



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #575

### Urban Forestry Grants (DNR -- Forestry and Parks)

[LFB 2009-11 Budget Summary: Page 472, #5]

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#### **CURRENT LAW**

Under current law, one appropriation provides funding for urban forestry grants, county sustainable forestry grants, and county forest administrator grants.

Urban forestry grants are provided to cities, villages, towns, counties, tribal governments, and non-profit organizations for up to 50% of the cost of various projects, including tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluation, public education relating to trees in urban areas and other related projects. Under chapter NR 47 of the administrative code, grant awards range from \$1,000 to \$25,000. In addition, 2007 Act 13 specified that DNR may award grants under the urban forestry grant program to counties, cities, villages, towns, nonprofit organizations, and tribal governments for the costs of removing, saving, and replacing trees that have been damaged by catastrophic storm events in urban areas. To be eligible for a grant, the damage must have occurred in an area for which the governor has declared a state of emergency due to a catastrophic storm event. Act 13 exempts grant recipients from having to pay any portion of the costs in order to receive a grant. DNR is required to notify applicants within 60 days as to whether the application was approved or denied.

Beginning in 2001-02, \$200,000 was provided annually to establish a grant program to increase the implementation of sustainable forestry practices on county forest land. This annual amount was increased to \$250,000 beginning in 2005-06. Projects must be consistent with the county's comprehensive forest land use plan. Under administrative rule, grants are provided at a minimum level of \$1,000 but may not exceed 25% of allocated funds in any given year. First preference is given to storm-related projects and hiring of temporary staff to address short-term sustainable forestry workload items. Ineligible projects include land acquisition, permanent staff or benefits, upgrades to existing computer software, and land surveying.

In addition, DNR provides grants to counties with county forest land for up to 50% of the salary of a county forest administrator or assistant county forest administrator. In 1997, grant eligibility was expanded to include 50% of the fringe benefit cost of a forest administrator or assistant forest administrator, with a maximum eligible fringe rate of 40% of salary. 2007 Act 20 expanded the eligible uses of county forest administrator grants to include up to 50% of a county's dues to a not-for-profit organization that provides leadership, counsel, and continuity to a county forest administrator and their respective forestry committee and also functions as an organizational liaison to DNR (Wisconsin County Forests Association). Total grant awards for membership dues may not exceed \$50,000 annually.

## GOVERNOR

Delete the \$529,900 annual allocation for urban forestry grants. Further, convert the appropriation for urban forestry, county sustainable forestry, and county forest administrator grants from annual to continuing.

## DISCUSSION POINTS

1. Administration officials indicate that the intention of the bill is to eliminate funds for urban forestry grants in 2009-11. However, the bill would not alter DNR's statutory authority under the appropriation to make expenditures for all three purposes, meaning that DNR could choose to allocate a portion of funding remaining in the appropriation to urban forestry grants (rather than to county sustainable forestry or county forest administrator grants). The Department indicates that DNR would not allocate a portion of remaining funding to urban forestry grants in the 2009-11 biennium. Future budgets could restore some level of urban forestry grant funding. The following table shows current grant program allocations and the Governor's recommendation for urban forestry, county sustainable forestry, and county forest administrator grants.

**TABLE 1**

**Grant Allocations Under Current Law and Under the Bill**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Urban Forestry	\$529,900	\$0	\$0
County Sustainable Forestry	250,000	246,700	246,700
County Forest Administrator	<u>1,348,200</u>	<u>1,330,200</u>	<u>1,330,200</u>
Total Appropriation	\$2,128,100	\$1,576,900	\$1,576,900

2. Currently, urban forestry grant requests exceed available funding. Table 2 shows the funding requested and funding awarded under the urban forestry grant program from fiscal year 2006 through fiscal year 2009. Over that period, the amount awarded ranged from 52% of the

amount applied for in 2007 to 72% in 2009. In addition to the state funding for urban forestry grants, \$125,500 in 2006 and \$83,500 in fiscal year 2007 was available for urban forestry grants from federal funds (not shown in the table). No federal funding has been provided since 2007, and the Department does not expect federal funding to become available for urban forestry grants during the 2009-11 biennium.

