

# **Ohio Board of Regents– Agricultural**

**House Agriculture and Development Subcommittee**

*David Price, Senior Budget Analyst*

*Legislative Service Commission*

*March 19, 2003*

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***LSC Redbook***  
***for the***  
**Ohio Board of Regents–Agricultural**

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*March 19, 2003*

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| <p>Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor’s January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.</p> |
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# Ohio Board of Regents- Agricultural

- Includes two line items: Cooperative Extension Service and OARDC
- Biennial reduction is 7.4% (\$9.1 million)
- Each line item reduced by 5% for FY 2004 and 2.5% for FY 2005
- All earmarks continued, but at reduced levels

## OVERVIEW

### Summary of the Budget

Within the executive budget for the Board of Regents are two appropriation items that support university-administered programs of concern to the agricultural community. These two items are the Cooperative Extension Service and the Ohio Agricultural Research and Development Center (OARDC); they are included in Program Series 5 of Regents' budget. This Redbook describes these line items and their budget implications for the FY 2004-2005 biennium.

For the Board of Regents as a whole, the executive budget has recommended a 3.61% (\$178.4 million) budget increase to \$5.117 billion for the new FY 2004-2005 biennium over the currently estimated expenditures of \$4.939 billion for FY 2002 and FY 2003 (after the budget reductions of both years).

However, the two agricultural appropriation items in Regents' budget do not share in Regents' budget increase. To the contrary, the two items combined incur a 7.4% (\$9.1 million) biennial reduction to an appropriation of \$114.2 million from the current FY 2002-2003 biennium's \$123.3 million. At this appropriation level, the two items constitute 2.2% of Regents' total FY 2004-2005 biennial budget but receive none of its \$178.4 million increase. It might be noted that Regents had requested a combined appropriation of \$132.5 million for these two items, for a biennial increase of 7.4% (\$9.1 million).

As indicated by the budget summary table below, the annual appropriation for the two combined line items declines by 5.0% (\$3.0 million) for FY 2004 and by another 2.5% (\$1.4 million) for FY 2005, from the FY 2003 estimate of \$60.9 million.

The several earmarks under each of these two appropriation items will be continued from the FY 2002-2003 budget, although at reduced funding levels.

The Board of Regents presented no major initiatives under the recommended budget for these two items for the biennium. It requested continuation funding and inflationary increases for all items in Program Series 5.

The two agricultural items and their budgets are described in the *Analysis of Executive Proposal* in this Redbook. The analysis is excerpted from the Redbook for the Board of Regents, Program Series 5. A description of each line item is provided in the Catalog of Budget Line Items, and is also included in this redbook.

### **Budget Issues**

The Ohio State University, which administers the programs supported by the two agricultural line items, has expressed concerns about the appropriation levels of both agricultural line items. These concerns are described in the section *Analysis of Executive Proposal*.

No specific budget issues concerning the administration of these two line items are indicated by the Board of Regents.

### **The Agencies**

***The Board of Regents:*** The two agricultural line items are included in the budget of the Ohio Board of Regents, which coordinates higher education in Ohio. The two line items support statewide extension and research programs administered by the Ohio State University. Ohio State, along with all public-assisted institutions of higher education in the state, receives financial subsidies under several other appropriation items in Regents' budget.

Regents' primary missions are to distribute funds to state-assisted higher education institutions and to promote Ohioans' access to higher education for career preparation and advancement, economic and social mobility, and personal intellectual development. Higher education is considered to help provide the educated labor force necessary for a vigorous economy. In higher education, citizens and industry are provided access to an array of research and technological knowledge.

The Board of Regents is ultimately responsible for ensuring that the state's higher-education enterprises have the resources, direction, and incentives to efficiently and effectively create, disseminate, and apply knowledge.

A fuller description of Regents and its operations can be found in the Board of Regents redbook.

The Board of Regents' budget is comprised of 76 appropriation items grouped into eleven program series. The two agricultural line items of concern in this redbook are contained in Program Series 5, Public Service–Statewide.

***The Cooperative Extension Service:*** The Cooperative Extension Service, operated by the Ohio State University Extension under the Ohio State University's land-grant mandate, provides educational services to every county in the state; its programs are intended to help people improve their lives through an educational process using scientific knowledge focused on identified issues and need. The Extension Service conducts programs for eligible participants, including the food and fiber industries, homemakers, farmers, community leaders, and young people. The program areas include agriculture and natural resources, family and consumer sciences (including home economics and family living), 4-H youth development (serving more than 400,000 people annually), and community development. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers, who donate a total of 6.2 million hours per year of their time to help implement its programs.

