

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Lake Erie Commission

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LBO Redbook

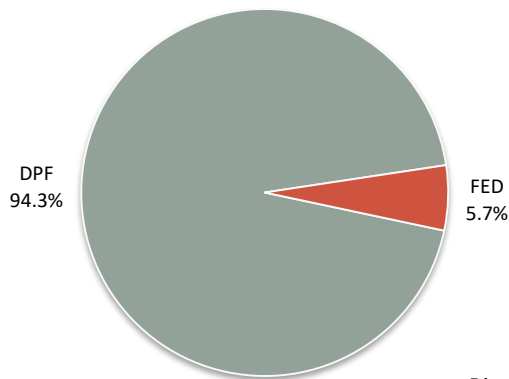
Ohio Lake Erie Commission

Quick look...

- The Ohio Lake Erie Commission’s (LEC) mission is the protection, conservation, and development of Lake Erie and its surrounding areas.
- Total budget recommendations: \$874,000 in FY 2022 and FY 2023.
 - Sources of the budget: State non-GRF (94%) and federal (6%).
 - Staff payroll (personal services) is the largest spending area (50%).
- The executive budget appropriates funding for 3.25 full-time employees.
- H2Ohio Initiative work continues into the next biennium.

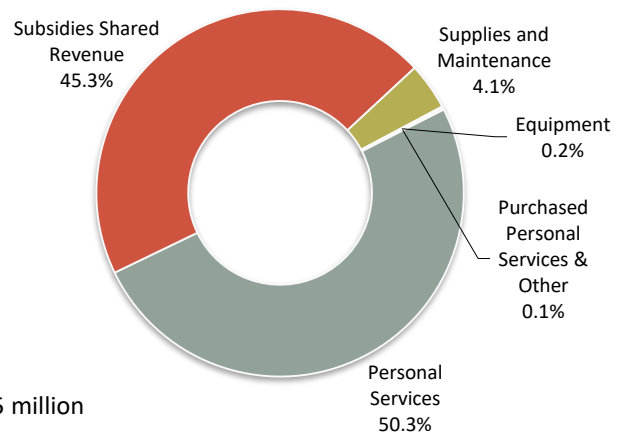
Fund Group	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Dedicated Purpose	\$514,317	\$453,000	\$824,000	\$824,000
Federal	\$848,721	\$380,000	\$50,000	\$50,000
Total	\$1,363,038	\$833,000	\$874,000	\$874,000
% change	--	-38.9%	4.9%	0.0%

**Chart 1: LEC Budget by Fund Group
FY 2022-FY 2023 Biennium**



Biennial total: \$1.75 million

**Chart 2: LEC Budget by Expense Category
FY 2022-FY 2023 Biennium**



Agency overview

The Lake Erie Commission’s mission is “to preserve Lake Erie’s natural resources, to protect the quality of its waters and ecosystem, and to promote economic development of the region by ensuring the coordination of policies and programs of state government pertaining to water quality, toxic substances, and coastal resource management.” In accordance with that mission, the Commission implements policies and programs focused on water quality, habitat, recreation, tourism, and resource management. The Lake Erie watershed covers 33 of Ohio’s 88 counties.

The Commission consists of 13 members: the directors of Environmental Protection, Natural Resources, Health, Agriculture, Transportation, and Development Services, plus an additional seven members appointed by the Governor. The Commission’s staff, primarily coordinate programs that address nutrient management and the beneficial use of dredged material, and promote the sales of Lake Erie license plates that help support staff operations and grants programs. Member state agencies provide additional services. The Ohio Environmental Protection Agency (Ohio EPA) provides fiscal management services and the Department of Natural Resources provides public information and information technology support.

The Commission receives no GRF funding, it relies on three, somewhat unpredictable, revenue streams: (1) Lake Erie license plate sales, (2) interest earnings distributed from the multi-state Great Lakes Protection Fund, and (3) federal grants. New to this budget proposal is a portion of H2Ohio funding (Fund 6H20): \$125,000 in each fiscal year.

