

# **Ohio Board of Regents – Agricultural**

**House Agriculture and Development Subcommittee**

*David Price, Senior Budget Analyst  
Legislative Service Commission*

*April 4, 2007*

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**LSC Redbook**  
**for the**  
**Ohio Board of Regents – Agricultural**  
**House Agriculture and Development Subcommittee**

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*April 4, 2007*

# Ohio Board of Regents-Agricultural

- OARDC: 2% increase for FY 2008, flat for FY 2009;
- Extension: flat for both fiscal years
- Sea Grant: flat for both fiscal years

## OVERVIEW

### The Board of Regents' Agricultural Programs

Within the budget for the Board of Regents (BOR) are three programs that support various statewide research and extension activities related to Ohio's agricultural and marine resource issues. Administered by The Ohio State University (OSU) under its land-grant university mandate, these three programs are:

- Program 6.01: The Ohio Agricultural Research and Development Center (OARDC)
- Program 7.01: The Cooperative Extension Service
- Program 7.05: Sea Grant

The executive budget recommendations for these three agricultural programs are entirely supported by the General Revenue Fund (GRF). As Table 1 below shows, for the three programs combined, the executive budget of \$62.6 million for FY 2008 provides a 1.2% increase over estimated FY 2007 expenditures of \$61.8 million. For FY 2009 the executive budget provides flat funding. At these appropriation levels, the three programs constitute 2.34% of the executive's recommended total BOR budget for the FY 2008-2009 biennium.

	FY 2007 (estimate)	FY 2008	% Change FY 2007- FY 2008	FY 2009	% Change FY 2008- FY 2009
<b>Total BOR–Agricultural</b>	\$61,831,976	\$62,551,080	1.2%	\$62,551,080	0.0%
<b>Total BOR Budget</b>	\$2,616,113,806	\$2,675,360,284	2.3%	\$2,674,469,761	0.0%
<b>Total BOR–Agricultural as a Percentage of Total BOR</b>	2.36%	2.34%		2.34%	

OARDC, Extension, and Sea Grant all have various funding sources, including state, federal, and local governments; external contracts; and other sources. The state funds provided for these programs in the BOR budget for FY 2006 represented less than 50% of their budgets: 41% for OARDC, 39% for Extension Service, and 27% for Sea Grant.

### Brief History of OSU's Land-Grant University Mission

The Morrill Land Grant College Act of 1862 provided an amount of federally controlled land to each state for the establishment of an agricultural and mechanical university. The universities established under this act are today known as land-grant universities. In 1864 the Ohio legislature accepted the provisions of the Morrill Act and a year later authorized the land's sale; utilizing the proceeds, the General

Assembly in 1870 chartered the Ohio Agricultural and Mechanical College, which opened its doors in 1873. In 1878 the College became The Ohio State University, placing its educational emphasis as much on the liberal arts as on the original agricultural and mechanical arts. Congress passed the Hatch Act of 1887 to provide separate funds for states to establish agricultural experiment stations, where universities could conduct research into agricultural, mechanical, and related problems faced by rural citizens. In 1892 the Ohio Agricultural Experiment Station moved from OSU's Columbus campus to Wooster in Wayne County. Since then the Station has evolved into what is now called the Ohio Agricultural Research and Development Center (OARDC) with 13 locations throughout the state.

The federal Smith Lever Act of 1914 established a system of Cooperative Extension Services in a partnership between the U.S. Department of Agriculture and the land-grant universities. Each service is a nonformal educational program designed to help people improve their lives, businesses, and communities through the use of research-based practical knowledge related to agriculture, home economics, and rural energy.

In 1966 Congress established the National Sea Grant College program. The term "Sea Grant" was chosen to emphasize this program's focus on the nation's marine resources in contrast with the emphasis on agricultural resources under the land-grant program. Following a 1974 recommendation by the Governor's Lake Erie Task Force, The Ohio State University, together with the Ohio Department of Natural Resources and a number of Lake Erie businesses, developed the Ohio Sea Grant program, with a mission to improve the development and management of Lake Erie. The Ohio Sea Grant became part of the OSU Extension in 1978.

Today OSU carries out its land-grant university mission by administering programs that provide agricultural and marine public services throughout the state. OARDC researches issues related to food, agriculture, the family, and the environment to enhance the well-being of Ohioans, the nation, and the world. OSU Extension interprets and disseminates knowledge and research developed by OARDC, OSU, and other land-grant universities to benefit Ohioans. Ohio Sea Grant uses research, education, and outreach efforts to enhance the use and improve the management of Lake Erie.