The Extension Service is supported mainly by the Regents' budget appropriation item but other sources are significant. In FY 2002 state funds provided approximately 45% of the Extension Service's \$57.8 million budget; federal funds provided 23%, county funds 32%, and other sources just 0.1%. The service spent 80% of its operating budget on salaries and fringes, 4.5% on travel, 1.5% on equipment, and 14% on other operating activities. The service indicates that it tries to adhere to its principle of spending no more than 80% of its budget on salaries and benefits in order to ensure adequate operating support for employees.

Recent programs emphasized by the Extension Service include 4-H educational and after-school programs, pest control, new farm enterprises, food safety, adult continuing education, and improving race relations. The service's priorities for the FY 2004-2005 biennium include round-the-clock access to Extension's programs and information, economic security for the agricultural industry, environmental quality controls, consumer financial issues, reducing teenage pregnancy and delinquency, food safety, business retention and expansion programs, community leadership training, and improved technology-driven communications for isolated areas of the state.

***The Ohio Agricultural Research and Development Center (OARDC):*** The OARDC conducts basic and applied research through the Ohio State University's colleges of Food, Agricultural and Environmental Sciences, Human Ecology, Biological Sciences, and Veterinary Medicine. Research areas include plant and animal agriculture, engineering, social sciences, food science, natural resources, environmental sciences, community and human development, and human nutrition. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers. The OARDC appropriation does provide additional funds to support research in the above OSU colleges, although it should be noted that basic funding for instructional activities in those colleges comes from the Board of Regents' subsidy under the GRF-funded appropriation for appropriation item 235-501, State Share of Instruction.

The OARDC is supported mainly by the Regents' budget appropriation item but other sources are significant. In FY 2002 state funds provided approximately 57% of OARDC's \$63.6 million revenue budget; federal formula funds provided 10%; grants, gifts and contracts, 27%; and the remaining 6% came from other sources, including endowment interest, sales of research products, overheads, fees, and other interest. The center spent 79% of its operating budget on salaries, wages and benefits, 13% on supplies and other operating expenses, 4% on equipment, and 4% on "investment in people and programs." The center indicates that studies have shown a 40-60% return on its research investments each year.

At any time, OARDC is conducting more than 400 research projects. Approximately 256 scientists are involved full- or part-time in OARDC research, while the staff includes an additional 316 administrative and professional employees and 205 civil service employees. The center manages some 7,400 acres of land in Wayne County and Columbus and at the outlying branches. The campus at Wooster and Wayne County's other unit comprise 2,300 acres; the Wooster campus is the largest agricultural research facility in the United States.

Recent research programs leading to discoveries were conducted in the fields of non-thermal food processing technologies, soybean biotechnology, and animal health diagnostics. The center also funded a \$2.6 million competitive grants program, whose funds have been more than matched by external partners and which has produced three invention disclosures and two U.S. patents. In 2002 the center's scientists leveraged state funds to obtain \$17.2 million in grants and contracts. The OARDC's priorities for the FY 2004-2005 biennium include the pursuit of new products and new markets for Ohio's agricultural products, the expansion of agro-security research, genetically based plant and animal research, and the

competitive grants program, the development of new technologies for food safety, and the establishment of several environmental quality research programs.

| <b>Budget Summary: Board of Regents Agricultural (BOR-AGR)</b> |                   |                   |  |                        |                        |                        |
|--|-------------------|-------------------|--|------------------------|------------------------|------------------------|
| <b>BOR Program Series</b>                                      | <b>Fund Group</b> | <b>ALI</b>        | <b>Description</b>                                       | <b>FY 2003 est.</b>    | <b>FY 2004</b>         | <b>FY 2005</b>         |
| <b>5</b>   | <b>GRF</b>        | <b>235-511</b>    | <b>Cooperative Extension Service</b>                     | \$25,394,863           | \$24,125,120           | \$23,521,992           |
|  |                   |                   | <b>Change vs. prior year</b>                             | -2.5%                  | -5.0%                  | -2.5%                  |
| <b>5</b>   | <b>GRF</b>        | <b>235-535</b>    | <b>Ohio Agricultural Research and Development Center</b> | \$35,496,855           | \$33,722,012           | \$32,878,962           |
|  |                   |                   | <b>Change vs. prior year</b>                             | -2.5%                  | -5.0%                  | -2.5%                  |
|  | <b>GRF</b>        | <b>Both items</b> | <b>Total BOR-AGR</b>                                     | <b>\$60,891,718</b>    | <b>\$57,847,132</b>    | <b>\$56,400,954</b>    |
|  |                   |                   | <b>Change vs. prior year</b>                             | -2.5%                  | -5.0%                  | -2.5%                  |
|  | <b>All</b>        | <b>All items</b>  | <b>Total BOR budget</b>                                  | <b>\$2,473,104,169</b> | <b>\$2,522,779,680</b> | <b>\$2,741,552,055</b> |
|  |                   |                   | <b>Change vs. prior year</b>                             | 0.30%                  | 2.01%                  | 2.84%                  |
|  |                   |                   | <b>BOR-AGR items as a percentage of total BOR budget</b> | 2.46%                  | 2.29%                  | 2.17%                  |

