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TRANSITION PROGRAMS/STRATEGIES

FOR

**SOUTHERN MARYLAND
TOBACCO FARMERS**

prepared by the Tobacco Crop Conversion Task Force
December 10, 1999

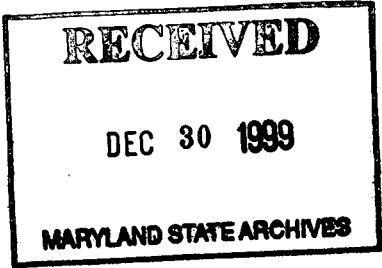


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EXECUTIVE SUMMARY

During the summer of 1999, Governor Parris N. Glendening appointed a group of individuals to serve on the *Tobacco Crop Conversion Task Force*. The mission of this Task Force is to develop a strategic plan on how Maryland will utilize monies obtained from the Master Settlement Agreement (MSA) to transition Maryland farmers out of tobacco production into more profitable and life-sustaining crops, while preserving rural-agriculture in Southern Maryland.

The MSA was a result of lawsuits that were settled between 46 States, with the exception of Florida, Mississippi, Minnesota and Texas, and tobacco companies. The purpose of the MSA is to : (1) Reduce underage tobacco use and access to all tobacco products; (2) Promote public health; (3) Bring an end to the continuing litigation between states claiming damages against tobacco product manufacturers; (4) Provide for the compensation; and (5) Provide for all claims past, present, or future.

Maryland Type 32 tobacco has been produced in five Southern Maryland counties, Anne Arundel, Calvert, Charles, Prince George's and St. Mary's, since the early colonial period. This commodity has been a mainstay of the economic and historical aspects of Southern Maryland, now with a range of 700-800 full/part-time growers on 8,000 acres. Current production is approximately 11.8 million pounds, generating \$20 million in revenue. Decline in production over the years has occurred because of the following: labor, economics, price/pound, supply/demand, average age of farmers, limited interest from heirs to continue the family tradition, and land values. In addition, Maryland tobacco continues to be regarded as a high quality product by European, Asian and Middle Eastern tobacco buyers.

On April 11, 1999, Senate Bill 334/House Bill 751: "Cigarette Restitution Fund" was enacted by the Maryland General Assembly. This bill specified that proceeds from the MSA with the cigarette manufacturers would be used specifically for purposes including: Implementation of the Southern Maryland Regional Strategy - Action Plan for Agriculture adopted by the Tri-County Council for Southern Maryland with the emphasis on alternative uses for agricultural land now used for growing tobacco.

Members of the Southern Maryland Delegation and State legislative leaders met with the Governor on April 10th and agreed to the following terms relating to the settlement:

- Minimum of 5 percent of the MSA will be allocated to the implementation of the Southern Maryland Strategic Action Plan for Agriculture, as proposed by the Tri-County Council for Southern Maryland;
- The Governor will allocate \$2.5 million to initiate the Southern Maryland Strategic Action Plan for Agriculture in FY '00 through a deficiency appropriation as referenced in the Legislative Joint Chairman's Report;
- Beginning in FY '01, the Governor will include a minimum of \$9 million, and in subsequent years not less than 5 percent of the funds received under the MSA shall be provided in the State budget to implement the Southern Maryland Regional Strategy - Action Plan for Agriculture.

The Task Force endorses the components and recommendations of the Tri-County Council's Action Working Group of the Southern Maryland Strategy - Action Plan for Agriculture adopted by the Tri-County Council. The components of the Action Plan are as follows:

- Administrative and Organization - The Maryland Department of Agriculture working through the Tri-County Council will be the overriding body for the MSA monies. The Tri-County Council will establish a Commission/Authority to design, recommend and implement the MSA programs;
- Buyout/Transition - Producer participation will be voluntary. Eligibility will be based on tobacco production in the 1998 crop year. Under both buyout/transition options, land will remain in agriculture use for a minimum of 10 years;
- Agricultural Land Preservation - Supplement existing county preservation programs and assist in getting all local programs certified. Goal: to preserve 35,000 acres. Distribute monies equally among counties;
- Infrastructure Development - Create an entity that will design, recommend, implement and administer economic development and infrastructure programs such as the regional kitchen incubator feasibility study, agricultural leadership development scholarships, improvements to the Southern Maryland Regional Farmers' Markets, research, grants etc. Alternative high value crop production and marketing of such crops.