## **Staffing Levels**

Table 2 shows the recent and projected staffing levels, which are supported by all the fund sources indicated above. As seen from the table, staffing levels for all three programs are expected to stay at approximately their FY 2007 levels over the FY 2008-2009 biennium, although Sea Grant projects a small increase.

<b>Program Series/Program</b>	<b>Actual</b>	<b>Estimate</b>		
	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
PS 6, Program 6.01 – OARDC	524	521	519	519
PS 7, Program 7.01 – Extension Service	800	828	828	828
PS 7, Program 7.05 – Sea Grant	30	31	35	35

\*The staffing levels are given in full-time equivalent (FTE) employees.

## ANALYSIS OF EXECUTIVE PROPOSAL

### Board of Regents–Agricultural

### BOR Programs 6.01, 7.01, and 7.05

**Purpose:** To provide agricultural public services throughout the state

The following table shows the line items that are used to fund the Board of Regents–Agricultural programs, as well as the executive budget's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
<b>General Revenue Fund</b>				
GRF	235-402	Sea Grants	\$231,925	\$231,925
GRF	235-511	Cooperative Extension Service	\$25,644,863	\$25,644,863
GRF	235-535	Ohio Agricultural Research and Development Center	\$36,674,292	\$36,674,292
<b>General Revenue Fund Subtotal</b>			<b>\$62,551,080</b>	<b>\$62,551,080</b>
<b>Total Funding: Board of Regents –Agricultural</b>			<b>\$62,551,080</b>	<b>\$62,551,080</b>

The Ohio Agricultural Research and Development Center and the Cooperative Extension Service and Sea Grant programs address a variety of agricultural, rural, and marine issues. These three programs are administered by OSU under its land-grant university mission and serve the entire state.

### Program 6.01: Ohio Agricultural Research and Development Center

The Ohio Agricultural Research and Development Center (OARDC) is the research arm of The Ohio State University's College of Food, Agricultural, and Environmental Sciences. Located at 12 Ohio facilities in addition to OSU's main campus, OARDC is active in various basic and applied research areas, including agricultural, environmental, and development economics; food, agricultural, and biological engineering; animal sciences; entomology; food-animal health; food science and technology; horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. OARDC also trains graduate students in these areas and works with researchers at other OSU colleges, including Human Ecology, Medicine and Public Health, Veterinary Medicine, and Biological Sciences. The center serves such diverse groups as consumers, farmers and other producers, food processors, environmentalists, landfill managers, and researchers.

For the OARDC program the executive budget recommends a 2% increase in funding for FY 2008 and flat funding for FY 2009. OADRC receives state support through GRF appropriation item 235-535, Ohio Agricultural Research and Development Center, but its nonstate funding sources are significant. In FY 2006 state funds provided 41% of OARDC's \$87.8 million in revenues; grants, gifts, and contracts provided 44%; federal funds, 7%; and the remaining 8% came from other sources, including endowment interest, sales of research products, overheads, fees, and other interest. The center spent 79.5% of its operating budget on salaries, wages, and benefits; 11.6% on supplies and other operating expenses; 4.2% on equipment; and 4.7% on internal grants and investments. Of OARDC's 524 full-time equivalent employees in FY 2006, 107 were faculty members, including those in administration; 261 were program support personnel, including research scientists; and 156 were staff support and facilities services and office personnel.

OARDC's priorities for the FY 2008-2009 biennium include investing in bio-fuel and other bio-product research, enhancing core research competencies, recruiting world-class scientists, discovering value-added agricultural products and technologies, improving food safety and security, and mitigating pollutants' impacts on the environment.

**Earmarks:** The OARDC program supports several activities and projects by earmarks under its appropriation. These earmarks provide for the purchase of equipment and the support of several activities: the Piketon Agricultural Research and Extension Center, the raspberry/strawberry–ellagic acid research program at OSU, the Ohio Berry Administrator, the development of agricultural crops and products not currently in widespread production in Ohio, and the Wilmington College project for the commercialization of agricultural products. As Table 3 shows, the funding levels for these earmarked items are increased by 2% for FY 2008 and are held at those levels for FY 2009.