## ANALYSIS OF EXECUTIVE PROPOSAL

Note: This section is an excerpt from the Analysis of Executive Proposal section in the redbook for the Board of Regents. This excerpt covers only the analysis of Regents' Program Series 5, Public Service–Statewide. It highlights the two agricultural appropriation items contained in that series. They are the Cooperative Extension Service and the Ohio Agricultural Research and Development Center (OARDC).

### Public Service–Statewide

### Program Series 5

**Purpose:** This program series supports public service activities that are performed at Ohio's higher education institutions.

The following table shows the appropriation items that are used to fund the Public Service–Statewide program series, as well as the executive budget's recommended funding levels.

| Fund   | ALI     | Title   | FY 2004             | FY 2005             |
|--|---------|---|---------------------|---------------------|
| GRF  | 235-511 | Cooperative Extension Service                     | \$24,125,120        | \$23,521,992        |
| GRF  | 235-524 | Police and Fire Protection                        | 209,046             | 203,819             |
| GRF  | 235-535 | Ohio Agricultural Research and Development Center | 33,722,012          | 32,878,962          |
| GRF  | 235-583 | Urban University Programs                         | 5,662,486           | 5,520,924           |
| GRF  | 235-587 | Rural University Projects                         | 1,197,659           | 1,167,717           |
| <b>Total funding: Public Service–Statewide</b> |         |   | <b>\$64,916,323</b> | <b>\$63,293,414</b> |

### Program Series Description and Budget

The Public Service–Statewide program series consists of several appropriation items supporting public service activities provided by the state's higher education institutions. These services address a variety of agricultural, rural, and urban issues and are offered either statewide or regionally. The program series is dominated by its two largest appropriation items, which support the statewide agricultural programs administered by the Ohio State University, the state's land-grant university.

At \$128.2 million, this program series' appropriation comprises 2.5% of Regents' total \$5.117 billion biennial budget. The appropriation constitutes a decline of 7.2% (\$10.0 million) from the current FY 2002-2003 biennium's appropriation of \$138.2 million. Thus, this program series does not participate in Regents' \$178.4 million budget increase for the FY 2004-2005 biennium.

The series' annual appropriations incur decreases of 5.0% (\$3.4 million) for FY 2004 and 2.5% (\$1.6 million) for FY 2005, from the FY 2003 level of \$68.3 million (after budget reductions). These annual percentage declines hold for the individual appropriation items as well, including the two agricultural items. Given that FY 2002 saw expenditures of \$69.9 million, the series has seen consecutive reductions in appropriations each year since FY 2002, and this is also true of each appropriation item.

This program series is funded entirely by GRF funds. A description of each appropriation item, including its purpose, legal basis, funding source, and recent years' appropriations, is available in the Catalog of Budget Line Items (COBLI), of which the Regents' pages are included in this redbook.

**Cooperative Extension Service (235-511)**

With a biennial executive budget appropriation of \$47.6 million, the Cooperative Extension Service incurs a reduction of 7.4% (\$3.8 million) from the FY 2002-2003 biennial amount of \$51.4 million. The annual reductions of 5.0% and 2.5% are taken on the FY 2003 level of \$25.4 million.

The Board of Regents’ requested biennial appropriation for the Extension Service was \$55.3 million, for a \$3.8 million (7.4%) increase over the FY 2002-2003 biennium. The difference between the requested and executive budget amounts is presented in the *Requests Not Funded* section in this redbook.