In addition to the above recommendations, the Task Force concludes that a Commission/ Authority be established by January 1, 2000, and hire an Agriculture Development Officer utilizing a portion of those revenues in FY 2000 budget. The Commission/Authority would work cooperatively with the Maryland Department of Agriculture and the Tri-County Council in prioritizing those components of the Action Plan for Agriculture.

TOBACCO CROP CONVERSION TASK FORCE REPORT TO GOVERNOR GLENDENING

INTRODUCTION

In November 1998, 46 States, along with other territories within the United States, settled lawsuits, which were filed against tobacco companies, and reached a compromise that was called the Master Settlement Agreement (MSA). Florida, Mississippi, Minnesota and Texas were not part of the MSA, since their lawsuits were resolved prior to the MSA. This agreement was prepared by State Attorneys General and four major tobacco product manufacturers: *Brown & Williamson Tobacco Corporation*; *Lorillard Tobacco Company*; *Phillip Morris Incorporated*; and the *R.J. Reynolds Tobacco Company*. The purposes of the MSA is to : (1) Reduce underage tobacco use and access to all tobacco products; (2) Promote public health; (3) Bring an end to continuing litigation between states claiming damages against tobacco product manufacturers; (4) Provide for the compensation ; and (5) Provide absolute and unconditional release and discharge from all claims past, present, or future.

In addition to these factors, the MSA creates a foundation to receive certain payments intended to reduce youth tobacco product usage and develop educational programs to prevent tobacco-related diseases. The National Public Education Fund will be created within this Foundation to house and operate these programs. The Foundation has eleven members serving as its Board of Directors. The Directors represent State Attorneys General, the National Governors Association, the National Conference of State Legislators and individuals from the public health and child psychology arenas. The tobacco product manufacturers will pay a total of \$250,000,000 into the Foundation for ten years.

The MSA also establishes an Escrow Agreement and Escrow, which becomes the official depository of payments from tobacco product manufacturers. Payments into the Escrow are based upon several carefully prepared formulas including, but not limited to: (1) Tobacco product market shares and the gain or loss thereof; (2) Adjustments for inflation; (3) Volume adjustments in the base manufacturing of cigarettes; (4) a non-settling state's reduction; (5) non-participating manufacturer's adjustment; (6) an offset for miscalculated or disputed payments; and (7) a federal tobacco legislation offset.

The amount of monies involved in the MSA is quite substantial. Although the total agreed upon settlement payment is approximately \$206 billion scheduled through 2024, an adjustment for inflation credited each year may greatly increase this amount. The forthcoming funds from the MSA to Maryland is projected to range from \$4.5 billion to \$9 billion with the understanding that these monies could vary from year to year. The initial payment to Maryland is expected some time in 2000.

During the summer of 1999, Governor Glendening announced the appointments to the Task Force on Tobacco Crop Conversion in Maryland. This is one of three task forces created by Executive Order to review and recommend proposals for the implementation of the MSA in Maryland. The mission of the Crop Conversion Task Force is to develop a strategic plan for

Southern Maryland agriculture that would assist those farmers wanting to transition out of tobacco production into more profitable and life-sustaining crops, while preserving the rural-agriculture nature of the Southern Maryland region and maintain the economic viability of the community. The goals of this task force are as follows:

- Evaluate and discuss the strategic plan for agriculture that has been recently developed by the Tri-County Council;
- Consider additional concepts, ideas from farmers, citizens and Task Force members and others;
- Prepare a report for the Governor's consideration by November 1, 1999;