Staffing

The Commission currently employs four employees, one of which is 50% funded by the Environmental Protection Agency: Executive Director, Environmental Specialist, Program Administrator and an Attorney (50% split funded). No change in staff levels is anticipated.

Fiscal challenge

Necessary cash transfers

An ongoing challenge for the Commission is to ensure that there is sufficient money on hand to fund staff operations and to maintain grants programs. To address this uncertainty, the executive budget contains a cash transfer provision. It permits the Director of the Office of Budget and Management (OBM) to transfer specified cash amounts in FY 2022 and FY 2023 from certain state funds to the Lake Erie Protection Fund (Fund 4C00). The total amount of cash authorized for transfer annually is up to \$150,000 in FY 2022 and FY 2023 (see the table below). This represents an increase of \$25,000 from those authorized in H.B. 166 of the 133rd General Assembly. The executive budget proposal added one additional \$25,000 transfer from the Department of Transportation, to be determined by the Director of Transportation.

Authorized Cash Transfers to Fund 4C00*				
Fund	Fund Name	User	FY 2022	FY 2023
5BC0	Environmental Protection Fund	Environmental Protection Agency	\$25,000	\$25,000
6690	Pesticide, Fertilizer and Lime Fund	Department of Agriculture	\$25,000	\$25,000
4700	General Operations Fund	Department of Health	\$25,000	\$25,000
1570	Program Support	Department of Natural Resources	\$25,000	\$25,000
TBD**	TBD**	Development Services Agency	\$25,000	\$25,000
TBD**	TBD**	Department of Transportation	\$25,000	\$25,000
Total			\$150,000	\$150,000

*All of the authorized cash transfers are "up to" amounts, with the exception of Development Services Agency and Department of Transportation.

**TBD means to be determined by the director of the listed user agency.

License plate sales – decreasing demand

The Lake Erie Protection Fund (Fund 4C00), consists primarily of Lake Erie license plate sales, and effective FY 2018, Ohio's share of the interest earned from the multi-state Great Lakes Protection Fund (GLPF).

For each license plate sold, \$15 is donated to the fund to be used for projects that support the protection and restoration of Lake Erie. Currently, Ohio drivers may choose from three designs: (1) Marblehead Lighthouse, (2) Toledo Harbor lighthouse, or (3) Lake Erie Life Preserver. There are currently 10,179 Lake Erie license plates in circulation. Of the three Lake Erie plate designs, the Lake Erie lighthouse is the most popular with over 9,700 license plates.

In calendar year 2020, there were 9,488 Lake Erie license plates sold which resulted in over \$140,000 generated for Fund 4C00. Because the Lake Erie license plate sales have been dropping by approximately 10% each year, the Commission expects to continue to lose incoming funding which will impact the amount of Lake Erie Protection Fund grants that the Commission awards each year.

Lake Erie Protection Fund grants are competitive grants awarded to address any of the Lake Erie priorities established by the six state agencies that are a part of the Commission. There are currently nine priorities including: Nutrient Pollution Reduction; Habitat & Species; Dredge Material Management and Maritime Infrastructure; Invasive Species; Areas of Concern; Toxic Pollutants; Beach and Recreational Use; Travel, Tourism, Jobs and Economy; and Water Withdrawals.

Analysis of FY 2022-FY 2023 budget proposal

The Commission's budget consists of three appropriation line items (ALIs), two of which are supported by money appropriated from the Dedicated Purpose Fund (DPF) Group, and the other is supported by federal grants or awards. The executive budget provides a total appropriation of \$874,000 in FY 2022 and FY 2023: 94% DPF Group, 6% federal funding. Each of these line items is described further below.

