

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 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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ATTACHMENTS:

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

Lake Erie Commission

- Funding recommendation is 30% lower than current biennium
- Revenues from license plate sales and endowment interest down
- Cash transfers totaling \$385,000 authorized

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 Sandusky. 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 2010 through FY 2015.

Table 1. Lake Erie Commission Staffing Levels,* FYs 2012-2015**				
Employee Title	2012	2013	2014	2015
Executive Director	1.0	1.0	1.0	1.0
Environmental Specialist	1.8	1.8	1.8	1.8
Secretary/Webmaster	0.7	0.7	0.7	0.7
TOTAL	3.5	3.5	3.5	3.5

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

**FYs 2014 and 2015 are estimates.

Appropriation Overview

As seen in Table 2 below, the Commission's FY 2014-FY 2015 biennial budget will consist largely of money appropriated from the State Special Revenue Fund (SSR) Group plus a relatively small amount of federal money.

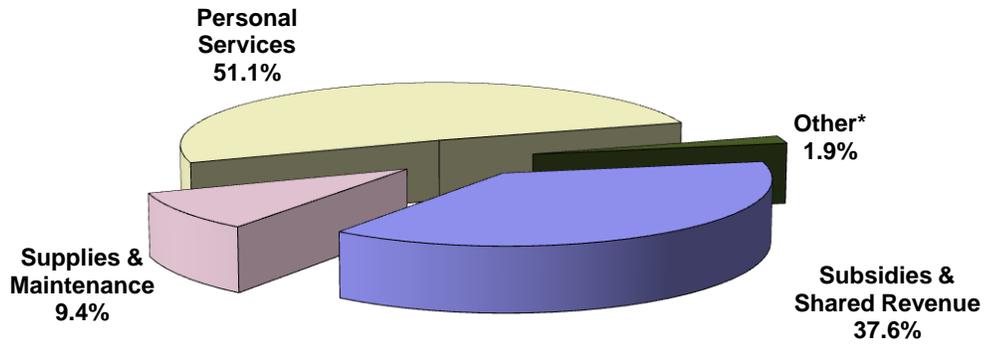
For FY 2014, the executive budget recommends a total appropriation of \$523,942, which represents a decrease of 29.8% from the FY 2013 estimated expenditure of \$745,893. For FY 2015, the executive budget recommends a total appropriation of \$539,637, an increase of 3.0% from the recommended FY 2014 appropriation. The Commission expects that it will be able to maintain current service levels with the amount of appropriations recommended for the FY 2014-FY 2015 biennium.

Table 2. Executive Budget Recommendations by Fund Group, FY 2014-FY 2015					
Fund Group	FY 2013*	FY 2014	% change, FY 2013-FY 2014	FY 2015	% change, FY 2014-FY 2015
Federal Special Revenue	\$95,750	\$25,000	-73.9%	\$0	-100.0%
State Special Revenue	\$650,143	\$498,942	-23.3%	\$539,637	8.2%
TOTAL	\$745,893	\$523,942	-29.8%	\$539,637	3.0%

*FY 2013 figures represent estimated expenditures.

The Commission proposed total biennial budget of approximately \$1.1 million can also be depicted in terms of how the appropriated money will be allocated by type of expense. Due to the reduction in revenue, as Chart 1 below shows, the largest portion of the Commission's appropriations will be allocated for personal services (51.1%). The remainder of the Commission's biennial budget will be allocated more or less as follows: subsidies and shared revenue category (37.6%), which includes project grants that support Lake Erie research and protection efforts, supplies and maintenance (9.4%), and other (1.7%) including purchased personal services and equipment.

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



*"Other" includes purchased personal services and equipment.

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 2014 and FY 2015				
Fund	ALI and Name		FY 2014	FY 2015
Federal Special Revenue Fund (FED) Group				
3EP0	780603	Lake Erie Federal Grants	\$25,000	\$0
State Special Revenue Fund (SSR) Group				
4C00	780601	Lake Erie Protection Fund	\$200,000	\$200,000
5D80	780602	Lake Erie Resources Fund	\$298,942	\$339,637
State Special Revenue Fund Group Subtotal			\$498,942	\$539,637
Total Funding: Lake Erie Commission			\$523,942	\$539,637

Lake Erie Federal Grants (FED line item 780603)

This line item was created to disburse two federal grants totaling \$400,000 awarded for the purpose of undertaking two Great Lakes Restoration Initiative (GLRI) projects. These projects have been largely completed; the executive budget recommended appropriation of \$25,000 in FY 2014 represents the spending down of the remaining grant money.