The Tobacco Conversion Task Force is a 13 member group appointed by the Governor that is comprised of the following members:

James M. Voss
Chair
Former State Director of USDA Farm
Service Agency

James B. Beavan, Jr.
Executive Loan Officer
Colonial Farm Credit ACA of Hughesville

The Hon. Steny H. Hoyer
Honorary Co-Chair
Congressman, 5th District

Earl "Buddy" F. Hance
Operates a mixed grain, vegetable and tobacco
farm in Calvert County

Henry A. Virts, D.V.M.
Vice Chair
Secretary of Maryland Department of
Agriculture

Shane J. LaBrake
Farm Manager
RWS Ecosystems Farm ATR Accokeek
Foundation in Piscataway Park

The Hon. Thomas "Mac" Middleton
Maryland State Senate, District #28

F. Delores Magnani
Owner and Operator Flower of Forest Farm

The Hon. J. Lowell Stoltzfus
Maryland State Senate, District #38

John C. Smith, Jr.
Public Affairs Representative for BGE
Chair, Tri-County Council Southern Maryland

The Hon. George W. Owings
Maryland House of Delegates
District 27B

Robert L. Swann
Former Deputy State Comptroller

The Hon. John F. Wood, Jr.
Maryland House of Delegates
Sub-District 29A

Steven H. Walter
Operates mixed grain, vegetable and tobacco
farm in Charles County

The members of this task force brought a great deal of knowledge and expertise to the discussions. They considered time spent, while looking at concepts and ideas related to the charge presented to them by the Governor, as being very productive. Even though this subject matter was somewhat complex and controversial, the Task Force worked diligently toward arriving at a consensus concerning the recommendations.

BACKGROUND

Maryland Type 32 tobacco has been produced in five Southern Maryland counties, Anne Arundel, Calvert, Charles, Prince George's and St. Mary's, since the early colonial period. From the early colonial period to present day, tobacco production in this region has played a key role in maintaining the rural character, as well as preserving the land base, that supports this industry. For centuries, Maryland Type 32 tobacco has been the mainstay of the economic and historical aspects of Southern Maryland, and is still a significant factor in sustaining the livelihood for approximately 700-800 full/part-time growers.

Current production of Maryland Type 32 tobacco is approximately 11.8 million pounds on 8,000 acres, generating \$20 million in revenue in 1998. A decline in production over the years is attributed to the following: labor, economics, price/pound, supply/demand, average age of farmers, limited interest from heirs to continue the family tradition and land values. Type 32 tobacco is still regarded as a high quality specialty product by tobacco buyers, worldwide, and has played a key role in the export market for more than 364 years. Maryland tobacco is purchased by companies in Europe, Asia, and the Middle East for use in the manufacture of 20 different cigarette brands. Maryland Type 32 tobacco has been exported to such countries as: Austria, Indonesia, Netherlands, Belgium, Israel, Singapore, Finland, Italy, South Korea, France, Luxemburg, Germany, Nigeria and Switzerland. The major foreign buyers of Type 32 tobacco include Italy, Germany and Switzerland. Also, domestic companies and manufacturers play a major role in the purchase of the Maryland leaf.

For many generations, Southern Maryland farmers have relied on tobacco as their sole source of farm income, however, there have been a few within this industry that have ventured into other enterprises as an alternative to tobacco production. Through efforts of the Tri-County Council for Southern Maryland and the Maryland Department of Agriculture, grant funds have been available for alternative agriculture from the Department of Health and Mental Hygiene. However, there is an observation within the agriculture community that these monies were limited and conditions tied to the uses as being overly restricted.