Lake Erie Protection (ALI 780601)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
DPF Fund 4C00 ALI 780601, Lake Erie Protection					
\$365,706	\$526,668	\$514,317	\$453,000	\$699,000	\$699,000
% change	44.0%	-2.3%	-11.9%	54.3%	0.0%

This line item is used to pay for the Commission's ongoing annual operating expenses and to award research and demonstration grants related to the protection and restoration of Lake Erie resources of up to \$50,000. It is supported by the Lake Erie Protection Fund (Fund 4C00), which as stated earlier, consists primarily of Lake Erie license plate sales, and, effective FY 2018, Ohio's share of the interest earned from the multi-state Great Lakes Protection Fund (GLPF).

The enactment of S.B. 2 of the 132nd General Assembly, effective October 6, 2017, revised the permissible uses of the money in Fund 4C00. As a result, it is currently used to: (1) fund cooperative research, data gathering, or demonstration projects related to the priorities outlined in the Lake Erie Protection and Restoration Strategy (LEPRS),¹ (2) encourage cooperation with and among public and private sector leaders in the Lake Erie basin, (3) award grants for projects and programs that are designed to address priorities outlined in the LEPRS, and (4) pay expenses authorized by the members of the Commission necessary to implement the Coastal Management Law (R.C. Chapter 1506).²

This line item helps to support the Lake Erie Protection Fund grant program. This biennium, the Commission plans to focus spending on programs and research on two specific areas: nutrient management and beneficial use of dredge material. The target population served by this program is statewide, but more specifically those living in the 33 counties comprising the Lake Erie watershed. Direct recipients of grant funds, technical support and training programs include universities, local governments, nongovernmental organizations such as watershed groups and land conservancies. During the last two years, the Commission has awarded three grants of approximately \$50,000 each in FY 2020, and two grants of approximately \$50,000 in FY 2021 to five research teams.

¹ LEPRS outlines actions the Commission and its member agencies will take toward achieving prioritized environmental, recreational, and economic goals.

² The Coastal Management Law establishes programs administered by the Ohio Department of Natural Resources with other state agencies that protect Lake Erie's shoreline and water, including erosion prevention and the development of recreational facilities.

H2Ohio (ALI 780604)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
DPF Fund 6H20 ALI 780604, H2Ohio					
\$0	\$0	\$0	\$0	\$125,000	\$125,000
% change	--	--	--	--	0.0%

H.B. 166 of the 133rd General Assembly created the H2Ohio Fund (Fund 6H20) in the state treasury, and directed a portion of FY 2019 GRF surplus revenue (up to \$172 million) to the fund. At that time, funding was used by the Department of Agriculture, Department of Natural Resources, and the Ohio Environmental Protection Agency. The fund is to be used for water quality purposes, including awarding grants, issuing loans, funding cooperative research, and encouraging cooperation with governmental and private entities.

The Lake Erie Commission did not receive an appropriation in the prior budget bill, but has played a role in the H2Ohio initiative over the past two years. The proposed appropriation for FY 2022 and FY 2023 will be used by the Commission to develop an H2Ohio Response Model. The Commission plans to work with a research entity to update Western Lake Erie Basin watershed models to incorporate H2Ohio initiative practice scenarios. These updated models will evaluate the impact of the H2Ohio practices on nutrient loading. Over time, an H2Ohio Response Model will be a tool to evaluate work being done to mitigate harmful algal blooms.

LEC Federal Grants (ALI 780603)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
FED Fund 3EP0 ALI 780603, LEC Federal Grants					
\$0	\$433,343	\$848,721	\$380,000	\$50,000	\$50,000
% change	--	95.9%	-55.2%	-86.8%	0.0%

This line item is primarily used to disburse project grants awarded by the Great Lakes Restoration Initiative (GLRI).³ Currently, the line item is being used to spend down previously awarded federal grants. The most recent grant awarded to Ohio was issued in 2019 for the Mayfield – Euclid Creek restoration project. Funds were passed directly to the county soil and water conservation district managing the project. Future federal grants or awards are unpredictable.

LEC/th

³ The GLRI is a 2010 federal initiative aimed at restoring the Great Lakes ecosystem. The U.S. EPA is the lead federal agency for implementing the GLRI.