

Greenbook

LBO Analysis of Enacted Budget

Ohio Lake Erie Commission

Jamie Duskocil, Fiscal Supervisor
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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 appropriation: \$874,000 in FY 2022 and FY 2023.
 - Sources of the budget: state non-GRF (94%); federal (6%).
- The budget appropriates funding for the equivalent of 3.25 full-time staff positions.
- H2Ohio Initiative work to continue during FY 2022-FY 2023 biennium.

Fund Group	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Dedicated Purpose	\$514,317	\$634,201	\$824,000	\$824,000
Federal	\$848,721	\$627,659	\$50,000	\$50,000
Total	\$1,363,038	\$1,261,861	\$874,000	\$874,000
% change	--	-7.4%	-30.7%	0.0%

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, and has historically relied on three, somewhat unpredictable, revenue streams: (1) Lake Erie license plate sales, (2) interest earnings distributed from the multistate Great Lakes Protection Fund, and (3) federal grants.

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.

Highlights of the FY 2022-FY 2023 budget

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 budget contains language authorizing certain cash transfers, pending approval by the Controlling Board. It permits the Director 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 budget added one additional \$25,000 transfer from the Department of Transportation, the source of which is to be determined by the Director of Transportation.

Authorized Cash Transfers to Fund 4C00*				
Fund	Fund Name	Transferring Agency	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.

H2Ohio annual report – duty to testify

Under continuing law, the Lake Erie Commission, in coordination with state agencies or boards responsible for water protection and water management, is required to prepare an annual report regarding the activities of the H2Ohio Fund (Fund 6H20) and to submit the report to the General Assembly and the Governor.

The budget amends permanent law to require the Executive Director of the Lake Erie Commission, and the directors who contribute to the required annual H2Ohio report that addresses H2Ohio projects (currently the directors of Natural Resources, Agriculture, and

Environmental Protection) to appear and testify before both the House and Senate Finance committees within 45 days after the report is filed with the General Assembly and the Governor.

Analysis of FY 2022-FY 2023 budget

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

Lake Erie Protection (ALI 780601)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
DPF Fund 4C00 ALI 780601, Lake Erie Protection					
\$365,706	\$526,668	\$514,317	\$634,201	\$699,000	\$699,000
% change	44.0%	-2.3%	23.3%	10.2%	0.0%

This line item pays for the Commission's ongoing annual operating expenses as well as research and demonstration grant awards 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 consists primarily of Lake Erie license plate sales, and Ohio's share of the interest earned from the multistate Great Lakes Protection Fund (GLPF).

H2Ohio (ALI 780604)

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

The line item's appropriation 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.

Fund 6H20 is also used to support activities of the Department of Agriculture, the 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. H.B. 166 of the 133rd General Assembly created the H2Ohio Fund (Fund 6H20) in the state treasury. The fund was seeded with a transfer of a portion of FY 2019 GRF surplus revenue (up to \$172 million). In

order to continue activities associated with the H2Ohio Program, H.B. 110 provides for a \$132 million cash transfer from the FY 2021 GRF ending balance to Fund 6H20.

LEC Federal Grants (ALI 780603)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
FED Fund 3EP0 ALI 780603, LEC Federal Grants					
\$0	\$433,343	\$848,721	\$627,659	\$50,000	\$50,000
% change	--	95.9%	-26.0%	-92.0%	0.0%

This line item is primarily used to disburse project grants awarded by the Great Lakes Restoration Initiative (GLRI).¹ Currently, the line item is being used to spend down previously awarded federal grants. In FY 2021, the line item's activity was predominantly related to Ohio's 2018 Domestic Action Plan (CFDA 66.469).

LEC/zg

¹ 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.