The two projects funded with this federal money were as follows:

- Toledo Harbor Sediment Management and Reuse project, which developed a sediment management plan for the Toledo Harbor.
- Lake Erie Synthesis and Coordination Team project, which focused on linking management and research projects to enhance the value and impact of research, improve management decisions, and synthesize and summarize the results of both for managers, decision makers, elected officials, and the public.

Lake Erie Protection Fund (SSR line item 780601)

For this SSR line item, the executive budget recommends appropriations of \$200,000 in each fiscal year, to be disbursed in the form of approximately ten project grants. This is a reduction of 50% from the FY 2013 estimated expenditure of \$400,000.

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 with 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 \$250,000 in recent years. The reduced appropriation will more closely align spending with annual revenue.

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 \$298,942 in FY 2014 and \$339,637 in FY 2015, to be allocated largely for payroll-related expenses, and secondarily, supplies and maintenance. Smaller amounts are likely to be allocated for 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 from the multistate Great Lakes Protection Fund (GLPF), 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. 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. In FY 2013, the Commission received \$0 in revenue from the GLPF's earnings. While earnings are expected to increase in the next biennium, the amount that Ohio might receive is uncertain.

Cash Transfers. A temporary law provision in the executive budget permits the Director of Budget and Management, on July 1 of each fiscal year or as soon as possible thereafter, to transfer specified cash amounts in each of FY 2014 and FY 2015 from certain state funds to Fund 5D80 (see Table 4 below). The amount of cash authorized for transfer totals \$117,500 in FY 2014 and \$267,500 in FY 2015.

Table 4. Authorized Cash Transfers to Fund 5D80*

Fund	Fund Name	User	FY 2014	FY 2015
5BC0	Environmental Protection	Environmental Protection Agency	\$23,500	\$53,500
6690	Pesticide, Fertilizer and Lime	Department of Agriculture	\$23,500	\$53,500
4700	General Operations	Department of Health	\$23,500	\$53,500
1570	Central Support Indirect	Department of Natural Resources	\$23,500	\$53,500
TBD**	TBD**	Development Services Agency	\$23,500	\$53,500
TOTAL			\$117,500	\$267,500

*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.

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Lake Erie Commission

Federal Special Revenue Fund Group

3EP0 780603 Lake Erie Federal Grants

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$0	\$11,173	\$150,701	\$95,750	\$25,000	\$0
	N/A	1,248.8%	-36.5%	-73.9%	-100%

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

Legal Basis: Section 317.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by the Controlling Board on December 13, 2010)

Purpose: This 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 is being 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.

State Special Revenue Fund Group

4C00 780601 Lake Erie Protection Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$383,214	\$378,240	\$378,034	\$400,000	\$200,000	\$200,000
	-1.3%	-0.1%	5.8%	-50.0%	0.0%

Source: State Special Revenue Fund Group: (1) Donations, gifts, bequests, and other money 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(A); Section 317.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This fund and related line item are used in accordance with a statutory requirement 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 Commission

5D80 780602 Lake Erie Resources Fund

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$299,629	\$262,548	\$253,953	\$250,143	\$298,942	\$339,637
	-12.4%	-3.3%	-1.5%	19.5%	13.6%

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 money received for the purposes of preserving and protecting Lake Erie and its tributaries

Legal Basis: ORC 1506.24(A); Section 317.10 of Am. Sub. H.B. 153 of the 129th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: Money in this fund is statutorily permitted to be used for the same purposes and administered in the same manner as the above described Lake Erie Protection Fund (Fund 4C00). A temporary law provision in the executive budget, as contained in H.B. 59, permits the Director of Budget and Management, on July 1 of each fiscal year or as soon as possible thereafter, to transfer specified cash amounts in each of FY 2014 and FY 2015 from certain state funds to Fund 5D80. The amount of cash authorized for transfer totals \$117,500 in FY 2014 and \$267,500 in FY 2015

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					
LEC Lake Erie Commission								
3EP0	780603	Lake Erie Federal Grants	\$ 150,701	\$ 95,750	\$ 25,000	-73.89%	\$ 0	-100.00%
Federal Special Revenue Fund Group Total			\$ 150,701	\$ 95,750	\$ 25,000	-73.89%	\$ 0	-100.00%
4C00	780601	Lake Erie Protection Fund	\$ 378,034	\$ 400,000	\$ 200,000	-50.00%	\$ 200,000	0.00%
5D80	780602	Lake Erie Resources Fund	\$ 253,953	\$ 250,143	\$ 298,942	19.51%	\$ 339,637	13.61%
State Special Revenue Fund Group Total			\$ 631,988	\$ 650,143	\$ 498,942	-23.26%	\$ 539,637	8.16%
Lake Erie Commission Total			\$ 782,688	\$ 745,893	\$ 523,942	-29.76%	\$ 539,637	3.00%