

SOYBEAN RESEARCH & PROMOTION



South Dakota Legislative Research Council

Frequently Asked Questions

The purpose of this FAQ sheet is to provide information to the Joint Committee on Appropriations regarding Informational Budgets in the South Dakota budgetary system. The information was compiled by the Legislative Research Council with assistance from the Department of Legislative Audit and the Government Operations and Audit Committee.

When and why was this fund created?

The South Dakota Soybean Research & Promotion Council (SDSR&PC) and the Soybean Research & Promotion Fund was established by the 1984 Legislature for the purpose of creating a revolving fund for money collected from soybean checkoff fees. The council is composed of nine members who are participating growers and elected by participating growers. The secretary is an ex officio, nonvoting member of the council. The fund is attached to the Department of Agriculture for informational budgeting and administrative support.

The soybean checkoff has been a national checkoff since 1991. The checkoff is governed by the United States Department of Agriculture (USDA) – Ag Marketing Service. The checkoff assessment is mandatory therefore no refunds are available to producers. Producers do, however, have an opportunity every five years to file a referendum to discontinue the national checkoff program.

Where does the revenue come from?

Revenue for the fund comes from soybean checkoff fees. An assessment at the rate of one-half of one percent (0.5% or \$5 cents for \$100 of sales) of the value of the net market price is imposed by the Soybean Research and Promotion Council upon all soybeans grown in the state or sold to a first purchaser within the state. This assessment is due upon any identifiable lot or quantity of soybeans. Any soybean producer operating under a national organic program approved by the United States Department of Agriculture who produces and markets only commodities that may be labeled one hundred percent organic is eligible for exemption from paying the soybean assessment.

Where do the Checkoff Dollars Go?

The SDSR&PC is required to send 50% of the revenue derived from the soybean checkoff fee to the United Soybean Board. The United Soybean Board is comprised of 59 farmer-directors who oversee the investments of the soybean checkoff on behalf of all U.S. soybean farmers. The SDSR&PC spends the remaining 50% of the revenue on soybean related projects.

To keep South Dakota soybean farmers well positioned in the world marketplace, checkoff dollars are invested in market development programs in South Dakota, as well as nationally. Some of these programs include the following: Ag United for SD, American Soybean Association, National Biodiesel Board, USA Poultry Egg Export Council, US Meat Export Federation, US Soybean Export Council, United Soybean Board, and World Initiative for Soy in Human Health.

The SDSR&PC also invests checkoff dollars to find new, more efficient, and profitable ways that benefit South Dakota farmers. Research projects and activities by the North Central Soybean Research Program, South Dakota State University, and the United Soybean Board seek to address production and research challenges for soybean farmers.

The SDSR&PC focuses on the contribution the soybean industry makes to South Dakota's economy and builds producer awareness about how South Dakota's portion of the soybean checkoff is invested to enhance producer profitability.

The SDSR&PC promotes the importance of soy foods through creating awareness and educating consumers on the health benefits of soy. The council increases the demand for soy foods by educating and communicating with health professionals, food service managers, consumers, and youth about the new uses of soybeans, the new health claim and health benefits of soy foods, and ways to incorporate more soy into their food preparation.

What spending restrictions exist on the fund?

Money in the Soybean Research & Promotion Fund is continuously appropriated. (38-29-6) Expenditures of these funds are made in accordance with the provisions of Title 4.

The Council is required to send a budget proposal to the USDA for approval. The USDA reviews the proposal to ensure that the funds are spent appropriately based on the federal guidelines.

Is the fund on the state accounting system? What is the timing of the Fiscal Year?

The fund is on the state accounting system. The fiscal year runs the same as the State Fiscal Year which is from July 1 to June 30.

What Oversight Exists?

An independent audit performed by Eide Bailly was completed on the financial statements of the Soybean Research and Promotion Council as of June 30, 2006. The council was also recently reviewed by the Government Operations & Audit Committee during the 2007 interim. The fund is also reviewed annually by the Joint Appropriation's Committee during the budget hearing process for the Department of Agriculture.

