

# **LSC Greenbook**

**Analysis of the Enacted Budget**

## **Southern Ohio Agricultural and Community Development Foundation**

Tom Wert, Budget Analyst  
Legislative Service Commission

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# Southern Ohio Agricultural and Community Development Foundation

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- Total funding of \$983,178 for the biennium in H.B. 59 covers the Foundation's operating expenses for the biennium
- \$3.1 million in awards issued in FY 2013

## OVERVIEW

The Southern Ohio Agricultural and Community Development Foundation is charged with developing and carrying out programs to help replace the production of tobacco with other agricultural products and to mitigate the adverse economic impact of reduced tobacco production in Ohio's traditional tobacco growing region. A 12-member Board of Trustees governs the Foundation, while day-to-day operations are overseen by an executive director and four staff.

The Foundation advances its mission through four Programs. The Educational Assistance Program provides education and training assistance to tobacco farmers to help them make the transition from tobacco production to other crops. The Agricultural Development Program is designed to help farmers who voluntarily move away from their dependence on tobacco by expanding current enterprises or diversifying into alternative agricultural enterprises. The Young Farmer program supports young farmers incorporating technology and conservation practices into their farming activities. Finally, the Economic Development Program provides strategic investments in communities that have been adversely affected by the reduction in demand for tobacco, with an emphasis on job creation and retention.

## Appropriation Overview

While grant awards are disbursed from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund and are not subject to legislative appropriation, the General Assembly is responsible for appropriating the funding to cover payroll for the five employees of the Foundation. These payroll costs are supported by periodic transfers from the Endowment Fund to the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M90).

The budget provides \$426,800 in both FY 2014 and FY 2015 for this purpose under Fund 5M90 appropriation item 945601, Operating Expenses. To supplement funding for payroll, the budget also provides for a final appropriation of \$129,578 in FY 2014 from the Southern Ohio Agricultural and Community Development Trust Fund (Fund K087) under appropriation item 945602, Southern Ohio Agricultural and Community Development Foundation. After FY 2014, any remaining cash balance in Fund K087 is to be transferred to Fund 5M90.

### Grant Programs Supported by the Endowment Fund

As noted above, only the funding covering payroll for the employees of the Foundation are appropriated under H.B. 59. Funding for the grant award programs supported by the endowment are not subject to appropriation by the General Assembly. Nevertheless, to offer an overview of the Foundation's activities, Table 1 and the accompanying narrative below it summarizes the types of awards issued by the Foundation and the amounts awarded under each in FY 2013. Overall, in FY 2013 the Foundation made approximately \$3.1 million in grant awards across four programs.

<b>Program</b>	<b>Awards Issued</b>	<b>Total</b>
Educational Assistance	236	\$950,000
Economic Development	13	\$766,945
Agricultural Development – Tier 1	19	\$126,045
Agricultural Development – Tier 2	45	\$1,009,068
Young Farmer	11	\$263,668
<b>Total</b>	<b>324</b>	<b>\$3,115,726</b>

#### **Educational Assistance**

Educational Assistance grants accounted for \$950,000, or 30.5% of the sum awarded by the Foundation in FY 2013. The Educational Assistance Grant Program offers tobacco growers and their dependents tuition assistance if they are enrolled in undergraduate or graduate programs in fields other than tobacco farming, as well as reimbursements for nondegree programs.

#### **Economic Development**

There were 13 awards worth \$766,945, or approximately 24.6% of the total, awarded under the Economic Development Grant Program in FY 2013. The Economic Development Grant Program is targeted toward communities affected by the reduction in demand for tobacco and provides financial assistance to projects that create, retain, or expand job opportunities for residents in these areas. Eligible recipients include political subdivisions and businesses.