**Earmarks:** Under the Cooperative Extension Service appropriation, the executive budget continues to fund the same five earmarks as in the FY 2002-2003 budget: additional staffing for expanded 4H activities; a small-business economic development program; farm labor mediation and education; the Ohio State University Marion Enterprise Center; and the Ohio Watersheds Initiative. However, as the following table shows, the funding levels for these earmarked items have been reduced vs. their FY 2003 levels.

| <b>Cooperative Extension Service: Earmarks</b> |                        |                |                |
|--|------------------------|----------------|----------------|
| <b>Earmark</b>                                 | <b>Earmarked funds</b> |                |                |
|  | <b>FY 2003</b>         | <b>FY 2004</b> | <b>FY 2005</b> |
| <b>4-H activities</b>                          | \$210,000              | \$182,842      | \$178,271      |
| <b>Economic development</b>                    | \$210,000              | \$182,842      | \$178,271      |
| <b>Labor mediation</b>                         | \$65,000               | \$56,594       | \$55,179       |
| <b>Marion Center</b>                           | \$215,000              | \$187,195      | \$182,515      |
| <b>Ohio Watersheds</b>                         | \$910,500              | \$792,750      | \$772,931      |

**Ohio Agricultural Research and Development Center (OARDC) (235-535)**

With a biennial Executive budget appropriation of \$66.6 million, OARDC suffers a reduction of 7.4% (\$5.3 million) from the FY 2002-2003 biennial amount of \$71.9 million. The annual reductions of 5.0% and 2.5% are taken on the FY 2003 level of \$35.5 million.

The Board of Regents’ requested biennial appropriation for OARDC was \$77.2 million, for a \$5.3 million (7.4%) increase over the FY 2002-2003 biennium. The difference between the requested and executive budget amounts is presented in the *Requests Not Funded* section in this redbook.

Concerning the OARDC, the executive budget also includes a new provision in uncodified (temporary) language, calling for the OARDC, in conjunction with the Third Frontier Commission, to conduct “an independently evaluated self-study of research and development excellence and commercial relevance.” The study will be specified by the Third Frontier Commission.

**Earmarks:** Under the OARDC appropriation, the executive budget continues to fund the same five earmarks as in the FY 2002-2003 budget: the purchase of equipment; the Piketon Agricultural Research and Extension Center; the ellagic acid research program at the Ohio State University; the Ohio berry administrator; and the development of agricultural crops and products not currently in widespread production in Ohio. However, as the following table shows, the funding levels for these earmarked items have been reduced vs. their FY 2003 levels.

| <b>OARDC: Earmarks</b>       |                        |                |                |
|------------------------------|------------------------|----------------|----------------|
| <b>Earmark</b>               | <b>Earmarked funds</b> |                |                |
|                              | <b>FY 2003</b>         | <b>FY 2004</b> | <b>FY 2005</b> |
| <b>Purchase of equipment</b> | \$540,000              | \$470,164      | \$458,410      |
| <b>Piketon ARE Center</b>    | \$950,000              | \$827,141      | \$806,463      |
| <b>Ellagic acid research</b> | \$250,000              | \$217,669      | \$212,227      |
| <b>Berry Administrator</b>   | \$50,000               | \$43,534       | \$42,445       |
| <b>Crop development</b>      | \$100,000              | \$87,067       | \$84,890       |

**Budget Issues: Agricultural Items**

The Ohio State University indicates that the Extension Service and OARDC, in response to budget reductions of more than 8% during the past three fiscal years, have incurred “the loss of 80 positions and the curtailing of major research and extension programs essential to the growth of our industry and Ohio’s economy.” Further, were the reductions to be continued into the new biennium, the university projects other actions that would have to be taken, as described below.

The Extension Service estimates that, at the executive budget’s (Blue Book) recommended funding levels, it would have to lose another 110 of its current 1,232 employees. The service maintains that this would cause the 4H program to lose extension agents, with the resulting loss of 4-H in some counties; this would adversely affect “Ohio’s Junior Fairs and the education and leadership development of our young people.” Other areas affected by the loss of agents would be the coordination of community economic development activities, and the education and assistance being provided in the areas of family and consumer issues, agricultural and natural resources, agro-security systems, and new products and new niche marketing.

