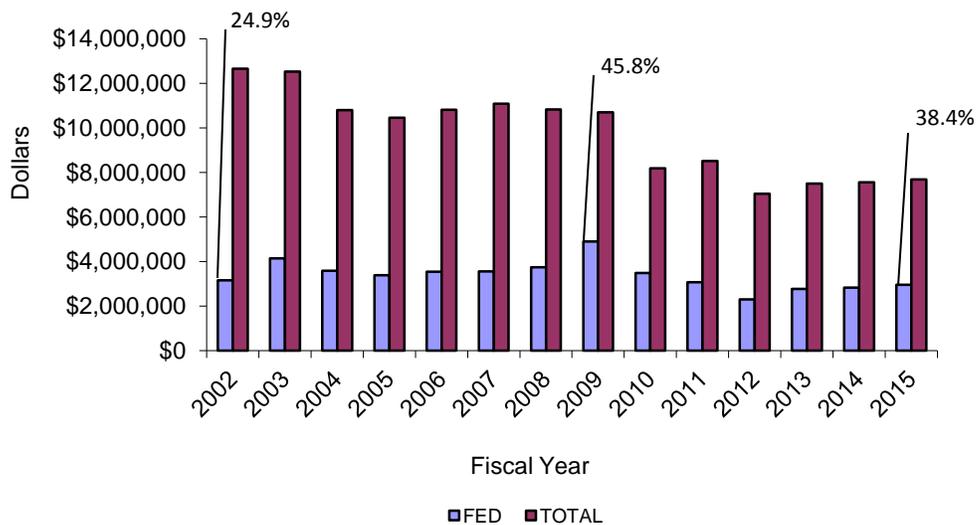
FED Line Item 876601, Federal Programs

This federal line item consists of reimbursement payments from the U.S. Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (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.

In the matter of EEOC cases, federal reimbursement covers approximately \$650 per case for a fixed number of cases. And in the matter of HUD cases, federal reimbursement averages \$2,531 per case based upon the number of eligible cases processed during the previous year.

The executive recommendation fully funds the Commission's request of \$2,820,670 in FY 2014 and \$2,947,983 in FY 2015. The recommended funding level for FY 2014 is \$58,670, or 2.1%, more than the FY 2013 estimated expenditures. The recommended funding level for FY 2015 is \$127,313, or 4.5%, more than the recommendation for FY 2014.

According to the Commission, previous budget reductions caused the agency to rely more heavily on a small reserve of federal funds. The percentage of federal funds comprising the overall budget of the Commission increased from 24.9% in FY 2002 until it peaked at 45.8% in FY 2009. At the recommended funding levels, that amount is projected to decrease to 37.4% in FY 2014 and increase slightly to 38.4% in FY 2015. This utilization of federal funds is depicted in Chart 3 below.

Chart 3: Federal Funding Utilization, FY 2002-FY 2015

Note: The figures used for FY 2013-FY 2015 are estimates.

EEOC Reimbursement Payments

The revenue estimates for EEOC payments in FY 2013 are based on current contractual agreements, which EEOC has the authority to alter. The revenue estimates for FY 2014 and FY 2015 represent a decrease of more than \$279,500 from the FY 2013 estimate, which corresponds to a 14.7% reduction in federal funds and a 12% reduction in contracted cases for those years. If the Commission maintains its current staffing level in the next biennium, that revenue stream is estimated at \$1.5 million per year.

HUD Reimbursement Payments

The revenue receipts for HUD payments in FY 2013 are based on the FY 2012 contractual agreement with HUD. Estimates for FY 2014 and FY 2015 are based on the average of the past four years, minus a \$300,000 one-time grant received in FY 2008. For FY 2013 and the FY 2014-FY 2015 biennium, that revenue stream is estimated at \$1.1 million per year.

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Ohio Civil Rights Commission

General Revenue Fund

GRF 876321 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$4,688,215	\$4,919,635	\$4,725,784	\$4,725,784	\$4,725,784	\$4,725,784
	4.9%	-3.9%	0.0%	0.0%	0.0%

Source: General Revenue Fund

Legal Basis: Section 241.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This line item provides funding for the Commission's operating expenses (payroll, purchased personal services, supplies and maintenance, and equipment).

General Services Fund Group

2170 876604 Operations Support

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$8,000	\$8,000	\$8,000	\$3,500	\$4,000	\$4,000
	0.0%	0.0%	-56.3%	14.3%	0.0%

Source: General Services Fund Group: (1) Money received by the Commission for copies of Commission documents and for other goods and services furnished by the Commission, and (2) all money received by the Commission, and all amounts awarded by a court to the Commission, for attorney's fees, court costs, expert witness fees, and other litigation expenses

Legal Basis: ORC 4112.15; Section 241.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 283 of the 123rd G.A.)

Purpose: This fund and related line item are statutorily restricted to paying operating costs of the Commission.

Ohio Civil Rights Commission

Federal Special Revenue Fund Group

3340 876601 Federal Programs

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$3,477,702	\$3,015,417	\$2,299,771	\$2,762,000	\$2,820,670	\$2,947,983
	-13.3%	-23.7%	20.1%	2.1%	4.5%

Source: Federal Special Revenue Fund Group: CFDA 30.002, Employment Discrimination; CFDA 14.401, Fair Housing Assistance Program

Legal Basis: Section 241.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Controlling Board in 1970)

Purpose: This fund and related line item consist of reimbursement payments from the United States Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (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. In the matter of EEOC cases, federal reimbursement is \$650 per case for a fixed number of cases. In the matter of HUD cases, federal reimbursement averages \$2,531 per case based upon the number of eligible cases processed during the previous year.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
CIV Ohio Civil Rights Commission								
GRF	876321	Operating Expenses	\$ 4,725,784	\$ 4,725,784	\$ 4,725,784	0.00%	\$ 4,725,784	0.00%
General Revenue Fund Total			\$ 4,725,784	\$ 4,725,784	\$ 4,725,784	0.00%	\$ 4,725,784	0.00%
2170	876604	Operations Support	\$ 8,000	\$ 3,500	\$ 4,000	14.29%	\$ 4,000	0.00%
General Services Fund Group Total			\$ 8,000	\$ 3,500	\$ 4,000	14.29%	\$ 4,000	0.00%
3340	876601	Federal Programs	\$ 2,299,771	\$ 2,762,000	\$ 2,820,670	2.12%	\$ 2,947,983	4.51%
Federal Special Revenue Fund Group Total			\$ 2,299,771	\$ 2,762,000	\$ 2,820,670	2.12%	\$ 2,947,983	4.51%
Ohio Civil Rights Commission Total			\$ 7,033,555	\$ 7,491,284	\$ 7,550,454	0.79%	\$ 7,677,767	1.69%