

Redbook

LBO Analysis of Executive Budget Proposal

Southern Ohio Agricultural and Community Development Foundation

**Shannon Pleiman, Budget Analyst
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LBO Redbook

Southern Ohio Agricultural and Community Development Foundation

Quick look...

- The Southern Ohio Agricultural and Community Development Foundation oversees seven grant programs that help communities in Ohio's 22 burley tobacco-growing counties transition to other agricultural products and mitigate the adverse economic impact of reduced tobacco production.
 - Awards are funded through the Southern Ohio Agricultural and Community Development Foundation Endowment Fund and are not subject to appropriation by the General Assembly. The Foundation awarded a total of \$2.7 million among the seven programs in FY 2018.
- A 12-member board governs the Foundation. There are two full-time employees and one part-time employee who oversee the daily operations of the Foundation.
- The funding of approximately \$295,000 in FY 2020 and \$300,000 in FY 2021 recommended under the executive budget covers the payroll for the Foundation's staff. These amounts will allow the Foundation to maintain community outreach and oversee the distribution of grants.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Fund 5M90 ALI 945601, Operating Expenses					
\$328,438	\$271,368	\$256,955	\$258,000	\$294,906	\$300,910
% change	-17.4%	-5.3%	0.4%	14.3%	2.0%

Agency overview

The Southern Ohio Agricultural and Community Development Foundation was created in S.B. 192 of the 123rd General Assembly as an outgrowth of the 1998 Tobacco Master Settlement Agreement reached between Ohio and other states against major tobacco manufacturers. The Foundation is charged with developing and carrying out programs to help replace the production of tobacco in southern Ohio with the production of other agricultural products and to mitigate the adverse economic impact of reduced tobacco production in the region. Ohio subsequently securitized its future income stream from the Tobacco Master Settlement Agreement, including the portion devoted to the Ohio Agricultural and Community Development Foundation Endowment Fund, for a lump sum payment that was earmarked for constructing school buildings and higher education facilities. Consequently, while the Foundation has continued to distribute grants within the tobacco-growing counties it serves, the overall balance in the Endowment Fund continues to decline. At the end of CY 2018, the balance stood at \$3.3 million. A 12-member board of trustees governs the Foundation, while day-to-day operations are carried out by an executive director and two other employees. The map on the following page shows the 22 counties where the Foundation is active.

Ohio Agricultural and Community Development Foundation Service Area



Analysis of FY 2020-FY 2021 budget proposal

Although the grants awarded by the Foundation are funded by money in the Southern Ohio Agricultural and Community Development Foundation Endowment Fund, these amounts are not subject to legislative appropriation. The only portion of the Foundation's budget subject to appropriation by the General Assembly is payroll. In this regard, the executive recommends funding of \$294,906 in FY 2020 and \$300,910 in FY 2021 to cover the costs for the three staff members employed by the Foundation. The employees include one full-time executive director, one full-time administrative employee, and one part-time administrative employee.

The payroll funding is supported by quarterly transfers from the Endowment Fund to the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M90) under appropriation item 945601, Operating Expenses. With this funding level, the Foundation will be able to maintain the current level of outreach to the communities it serves and administer grants under the seven award programs it oversees.

Grant programs supported by the Endowment Fund

In FY 2018, the Foundation awarded approximately \$2.7 million under seven grant programs designed to help tobacco farm families and rural communities diversify into farming other crops or start new business ventures. The total awarded included \$200,000 issued under a new grant designed to help agricultural societies improve permanent facilities at county fairgrounds. The table below shows the number of awards issued and the total amount by grant program in FY 2018. The amounts awarded over the past five fiscal years have ranged from \$1.9 million in FY 2016 to \$2.7 million in FY 2017 and FY 2018. At the end of CY 2018, the Endowment Fund that is used to award these grants had a cash balance of \$3.3 million.

Southern Ohio Agricultural and Community Development Foundation Awards Issued in FY 2018			
Program	Program Description	Awards Issued	Total
Agricultural Development	Provides tobacco farmers with funding to diversify their businesses into nontobacco-related agricultural markets	48	\$939,499
Economic Development	Provides financial assistance to projects that create or expand job opportunities for residents in communities affected by reduced demand for tobacco	4	\$575,900
Young Farmer	Provides assistance to young farmers incorporating technology and conservation practices into their farming activities	18	\$395,617
Educational Assistance	Provides education and training assistance to tobacco farmers switching from tobacco production to other crops	118	\$357,050
Agricultural Society (new)	Provides grants to agricultural societies for permanent improvements for youth education and agriculture at county fairgrounds	8	\$200,000
Educational Excellence	Provides grants for tuition, on-campus room and board, and books for students pursuing a bachelor's degree	20	\$150,000
Environmental and Water Quality	Provides grants to farmers for expenses and permanent improvements that improve water quality	4	\$35,062
Total		220	\$2,653,128