Farmers have been diversifying their operations for some time in an effort to minimize their losses. However, when it comes to alternatives to tobacco production, there are certain factors about which farmers in Southern Maryland have real concern. Those concerns include the following:

- Amount of public funding for exploring and supporting the development of infrastructure for alternative agriculture enterprises has been limited, with relation to the number of tobacco growers interested in making the transition;
- Time-frame for measuring success of new crop enterprises covers several years;
- Need adequate resources, along with professional advisory personnel to help launch the program;
- Average age of all farmers in Southern Maryland; (\pm 55.2)
- Large capital investment for new enterprises;
- Tobacco production is the only crop some growers know. It has been a way of life for many generations and continues to remain a legal product;
- Current debt load is often too large to convert to another crop;
- Negative repercussions on the support industries (agro-business, tobacco warehouse, financial institutions, etc.) and the Amish and Mennonite communities;
- Impact on future industry for those growers that want to continue tobacco production;
- Development and maintenance of alternative crop markets to reasonably assure profits;
- Provide flexibility on use of public funds by producers making crop transitions;
- Long-term State of Maryland financial commitment of the transition/buyout programs.

Putting Issues into Proper Perspective: Tobacco production in Southern Maryland has been a tradition for many family farmers for generations, and has played an integral role in shaping their social, economic and personal lives. For the State of Maryland to encourage farmers to transition out of tobacco production is difficult, complex and very emotional. Asking someone to give up something that has been part of their heritage for many years is difficult for some, but others realize that public perception of tobacco, health issues, along with economics, believe it is time to move on to another enterprise.

On April 11, 1999 Senate Bill 334/House Bill 751: "Cigarette Restitution Fund" was enacted by the Maryland General Assembly. This bill specified that proceeds from the MSA with the cigarette manufacturers be used for ten specific purposes, including: *"Implementation of the Southern Maryland Regional Strategy – Action Plan for Agriculture adopted by the Tri-County Council for Southern Maryland with an emphasis on alternative crop uses for agricultural land now used for growing tobacco."*

Members of the Southern Maryland Delegation and State legislative leaders met with the Governor on April 10th and agreed to the following terms relating to the settlement:

- Minimum of 5 percent of the MSA will be allocated to the implementation of the Southern Maryland Strategic Action Plan for Agriculture as adopted by the Tri-County Council on September 28, 1999;
- The Governor will allocate \$2.5 million to initiate the Strategic Plan for Agriculture in Fiscal Year 2000 through a deficiency appropriation as referenced in the Legislative Joint Chairman's Report;
- Beginning FY 2001, and for the duration of the MSA, the Governor will include a minimum of \$9 million, and in subsequent years, not less than 5 percent of the funds received from the MSA shall be provided in the State's budget to implement the Southern Maryland Regional Strategy – Action Plan for Agriculture.

The Governor further stipulated that his administration will not support compensating Maryland tobacco farmers for economic loss, which he views as a subsidy for continued tobacco production. Instead, growers will be compensated under a separate agreement with the tobacco companies.

The plan embodied in this document is the culmination of many months of effort involving the Tri-County Council for Southern Maryland, the Southern Maryland Tobacco Board, the Maryland Farm Bureau, the Maryland Department of Agriculture, the University of Maryland's Cooperative Extension Service, the Forum for Rural Maryland, farmers, and local officials. In May 1999, a "working group" representing the above organizations and the agricultural interests of the region, was officially appointed by the Tri-County Council for Southern Maryland. The working group was charged with developing specific recommendations for the implementation of the Regional Strategy for Agriculture and the use of MSA funds allocated to the Council.

The full working group met on May 10, 1999. Subcommittees to address discreet topics were organized at this meeting. These subcommittees are; Administration and Organization, Tobacco Buyout and Transition, Agricultural Land Preservation, and Infrastructure and Economic Development. Each subcommittee was charged with investigating issues and reporting findings and recommendations to the working group by June 9, 1999. The full working group met on June 14, 1999 and June 16, 1999 to review subcommittee reports and to finalize recommendations to the Tri-County Council. In addition, the American Planning Association

is recognizing the Tri-County Council for Southern Maryland for its innovative regional planning efforts related to agriculture.

