



Senate Committee on Natural Resources and Energy
December 2, 2015
330 South West - State Capitol

Testimony on SB 340 by Senator Cowles

Thank you for the opportunity to testify today on SB 340 relating to recycling grants for local governments. I also want to thank Representative Tittl for his work on this issue. As part of the biennial budget process recycling grants to local governments and responsible units were cut \$4 million in the first year of the biennium in an attempt to maintain a structural balance in the environmental management account after a transfer of GPR debt service to the segregated account occurred as part of the budget deliberations.

Approximately 89% (2013-2015) and 90% (projected 2015-2017) of the funding for the environmental management account is received from solid waste tipping fees for most solid waste disposed in the state. Tipping fees are projected to generate \$47 million each year of the biennium.

To date, Wisconsin's recycling law is mandatory and local responsible units of government are required to deliver recycling services to residents. Without grant funding, responsible units may be forced to shift tax dollars from other local services to fund recycling and collection services or reduce the amount or frequency of services provided.

The cut to the recycling program grants to local governments was a one-time reduction from \$20 million to \$16 million in fiscal year 2015-2016. SB 340 would provide \$2.3 million in additional grant funding to the Department of Natural Resources in 2015-2016 to restore a portion of the cut. In an August memo, Fiscal Bureau outlined the anticipated available closing balance of the environmental management account on June 30, 2016 to be \$2,318,600. My office received an updated estimate of the environmental management account based on actual 2014-2015 revenues and expenditures on November 30, 2015. The account is now projected to have a \$3,483,900 available closing balance on June 30, 2016. Based on the new data, SB 340 could be amended to provide additional grant funding to local governments.



PAUL TITTL

STATE REPRESENTATIVE • 25TH ASSEMBLY DISTRICT

Senate Committee on Natural Resources and Energy
Senate Bill 340 Testimony
December 2, 2015

First of all, I would like to thank you, Chairman Cowles, Vice Chair Lasee, and committee members, for allowing me to testify before you today on Senate Bill 340.

The purpose of this bill is to increase the amount of grant funding available to the DNR for recycling grants to local governments by \$2.3 million or the majority of the available balance in the environmental management account at the end of fiscal year 2015-16.

We do not mean to undermine the Joint Finance Committee and the budget. In fact, if this bill passes, the account for the next biennium will have a structural balance of nearly \$1 million.

In addition, the estimated closing available balance of the Environment Management Account has increased, making the account even more fiscally sound.

As a former County Board Chairman and City Council President in Manitowoc County, I am familiar with the day-to-day operations and challenges local municipalities in WI face, and especially those in the 25th Assembly District. I know the positive impact this legislation would have.

I am not alone, as evidenced by the many supporters and co-sponsors of this bill. This is a common sense and fiscally sound solution that will help keep local services intact.

I am sure you will hear further testimony in support of the bill, so I will keep my remarks brief.

Thanks for giving me the opportunity to testify before you today. Senator Cowles and I would be happy to address any questions you may have.



Outagamie County Brief
December 2, 2015

To Senate Committee on Natural Resources and Energy
SENATE BILL 340 increase the appropriation by \$2.3M to Department of Natural Resources for providing grants to responsible units of local government

Thank you Senator and members of the committee, I would like to start with some Background information on our County

Outagamie County is the Responsible Unit of Government for 32 communities in Northeast Wisconsin. These responsibilities include collecting and processing recyclables along with the education and enforcement of all the State Mandated Landfill banned recyclable items for over 180,000 residents. Outagamie County is not only responsible for these tasks required by the state, but also operates one of the largest publicly owned single stream recycling facilities in the United States. We operate this facility on behalf of Brown, Outagamie and Winnebago Counties serving not only the 200 communities or 350,000 households, but also most of northeast Wisconsin communities. Since 2009, this facility has been a showcase operation teaching thousands of elementary through college level students about the process of recycling and recovering material from landfill disposal, as well as the importance of resource recovery in the State of Wisconsin. We reinforce the noble mission of the state of Wisconsin to preserve our natural resources for generations to come.

Our intergovernmental business model has been replicated by Portage, Shawano and Marathon Counties and more recently by the City of Milwaukee and Waukesha County.

The planned grant fund reductions are threatening the strength of our well respected example of a successful intergovernmental agreement, leading the State in environmental stewardship principles.