For OARDC, the university indicates that the budget reductions would cause “layoffs and irreversible cuts to nationally-recognized programs.” It estimates that, at the executive budget’s (Blue Book) recommended funding levels, it would have to lose another 60 of its current 777 employees. Specific programs affected would be in the areas of new food-safety technologies, agro-security research, the development of new products and markets, biotechnology, and environmental quality and natural resources (including the development of bio-based fuels). Ohio State further indicates that 40% of all of the university’s patents are awarded to OARDC scientists.

**The Programs and Projects Items**

Two Program Series 5 appropriation items that provide assistance to certain university programs and projects are the Urban University Programs and the Rural University Projects items, each of which contains several earmarks that, taken together, use all of the item's appropriations. These two appropriation items are described below.

**Urban University Programs (235-583)**

The Urban University Programs' appropriation is allocated by uncodified (temporary) language entirely among ten earmarks assigned to various universities to support specified programs that they administer in urban areas. The budget continues the temporary law requirement that the universities receiving funds under this appropriation item must "certify periodically. . . that program funds are being matched on a one-to-one basis with equivalent resources."

The executive budget recommends a reduction in the biennial appropriation for Urban University Programs from \$12.1 million in FYs 2002-2003 to \$11.2 million in FYs 2004-2005, for a decrease of 7.4% (\$0.9 million). Regents requested \$13.0 million for this appropriation item, for a biennial increase of 7.4% (\$0.9 million).

The individual earmarks are outlined in the following table. The FY 2003 earmarked amounts are included for comparison.

| <b>Urban University Programs: Earmarks</b> |  |                        |                |                |
|--|--|------------------------|----------------|----------------|
| <b>Earmark no.</b>                         | <b>Earmark</b>   | <b>Earmarked funds</b> |                |                |
|  |  | <b>FY 2003</b>         | <b>FY 2004</b> | <b>FY 2005</b> |
| 1  | <b>Cleveland State: public communication outreach program (WCPN)</b>   | \$372,400              | \$324,239      | \$316,134      |
| 2  | <b>Cleveland State: Study of Education &amp; Urban Child</b>   | \$176,400              | \$153,578      | \$149,748      |
| 3  | <b>Kent State: Learning and Technology</b>   | \$254,800              | \$221,848      | \$216,302      |
| 4  | <b>Kent State: Ameritech Classroom</b>   | \$98,000               | \$85,326       | \$83,193       |
| 5  | <b>U. of Akron: Polymer Distance Learning</b>  | \$980,000              | \$853,262      | \$831,930      |
| 6  | <b>Kent State: Cleveland Design Center</b>   | \$49,000               | \$42,663       | \$41,596       |
| 7  | <b>U. of Akron: Bliss Institute</b>  | \$245,000              | \$213,315      | \$207,982      |
| 8  | <b>U. of Akron: Advancing-Up Program</b>   | \$14,700               | \$12,800       | \$12,478       |
| 9  | <b>Cleveland State: Maxine Goodman Levin College of Urban Affairs</b>  | \$2,156,629            | \$1,877,723    | \$1,830,780    |
| 10   | <b>Split (determined by Urban University Program chairman):<br/>Northeast Ohio Research Consortium<br/>Urban Linkages Program<br/>Urban Research Tech Assistance Grant</b> | \$2,156,630            | \$1,877,723    | \$1,830,781    |

**Rural University Projects (235-587)**

The Rural University Projects' appropriation is allocated by uncodified (temporary) language entirely among five earmarks assigned to various universities to support specified projects that they administer in rural areas.

The executive budget recommends a reduction in the biennial appropriation for Rural University Projects from \$2.6 million in FYs 2002-2003 to \$2.4 million in FYs 2004-2005, for a decrease of 7.4% (\$0.2 million). Regents requested \$2.7 million for this appropriation item, for a biennial increase of 7.4% (\$0.2 million).

The individual earmarks are outlined in the following table. The FY 2003 earmarked amounts are included for comparison.

| <b>Rural University Projects: Earmarks</b> |   |                        |                |                |
|--|---|------------------------|----------------|----------------|
| <b>Earmark no.</b>                         | <b>Earmark</b>  | <b>Earmarked funds</b> |                |                |
|  |   | <b>FY 2003</b>         | <b>FY 2004</b> | <b>FY 2005</b> |
| 1  | <b>Ohio University: ILGARD (a small portion is to be used for the State and Rural Policy Partnership)</b> | \$740,977              | \$645,150      | \$629,021      |
| 2  | <b>Miami University: Center for Public Management and Regional Affairs</b>                                | \$324,503              | \$282,537      | \$275,473      |
| 3  | <b>Bowling Green State University: Center for Policy Analysis and Public Service</b>                      | \$212,072              | \$184,646      | \$180,029      |
| 4  | <b>Washington State C.C.: day care center</b>   | \$24,500               | \$21,331       | \$20,798       |
| 5  | <b>COAD/ILGARD/GOA Appalachian Leadership Initiative</b>  | \$73,500               | \$63,995       | \$62,396       |

## PERMANENT AND TEMPORARY LAW

This section describes provisions of permanent and temporary law contained in the executive budget that will affect the activities and spending decisions concerning the Regents' two agricultural appropriation line items during the next biennium.