<b>Table 3. OARDC: Earmarks</b>			
<b>Earmark</b>	<b>Earmarked Funds</b>		
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Purchase of equipment</b>	\$458,410	\$467,578	\$467,578
<b>Piketon ARE Center</b>	\$806,463	\$822,592	\$822,592
<b>Ellagic acid research</b>	\$212,227	\$216,471	\$216,471
<b>Berry Administrator</b>	\$42,445	\$43,294	\$43,294
<b>Crop development</b>	\$84,890	\$86,588	\$86,588
<b>Wilmington College</b>	\$125,000	\$127,500	\$127,500
<b>TOTAL</b>	<b>\$1,729,435</b>	<b>\$1,764,023</b>	<b>\$1,764,023</b>

### **Program 7.01: Cooperative Extension Service**

The OSU Extension is headquartered in its College of Food, Agricultural, and Environmental Sciences and has had partnerships with the faculties and staff of 14 colleges and 40 departments across OSU. Located in every one of Ohio's 88 counties, the OSU Extension is a dynamic educational entity that creates partnerships with individuals, families, communities, businesses and industries, and organizations to strengthen the lives of Ohioans through research-based educational programs. The four major program areas of the OSU Extension are families and consumer sciences, 4-H youth development, community development, and agricultural and natural resources.

- Family and consumer sciences educators and specialists help build strong families by offering information on childcare, parenting, family life, adult development and aging, nutrition, food safety, and personal finance.
- 4-H (heart, head, hands, and health) is a national youth organization with a goal of helping young people learn about leadership, citizenship, and life skills through mostly experimental programming. While historically focusing on agricultural programs, 4-H today encourages members to learn about many other topics, such as geographic information systems and computer science. Annual participants in Ohio's 4-H programs include more than 300,000 young people aged five to 19. The program annually attracts 32,000 volunteers, who donate their time and efforts to work with young people.
- Community development educators and specialists work with business communities, current and emerging local community leaders, and appointed and elected local officials to provide

information on local development issues in order to increase the knowledge base for individual and community decisions.

- Agricultural and natural resource educators help farmers improve their businesses by adopting new technology to improve efficiency while protecting the environment, help landowners manage woodland and protect streams and watershed, and train master gardeners who, in turn, extend research-based yard and garden information to Ohioans.

For the OSU Extension, the executive budget recommends funding for both FY 2008 and FY 2009 at the FY 2007 level. The Extension is supported by the state through GRF appropriation item 235-511, Cooperative Extension Service, but other revenue sources are significant. In FY 2006 state funds provided approximately 39% of the Extension's \$65.3 million in revenues; federal funds provided 18%, county funds 28%, and other sources 15%. The Extension spent 81% of its operating budget on salaries and benefits, 1.5% on travel, 1.0% on equipment, and 16.5% on other operating activities. Of the Extension's 828 statewide full-time equivalent employees in FY 2007, 646 are program-related (405 faculty members, Extension educators, or specialists; 227 program assistance and support personnel; and 14 administrators); and the other 182 FTEs are support staff personnel in clerical, technical, and other service positions.

The Extension's priorities for the FY 2008-2009 biennium include enhancing agriculture and the environment through such programs as ATECH, BioTech, and PolymerOhio; helping to create jobs through innovation and entrepreneurship; preparing successful youth through such programs as 4-H and Military Kids; and strengthening communities through science-based education services to individuals.

**Earmarks:** The Cooperative Extension Service program supports several activities and projects by earmarks under its appropriation. These earmarks support additional staffing for expanded 4-H activities; a small-business economic development program to enhance the development, production, and marketing of alternatives to the growing of tobacco; farm labor mediation and education programs; The Ohio State University Marion Enterprise Center; and the Ohio Watersheds Initiative. As Table 4 shows, the funding levels for these earmarked items for both FYs 2008 and 2009 are held flat at their FY 2007 levels.

<b>Table 4. Cooperative Extension Service: Earmarks</b>			
<b>Earmark</b>	<b>Earmarked Funds</b>		
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>4-H activities staffing</b>	\$178,271	\$178,271	\$178,271
<b>Economic development</b>	\$178,271	\$178,271	\$178,271
<b>Farm labor mediation</b>	\$55,179	\$55,179	\$55,179
<b>Marion Enterprise Center</b>	\$182,515	\$182,515	\$182,515
<b>Ohio Watersheds Initiative</b>	\$772,931	\$772,931	\$772,931
<b>TOTAL</b>	<b>\$1,367,167</b>	<b>\$1,367,167</b>	<b>\$1,367,167</b>