**TABLE 2**

**Urban Forestry Grant Program Funds Requested and Awarded  
Fiscal Years 2005-06 through 2008-09**

<u>Fiscal Year</u>	<u>Funding Requested</u>	<u>Funding Awarded</u>	<u>Percentage</u>
2005-06	\$993,300	\$529,900	53%
2006-07	1,026,100	529,900	52
2007-08	821,800	529,900	64
2008-09	<u>736,700</u>	<u>529,900</u>	72
Total	\$4,314,600	\$2,649,500	61%

3. 2007 Act 13 specified that DNR may also award grants under the urban forestry grant program to counties, cities, villages, towns, nonprofit organizations, and tribal governments for costs associated with catastrophic storm damage to trees. In 2009, DNR provided two grants for this purpose totaling \$71,400. Table 3 shows 2009 urban forestry grant awards. DNR urban forestry grant staff indicate that the program is currently setting aside 20% of available funding for catastrophic storm grants during the summer storm season. However, any funding not allocated for this purpose by October 1 is allocated toward general urban forestry projects.

**TABLE 3****2009 Urban Forestry Grant Awards**

<u>Grantee</u>	<u>Award</u>	<u>Project Description</u>
<b>Urban Forestry Grants:</b>		
Village of Fox Point	11,000	GIS Mapping, Tree Planting, EAB Education
Friends of Wehr Nature Center (Franklin)	16,000	EAB Detection and Management
City of Greenfield	7,800	Tree Canopy Analysis
Keep Greater Milwaukee Beautiful	25,000	EAB Bus Signs, Workshop, and Promotion of EAB awareness
Town of Lisbon	18,400	Tree Inventory, GPS Mapping, EAB Plan and Education
City of Mequon	16,000	EAB Management
City of Milwaukee	25,000	GIS Mapping and EAB
Milwaukee County	17,300	EAB Plan
City of St. Francis	15,500	Tree Inventory and Training
City of Sheboygan Falls	5,000	Implement Management Plan
City of West Bend	7,000	Management Plan
Aldo Leopold Nature Center (Monona)	14,200	EAB Education
Village of Belleville	20,400	EAB and Strategic Management Plan
Village of Cambria	9,800	Education, Training, Maintenance
Village of Clinton	10,700	Village of Clinton Urban Forestry Project
Friends of Troy Gardens	25,000	Urban Forestry Partnerships, Increase Public Involvement
Dudgeon-Monroe Neighborhood Assoc. (Madison)	4,400	Glenwood Children's Park Strategic Urban Forestry Plan
Town of Dunn	25,000	Townwide Urban Forestry Plan
City of Fitchburg	14,400	Tree Inventory, Education, EAB Readiness and Tree Planting
City of Horicon	9,500	Street Tree and Park Tree Inventory
Village of Johnson Creek	13,000	Urban Reforestation- Phase II
City of Middleton	3,500	EAB Management Plan
Village of Waunakee	15,200	Tree Inventory
City of Ashland	9,200	Ash Inventory, EAB Preparation, Tree Planting, Training
Village of Friendship	13,200	Tree Maintenance, Planting and Removal
City of Merrill	3,500	Tree Inventory, EAB Plan
City of Rhinelander	3,300	Tree Inventory
City of Stevens Point	7,900	Management Plan and EAB Plan
Village of Whiting	7,900	Inventory, Invasives and Education
Village of Bellevue	13,200	Tree Ordinance, Plan, Inventory and Planting
City of Green Lake	11,700	Developing Green Lake's Urban Forest
City of Kewaunee	5,000	Tree Planting
City of Oconto	5,400	Street Tree Planting Plan
City of Princeton	5,000	EAB Education
City of Seymour	5,000	Seymour Greenway Plan Railway Corridor Tree Planting
City of Eau Claire	6,600	Management Plan
City of Hudson	4,000	Urban Forestry Program
City of Onalaska	13,300	Tree Inventory and Tree Planting
City of Osseo	2,400	Tree Inventory
Village of Roberts	1,500	Tree Management Plan
City of Superior	11,300	Tree Inventory Update
Subtotal	\$458,500	
<b>Catastrophic Storm Grants:</b>		
Kenosha County	21,400	
Town of Wheatland	50,000	
Subtotal	\$71,400	
Total Urban Forestry Grant Awards	\$529,900	

