



State of Wisconsin
Jim Doyle, Governor

Department of Agriculture, Trade and Consumer Protection
Rod Nilsestuen, Secretary

DATE: June 27, 2008

TO: The Honorable Fred Risser
President, Wisconsin State Senate
Room 220 South
State Capitol
P.O. Box 7882
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The Honorable Michael Huebsch
Speaker, Wisconsin State Assembly
Room 211 West
State Capitol
P.O. Box 8952
Madison, WI 53708

FROM: Rodney J. Nilsestuen, Secretary
Department of Agriculture, Trade and Consumer Protection

SUBJECT: “Buy Local” Grant Program; Final Draft Rule

The Department of Agriculture, Trade and Consumer Protection (“DATCP”) is transmitting this rule for legislative committee review, as provided in s. 227.19(2) and (3), Stats. DATCP will publish notice of this referral in the Wisconsin Administrative Register, as provided in s. 227.19(2), Stats.

Background

This rule implements the “buy local” grant program created by 2007 Wisconsin Act 20 (biennial budget act). The budget act authorized the Department of Agriculture, Trade and Consumer Protection (DATCP) to award grants for projects designed to increase local purchases of Wisconsin agricultural products. The budget act provided \$225,000 in grant funding for this biennium. The budget act also provided funding for staff and outreach.

The budget act directed DATCP to adopt rules for the program. DATCP adopted a temporary “emergency” rule, so that DATCP could immediately begin to solicit grant applications (DATCP issued a request for grant applications on February 22, 2008, the effective date of the emergency rule). This final draft rule is nearly identical to the “emergency” rule. This final draft rule does all of the following:

- Authorizes DATCP to make grant awards and distribute grant funds appropriated for the “buy local” grant program.

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- Spells out the procedures and criteria that DATCP will use to evaluate grant proposals, make grant awards and distribute grant payments.
- Spells out the purposes for which grant funds may be used, subject to the terms of the grant contract.

Grant Purposes

Under this rule, the “buy local” grant program will focus mainly on food products, rather than other agricultural products such as timber, feed, fiber or nursery products (it may incidentally benefit those other products). Under this rule, DATCP may award grants for projects that are designed to increase the sale of Wisconsin food products to local purchasers. For example, DATCP may award grants for projects to create, expand, diversify or promote any of the following:

- Local food marketing systems and market outlets.
- Local food and cultural tourism trails.
- Production, processing, marketing and distribution of Wisconsin food products for sale to local purchasers.

Grant Limits

Under this rule, no individual grant award may exceed \$50,000. DATCP may not make more than one grant award to the same person in the same state fiscal biennium. Once DATCP makes a grant award, DATCP may make the actual grant payments over a contract period of up to 2 years. DATCP may extend the contract term for up to one additional year upon request.

Matching Requirement

To qualify for a grant under this rule, a grant recipient must make a matching commitment equal to at least 33% of the grant amount. A matching commitment may include a commitment of capital, land, labor, equipment or cash related to the grant project. Unlike the temporary “emergency” rule, this “permanent” rule allows grant recipients to use non-DATCP grant funds as part of the required “match” for DATCP “buy local” grants.

Use of Grant Funds

Under this rule, grant funds may be used to reimburse any of the following expenses if those expenses are a reasonable and necessary part of the grant project:

- Operating expenses, including expenses for salaries and wages, contract and consulting services, travel, supplies and materials, and public information.
- Real estate and equipment rental.
- The purchase of equipment whose full value is ordinarily depreciable within one year.
- Reasonable depreciation expense incurred, for capital equipment, during the term of the grant contract.

Grant funds may not reimburse any of the following expenses:

- Real estate purchases.
- Repayment of loans or mortgages.
- Rent or contract payments for time periods extending beyond the term of the grant contract.
- Equipment purchases, except for certain equipment purchases and depreciation expenses specifically authorized by this rule.
- Administrative or overhead costs that are not direct costs of the grant project.

Grant Proposals

Under this rule, DATCP must issue at least one request for grant proposals in each state fiscal biennium for which grant funds are appropriated (DATCP may issue more frequent requests, if it chooses to do so). The request for proposals must describe the required form and content of grant proposals, and must specify a deadline for submitting grant proposals. Grant applicants must submit grant proposals to DATCP, in the manner prescribed by DATCP's request for proposals.

Grant Awards

Under this rule, DATCP must evaluate grant proposals and issue its grant awards within 90 days after the grant application deadline. DATCP must clearly identify each award recipient, the amount of the award, and the purposes for which the award is given. DATCP must consider all of the following criteria when evaluating grant proposals and making grant awards:

- The extent to which a proposed project will increase local purchases of Wisconsin food products.
- Whether the proposal complies with DATCP's request for proposals.
- Whether the proposed project meets the standards prescribed in this emergency rule.
- The viability of the proposed project.
- Additional project benefits for Wisconsin agriculture or tourism.
- The management and technical qualifications of the grant applicant.
- The qualifications of the persons who will carry out the project.
- The financial capacity of the grant applicant to complete the project as proposed.
- The adequacy of the project plan and budget.
- Whether the grant proposal adequately identifies the nature of project expenses to be reimbursed under the proposed grant.

Grant Contracts

Under this rule, DATCP must enter into a grant contract with a grant recipient before distributing any grant funds to that recipient. The contract must spell out grant terms and conditions, including performance requirements, reporting requirements and payment terms.

