

LSC Redbook

Analysis of the Executive Budget Proposal

Southern Ohio Agricultural and Community Development Foundation

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READER'S GUIDE

The Legislative Service Commission prepares an analysis of the executive budget proposal for each agency. These analyses are commonly called "Redbooks." This brief introduction is intended to help readers navigate the Redbook for the Southern Ohio Agricultural and Community Development Foundation (SOA), which includes the following three sections.

1. **Overview:** Provides a brief description of SOA and an overview of the Executive's funding adjustments that will affect the Foundation's operations in the FY 2010-FY 2011 biennium.
2. **Analysis of Executive Proposal:** Provides an analysis of the executive budget recommendation for SOA and its impact on the Foundation's activities.
3. **Attachments:** Includes the catalog of budget line items (COBLI) for SOA, which briefly describes each line item, accompanied by the LSC budget spreadsheet for SOA.

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- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Southern Ohio Agricultural and Community Development Foundation

- No GRF Funding
- SOA must use tobacco Master Settlement Agreement custodial funds to issue grants

OVERVIEW

The Southern Ohio Agricultural and Community Development Foundation (SOA) 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 key 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 Diversity 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 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. Finally, the Agricultural Projects Program funds projects including grain handling, livestock systems, genetics, feeding systems, and forage improvements. These projects are designed to help tobacco farmers who have production livestock by providing them with fencing, corrals, chutes, and grain handling equipment.

Appropriation Overview

Funding Adjustments

Am. Sub. H.B. 119, the main operating budget for FY 2008-FY 2009, restructured the Foundation's line items. In FY 2008, SOA was funded through tobacco settlement money. For FY 2009, operating funding was transitioned to the GRF with an

appropriation of \$7.2 million. Of this amount, approximately \$430,000 is for the Foundation's operating expenses. The remaining \$6.8 million is to administer assistance through the various programs briefly described in the Overview. The overarching purpose of these changes was to require that programs supported by Tobacco Master Settlement Agreement dollars not related to school facilities secure new funding sources or phase-out operations in the upcoming years.

In this operating budget, the executive proposes to fund the Foundation's operating expenses with \$475,220 in each fiscal year from the Foundation's share of Tobacco Master Settlement Agreement moneys, while eliminating GRF funding. This would require that the Foundation use moneys available in the Southern Ohio Agricultural and Community Development Foundation Endowment Fund, which are not appropriated by the General Assembly, to support programming. As of this writing, there is approximately \$20.0 million in the Endowment Fund.

Table 2. Executive Budget Recommendations by Fund Group, FY 2010-FY 2011

Fund Group	FY 2009	FY 2010	% change, FY 2009-FY 2010	FY 2011	% change, FY 2010-FY 2011
Tobacco Master Settlement Agreement	\$0	\$475,220	NA	\$475,220	NA
Total	\$0	\$475,220	NA	\$475,220	NA

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Amounts for the Southern Ohio Agricultural and Community Development Foundation				
Fund	ALI and Name		FY 2010	FY 2011
General Revenue Fund				
5M90	945601	Operating Expenses	\$475,220	\$475,220
General Revenue Fund Subtotal			\$475,220	\$475,220
Total Funding: Program Management			\$475,220	\$475,220

Operating Expenses (945601)

This line item provides the operating funds for the Southern Ohio Agricultural and Community Development Foundation. It will fund the salaries of the five employees of the foundation and related operating expenses for the office, located in Hillsboro. Any grants distributed by SOA in the upcoming biennium will therefore need to be paid from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund. That fund does not require appropriation by the General Assembly.

SOA requested GRF funding of \$6.4 million to distribute grants to eligible recipients in the upcoming FY 2010-FY 2011 biennium. The executive provides no GRF appropriation, an action that will require the Foundation, as mentioned above, to use the Endowment Fund for this purpose. As of this writing, there is approximately \$20.0 million available in this fund. SOA has not yet completed plans for determining how much of the balance it will use to make grant awards and fund other eligible activities in the upcoming biennium.