### Permanent Law Provisions

No permanent law changes directly affecting these line items are included in the Executive Budget.

### Temporary Law Provisions

#### Section 88.07 of H.B. 95 [Cooperative Extension Service]

The bill...

- Retains the existing five earmarks under the appropriation item 235-511, Cooperative Extension Service, but reduces the earmarked amounts. The following table provides the new schedule of earmarks, along with the FY 2003 estimated amounts for comparison.

| Cooperative Extension Service: Earmarks |                 |           |           |
|---|-----------------|-----------|-----------|
| Earmark                                 | Earmarked funds |           |           |
|   | FY 2003         | FY 2004   | FY 2005   |
| 4-H activities                          | \$210,000       | \$182,842 | \$178,271 |
| Economic development                    | \$210,000       | \$182,842 | \$178,271 |
| Labor mediation                         | \$65,000        | \$56,594  | \$55,179  |
| Marion Center                           | \$215,000       | \$187,195 | \$182,515 |
| Ohio Watersheds                         | \$910,500       | \$792,750 | \$772,931 |

#### Section 88.08 of H.B. 95 [Ohio Agricultural Research and Development Center (OARDC)]

The bill...

- Includes a new provision calling for the OARDC, in conjunction with the Third Frontier Commission, to conduct "an independently evaluated self-study of research and development excellence and commercial relevance;" the study will be specified by the Third Frontier Commission.
- Retains the existing five earmarks under the appropriation item 235-535, Ohio Agricultural Research and Development Center, but reduces the earmarked amounts. The following table provides the new schedule of earmarks, along with the FY 2003 estimated amounts for comparison.

| <b>OARDC: Earmarks</b>       |                        |                |                |
|------------------------------|------------------------|----------------|----------------|
| <b>Earmark</b>               | <b>Earmarked funds</b> |                |                |
|                              | <b>FY 2003</b>         | <b>FY 2004</b> | <b>FY 2005</b> |
| <b>Purchase of equipment</b> | \$540,000              | \$470,164      | \$458,410      |
| <b>Piketon ARE Center</b>    | \$950,000              | \$827,141      | \$806,463      |
| <b>Ellagic acid research</b> | \$250,000              | \$217,669      | \$212,227      |
| <b>Berry Administrator</b>   | \$50,000               | \$43,534       | \$42,445       |
| <b>Crop development</b>      | \$100,000              | \$87,067       | \$84,890       |

## **REQUESTS NOT FUNDED**

Note: This section is a modified portion of the section Requests Not Funded, in the Redbook for the Board of Regents. This section is limited to the analysis of two line items in the Regents' budget. These are the two agricultural items Cooperative Extension Service and Ohio Agricultural Research and Development Center (OARDC).

### **The Regents' Budget**

The executive budget's recommended total appropriation for the Board of Regents is significantly less than the amounts requested by the agency.

The executive budget for Regents for the FY 2004-2005 biennium provides a total budget of \$5.117 billion, for an increase of 3.61% (\$178.4 million) over the FY 2002-2003 biennium. The annual appropriations are \$2.523 billion for FY 2004 and \$2.594 billion for FY 2005, for annual increases of \$49.7 million (2.0%) and \$71.6 million (2.8%), respectively.

By contrast, the Regents' requested budget amount for the FY 2004-2005 biennium is \$5.733 billion, for an increase of 16.1% (\$794.5 million) over the FY 2002-2003 biennium. The annual appropriations are \$2.731 billion for FY 2004 and \$3.002 billion for FY 2005, for annual increases of \$257.8 million (10.4%) and \$271.4 million (9.9%), respectively.

Thus, the executive budget's recommended biennial increase of \$178.4 million for Regents constitutes less funding than the agency's request by some \$616.1 million.