**Program 7.05: Sea Grant**

Ohio Sea Grant is one of 32 Sea Grant programs in the National Oceanic and Atmospheric Administration's (NOAA) Sea Grant College program, which includes every coastal and Great Lakes state. Headquartered at The Ohio State University, Ohio Sea Grant is operated by the OSU Extension Service. The faculty, staff, and students supported by the program conduct education, research, communication, extension, and outreach activities, in multiple disciplines, to address environmental and

resource issues and to enhance the use, development, and management of Lake Erie and the other Great Lakes and their coastal resources. Located at OSU's Lake Erie research center, Ohio Sea Grant focuses on research and educational issues such as erosion and fishing in the Great Lakes. Three activities affiliated with Ohio Sea Grant are the Center for Lake Erie Area Research (CLEAR), the Franz Theodore Stone Laboratory at Put-in-Bay, and the Great Lakes Aquatic Ecosystem Research Consortium.

The NOAA Sea Grant College program requires at least fifty cents of nonfederal support for every federal dollar invested in it. Matching funds for Ohio Sea Grant are provided by several sources: GRF appropriation item 235-402, Sea Grant, in the BOR budget, OSU, private businesses and individuals, and the institutions receiving grants from Ohio Sea Grant.

For Ohio Sea Grant the executive budget recommends flat funding in both FY 2008 and FY 2009. Sea Grant receives revenue from various sources. In FY 2006, state funds, including support from OSU, provided approximately 27% of the program's \$2.75 million in revenues; federal grants and contracts provided 0%; nonfederal grants and contracts, 2.5%; donations, 3.1%; and services, 5.4%. Sea Grant spent 47.0% of its operating budget on salaries and benefits, 21.7% on research subcontracts, 19.5% on supplies and services, 3.2% on travel, and 8.6% on other operating activities. Of the program's 31 full-time equivalent employees in FY 2007, there are 13 faculty members, 14 program and support personnel, 3 support staff, and one graduate assistant.

The program's priorities for the FY 2008-2009 biennium include developing a Great Lakes ecosystem forecasting system, strengthening the Lake Erie at the Millennium network, implementing the new Great Lakes Center for Ocean Sciences Education Excellence (COSEE), enhancing its web site and databases and enabling electronic processing of research proposals, and selling a "Fish Lake Erie" license plate to support Stone Laboratory.

## REQUESTS NOT FUNDED

In this section the executive budget's recommended appropriations for OARDC, Extension, and Sea Grant are compared with BOR's requested appropriations to determine those portions of the requested amounts that are not funded by the executive budget. In its budget request BOR proposed a "flat budget" based on OBM budget guidelines for the FY 2008-2009 biennium. BOR also proposed a preferred "initiative budget," which is intended to fund enrollment growth and compensate for a modest level of inflation.

The requests not funded for each of the three agricultural programs for both the flat and initiative budgets are provided for FYs 2008 and 2009 in Tables 1 and 2 below.

### Requests Not Funded – FY 2008

Program	BOR Budget Request		Executive Budget	Difference: Executive Budget – BOR Budget Request	
	Flat Budget	Initiative Budget		Flat Budget	Initiative Budget
6.01 OARDC	\$35,955,188	\$37,033,844	\$36,674,292	\$719,104	(\$359,552)
7.01 Cooperative Extension Service	\$25,644,863	\$26,414,209	\$25,644,863	\$0	(\$769,346)
7.05 Sea Grant	\$231,925	\$238,882	\$231,925	\$0	(\$6,957)
<b>TOTAL FY 2008</b>	<b>\$61,831,976</b>	<b>\$63,686,935</b>	<b>\$62,551,080</b>	<b>\$719,104</b>	<b>(\$1,135,855)</b>

Table 1 shows that the executive budget for FY 2008 meets or exceeds the BOR flat-budget request in all three programs, for a total additional amount of \$0.72 million, all of it going to OARDC. However, the executive budget does not completely fund the initiative-budget request for any of the programs, for a \$1.1 million total shortfall, shared mainly by OARDC and Extension.