Grant Payments

Under this rule, DATCP may distribute grant funds in one or more payments, based on documented progress toward completion of the grant project. The grant contract must describe payment terms and conditions. DATCP may require a grant recipient to file progress reports and submit expense documentation as necessary to support grant payments.

Public Hearings

DATCP held one public hearing on this rule. The hearing was held in Madison, Wisconsin on May 30, 2008. One person attended the hearing in support and registered but did not testify. Sixteen people submitted written comments. Fourteen written comments were in full support of the rule. Two written comments offered suggestions including: increase visibility/public awareness, refine focus to sustainable production, and change of program name. A summary of hearing comments is attached.

Changes from Hearing Draft

DATCP modified the final draft rule to address comments from the Legislative Council Rules Clearinghouse, and to clarify the rule. There were no major substantive changes.

Response to Rules Clearinghouse Comments

DATCP modified the final draft rule to address all of the comments from the Legislative Council Rules Clearinghouse.

Fiscal Impact

This rule will have a fiscal impact on DATCP operations. Under the budget act and this rule, DATCP must issue at least one request for grant proposals in each state fiscal biennium for which grant funds are appropriated. DATCP staff must review grant applications, recommend grant awards, administer grants, and ensure compliance with applicable requirements. DATCP staff will also provide technical assistance to grant recipients, as appropriate.

Program administration will occupy at least 2.0 FTE staff in DATCP's Division of Agricultural Development (this does not include legal, managerial, DATCP central accounting, or other indirect staff support). The combined total cost for those 2.0 FTE staff will be \$147,000 per year, including salary, fringe benefits and support costs (there will be a smaller proportionate cost for the remainder of the current fiscal year). The biennial budget act authorized 1.0 new FTE staff position, including staff funding of \$42,700 GPR for the current fiscal year and \$64,100 GPR for FY 2008-09. In the short term, DATCP will try to fill remaining staffing needs by shifting current staff from other agricultural development programs.

The budget act also provided funding (but no staff positions) for training, marketing, data tracking and information technology for the “buy local” program. Funding for those purposes is \$110,000 GPR in the current fiscal year and \$165,000 in FY 2008-09.

Business Impact

The “buy local” grant program will benefit farmers, businesses and communities that participate in production, distribution or marketing of locally produced foods. Grant recipients will benefit directly, while others will benefit indirectly from the creation of stronger local food networks and systems. This rule will establish standards and procedures for the “buy local” grant program to ensure that the program is effective and accountable.

Federal and Surrounding State Programs

Federal Programs

The United States Department of Agriculture (USDA) administers a farmers market promotion program. That program offers grants to help improve and expand domestic farmers markets, roadside stands, community-supported agriculture programs and other direct farmer-to-consumer marketing mechanisms.

USDA also provides food assistance programs for pregnant women, women with infants, children up to 5 years old, and seniors who are at nutritional risk. Those programs provide or promote fresh, locally grown foods to program participants.

Surrounding State Programs

Wisconsin’s “buy local” program is the first state program of its kind in the nation. However, surrounding states provide various types and levels of support for local food systems. For example, Michigan’s state procurement policy encourages purchases from local farmers and businesses. Iowa provides over \$3 million in annual funding for local food and sustainable agriculture programs at Iowa State University- Extension (Leopold Center).

<u>Name/Organization</u>	<u>Summary of Written Testimony</u>
Dorothy Priske Fountain Prairie Inn & Farms	Full Support: High number of grant requests shows level of interest in program. Win for producer, Win for consumer, and Win for local economy
Megan Bjella Lawrence University Garden	Full Support: Current food system is broken; time to support local food production.
Jane Hansen NorthAcres Farm	Full Support: Combined grassroots and state level efforts will create incredible momentum. DATCP needs to secure funding for grant program, based on the large number of applicants
Virginia Oakland	Full Support: This program has practical, economical, and sustainable value
Susan Richardson	Full Support: Fully supportive of efforts to get the legislation passed
Judy Skog	Full Support: Must support markets now.
Jeanne Merrill Michael Fields Ag Institute	Full Support: Grant program provides crucial funds for local food; demand exceeds funds; look for additional funding; make grant funding available annually; change to winter application period
Katie Wied	Full Support: BLBW is great for economy and health of Wisconsin citizens
Phyllis Hasbrouch Fitchburg Fields	Full Support: BLBW presents important economic opportunities for WI farmers and communities. BLBW can address barriers in logistics of enhancing the local food movement
Mark Olson	Full Support: Look good as emergency rules and so the change makes no impact to me
Ann Thering	Full Support: Good for economy and health.
Faye Jones Midwest Organic and Sustainable Education Service	Full Support: Deep connection between strong local food systems and a vibrant economy. Farmers will benefit greatly from BLBW
Holly Petrillo University of Wisconsin-Stevens Point	Full Support: More money available in the future, more programs need to be funded
Erin Schneider Madison Area CSA Coalition	Full Support: Grant program provides crucial funds for local food; demand exceeds funds; look for additional funding; make grant funding available annually; change to winter application period

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<u>Name/Organization</u>	<u>Summary of Written Testimony</u>
Lynn Olson	
Williamson Street Grocery Cooperative	Suggestions: Increase visibility/awareness; change name because of confusion with Buy Fresh, Buy Local
Lynn Markham	Suggestions: Refine focus to sustainably grown products