### **Agricultural Development**

Of the four grant programs, awards made under both parts of the Agricultural Development Program account for \$1.1 million, or 36.4% of the total awarded in FY 2013. This program offers competitive grants to tobacco farmers who undertake projects that expand or diversify their businesses into nontobacco-related agricultural markets. To qualify for funding, farmers must submit business plans and demonstrate their own financial commitment to the projects. The grants can be used to reimburse recipients for the costs of goods or equipment directly related to business transition plans, labor costs, and acquisition costs of certain types of livestock. Growers within the 22 burley tobacco producing counties in southern Ohio are eligible. The grants are issued in two tiers. Under Tier 1 grants, farmers may seek reimbursement for 50% of eligible expenses, with a cap of \$5,000. Tier 2 allows for reimbursement of 50% of eligible costs but with a cap of \$25,000. Because of the higher award levels, applicants for Tier 2 must meet stricter qualifying criteria. Their applications must also include current and future year cash flow projections.

### **Young Farmer**

Eleven grants totaling \$263,668 were awarded under the Young Farmer Program in FY 2013, or 8.5% of the total awarded. This program is similar to the Agricultural Development Program; however, it does not base eligibility on a history of tobacco production. The competitive grants awarded under this program support farmers ages 20 to 38 with business plans that incorporate the use of technology and conservation practices in farming. Eligible applicants can receive a one-time award of up to \$25,000.

## ANALYSIS OF ENACTED BUDGET

Appropriations for the Southern Ohio Agricultural and Community Development Foundation				
Fund	ALI and Name		FY 2014	FY 2015
<b>Southern Ohio Agricultural and Community Development Operating Expenses Fund</b>				
5M90	945601	Operating Expenses	\$426,800	\$426,800
K087	945602	Southern Ohio Agricultural and Community Development Foundation	\$129,578	\$0
<b>Total Funding: Southern Ohio Agricultural And Community Development Foundation</b>			<b>\$556,378</b>	<b>\$426,800</b>

### Operating Expenses (945601)

This appropriation covers payroll expenses for the five employees (three full-time and two part-time) of the Southern Ohio Agricultural and Community Development Foundation headquartered in Hillsboro. The amount budgeted for payroll expenses in both FY 2014 and FY 2015 is \$426,800, which is an increase of 17.7% over FY 2013 spending of \$362,536 for this purpose. The source of revenue for Fund 5M90 is periodic transfers of cash that the Treasurer of State is required to make from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund. The Endowment Fund itself is not subject to the appropriation process.

### Southern Ohio Agricultural and Community Development Foundation (945602)

H.B. 59 provides a final appropriation of \$129,578 in FY 2014 under Fund K087 appropriation item 945602, Southern Ohio Agricultural and Community Development Foundation, to supplement funding for payroll expenses. The amount appropriated reflects the remaining cash balance in Fund K087. This appropriation was last used in FY 2008 to cover administrative costs and provide grants for educational assistance to Ohio's tobacco farm families. H.B. 59 requires the remaining balance after FY 2014 to be transferred to Fund 5M90. Once the transfer has been completed, the bill abolishes Fund K087.

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# FY 2014 - FY 2015 Final Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

			FY 2012	FY 2013	Appropriation FY 2014	FY 2013 to FY 2014 % Change	Appropriation FY 2015	FY 2014 to FY 2015 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: Enacted</b>					
<b>SOA Southern Ohio Agricultural and Community Development Foundation</b>								
5M90	945601	Operating Expenses	\$ 439,985	\$ 362,536	\$ 426,800	17.73%	\$ 426,800	0.00%
K087	945602	Southern Ohio Agricultural and Community Development Foundation	\$ 0	\$ 0	\$ 129,578	N/A	\$ 0	-100.00%
<b>Tobacco Master Settlement Agreement Fund Group Total</b>			<b>\$ 439,985</b>	<b>\$ 362,536</b>	<b>\$ 556,378</b>	<b>53.47%</b>	<b>\$ 426,800</b>	<b>-23.29%</b>
<b>Southern Ohio Agricultural and Community Development Foundation Tot</b>			<b>\$ 439,985</b>	<b>\$ 362,536</b>	<b>\$ 556,378</b>	<b>53.47%</b>	<b>\$ 426,800</b>	<b>-23.29%</b>