Note: EAB = Emerald Ash Borer, GIS= Geographic Information Systems.

4. The program provides grants for a variety of purposes including tree management plans, tree inventories, brush residue projects, development of tree management ordinances, tree disease evaluation, and public education relating to trees in urban areas. Since 2007, urban forestry grant program staff have been prioritizing grants for Emerald Ash Borer preparedness and management. The Emerald Ash Borer (EAB) is an exotic insect, native to Asia, which is threatening the ash resource in the Great Lakes region. The EAB was detected in the Upper Peninsula of Michigan in 2005 and in Illinois in 2006, approximately 40 miles south of the Wisconsin border. The insect was first detected in Wisconsin in July of 2008 on private property in northwestern Ozaukee County. Within days of that discovery, adult beetles were trapped in the Village of Newburg in northeastern Washington County. Since then, 44 infestations have been identified in Ozaukee and Washington counties. Most recently, the EAB was discovered in the town of Victory, along the Mississippi River in Vernon County. Wisconsin has approximately 770 million ash trees, approximately 5.4 million of which exist on public and private property within cities and villages. Of the 141 grants awarded in fiscal years 2007, 2008, and 2009, 93 of the grant projects (66%) were related to EAB preparedness activities.

5. According to the Department of Agriculture, Trade, and Consumer Protection (DATCP), EAB can dramatically compromise urban tree infrastructure. DATCP recommends that communities conduct inventories of their forests immediately and begin planting trees prior to the arrival of EAB. Restoring some level of urban forestry grant program funding could provide communities with a portion of the funding necessary to conduct tree inventories, tree plantings and other activities in preparation for and in response to an EAB infestation. In addition, maintaining or increasing the urban forest canopy provides functional benefits such as storm water moderation, lowered energy costs, improved air quality, carbon sequestration, shading, and protection from ultraviolet radiation.

6. The administration indicates that the reduction of the urban forestry grant program was intended to increase the balance of the forestry account. DOA does not intend to transfer these funds to the general fund. The administration argues that forestry mill tax (the 16.97¢ per \$1,000 of value statewide property tax) and timber harvest revenues (the two largest sources of revenue to the forestry account) are uncertain, and that reducing these forestry account expenditures would provide a larger balance in the forestry account in case these revenues were to drop below anticipated levels.

7. If funding for the urban forestry grant program were to be restored, several funding levels could be considered. Under the bill, most appropriations were reduced by 1%, while some were reduced by an additional 5% or more. Therefore, to be consistent with other program funding levels under the bill, the program could be funded at 94% (\$498,100 annually), 99% (\$524,600 annually) or 100% (\$529,900). Another alternative would be to restore 50% of funding provided under current law (\$265,000 annually).

8. In its budget request to the Governor, DNR sought a separate continuing appropriation for urban forestry grants (the remaining appropriation for county forest administrator and sustainable forestry grants would remain an annual appropriation). The bill would delete funding for urban forestry grants but convert the appropriation to continuing. The urban forestry

grant program operates on a reimbursement basis. The municipality uses its own resources to fund the entire cost of the project and, upon project completion and approval, requests reimbursement from DNR for 50 percent of eligible costs up to the approved project funding level. The Department indicates that, when a grantee is unable to use all approved project funding, DNR often does not become aware of this until late in the same fiscal year that the grant was awarded or in the subsequent fiscal year.