### Requests Not Funded – FY 2009

Program	BOR Budget Request		Executive Budget	Difference: Executive Budget – BOR Budget Request	
	Flat Budget	Initiative Budget		Flat Budget	Initiative Budget
6.01 OARDC	\$35,955,188	\$38,144,859	\$36,674,292	\$719,104	(\$1,470,567)
7.01 Cooperative Extension Service	\$25,644,863	\$27,206,635	\$25,644,863	\$0	(\$1,561,772)
7.05 Sea Grant	\$231,925	\$246,049	\$231,925	\$0	(\$14,124)
<b>TOTAL FY 2009</b>	<b>\$61,831,976</b>	<b>\$65,597,543</b>	<b>\$62,551,080</b>	<b>\$719,104</b>	<b>(\$3,046,463)</b>

Table 2 shows that the executive budget for FY 2009 meets or exceeds the BOR flat-budget request in all three programs, for a total additional amount of \$0.72 million, all of it going to OARDC. However, the executive budget does not completely fund the initiative-budget request for any of the programs, for a \$3.0 million total shortfall, again shared mainly by OARDC and Extension.

## General Revenue Fund

### GRF 235-402 Sea Grants

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$263,899	\$257,694	\$231,925	\$231,925	<b>\$231,925</b>	<b>\$231,925</b>
	-2.4%	-10.0%	0.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** Section 209.63 of Am. Sub. H.B. 66 of the 126th G.A. (originally established by Am. Sub. H.B. 291 of the 115th G.A.)

**Purpose:** This line item provides partial support to the Ohio Sea Grant College Program, a statewide program based at the Ohio State University's Lake Erie Research Center. Sea Grant funds education, research, communication, extension and outreach efforts in multiple disciplines to enhance the use and development of the nation's ocean, coastal, and Great Lakes resources, and to improve their management.

### GRF 235-511 Cooperative Extension Service

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$24,619,068	\$25,644,863	\$25,644,863	\$25,644,863	<b>\$25,644,863</b>	<b>\$25,644,863</b>
	4.2%	0.0%	0.0%	<b>0.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 3333.35; Section 209.63 of Am. Sub. H.B. 66 of the 126th G.A.

**Purpose:** This line item supports the Cooperative Extension Service, which is operated by the Ohio State University Extension under the Ohio State University's land-grant mandate. Its programs are intended to help people improve their lives through an educational process, using scientific knowledge focused on identified issues and needs. The service covers every one of Ohio's 88 counties and supports more than 35,500 volunteers. The Extension Service was authorized by the federal Smith-Lever Act in 1914; the state subsidy was originally created in the early 1950's.

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

2004	2005	2006	2007 Estimate	2008 Executive Proposal	2009 Executive Proposal
\$34,396,980	\$35,830,188	\$35,955,188	\$35,955,188	<b>\$36,674,292</b>	<b>\$36,674,292</b>
	4.2%	0.3%	0.0%	<b>2.0%</b>	<b>0.0%</b>

**Source:** GRF

**Legal Basis:** ORC 3335.56; Section 209.63 of Am. Sub. H.B. 66 of the 126th G.A.

**Purpose:** This line item supports the Ohio Agricultural Research and Development Center (OARDC), which is the research arm of the Ohio State University's college of Food, Agricultural and Environmental Sciences. Located at 12 Ohio facilities in addition to OSU's main campus, the OARDC is active in various basic and applied research areas, including agricultural, environmental and development economics; food, agricultural and biological engineering; animal sciences; entomology; food-animal health; food science and technology; horticulture and crop science; human and community resource development; human ecology; natural resources; and plant pathology. 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.

## LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2006</i>	<i>Estimated 2007</i>	<i>Executive 2008</i>	<i>% Change 2007 to 2008</i>	<i>Executive 2009</i>	<i>% Change 2008 to 2009</i>
<b><i>BOR Board of Regents - Agricultural</i></b>								
GRF	235-402	Sea Grants	\$ 231,925	\$231,925	\$ 231,925	0.0%	\$ 231,925	0.0%
GRF	235-511	Cooperative Extension Service	\$ 25,644,863	\$25,644,863	\$ 25,644,863	0.0%	\$ 25,644,863	0.0%
GRF	235-535	Ohio Agricultural Research and Development Center	\$ 35,955,188	\$35,955,188	\$ 36,674,292	2.0%	\$ 36,674,292	0.0%
<b>General Revenue Fund Total</b>			<b>\$ 61,831,976</b>	<b>\$ 61,831,976</b>	<b>\$ 62,551,080</b>	<b>1.2%</b>	<b>\$ 62,551,080</b>	<b>0.0%</b>
<b>Total All Budget Fund Groups</b>			<b>\$ 61,831,976</b>	<b>\$ 61,831,976</b>	<b>\$ 62,551,080</b>	<b>1.2%</b>	<b>\$ 62,551,080</b>	<b>0.0%</b>