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General Revenue Fund

GRF 945321 Operating Expenses

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$0	\$0	\$0	\$427,698	\$0	\$0
			N/A		

Source: GRF

Legal Basis: Section 399.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: Moneys are to be used for payroll expenses relating to the administration of the Southern Ohio Agriculture and Community Development Foundation. Operating expenditures prior to FY 2009 are funded through tobacco settlement funds (Fund 5M9) in appropriation item 945-601, Operating Expenses.

GRF 945501 Southern Ohio Agricultural and Community Development Foundation

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$0	\$0	\$0	\$6,761,926	\$0	\$0
			N/A		

Source: GRF

Legal Basis: Section 399.10 of Am. Sub. H.B. 119 of the 127th G.A.

Purpose: Moneys are to be used by the Southern Ohio Agriculture and Community Development Foundation to develop and carry 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. This line item funds educational and training assistance grants for Ohio's tobacco farmers. Expenditures for this purpose prior to FY 2009 are funded through tobacco settlement funds (Fund K87) in appropriation item 945-602, Southern Ohio Agriculture and Community Development Foundation.

Tobacco Master Settlement Agreement Fund Group

5M90 945601 Operating Expenses

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$408,408	\$399,974	\$404,666	\$0	\$475,220	\$475,220
	-2.1%	1.2%			0.0%

Source: TSF: Payments from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund

Legal Basis: ORC 183.14; Section 203.80 of Sub. S.B. 321 of the 126th G.A.

Purpose: Moneys are used for payroll expenses relating to the administration of the Southern Ohio Agriculture and Community Development Foundation. Expenditures prior to FY 2002 are found in appropriation item 945-601, Operating Expenses - SOA, in the Department of Agriculture.

K087 945602 Southern Ohio Agricultural and Community Development Foundation

2006	2007	2008	2009	2010 Executive Proposal	2011 Executive Proposal
\$15,205,619	\$13,150,375	\$7,513,251	\$0	\$0	\$0
	-13.5%	-42.9%			

Source: TSF: Amounts transferred under ORC 183.02 (C)(1) from the Tobacco Master Settlement Agreement

Legal Basis: ORC 183.11; Section 203.80 of Sub. S.B. 321 of the 126th G.A.

Purpose: Moneys are to be used by the Southern Ohio Agriculture and Community Development Foundation to carry out its duties relating to administration of the foundation and for grants for things such as educational assistance for Ohio's tobacco farm families. Expenditures in previous fiscal years are listed under the Department of Agriculture.

LSC Budget Spreadsheet by Line Item, FY 2010 - FY 2011

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2008</i>	<i>2009</i>	<i>As Introduced 2010</i>	<i>% Change 2009 to 2010</i>	<i>As Introduced 2011</i>	<i>% Change 2010 to 2011</i>
SOA Southern Ohio Agricultural and Community Development Foundation								
GRF	945321	Operating Expenses	\$0	\$ 427,698	\$ 0	-100.0%	\$ 0	N/A
GRF	945501	Southern Ohio Agricultural and Community Development Foundation	\$0	\$ 6,761,926	\$ 0	-100.0%	\$ 0	N/A
General Revenue Fund Total			\$0	\$ 7,189,624	\$ 0	-100.0%	\$ 0	N/A
5M90	945601	Operating Expenses	\$ 404,666	\$ 0	\$ 475,220	N/A	\$ 475,220	0.0%
K087	945602	Southern Ohio Agricultural and Community Development Foundation	\$ 7,513,251	\$0	\$0	N/A	\$0	N/A
Tobacco Master Settlement Agreement Fund Group Total			\$ 7,917,917	\$ 0	\$ 475,220	N/A	\$ 475,220	0.0%
Total All Budget Fund Groups			\$ 7,917,917	\$ 7,189,624	\$ 475,220	-93.4%	\$ 475,220	0.0%