WORKING GROUP RECOMMENDATIONS

The Task Force members discussed the components of Southern Maryland's Strategic Plan for Agriculture and makes the following recommendations for the Governor's consideration

Administration and Organization

Program Description: This committee will recommend an organizational structure for administering MSA funds. Components include staffing, administration, structure, monitoring and oversight, auditing, marketing/outreach/education, and professional services. The system will be in place by FY 2001.

Key Elements

- The Tri-County Council for Southern Maryland (TCCSM) will set policy for programs funded by the MSA.
- Existing TCCSM, state, and county programs will be utilized, when feasible, to reduce administrative duplication.
- MDA, working through TCCSM, will have fiduciary responsibility for MSA funds.
- An administrative structure with the following elements will be initiated:
Commission/Authority to design, recommend, and implement MSA Tobacco Crop Conversion Programs.
- Board of Directors comprised of experts with appropriate compensation for service.
- Appropriate legal and financial instruments for program implementation.
- Accountability to the Tri-County Council of Southern Maryland and qualified staffing, including an Agriculture Development Officer, technical advisors, and program managers.
- The Tri-County Council will seek to have MDA assigned as the Governor's Designee.
- Time is of the essence in establishing an administrative structure. The Task Force recommends to have the Commission/Authority in place by January 1, 2000.

Buyout and Transition

Program Description: This task force recommends buyout and transition options for Maryland tobacco producers that do not subsidize continued tobacco production.

Key Elements

- Program is voluntary.
- Eligibility is based on tobacco production in the 1998 crop year.
- Payments will be based on the grower's average verified tobacco production in crop years 1996, 1997, and 1998 as documented in sales records.
- Payments will be based on pounds of tobacco produced and recorded/sold, not on acres planted.

- Program options will apply to all members of a family residing/producing on the same farm.
- Land covenants will ensure a permanent transition from tobacco production.
- Land enrolled in either program must remain in agricultural production for ten years.
- Transition Only: Transition contracts will specify the pounds of tobacco that can be sold each year based on a ten percent annual reduction in tobacco produced. Payment to growers will be \$1.50 per pound of reduced production. Growers will have an option to exit the program between the third and fourth production years with no penalties.
- Buyout Only: Participating growers will cease tobacco production in the first year of enrollment. Growers may choose one of two financing options:
 - Five-year payment stream of \$2/lb./yr., or
 - Ten-year payment stream of \$1/lb./yr.

Agricultural Land Preservation

Program Description: The TCC will establish a fund using MSA distribution to enhance existing agricultural land preservation programs within Southern Maryland and encourage counties without agricultural land preservation programs to get certified by the Maryland Office of Planning. The program will have a minimum target of preserving 35, 000 acres of farmland using MSA funds.

Key Elements

- Establish a fund using MSA distributions to enhance participation in existing Southern Maryland agricultural land preservation programs.
- Encourage counties without agricultural land preservation programs to become certified by the Maryland Office of Planning.
- Preserve 35,000 acres of farmland using MSA funds.
- Distribute MSA funds in equal shares to participating counties.
- Utilize funds for the following purposes:
 - Assist counties with Qualifying Expenditures.
 - Establish/Assist Critical Farms Programs.
 - Match county funds on a one-to-one basis for state easement programs.
 - Establish installment purchase programs.
 - Establish revolving loan funds conditioned upon agricultural preservation.
 - Enhance county Purchase of Development Rights programs.
 - Assist programs targeting farms 50 acres and larger.
 - Investigate methods to pay full market value, less true agricultural value or its equivalent, for easements.

Infrastructure Development

Program Description: Create a mechanism that will meet the changing needs of Southern Maryland farmers over the next 25 years to include implementing elements of the Tri-County Action Plan for Agriculture.