Grant funds have been deteriorating since 2008:

In 2008 Outagamie County Recycling & Solid Waste received close to \$1 Million dollars in grant funding to support the solid waste reduction, recovery and recycling law Chapter 287 of WI state statute passed in 1989. This law set the frame work to develop waste management structures within the state and encourage reduction, reuse and recycling of Wisconsin's solid waste. The law has been highly successful with a waste recovery rate that is now over 30%.

In conjunction with the state's mission, Outagamie County Recycling & Solid Waste has diverted and recovered over 21,000 semi loads of recyclables since 2009.

Currently the proposed recycling grants are now less than ½ of what they were in 2008. The amazing strides in resource recovery in Wisconsin and in Outagamie County are at risk and are not sustainable with the minimal grant funds planned for 2016.

Costs continue to rise in spite of LEAN initiatives over the years:

It should also be noted that Outagamie County Recycling & Solid Waste has implemented many LEAN government initiatives in an effort to reduce costs and continues on the mission of gaining efficiencies in government through continuous improvements.

Escalating curbside recycling collection costs account for almost \$1.8 Million of our program costs with the proposed grant funds covering less than 25% of these costs. These reductions in grant monies will further weaken our recycling infrastructure that we have taken pride in developing through our extended educational outreach and lean government initiatives.

Outagamie County gets a return of only .32 on the dollar:

Outagamie County Recycling & Solid Waste currently sends \$1.4 million dollars annually into the environmental management fund from our landfill fees. In 2016, we are projected to receive a mere \$450,000 back in recycling grant funding. That is .32/ cents on the dollar.

Outagamie County Recycling & Solid Waste has worked extensively to buffer our 32 communities against these continual reductions in state RU grant funds. It is of great concern for Outagamie County that further and repeated reductions will inevitably come at a tremendous cost burden to our communities through increased fees. Our residents have come to appreciate the level of recycling services offered in the past 20 years and this has created an environmentally conciseness culture in Northeast WI.

Additional Benefits that recycling efforts offer in Northeast Wisconsin:

Partnerships that create jobs:

Lastly I'd like to mention another notable benefit of our recycling program in Outagamie County; job creation. With our extensive curbside recycling collection program throughout the County, our waste hauler provides valuable jobs to drivers in the Fox Valley. In addition to curbside collection jobs, we also partner with Valley Packaging Industries, a non-profit organization, to supply labor for the recycling facility. This partnership has created over 60 jobs in Northeast Wisconsin. These jobs are significant and provide great value to our local economy. However the job creation does not stop there. We also play a key role in the Fox Valley paper mill industry by supplying valuable feedstock to local mills that rely on our material to generate their products. Our longstanding relationships with local paper mills are critical to the economy of Northeast WI in sustaining employment.

Recycling doesn't just save landfill space and provide environmental benefits- the positive economic impact is real and a very tangible benefit of recycling in the state and more specifically Northeast Wisconsin.

Outagamie County supports passage of Senate Bill 340 - thank you



MEMORANDUM

TO: Honorable Members of the Senate Natural Resources and Energy Committee

FROM: Daniel Bahr, Government Affairs Associate

DATE: December 2, 2015

SUBJECT: Support Senate Bill 340

The Wisconsin Counties Association (WCA) supports Senate Bill 340, which increases recycling grants to local governments by \$2.3 million for state fiscal year 2016. This legislation would help alleviate some of the financial stress placed on local recycling programs following the \$4 million reduction in local recycling grants in the 2015-17 state budget (2015 Wisconsin Act 55).

In recent years, the state has made significant cuts to the local recycling grant program. In fact, five years ago the program was funded at \$32 million annually, compared to \$15 million in fiscal year 2016. At the current grant level, less than 18 percent of responsible unit recycling program costs are covered. In an era of strict property tax limits and anemic revenue growth locally, counties are increasingly challenged in identifying the resources necessary to continue strong local recycling programs.

Continued state support for local recycling programs is critical to the Wisconsin economy. The recycling grant program helps keep the cost of collecting and transporting recyclables from households to processors and manufacturers affordable. According to a 2011 study from the Department of Natural Resources, the positive economic impact of recycling in Wisconsin is over \$6 billion. When recycling is done effectively and efficiently, the entire state benefits from job creation and preservation of the state's natural resources.

WCA respectfully requests that the Committee support Senate Bill 340.

Please feel free to contact WCA if you need additional information.



A non-profit association that provides statewide proactive leadership on waste reduction and recycling through education, advocacy, collaboration, programs and services.

