

Southern Ohio Agricultural and Community Development Foundation

- Funding of \$7,988,471 in FY 2009
- Moneys previously appropriated from Tobacco Master Settlement Agreement to be funded by the GRF in FY 2009

Jason Phillips, Budget Analyst

OVERVIEW

Duties and Responsibilities

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. The Foundation previously received revenue from the Tobacco Master Settlement Agreement (MSA). Sub. S.B. 321 of the 126th General Assembly appropriated funding for FYs 2007 and 2008.

SOA is required to prepare, implement, and continuously update a plan to develop means for tobacco growers to grow other agricultural products voluntarily and may do so by: increasing the variety, quantity, and value of agricultural products other than tobacco that are produced in the major tobacco producing counties in the state, preserving agricultural land and soils in those parts of the state where tobacco has traditionally been grown, making strategic investments in communities that will be affected by the reduced demand for tobacco, and providing education and training assistance for tobacco growers to help them make the transition out of tobacco production.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
5	\$0	\$7.99 million	\$0	\$7.99 million	Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

Summary of FYs 2008-2009 Budget Issues

FY 2009 GRF Appropriation

The budget includes no funding through the main operating budget in FY 2008 (as SOA has already received funding in the tobacco budget act for FY 2007 and FY 2008) and \$7,988,471 for FY 2009.

Line Item Restructuring

The budget restructured the Southern Ohio Agricultural and Community Development Foundation's line items to accommodate the change in funding from Tobacco Master Settlement funds to the GRF in the main operating budget in FY 2009. The table below compares FY 2007 and FY 2008 appropriations from Sub. S.B. 321 of the 126th General Assembly (appropriation items 945-601, Operating Expenses and 945-602, Southern Ohio Agricultural and Community Development Foundation) with the GRF appropriation items for FY 2009, which are 945-321, Operating Expenses and 945-501, Southern Ohio Agricultural and Community Development Foundation. As the table below illustrates, the main operating budget holds funding for SOA for FY 2009 at the same levels appropriated in FY 2008 in the most recent tobacco budget act. The reduction between FY 2007 and FY 2008 is attributable to two tobacco companies legally contesting certain provisions of the MSA, which resulted in some moneys being put into escrow until those issues are settled. This reduced the allocation to SOA in FY 2008.

SOA Line Item Funding, FYs 2007-2009			
	Sub. S.B. 321/126th General Assembly (MSA)		Am. Sub. H.B. 119/127th General Assembly (GRF)
New Line Item	FY 2007 (appropriation)	FY 2008 (appropriation)	FY 2009 (appropriation)
GRF 945-321 Operating Expenses	\$456,942	\$475,220	\$475,220
GRF 945-501 S OH Agr Comm Dev Fndtn	\$13,150,375	\$7,513,251	\$7,513,251

Current SOA Financial Arrangements

Under Tobacco Master Settlement Agreement legislation, the financial arrangements for the Foundation are different from those of other agencies. SOA's budget is not subject to legislative approval. Appropriations are made from the Foundation's Trust Fund (Fund K87) and transferred to the Foundation's Endowment Fund. The Endowment Fund is a custodial fund, which is held in the custody of the Treasurer of State, but is not part of the state treasury. The Foundation's board determines its annual budget and does not require legislative approval. The exception is the Foundation's appropriation for payroll expenses. SOA transfers personnel expenses of state employees from the Endowment Fund back to the state treasury (Fund 5M9). This appropriation is subject to legislative approval.

Impact of Securitization of MSA Payments

The budget replaces Tobacco Master Settlement Agreement funding with GRF funding in FY 2009. New funding sources would likely be necessary to assure that the Foundation can continue to operate after state support ends at the close of FY 2009.

ANALYSIS OF THE BUDGET

Single Program Series

Program Expenses

Purpose: The Southern Ohio Agricultural and Community Development Foundation (SOA) prepares, implements, and continuously updates a plan to develop means for tobacco growers to grow other agricultural products voluntarily.

The following table shows the line items that are used to fund the Southern Ohio Agricultural and Community Development Foundation as well as the funding for FY 2009.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	945-321	Operating Expenses	\$0	\$475,220
GRF	945-501	Southern Ohio Agricultural and Community Development Foundation	\$0	\$7,513,251
Total Funding: Southern Ohio Agricultural and Community Development Foundation			\$0	\$7,988,471

Program Description: This program increases the variety, quantity, and value of agricultural products other than tobacco that are produced in the major tobacco producing counties in the state, preserving agricultural land and soils in those parts of the state where tobacco has traditionally been grown, making strategic investments in communities that will be affected by the reduced demand for tobacco, and providing education and training assistance for tobacco growers to help them make the transition out of tobacco production.

Funding Source: GRF

Implication of the Budget: The budget provides no funding for the Foundation in FY 2008 (as SOA has already received funding in the Tobacco budget act for FY 2007 and FY 2008) and \$7,988,471 in FY 2009. The budget funds SOA in the main operating budget in FY 2009 at the level appropriated in FY 2008 in the most recent tobacco budget act.

After FY 2009, new funding sources would likely be necessary to assure that the Foundation can continue to operate after state support ends at the close of FY 2009

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
Report For: Main Operating Appropriations Bill			Version: Enacted						
SOA Southern Ohio Agricultural and Community Development Foundation									
GRF	945-321	Operating Expenses	----	----	----	\$ 0	N/A	\$ 475,220	N/A
GRF	945-501	Southern Ohio Agricultural and Community Development Foundation	----	----	----	\$ 0	N/A	\$ 7,513,251	N/A
General Revenue Fund Total			----	----	----	\$ 0	N/A	\$ 7,988,471	N/A
Southern Ohio Agricultural and Community Developm			----	----	----	\$ 0	N/A	\$ 7,988,471	N/A