Key Elements:

Create an entity to design, implement, and administer economic development and infrastructure programs with the following elements:

- Entity to be delegated responsibility for agricultural programs by the Tri-County Council.
- Board of experts with program responsibility under TCCSM policy.
- Professional Staff.
- Design additional programs as needs arise in the community.
- Projects recommended for FY 2000 grant funding:
 - Regional Kitchen Incubator Feasibility Study, \$75,000: Southern Maryland region.
 - Partnership with State Government and the University of Maryland to Conduct Research and Develop Business and Commercialization Plans for Genetically Engineered Tobacco, \$125,000: Pharmacogenetics, Inc.
 - Agricultural Leadership Development Scholarships, \$25,000: Tri-County Council.
 - Improvements to Southern Maryland Regional Farmers' Markets at Cheltenham, including educational seminars, \$100,000: Southern Maryland Regional Farmers' Markets.
 - Projects for consideration in subsequent fiscal years.
 - Transition incentive for tobacco warehouse operators.
 - Development of a sustainable agriculture curriculum.

Commission/Authority Structure

The Commission/Authority is a vital element in order for Southern Maryland to begin the tobacco buyout/transition process. The Commission/Authority should be established as soon as possible, but not later than January 1, 2000. Based on the organizational chart, (Attachment A) the Commission/Authority will have an Agriculture Development Officer who will make recommendations to the Executive Board of the Tri-County Council in prioritizing the components of the Southern Maryland Strategy - Action Plan for Agriculture. The Commission/Authority membership should include the following:

- (1) One member of the Senate appointed by the Tri-County Council for Southern Maryland;
- (2) One member of the House of Delegates appointed by the Tri-County Council for Southern Maryland;
- (3) Six Southern Maryland farmers - one each from Charles, Calvert, St. Mary's, Anne Arundel, and Prince George's Counties, and one representing the Maryland Farm Bureau;
- (4) One commercial finance representative;
- (5) One agricultural lender;

- (6) One small business/economic development representative, rotating among St. Mary's, Charles, and Calvert Counties;
- (7) One agricultural land preservation representative, rotating among the five Southern Maryland counties;
- (8) One representative from the College of Southern Maryland;
- (9) One Chamber of Commerce representative, rotating among Anne Arundel, Prince George's, St. Mary's, Charles, and Calvert Counties;
- (10) One County Commissioner from the Tri-County Council of Southern Maryland Board, rotating among St. Mary's, Charles, and Calvert Counties;
- (11) Chair of the Tri-County Council for Southern Maryland – Ex Officio non-voting;
- (12) Secretary of MDA – Ex Officio non-voting;
- (13) Secretary of the Maryland Department of Business and Economic Development – Ex Officio non-voting; and
- (14) Dean of the College of Agriculture and Natural Resources, University of Maryland - Ex Officio non-voting.

Terms for the regular members will be four years and rotating members two years.

The Executive Committee of the Tri-County Council for Southern Maryland shall select the Commission/Authority chairperson, in addition to the above-listed designees.

The Commission/Authority shall implement the recommendations of the "Action Strategy to Sustain and Enhance Southern Maryland Agriculture, including a Buyout/Transition Program for Maryland Tobacco," as adopted by the Tri-County Council for Southern Maryland on June 22, 1999 and recommended by the Governor's Task Force on Tobacco Crop Conversion. The Commission/Authority will consider other matters, as in its judgment as deemed appropriate in completing a broad program for agricultural preservation and enhancement.

The Commission/Authority in consultation with the Executive Committee of the Tri-County Council shall hire support staff to include an Agricultural Development Officer and other support and professional staff as deemed necessary.

Members of the Commission/Authority, with the approval of the Tri-County Council, may receive a stipend for attending Commission/Authority meetings. Members may be reimbursed for their reasonable expenses incurred in the performance of duties in

accordance with the State Standard Travel Regulations and as provided in the State budget.

Members of the Commission/Authority shall serve at the pleasure of the Tri-County Council.

By September 1, 2000, the Tri-County Council shall present a FY 2002 budget for the implementation of "Action Strategy to Sustain and Enhance Southern Maryland Agriculture Including a Buyout/ Transition Program for Maryland Tobacco."