Leaders in Resource Renewal

December 2, 2015

To: Chairperson Rob Cowles
Members of the Senate Natural Resources and Energy Committee

From: Meleesa Johnson, President-Associated Recyclers of Wisconsin (AROW)

In support of SB 340. Restoring critical funding to local recycling programs

On behalf of AROW members, from across the state of Wisconsin, I would like to first express my sincere gratitude to Sen. Cowles and the co-sponsors of SB340. Thank you.

- Wisconsin’s recycling law is implemented at the local level by Responsible Units of Recycling (RUs). Each RU is expected to have an Effective Recycling Program, ensuring that residents have access to recycling services. Education and enforcement are requirements of an effective program.
- A primary expense for RUs is the cost of collecting recyclables, along with the cost of providing education and enforcement. 2015 estimate of RU expenses is \$115 million.
- While recyclable materials have value to manufacturers in Wisconsin and around the globe, there are costs along the “recycling infrastructure” that are not completely off-set by the value of the recyclable materials. Managing recyclables is not ‘free,’ just like managing trash collection is not free (nor do we expect it to be so).
- As a means of managing the costs of local programs, the \$7 per ton Recycling Fee is assessed at landfills and redistributed back to RUs via the DNR Basic Recycling Grant. Below shows the past six years of fee collection & grant redistribution.

Fiscal Year	Recycling Fee Collected (in millions)	Recycling Grants (in millions)	Consolidation Grants (in millions)
2015/2016*	\$ 33.0	\$ 15.0	\$ 1.0
2014/2015	\$ 34.5	\$ 19.0	\$ 1.0
2013/2014	\$ 33.0	\$ 19.0	\$ 1.0
2012/2013	\$ 34.2	\$ 19.0	\$ 1.0
2011/2012	\$ 36.3	\$ 19.0	\$ 1.0
2010/2011	\$ 35.3	\$ 32.0	\$ 1.5
* Projected			

- As a result of the reduction in grant dollars, RUs have been forced to curtail some recycling programs, reduce or eliminate enforcement efforts and shift levy dollars from other local services to recycling. There is a direct correlation between education and quality and quantity of recyclable materials.

2016 \$4 Million Funding Cut Impacts to AROW members:

- Dunn, County of: Small reserves available to off-set \$26,000 loss in grant funding. Solid waste service fees will increase.
- Eau Claire, County of: No reserves to off-set \$83,000 loss in grant funding. Programs will be cut:
 - No brush, leaves, grass & other yard debris collection (one employee laid off).
 - Cut service for Clean Sweeps by half.
 - Will not purchase 2 new recycling roll-off containers to replace those that are 26+ years old.
 - Suspend production & distribution of the Recycling Newsletter, the primary educational document, which goes out to every resident.

- Milwaukee, City of: In order to not increase levy, solid waste fees will be increased \$2.53 to off-set \$433,401 loss of grant funding.
- Racine, City of: To off-set a \$63,000 loss of grant funding, city is considering raising assessments per parcel between \$27 and \$46 per parcel.
- Watertown, City of: Increasing fees to users of solid waste system by \$2.30 per month to make up loss of nearly \$18,000 in grant funding. May impact level of other solid waste services.
- Waupaca, County of: Special assessments will be increased to off-set \$32,477 loss of grant funding. Additional increases includes:
 - Increase the solid waste tipping fee from \$67 to \$72 per ton, which will allow up to transfer part of staffing costs once covered under the recycling grant.
 - Cut facility scale-attendant position from full to part-time with the remainder half covered in-house by facility supervisor and recycling coordinator.
 - Cut education & enforcement funding by one-third.
 - Increase user fees for tire and appliance recycling.
 - Request a one-time fund balance be applied from the County's general fund.

The additional grant funding support, under SB 340, will provide RUs critical funding to better meet recycling expenses, reinvigorate important education programs and reduce the burden to local levies. Again, thank you for your time and consideration.



About the Associated Recyclers of Wisconsin (AROW)

Founded in 1990, AROW is a 501(c)(3) association representing Wisconsin's recycling, waste reduction and sustainability professionals with members from local government, businesses and non-profit groups. The organization provides leadership through education, advocacy, and collaboration and promotes effective, efficient and sustainable material recovery initiatives. For details on AROW, its positions and programs visit www.arow-online.org.

