

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Lake Erie Commission

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LBO Redbook

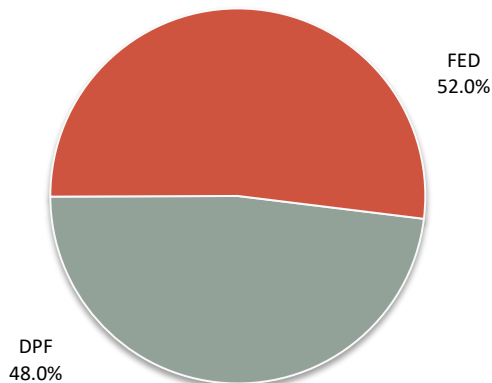
Ohio Lake Erie Commission

Quick look...

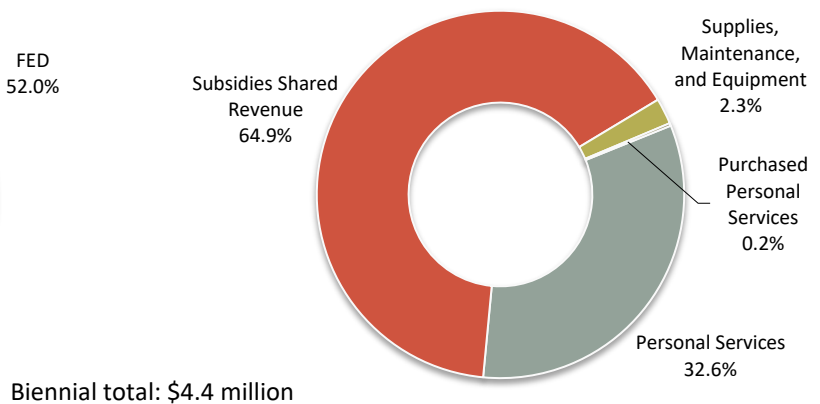
- The Ohio Lake Erie Commission’s (LEC) mission is the protection, conservation, and development of Lake Erie and its surrounding areas.
- Total budget recommendations: \$2.2 million in both FY 2026 and FY 2027.
 - Sources of the budget: federal (52.0%) and state non-GRF (48.0%).
 - Subsidies shared revenue, or grants, is the largest spending area (64.9%); personal services, or payroll, represents the second largest spending area (32.6%).
- The executive budget appropriates funding for 5.5 full-time employees.
- H2Ohio Initiative work continues into the next biennium.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Dedicated Purpose	\$1,195,415	\$1,548,000	\$1,032,000	\$1,072,000
Federal	\$156,223	\$625,000	\$1,140,000	\$1,140,000
Total	\$1,351,638	\$2,173,000	\$2,172,000	\$2,212,000
% change	--	60.8%	0.0%	1.8%

**Chart 1: LEC Budget by Fund Group
FY 2026-FY 2027 Biennium**



**Chart 2: LEC Budget by Expense Category
FY 2026-FY 2027 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 four, somewhat unpredictable, revenue streams: (1) Lake Erie license plate sales, (2) interest earnings distributed from the multistate Great Lakes Protection Fund, (3) federal grants, (4) transfers from other state agencies, and (5) a portion of H2Ohio funding (Fund 6H20).

Staffing

As of FY 2025, the Commission employs six employees: five full-time employees, and one part-time. The Commission does not plan to hire additional employees over the FY 2026-FY 2027 biennium.

Budget highlights

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 2026 and FY 2027 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 2026 and FY 2027 (see the table below).

Authorized Cash Transfers to Fund 4C00*				
Fund	Fund Name	User	FY 2026	FY 2027
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
7002	Highway Operating	Department of Transportation	\$25,000	\$25,000
1350	Supportive Services	Department of Development	\$25,000	\$25,000
Total			\$150,000	\$150,000

*All of the authorized cash transfers are "up to" amounts.

License plate sales – decreasing demand

The Lake Erie Protection Fund (Fund 4C00), consists primarily of Lake Erie license plate sales and Ohio’s share of the interest earned from the multistate Great Lakes Protection Fund (GLPF), cash transfers from member agencies (if requested), and federal grants awarded to Ohio EPA and passed through to the Commission. Revenues derived from license plate sales have been declining in recent years.

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 7,435 Lake Erie license plates in circulation. Of the three plate designs, the Marblehead Lighthouse is the most popular with over 6,900 active license plates, or about 93% of total active Lake Erie license plates.

Lake Erie license plate sales have decreased in recent years, with the number of active plates down 1,123, or 13.1%, from 2021. The Commission can expect to continue to see a decrease in revenue which will impact the amount of Lake Erie Protection Fund grants that the Commission awards each year. In calendar year 2023, Lake Erie license plate sales resulted in over \$125,000 generated for Fund 4C00.¹

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 as part of the Lake Erie Protection & Restoration Plan (updated for 2023). There are currently nine priorities including: Nutrient Pollution Reduction; Habitat & Species; Invasive Species Dredge Material Management and Maritime Infrastructure; Areas of Concern; Toxic Pollutants; Beach and Recreational Use; Tourism, Jobs and Economy; and Water Withdrawals.