There must be monies necessary for the Commission/Authority to be used for hiring the Agriculture Development Officer, along with expense reimbursement. It is proposed that some of the initial funds should come from the \$2.5 million that is in the FY '00 budget designated as a deficiency appropriation.

In addition, it is encouraged that the Maryland Department of Agriculture and the Tri-County Council consult with other MSA States concerning how they are structuring producer incentive plans. This should provide some ideas of success and failures encountered during the development process.

Budget

Attachment B provides a budget for FY '00 and FY '01 that reflects the four components of the Action Plan for Agriculture. This budget shows projected costs for each. The numbers are reasonable estimates and could very well change based on the amount of MSA monies coming to Maryland, as well as program participation.

The Task Force proposes that if there are any excess MSA revenues provided, these funds should be fronted toward alternative agriculture production enterprises, since there will be considerable start-up costs related to such activities.

The Task Force realizes that the \$2.5M that the Governor designated as a deficiency appropriation in FY '00 may not all be used prior to end of the fiscal year. Therefore, such unused funds should be transferred for use in FY '01. Furthermore, the Tri-County Council will need maximum budget flexibility (FY '01 and FY '02) to properly implement the proposed MSA programs. The Task Force recommends that any FY '00 monies not expended prior to June 30, 2000 should be made available for FY '01 to keep the proposed MSA programs moving forward.

To be in compliance with the State's budgetary requirements and in keeping with the spirit of Managing for Results (MFR), the following *Performance Measures* have been developed for FY '00 and FY '01:

Performance Measures

FY 2000

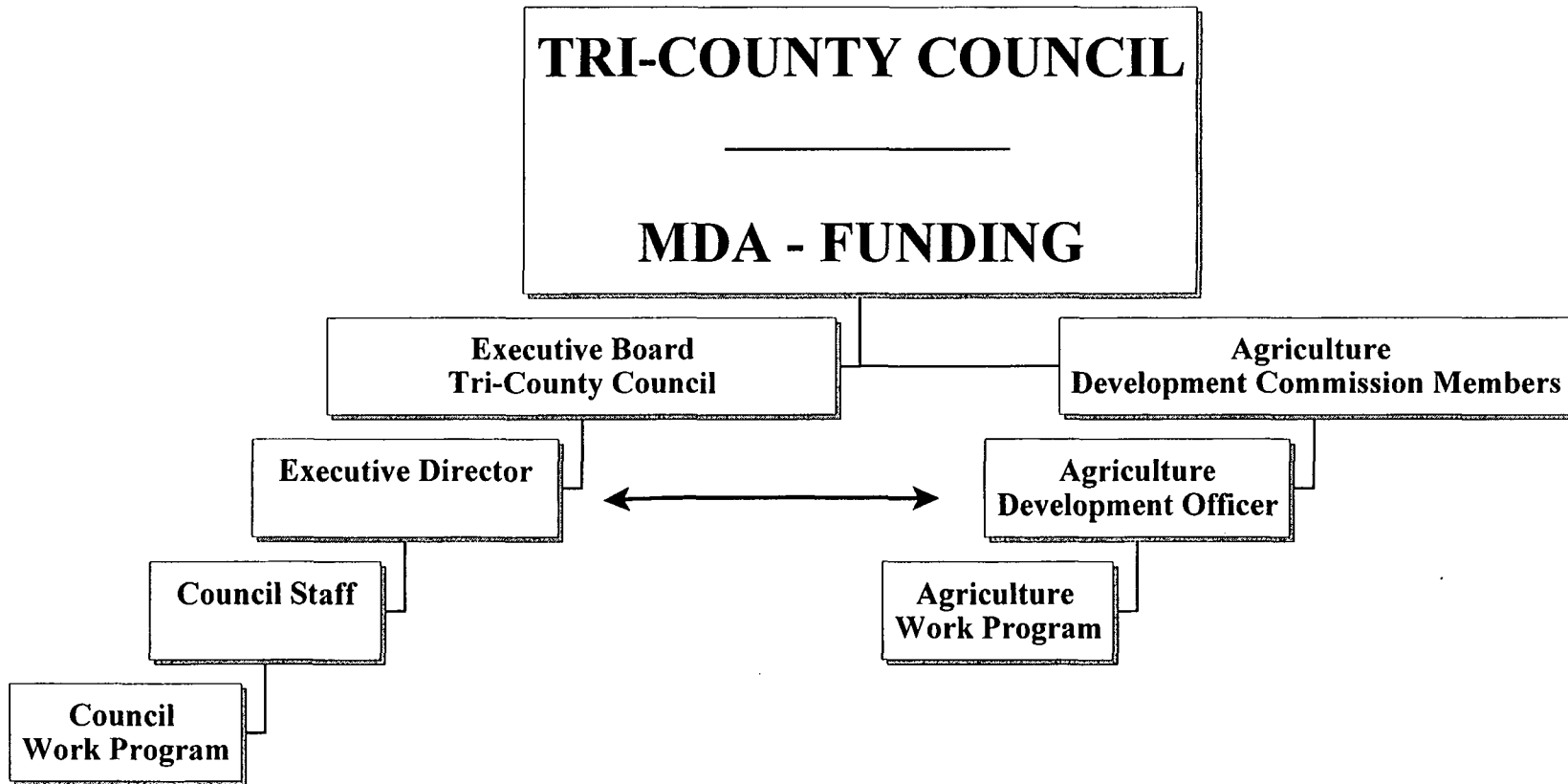
- Design the Agriculture Preservation Grant Program;
- Make Distribution of monies for agriculture preservation purposes to the five Southern Maryland counties in the amount of \$1.3 million;
- Hire an Agriculture Development Officer and appropriate staff;
- Engage consultant to design the transition/buyout program;
- Design a process for the initiation of the Agriculture Infrastructure Development Program;
- Make \$325,000 in grant monies available to the Agriculture Infrastructure Development for alternative crops;
- Maintain Administrative costs at or below 10 percent of the deficiency appropriation.

