

# **Views on Federal Formula Funds Smith-Lever 3(b) & (c) and 3(d) line items Utah State University Extension March 2004 Survey**

Prepared  
by  
**Jack M. Payne**  
Utah State University

## **Executive Summary**

Smith-Lever Funds 3(b) &(c) and (d) provide the foundation upon which the national Extension system operates that allows program sharing, collaboration, and integration. These federal funds provide the foundational partnership upon which state and local government funding is built. State and local governments are willing to invest in this federal cooperative system because they know that there is underwriting support at the national level. Smith-Lever line item funds form a basis for continuing infrastructural support to Extension programs in the states and territories.

The financial management and use of Smith-Lever funds varies by states and territories but in general they support (1) salaries and benefits of field staff, county advisors, campus departmental specialists, and Extension administration; (2) travel; (3) operation and maintenance costs; (4) provide leverage and matches for competitive grants; (5) and support program development and delivery expenses. These funds may provide from 12-50% of the total salary support for state and territory Extension personnel. Smith-Lever funds provide the states and territories with financial flexibility to quickly respond to rapidly evolving critical and emerging issues. Further they provide a funding base of support to offset program startup costs. These funds form the foundation for many of the base programs conducted by states and territories. Smith-Lever funds are integrated financially into the total budgetary mix of states and territories and are an important component part of that mix. Many Extension units ensure that the salaries supporting Extension faculty are made up from the three sources of funds, federal, state, and local resources further demonstrating the integration among these cooperative entities. Smith-Lever funds are a catalyst for securing much needed extramural funding. These funds represent the foundation on which grants and contracts can be successfully won and implemented. The formula funds also provide flexibility to address new issues quickly and flexibly, that cannot be done within most grant funding.

States and territories utilize Smith-Lever line item funds to provide financial support to the CSREES national goal areas including Agriculture and Natural Resources, 4-H and Youth Development, Community and Economic Development, Family and Consumer Sciences. A plethora of outstanding Extension programs supported with Smith-Lever funds can be found addressing

critical issues in states and territories. Unique programs in 3(b) & (c) formula funds support exemplary activities in

- Farms to Markets website to connect growers and buyers of agriculture and horticultural products
- 4-H After school initiatives
- Universal Design programs in cooperation with Lowe's Home Improvement Centers to facilitate design principles that makes homes safer
- CAMM (confined animal manure management) training for livestock and poultry farmers,
- City-wide Asthma & Health Initiative
- Diabetes & Nutrition- Health Care Providers train-the-trainer program
- Youth Literacy Program/Student Partnership
- Working Homeowners train-the-trainer Volunteer Program
- Returning Prisoners Outreach Education Collaborative
- *Natural Resources* TV programming to help the public understand the natural environment and science and policy issues surrounding it.
- Assisting Small-Scale Farmers and Landowners to Manage Change in Agriculture Enhancing Citizens' Capacity to Transform Their Communities
- Integrated Natural Resources and Environmental Education
- Entrepreneurial Initiative: A Strategy for Workforce Development
- Promoting Healthy Living Environments for Underserved and Hard To Reach Audiences and Promoting Healthy Behavior

Smith-Lever 3(d) funds provide critical support to state and territory programs in Integrated Pest Management (IPM) which strive for harmony between production and the environment; ERRA renewable resources programs which support forestry and natural resource issues; Farm Safety funds which support an active program for health and safety efforts in the agricultural sector and EFNEP nutrition funds which support the nutritional educational needs of the underserved targeting citizens with limited incomes. These funds enhance and expand the outreach programs that could not be accommodated by 3(b) &(c) funds. Smith-Lever 3(d) funds provide a foundation for targeted national issues which impact citizens in states and territories. Most 1890 institutions receive very little in 3(d) funding although the impacts that could be generated from added or increased funding to these institutions is potentially significant. There has never been a time when safety and security, resource and environmental management and nutritional information promoting healthy lifestyles are more critical to the citizens of states, territories and this nation. Yet these pleas for increased supportive federal funding have seemingly gone unheard as support dollars continue to diminish in critical 3(d) program areas. With the federal reduction in 3(d) funding the issues which they have traditionally supported will be measured against other state and territory priorities and may or may not be funded from sources in the future. These funds have allowed Extension to provide high impact programs to a very targeted clientele that meet critical public needs.

Further erosion of the Smith-Lever funding for 3(d) programs will result in program reduction, personnel redeployment and unmet public need.

Over time Smith-Lever formula funding has been relatively flat resulting in shifts in program priorities and staff reallocated support. Program reduction has occurred in more than 85% of state and territory programs. Eight out of ten Extension programs have responded to this flat funding by eliminating positions or reducing the number of these positions. More than 60% indicate that they have discontinued programs as a result of flat funding. Three quarters of all institutions reported that the Extension organizational structure has changed due to funding challenges. More than 25% have reduced the number of county/extension unit offices resulting in fewer services in meeting national priorities and critical public needs. Six out of ten Extension programs have increased the geographic size area that Extension staff is required to service. Other impacts of flat and reduced funding has forced Extension to charge fees for service; counties have been asked to assume a larger share of the financial support for Extension programs; positions have been frozen with little chance of refilling lost positions; agents now cover multi-county areas; and state funding has been reduced as a result of lost or reduced federal funding.

Extension programs are applying many other strategies to cope with reductions in Federal Cooperative Extension formula funds. Most are now relying more heavily on outside contracts and grants to augment the loss of federal funds. Some units are considering reprioritizing the issues they address including the elimination of staff support to CSREES goal areas, time and effort in reporting those efforts and limiting the program scope of other such initiatives. Extension programs increasingly are targeting state and territorial legislative funding bodies to provide much needed support to traditional Extension programs. The impact of such efforts results in a closer alignment with state and local priorities and the ultimate breakdown of the national network and shared opportunities. Introspective restructuring is occurring at some institutions that are eliminating, downsizing, merging, and reinventing what Extension is and can be in their respective states and territories. Still others are relying on electronic technology through web-based resources to reach traditional audiences albeit with less face to face interaction.

State funding support for Cooperative Extension Programs has grown significantly over the past ten years. In 2003 more than 85% of Extension programs reported receiving at least 65% or more support funding from state or territorial resources. Of significance is the fact that 20% received more than 80% of program funding from state or territorial resources. Legislative governing bodies clearly are supporting the Extension outreach program as never before and at the same time are demanding more accountability in meeting state and territory priorities at the expense of national CSREES goals and initiatives.

More than 30% of the states and territories reported that their funding allocation from Smith-Lever 3(d) funds had decreased by at least 10% with most of this group reporting reductions in the 15-30% range. Four out of ten reported however, that they had received from 1-9% increase in federal 3(d) funding when compared with the 1993 benchmark year. Smith-Lever 3(b) & (c) funding was reduced by at least 1-9% at 32% of institutions reporting. Nearly half reported an increase in 3(b) & (c) funding by a percentage growth of 1.5 -2.9% when compared with the 1993 benchmark year.

The winds of change are clearly evident in Smith-Lever line item formula funding. States and territories have set a course which will result ultimately in reduced numbers of CSREES goal and initiative program impacts. States and territories will demand that plan of work priorities are associated more closely with their needs and directions. A revised adage of the "Golden Rule" is truly coming to fruition. That new adage is "he who provides the gold makes the rule." States and territories as they reinvent Extension must pay heed to this admonition to insure survival.