### **The Agricultural Appropriation Items' Budget**

The executive budget's appropriations for the two agricultural appropriation items, Cooperative Extension Service and Ohio Agricultural Research and Development Center (OARDC), are also significantly less than Regents' requested amounts for these items.

The FY 2004-2005 executive budget for the two items provides a total biennial budget of \$114.2 million, for a decrease of 7.4% (\$9.1 million) from the FY 2002-2003 biennium. The annual appropriations are \$57.8 million for FY 2004 and \$56.4 million for FY 2005, for annual decreases of \$3.0 million (5.0%) and \$1.4 million (2.5%), respectively.

On the other hand, the Regents' requested FY 2004-FY 2005 budget amount for the two items is \$132.5 million for the biennium, for an increase of 7.4% (\$9.2 million) over the FY 2002-2003 biennium. The annual appropriations are \$65.0 million for FY 2004 and \$67.5 million for FY 2005, for annual increases of \$4.1 million (6.7%) and \$2.6 million (4.0%), respectively.

Thus, the executive budget's recommended biennial decrease of \$9.1 million for the two agricultural items constitutes less funding than the agency's request by some \$18.3 million.

Following is a summary table with the two agricultural appropriation items grouped under their Regents program series. The table provides the annual differences between the requested appropriations and the executive budget's recommended levels for each year of the biennium.

| <b>Program Series 5: Public Service–Statewide (Agricultural)</b> |                        |                          |                   |                        |                          |                   |
|--|------------------------|--------------------------|-------------------|------------------------|--------------------------|-------------------|
| <b>Fund Line Item</b>  | <b>FY 2004 Request</b> | <b>FY 2004 Executive</b> | <b>Difference</b> | <b>FY 2005 Request</b> | <b>FY 2005 Executive</b> | <b>Difference</b> |
| <b>Extension Service</b>   | \$27,087,855           | \$24,125,120             | (\$2,962,735)     | \$28,171,369           | \$23,521,992             | (\$4,649,377)     |
| <b>OARDC</b>   | \$37,863,312           | \$33,722,012             | (\$4,141,300)     | \$39,377,845           | \$32,878,962             | (\$6,498,883)     |
| <b>Total</b>   | \$64,951,167           | \$57,847,132             | (\$7,104,035)     | \$67,549,214           | \$56,400,954             | -\$11,148,260)    |

Effects under the recommended budget might include the following:

- **Cooperative Extension Service:** The Ohio State University indicates that funding at the executive budget levels would necessitate reductions in personnel and cutbacks in county programs, including 4-H, community economic development, and other areas.
- **Ohio Agricultural Research and Development Center (OARDC):** The Ohio State University indicates that the recommended appropriation levels would cause reductions in personnel and the curtailment of planned investments in several research areas.

## General Revenue Fund

### GRF 235-511 Cooperative Extension Service

| 2000         | 2001         | 2002         | 2003<br>Estimate | 2004<br>Executive Proposal | 2005<br>Executive Proposal |
|--------------|--------------|--------------|------------------|----------------------------|----------------------------|
| \$26,643,306 | \$27,431,440 | \$26,046,013 | \$25,394,863     | \$24,125,120               | \$23,521,992               |
|              | 3.0%         | -5.1%        | -2.5%            | -5.0%                      | -2.5%                      |

**Source:** GRF

**Legal Basis:** ORC 3333.35 (established under the Smith-Lever Act in 1914; state subsidy created in the early 1950's). Section 94 of Am. Sub. H.B. 94 of the 124th General Assembly.

**Purpose:** The Cooperative Extension Service, operated by the Ohio State University Extension under the Ohio State University's land-grant mandate, provides educational services to every county in the state; its programs are intended to help people improve their lives through an educational process using scientific knowledge focused on identified issues and need. The Extension Service conducts programs for eligible participants, including the food and fiber industries, homemakers, farmers, community leaders, and young people. The program areas include agriculture and natural resources, family and consumer sciences (including home economics and family living), 4-H youth development (serving more than 400,000 people annually), and community development. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers, who donate a total of 6.2 million hours per year of their time to help implement its programs.

Recent programs emphasized by the Extension Service include 4-H educational and after-school programs, pest control, new farm enterprises, food safety, adult continuing education, and improving race relations. The service's priorities for the FY 2004-FY 2005 biennium include round-the-clock access to Extension's programs and information, economic security for the agricultural industry, environmental quality controls, consumer financial issues, reducing teen-age pregnancy and delinquency, food safety, business retention and expansion programs, community leadership training, and improved technology-driven communications for isolated areas of the state.