FY 2001

- Complete the design and implementation of the Transition/Buyout and Agriculture Infrastructure Development Programs;
- Make up to \$4 million in grant monies for agriculture preservation;
- Sign up 120 farmers (based on 75 percent participation over 5 years) in the transition/buyout program for the FY '01 crop year;
- Work with 50 farmers to shift toward alternative agriculture enterprises.

ORGANIZATIONAL STRUCTURE

Attachment 'A'



BUDGETS**ATTACHMENT 'B'****FY 2000 Unified Expense Budget**

FY 2000 Unified Expense Budget			
Recommended Action	Administration	Program Outlays	Total
A. Administrative and Organizational Budget	\$52,500		\$52,500
B. Tobacco Buyout and Transition Budget	\$181,500		\$181,500
C. Agricultural Land Preservation Budget	\$96,200	\$1,330,300	\$1,426,500
D. Infrastructure and Agricultural Development Budget	\$14,500	\$825,000	\$839,500
TOTAL	\$344,700	\$2,155,300	\$2,500,000

FY 2001 Unified Expense Budget

FY 2001 Unified Expense Budget			
Recommended Action	Administration	Program Outlays	Total
A. Administrative and Organizational Budget	\$180,000		\$180,000
B. Tobacco Buyout and Transition Budget	\$284,000	\$2,214,000	\$2,498,000
C. Agricultural Land Preservation Budget	\$2,130,000 ¹	\$2,000,000	\$4,130,000
D. Infrastructure and Agricultural Development Budget	\$120,000	\$2,825,000 ²	\$839,500
TOTAL	\$2,714,000	\$7,039,000	\$9,753,000

¹Based on working group discussions, a bond issue of \$26 million may be sought to finance installment purchase programs

²Includes estimated development costs for a Southern Maryland value-added processing center and possible participation in Pharmacogenetics