2007 Government Operations and Audit Committee "Blue Book"

Prepared by the Department of Legislative Audit

Other Fund Information

Department of Agriculture**State Accounting System - Other Fund Balances****Company 3054 - Soybean Research and Promotion**

	FY2004	FY2005	FY2006	FY2007
1 Cash Pooled with State Treasurer	2,109,817.26	2,215,159.48	2,205,424.99	2,684,664.48
2 Cash and Cash Equivalents	1,676,523.65	7,122.45	7,122.45	-
3 Total Assets	<u>3,786,340.91</u>	<u>2,222,281.93</u>	<u>2,212,547.44</u>	<u>2,684,664.48</u>
4				
5 Accounts Payable	-	-	-	-
6 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7				
8 Reserve for Encumbrances	-	-	-	-
9 Unreserved Fund Balance	3,786,340.91	2,222,281.93	2,212,547.44	2,684,664.48
10 Total Fund Equity	<u>3,786,340.91</u>	<u>2,222,281.93</u>	<u>2,212,547.44</u>	<u>2,684,664.48</u>
11 Total Liabilities and Fund Equity	<u>3,786,340.91</u>	<u>2,222,281.93</u>	<u>2,212,547.44</u>	<u>2,684,664.48</u>
12				
13				
14 Licenses, Permits and Fees	4,169,167.23	3,309,584.41	3,129,467.73	3,733,886.10
15 Use of Money and Property	73,247.83	54,305.80	56,580.76	71,391.75
16 Total Operating Revenue	<u>4,242,415.06</u>	<u>3,363,890.21</u>	<u>3,186,048.49</u>	<u>3,805,277.85</u>
17				
18 Personal Services and Benefits	160,889.02	163,485.88	165,129.76	172,090.92
19 Travel	410.24	384.64	489.16	-
20 Contractual Services	1,460,865.80	3,094,607.79	1,696,947.23	1,942,551.62
21 Supplies and Materials	19.93	69.68	8,147.33	8,319.91
22 Grants and Subsidies	-	-	1,325,069.50	1,203,075.91
23 Capital Outlay	-	-	-	-
24 Total Operating Expenditures/Expenses	<u>1,622,184.99</u>	<u>3,258,547.99</u>	<u>3,195,782.98</u>	<u>3,326,038.36</u>
25				
26 Transfers In	-	-	2,215,159.48	-
27 Transfers Out	-	-	(2,215,159.48)	-
28 Net Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
29				
30 Net Change	2,620,230.07	105,342.22	(9,734.49)	479,239.49
31				
32 Beginning Fund Equity	4,482,972.08	3,786,340.91	2,222,281.93	2,212,547.44
33 Prior Period Adjustment	(3,316,861.24)	(1,669,401.20)	-	(7,122.45)
34 Ending Equity	<u>3,786,340.91</u>	<u>2,222,281.93</u>	<u>2,212,547.44</u>	<u>2,684,664.48</u>

Company: 3054**Company Name:** Soybean Research & Promo Council**Fund Name:** Soybean Research and Promotion Fund**Fund Type:** Special Revenue**Purpose:** SDCL 38-29-6 created a special revolving fund for the soybean research and promotion council. Source: Moneys collected from soybean checkoff fees. Use: Soybean research and promotion.**Budget Information:** Included in the General Appropriations Bill as an informational budget.

Provided by the South Dakota Soybean Research & Promotion Council on 10/15/07

**SD Department of Agriculture
SD Soybean Research & Promotion Council
CONDITION STATEMENT (3054)**

	ACTUAL FY2006	ACTUAL FY2007	BUDGETED FY2008	BUDGETED FY2009
<u>RECEIPTS</u>				
Taxes				
Licenses, Permits & Fees				
Rev/Use of Money/Property				
Charges for Sales & Services				
Retirement Trust Revenue				
Administered Program Revenues				
Other Revenues <i>(50% of total remittances sent to United Soybean Board)</i>	3,265,653	4,067,422	3,615,324	3,060,000
Nonoperating Revenues				
TOTAL RECEIPTS	\$3,265,653	\$4,067,422	\$3,615,324	\$3,060,000
<u>DISBURSEMENTS</u>				
Salaries	131,470	136,527	154,406	162,126
Benefits	33,660	35,564	37,910	39,806
Travel	586			
Contractual Services <i>(includes 50% of total remittances to United Soybean Board)</i>	1,681,764	1,946,699	1,850,500	1,591,000
Supplies	9,043	8,320	10,500	10,500
Grants	1,421,444	1,456,073	1,562,008	1,256,568
Capital Outlay				
Other				
TOTAL DISBURSEMENTS	\$3,277,967	\$3,583,183	\$3,615,324	\$3,060,000
NET (Receipts less Disbursements)	(\$12,314)	\$484,239	\$0	\$0
BEGINNING CASH BALANCE	\$2,217,765	\$2,205,451	\$2,401,505	\$2,401,505
ENDING CASH BALANCE	\$2,205,451	\$2,689,690	\$2,401,505	\$2,401,505
COMMITMENTS		\$288,185		
ENDING BALANCE	\$2,205,451	\$2,401,505	\$2,401,505	\$2,401,505