9. As an annual appropriation, any unencumbered balance at the end of each fiscal year lapses back to the forestry account of the conservation fund. Funds are then available for appropriation by the Legislature in future years. As a continuing appropriation, any monies not expended in one year remain available for expenditure in future years without any legislative action. The Department argues a continuing appropriation would allow all funds budgeted for the three grant programs to be used for that purpose. On the other hand, continuing appropriations can build substantial balances if funds are not expended for their authorized purposes. Under an annual appropriation, these amounts would instead lapse to the account balance and could be considered for future appropriation for any purposes allowed by the fund. Further, in the instance of a revenue shortfall, unspent funds in a continuing appropriation could only be used for the statutorily authorized expenditures while unspent amounts in an annual appropriation would improve the balance of the account. A third alternative would be a biennial appropriation. This option would allow expenditures to be made in either year of a biennium, but any unencumbered balance remaining at the end of the biennium (June 30, 2011) would lapse to the forestry account balance. A biennial appropriation would allow DNR and the administration greater flexibility than the current annual appropriation, but also maintain greater legislative oversight than the continuing appropriation under the bill.

10. If the Committee decides to restore urban forestry grant program funding, it could: (a) provide funds in the existing appropriation for the three grant programs, or (b) create a new appropriation for urban forestry grants. A separate appropriation would provide greater assurance urban forestry grant allocations would be used only for the specified purpose.

11. Under the bill, the appropriation would also provide \$246,700 annually for county sustainable forestry grants and \$1,330,200 annually for county forest administrator grants. According to the Department, applications for grant funding under the county sustainable forestry grant program have generally exceeded available funding. However, total county forest administrator grant awards have been less than the amount allocated in recent years (\$1,099,100 was expended out of \$1,348,200 available in 2007-08). DNR staff indicate that county forest administrator grant awards will total approximately \$1,200,000 in 2008-09 and would likely remain at approximately that level over the 2009-11 biennium. Therefore, \$130,200 each year could be deleted from the appropriation.

## ALTERNATIVES

### A. Urban Forestry Grant Program Funding Level

1. Adopt the Governor's recommendation (no funding would be provided for urban forestry grants).

2. Provide \$265,000 annually to restore funding for the urban forestry grant program at 50% of current funding levels.

<b>ALT A2</b>	<b>Change to Bill Funding</b>
SEG	\$530,000

3. Provide \$498,100 annually to restore funding for the urban forestry grant program at 94% of current funding levels.

<b>ALT A3</b>	<b>Change to Bill Funding</b>
SEG	\$996,200

4. Provide \$524,600 annually to restore funding for the urban forestry grant program at 99% of current funding levels.

<b>ALT A4</b>	<b>Change to Bill Funding</b>
SEG	\$1,049,200

5. Provide \$529,900 annually to restore funding for the urban forestry grant program at 100% of current funding levels.

<b>ALT A5</b>	<b>Change to Bill Funding</b>
SEG	\$1,059,800

### B. Urban Forestry Grant Program Appropriation

Create a new appropriation for the urban forestry grant program as:

1. Annual
2. Biennial

3. Continuing
4. Maintain current law (no separate appropriation).

**C. County Forest Administrator Grant Program Funding Level**

1. Adopt the Governor's recommendation (\$1,330,200 annually would be allocated for county forest administrator grants).
2. Delete \$130,200 annually for county forest administrator grants. (\$1,200,000 annually would be allocated to meet expected costs).

<b>ALT C2</b>	<b>Change to Bill</b>
	Funding
SEG	- \$260,400

**D. County Forest Administrator and County Sustainable Forestry Grant Program Appropriations**

Specify that the appropriation for county forest administrator and county sustainable forestry grant programs be:

1. Continuing (Governor's recommendation).
2. Biennial.
3. Annual (maintain current law).

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