Analysis of FY 2026-FY 2027 budget proposal

The Lake Erie 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 \$2.2 million in each of FY 2026 and FY 2027: 52.0% federal funding, and 48.0% DPF Group. Each of these line items is described further below.

Lake Erie Protection (ALI 780601)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 4C00 ALI 780601, Lake Erie Protection					
\$491,781	\$656,766	\$1,195,415	\$1,416,000	\$900,000	\$940,000
% change	33.5%	82.0%	18.5%	-36.4%	4.4%

¹ A driver may register a vehicle for multiple years, so revenues collected in a single year are not necessarily a product of the number of active plates in a given year and the \$15 per plate donation.

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 and other grants. The appropriations in FY 2026 and FY 2027 are about \$500,000 below FY 2025 estimates because the fund will not receive funding for subawards from Ohio EPA Division of Surface Water for competitive grants.

This line item is supported by the Lake Erie Protection Fund (Fund 4C00), which as stated earlier, consists of revenue generated from Lake Erie license plate sales, Ohio’s share of the interest earned from the multistate Great Lakes Protection Fund (GLPF), cash transfers from member agencies, and federal grants awarded to Ohio EPA and passed through to the Commission. 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),² (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 LEPRS, and (4) pay expenses authorized by the members of the Commission necessary to implement the Coastal Management Law (R.C. Chapter 1506).³

This line item helps to support the Lake Erie Protection Fund grant program. Direct recipients of grant funds, technical support, and training programs include universities, local governments, and nongovernmental organizations such as watershed groups and land conservancies.

H2Ohio (ALI 780604)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
DPF Fund 6H20 ALI 780604, H2Ohio					
\$125,000	\$125,000	\$0	\$132,000	\$132,000	\$132,000
% change	0.0%	-100.0%	--	0.0%	0.0%

This line item is used to support the Commission’s role in the H2Ohio Initiative to provide coordination and to ensure transparency and accountability. Under the executive budget, the entirety of the line item’s appropriation is allocated for subsidies.

In FY 2024 this line item had no expenses as a result of the timing of project contracts. FY 2025 funds are obligated for two projects currently underway:

- Updating the methodology for estimating phosphorous load reductions from different types of wetlands and to estimate phosphorous load calculations from three categories of projects; and
- Determining in-field nutrient baselines on farmland.

² LEPRS outlines actions the Commission and its member agencies will take toward achieving prioritized environmental, recreational, and economic goals.

³ 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.

H.B. 166 of the 133rd General Assembly created the H2Ohio Fund (Fund 6H20) in the state treasury. The fund is used for water quality purposes, including awarding grants, issuing loans, funding cooperative research, and encouraging cooperation with governmental and private entities. In the past, the fund has received cash transfers from the GRF ending balance at the end of odd-numbered fiscal years: \$172.0 million at the end of FY 2019, \$132.0 million at the end of FY 2021, and \$270.0 million at the end of FY 2023. The fund continues to be used for water quality purposes, including awarding grants, issuing loans, funding cooperative research, and encouraging cooperation with governmental and private entities. The executive budget allows the Director of Budget and Management to transfer \$270.3 million from the GRF to the fund on July 1, 2025, or as soon as possible thereafter. Cash transferred to Fund 6H20 is shared among the departments of Agriculture, Natural Resources, and Environmental Protection, in addition to the Lake Erie Commission.

LEC Federal Grants (ALI 780603)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
FED Fund 3EP0 ALI 780603, LEC Federal Grants					
\$612,814	\$137,783	\$156,223	\$625,000	\$1,140,000	\$1,140,000
% change	-77.5%	13.4%	300.1%	82.4%	0.0%

This line item is primarily used to disburse project grants awarded by the Great Lakes Restoration Initiative (GLRI).⁴ In FY 2025, the Commission was awarded (1) \$1.4 million to develop and implement the Lake Erie Environmental Justice Grant Program for historically overburdened and underserved communities in Ohio’s Lake Erie watershed, and (2) \$86,329 to host the 2025 U.S. Great Lakes Areas of Concern (AOC) Conference to be held in Toledo (Lucas County). In FY 2022 and FY 2023, the Commission was awarded three GLRI grants: \$880,088 to sub-grant federal funds to local partners to improve understanding of algae toxins in Lake Erie, \$75,000 for the Cuyahoga Area of Concern Brandywine Enhancement and Restoration Project, and \$75,000 for the Black River AOC Beneficial Use Impairments (BUI) Evaluation Monitoring Project. Future federal grants or awards are unpredictable.

LEC/lb

⁴ The GLRI is a 2010 federal initiative aimed at restoring the Great Lakes ecosystem. U.S. EPA is the lead federal agency for implementing the GLRI.