Included under this appropriation item are several earmarks, including funds to support the Ohio Watersheds Initiative.

**GRF 235-535 Ohio Agricultural Research and Development Center**

| 2000         | 2001         | 2002         | 2003<br>Estimate | 2004<br>Executive Proposal | 2005<br>Executive Proposal |
|--------------|--------------|--------------|------------------|----------------------------|----------------------------|
| \$36,673,910 | \$38,343,575 | \$36,407,031 | \$35,496,855     | <b>\$33,722,012</b>        | <b>\$32,878,962</b>        |
|              | 4.6%         | -5.1%        | -2.5%            | <b>-5.0%</b>               | <b>-2.5%</b>               |

**Source:** GRF

**Legal Basis:** Section 94 of Am. Sub. H.B. 94 of the 124th G.A. - ORC 3335.56 (the Ohio Agricultural Experiment Station was created by Congress in 1882; the station was renamed the Ohio Agricultural Research and Development Center (OARDC) in 1965; it became part of the Ohio State University in 1982)

**Purpose:** The OARDC conducts basic and applied research through the Ohio State University's colleges of Food, Agricultural and Environmental Sciences, Human Ecology, Biological Sciences, and Veterinary Medicine. Research areas include plant and animal agriculture, engineering, social sciences, food science, natural resources, environmental sciences, community and human development, and human nutrition. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers. The OARDC appropriation does provide additional funds to support research in the above OSU colleges, although it should be noted that basic funding for instructional activities in those colleges comes from the Board of Regents' subsidy under the GRF-funded appropriation for appropriation item 235-501, State Share of Instruction.

At any time, OARDC is conducting more than 400 research projects. Approximately 256 scientists are involved full- or part-time in OARDC research, while the staff includes an additional 316 administrative and professional employees and 205 civil service employees. The center manages some 7,400 acres of land in Wayne County and Columbus and at the outlying branches. The campus at Wooster and Wayne County's other unit comprise 2,300 acres; the Wooster campus is the largest agricultural research facility in the United States.

Recent research programs leading to discoveries were conducted in the fields of non-thermal food processing technologies, soybean biotechnology, and animal health diagnostics. The center also funded a \$2.6 million competitive grants program, whose funds have been more than matched by external partners and which has produced three invention disclosures and two U.S. patents. In 2002 the center's scientists leveraged state funds to obtain \$17.2 million in grants and contracts. OARDC's priorities for the FY 2004-FY 2005 biennium include the pursuit of new products and new markets for Ohio's agricultural products, the expansion of agro-security research, genetically based plant and animal research, and the competitive grants program, the development of new technologies for food safety, and the establishment of several environmental quality research programs.

## LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

| <i>Fund</i>                              | <i>ALI</i> | <i>ALI Title</i>                                 | <i>2002</i>          | <i>Estimated<br/>2003</i> | <i>Executive<br/>2004</i> | <i>% Change<br/>2003 to 2004</i> | <i>Executive<br/>2005</i> | <i>% Change<br/>2004 to 2005</i> |
|--|------------|--|----------------------|---------------------------|---------------------------|----------------------------------|---------------------------|----------------------------------|
| <b><i>BOR Regents, Ohio Board of</i></b> |            |  |                      |                           |                           |                                  |                           |                                  |
| GRF                                      | 235-511    | Cooperative Extension Service                    | \$ 26,046,013        | \$25,394,863              | \$ 24,125,120             | -5.0%                            | \$ 23,521,992             | -2.5%                            |
| GRF                                      | 235-535    | Ohio Agricultural Research and Development Cente | \$ 36,407,031        | \$35,496,855              | \$ 33,722,012             | -5.0%                            | \$ 32,878,962             | -2.5%                            |
| <b>General Revenue Fund Total</b>        |            |  | <b>\$ 62,453,044</b> | <b>\$ 60,891,718</b>      | <b>\$ 57,847,132</b>      | <b>-5.0%</b>                     | <b>\$ 56,400,954</b>      | <b>-2.5%</b>                     |
| <b>Total All Budget Fund Groups</b>      |            |  | <b>\$ 62,453,044</b> | <b>\$ 60,891,718</b>      | <b>\$ 57,847,132</b>      | <b>-5.0%</b>                     | <b>\$ 56,400,954</b>      | <b>-2.5%</b>                     |