



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

August 27, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Agriculture, Trade and Consumer Protection: Section 13.10 Request for the Use of Federal Economic Stimulus Funding for Aquaculture Feed Grants -- Agenda Item IV

REQUEST

The Governor submitted a request dated August 20, 2009, to the Joint Committee on Finance for the allocation and expenditure of \$27,178 in 2009-10 in federal economic stimulus funds to partially reimburse certain aquaculture producers for high feed costs in 2008. The funds would be for grants allocated in appropriation s. 20.115 (3)(m).

BACKGROUND

The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides \$50 million for an aquaculture grant program to assist fish farmers for losses incurred in 2008 associated with high feed costs. The Commodity Credit Corporation of the U.S. Department of Agriculture (USDA), is providing \$49 million in block grants to the states, including the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP). The state has been allocated \$27,200 which will be provided to eligible aquaculture producers that can document at least a 25% increase in purchased fish food costs in 2008 over the average of the prior five years. DATCP may reimburse up to the calculated difference in costs, although the federal funding is prorated if insufficient to provide full reimbursement.

ANALYSIS

The \$27,200 federal allocation to Wisconsin represents less than 0.06% of the total federal appropriation. DATCP officials were surprised by the limited allocation and provided federal staff with information indicating Wisconsin may represent approximately 0.7% to 1% of total U.S. commercial aquaculture feed sales. While this information might, arguably, indicate that Wisconsin should be eligible for up to \$320,000 to \$490,000 under the program, USDA has not

modified the allocations.

There are approximately 2,360 registered fish farms in Wisconsin. However, state and public hatcheries are not eligible for the federal program, nor are producers who do not purchase feed commercially. DATCP issued a press release, and mailed 270 notifications of the availability of ARRA funds to potentially eligible Wisconsin fish farms on or about July 10, 2009. Applications were due on July 31, 2009. The Department received five applications and five producers were determined to be eligible for payments. Payments are calculated by subtracting the five-year average (2003 through 2007) cost of purchased feed from the producer's average 2008 cost of feed. A producer must be able to document at least a 25% increase to be eligible for a grant. Also, at least 25% of input costs were required to have been spent on feed. Information supplied to DATCP by large aquaculture feed producers indicated that feed costs in this state averaged approximately \$782 per ton in the 2003 to 2007 period and \$1,075 per ton in 2008 (a 37% increase). The following table shows the amount of eligible costs for the five operations and the prorated payment (38% of eligible costs) expected to be received. It is possible that if some other states do not utilize their full federal allocation, Wisconsin could receive some additional funds in the future.

<u>Recipient</u>	<u>Location</u>	<u>Eligible</u>	<u>Pro-rated</u>
Rushing Waters Fisheries, LLC	Palmyra	\$54,517	\$20,867
Twin Springs	Wilton	8,837	3,382
Artesian Trout Farms	Westfield	6,667	2,552
Fish's Fishes	Amherst	608	233
Growing Power Aquaponics	Milwaukee	<u>375</u>	<u>144</u>
Total		\$71,005	\$27,178

The request satisfies a requirement in 2009 Wisconsin Act 2 that a plan be submitted to the Committee for the expenditure of ARRA funds. The allocation is being utilized for the five eligible producers who applied for available federal funds.

ALTERNATIVES

1. Approve the expenditure of \$27,200 in 2009-10 of federal stimulus funds for aquaculture feed cost grants.
2. Deny the request.

Prepared by: Daryl Hinz