

Greenbook
LSC Analysis of Enacted Budget

**Southern Ohio Agricultural and
Community Development
Foundation**

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July 2017

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ATTACHMENT:

Budget Spreadsheet By Line Item

Southern Ohio Agricultural and Community Development Foundation

- Approximately \$2.7 million in awards issued in FY 2017
- SOA issues grant awards through six programs supported by the Southern Ohio Agricultural and Community Development Foundation Endowment Fund
- Appropriation of \$352,930 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 the 22 burley tobacco-growing counties in southern Ohio. A 12-member Board of Trustees governs the Foundation, while day-to-day operations are overseen by an executive director and two other employees.

The Foundation advances its mission through six grant programs that are supported by money in the Southern Ohio Agricultural and Community Development Foundation Endowment Fund. 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. The Educational Excellence Program provides grants for tuition, on-campus room and board, and books for undergraduate students pursuing a bachelor's degree. The Young Farmer Program supports young farmers incorporating technology and conservation practices into their farming activities. Finally, the Foundation added a new grant program in FY2016 called the Environmental and Water Quality Program which provides grants to farmers for expenses and permanent improvements that improve water quality.

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). Until then, the Foundation had been 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

Grant awards are disbursed from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund and are not subject to legislative appropriation. However, 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).

H.B. 49 provides \$352,930 in both FY 2018 and FY 2019 to fund the payroll expenses associated for three employees (two full-time employees and one part-time employee) of the Foundation. This level of funding, almost \$82,000 more than FY 2017 spending of just over \$271,000, allows for the Foundation to hire two part-time employees for positions that are currently vacant.

Grant Programs Supported by the Endowment Fund

As noted above, money available for the grant award programs supported by the endowment are not subject to appropriation by the General Assembly. Nevertheless, since administering these grants is the Foundation's primary function, these various programs are summarized below. Grants are awarded to tobacco farm families and rural communities of the 22 burley tobacco-producing counties in southern Ohio. These counties are Adams, Athens, Brown, Clermont, Clinton, Fayette, Gallia, Greene, Highland, Jackson, Lawrence, Meigs, Monroe, Montgomery, Morgan, Noble, Pike, Ross, Scioto, Vinton, Warren, and Washington. As the table on the following page shows, in FY 2017, the Foundation made approximately \$2.7 million in grant awards across the six grant programs that it oversees.

Southern Ohio Agricultural and Community Development Foundation Awards Issued in FY 2017		
Program	Awards Issued	Total
Agricultural Development	39	\$841,185
Environmental and Water Quality	6	\$54,280
Economic Development	7	\$750,000
Educational Assistance	139	\$419,571
Educational Excellence	22	\$164,490
Young Farmer	23	\$445,055
TOTAL	236	\$2,674,581

Agricultural Development

Of the four grant programs, the Agricultural Development Program accounted for \$841,185, or 31.5% of the total awarded in FY 2017. 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.

Environmental and Water Quality

In FY 2016, the Foundation added a new grant program called the Environmental and Water Quality Program. This program offers competitive grants to tobacco farmers who undertake projects focused on improving the environment or water quality. Some eligible expenses include fuel, chemical, fertilizer containment systems, heavy use pads, access roads, manure storage facilities, and composting facilities. The grant allows for reimbursement of 50% of eligible costs, but with a cap of \$10,000. Six grants were awarded worth \$54,280, or 2.0% of the total awarded in FY 2017.

Economic Development

There were seven awards worth \$750,000, or 28.0% of the total distributed by the Foundation, awarded under the Economic Development Grant Program in FY 2017. 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 \$419,571, or 15.7% of the sum awarded by the Foundation in FY 2017. The Educational Assistance Grant Program offers tobacco growers and their dependents assistance in acquiring the skills necessary to transition to new or supplemental income-generating occupations. The funds also support their dependents through college with financial support that can be no longer derived solely from tobacco growing income. The program provides up to \$2,000 in educational assistance per person each year for eligible tobacco growers, quota owners, their spouses, and other financial dependents.

Educational Excellence

There were 22 awards worth \$164,490, or approximately 6.2% of the total distributed by the Foundation, awarded under the Educational Excellence Competitive Grant Program. This program is for undergraduate students within the 22 burley tobacco-producing counties pursuing a bachelor's degree. It provides a one-time grant up to \$7,500 that can be used for tuition, room and board, and books.

Young Farmer

Twenty-three grants totaling \$445,055 were awarded under the Young Farmer Program in FY 2017, or 16.6% 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 2018	FY 2019
Dedicated Purpose Fund Group				
5M90	945601	Operating Expenses	\$352,930	\$352,930

Operating Expenses (945601)

This line item is used to cover payroll expenses for three employees (two full-time and one part-time) of the Southern Ohio Agricultural and Community Development Foundation headquartered in Hillsboro. The budget provides \$352,930 in both FY 2018 and FY 2019 for payroll expenses, approximately 30.1% higher than FY 2017 spending for this purpose. Currently, two part-time positions are vacant. The amount appropriated would allow the Southern Ohio Agricultural and Community Foundation to fill these part-time vacancies if need be. 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 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2016	FY 2017	Appropriation FY 2018	FY 2017 to FY 2018 % Change	Appropriation FY 2019	FY 2018 to FY 2019 % Change
Report For Main Operating Appropriations Bill			Version: As Enacted					
SOA Southern Ohio Agricultural and Community Development Foundation								
5M90	945601	Operating Expenses	\$ 328,438	\$ 271,368	\$ 352,930	30.06%	\$ 352,930	0.00%
Dedicated Purpose Fund Group Total			\$ 328,438	\$ 271,368	\$ 352,930	30.06%	\$ 352,930	0.00%
Southern Ohio Agricultural and Community Development Foundation Tot			\$ 328,438	\$ 271,368	\$ 352,930	30.06%	\$ 352,930	0.00%