

# **LSC Greenbook**

**Analysis of the Enacted Budget**

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

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# Southern Ohio Agricultural and Community Development Foundation

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- Approximately \$2.2 million in awards issued in FY 2015 under four programs supported by the endowment fund
- Appropriation of \$426,800 each fiscal year covers the Foundation's payroll for the biennium

## 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 three staff.

The Foundation advances its mission through four key programs. 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 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. The Educational Assistance Program provides education and training assistance to tobacco farmers to help them make the transition from tobacco production to other crops. Finally, the Young Farmer Program supports young farmers incorporating technology and conservation practices into their farming activities.

Since FY 2010, the Foundation's grant programs and operating expenses have been supported by an endowment fund and the investment and interest earnings associated with that fund. The endowment fund is not subject to the General Assembly's appropriation process. H.B. 59 of the 130th General Assembly, did, however, provide for a final appropriation of \$129,578 in FY 2014 from the Southern Ohio Agricultural and Community Development Trust Fund (Fund K087). Previously, the Foundation was appropriated funding based on the stream of revenue derived from the 1998 Tobacco Master Settlement Agreement between the states and major tobacco

manufacturers. Ohio's share of these proceeds has been securitized and set aside for public school and higher education facilities construction.

### 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 the Foundation's payroll. 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 2016 and FY 2017 to fund the payroll expenses associated for five employees of the Foundation. Currently, the Foundation has four employees (two full-time permanent and two part-time permanent). The budget allows for the Foundation to hire one full-time employee for a position that became vacant in FY 2014.

### 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. 64. Funding for the grant award programs supported by the endowment fund are not subject to appropriation by the General Assembly. Nevertheless, to offer an overview of the Foundation's activities, the table and accompanying narrative below summarize the types of awards issued by the Foundation. In FY 2015, the Foundation made approximately \$2.2 million in grant awards across the four programs.

Southern Ohio Agricultural and Community Development Foundation Awards Issued in FY 2015		
Program	Awards Issued	Total
Agricultural Development	42	\$791,882
Economic Development	7	\$600,000
Educational Assistance	191	\$445,337
Young Farmer	15	\$342,864
<b>TOTAL</b>	<b>255</b>	<b>\$2,180,083</b>

### Agricultural Development

Of the four grant programs, the Agricultural Development Program accounted for \$791,882, or 36.3% of the total awarded in FY 2015. 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 allow for reimbursement of 50% of eligible costs but with a cap of \$25,000. Applications must include current and future year cash flow projections.

### **Economic Development**

There were seven projects awarded worth \$600,000, or approximately 27.5% of the total distributed by the Foundation, awarded under the Economic Development Grant Program in FY 2015. 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.

### **Educational Assistance**

Educational Assistance grants accounted for \$445,337, or 20.4% of the sum awarded by the Foundation in FY 2015. 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.

### **Young Farmer**

Fifteen grants totaling \$342,864 were awarded under the Young Farmer Program in FY 2015, or 15.7% 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 2016	FY 2017
<b>Dedicated Purpose Fund Group</b>				
5M90	945601	Operating Expenses	\$426,800	\$426,800
<b>Total Funding: Southern Ohio Agricultural and Community Development Foundation</b>			<b>\$426,800</b>	<b>\$426,800</b>

### Operating Expenses (945601)

This appropriation covers payroll expenses for five employees (three full-time and two part-time) of the Southern Ohio Agricultural and Community Development Foundation headquartered in Hillsboro. A position became vacant during FY 2014. The amount budgeted for the FY 2016-FY 2017 biennium allows the Foundation to fill this full-time position. 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.

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# FY 2016 - FY 2017 Final Appropriation Amounts

# All Fund Groups

## Line Item Detail by Agency

			FY 2014	FY 2015	Appropriation FY 2016	FY 2015 to FY 2016 % Change	Appropriation FY 2017	FY 2016 to FY 2017 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Enacted</b>					
<b>SOA Southern Ohio Agricultural and Community Development Foundation</b>								
5M90	945601	Operating Expenses	\$ 308,781	\$ 321,574	\$ 426,800	32.72%	\$ 426,800	0.00%
K087	945602	Southern Ohio Agricultural and Community Development Foundation	\$ 129,578	\$0	\$0	N/A	\$0	N/A
<b>Dedicated Purpose Fund Group Total</b>			<b>\$ 438,359</b>	<b>\$ 321,574</b>	<b>\$ 426,800</b>	<b>32.72%</b>	<b>\$ 426,800</b>	<b>0.00%</b>
<b>Southern Ohio Agricultural and Community Development Foundation Tot</b>			<b>\$ 438,359</b>	<b>\$ 321,574</b>	<b>\$ 426,800</b>	<b>32.72%</b>	<b>\$ 426,800</b>	<b>0.00%</b>