The Recycling Supply Chain

Manufacturer makes new recycled content jug for milk



Consumer buys a jug of milk



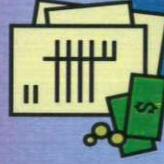
Empty jug goes in recycle bin at curb



Local gov. coordinates collection of empty jug



Cost of collection is borne by local gov. and residents



State provides local gov. financial assistance to off-set cost of service

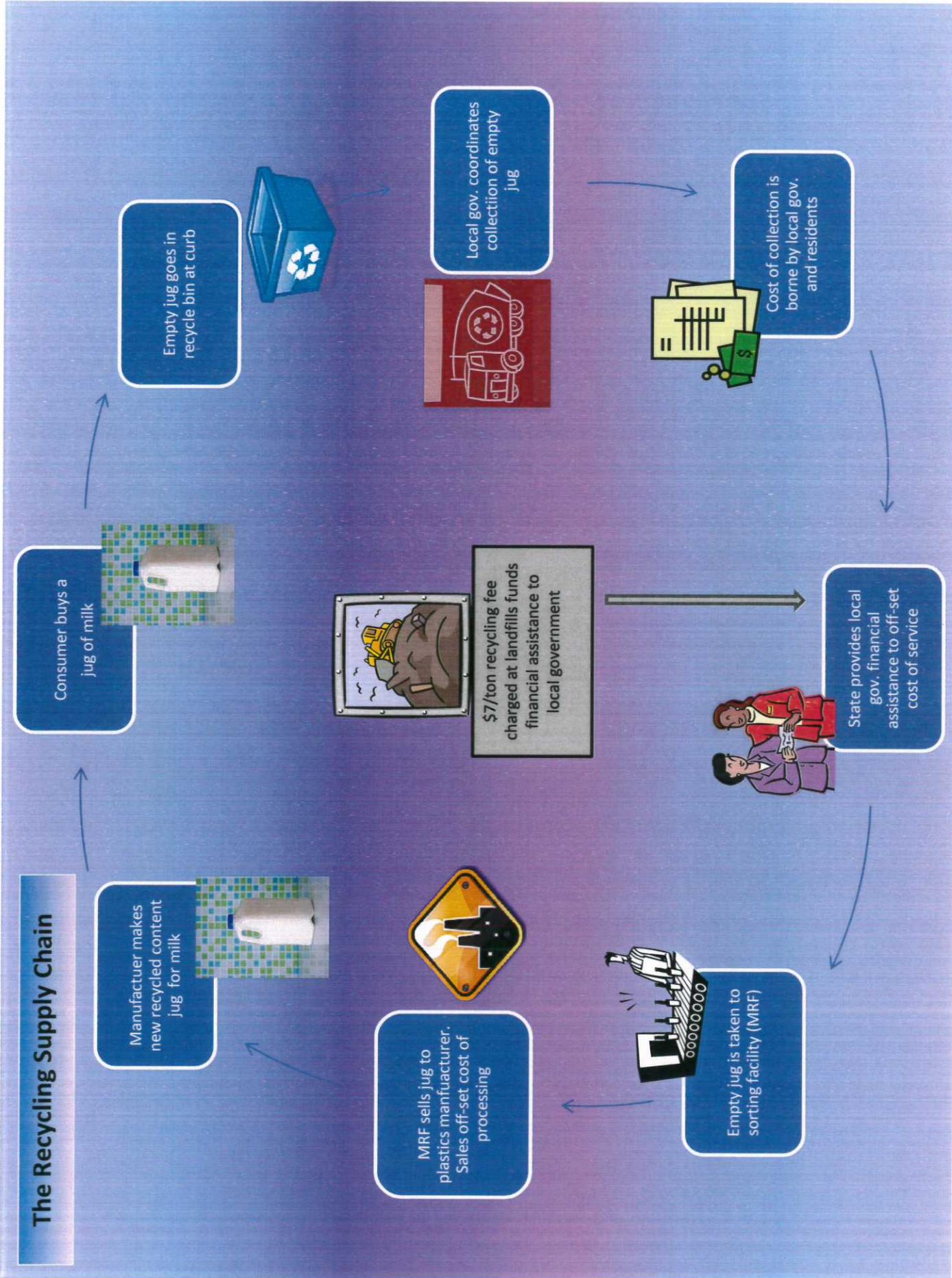


\$7/ton recycling fee charged at landfills funds financial assistance to local government



MRF sells jug to plastics manufacturer. Sales off-set cost of processing

Empty jug is taken to sorting facility (MRF)





December 2, 2015

Senate Natural Resources and Energy Committee
Hearing: December 2, 2015

RE: National Waste & Recycling Association (NWRA)
Supports Recycling Grants bill: SB-340.

The Wisconsin Chapter of the National Waste & Recycling Association strongly supports Senate Bill 340 to restore \$2.3 million of recycling grant funding local units of government. The National Waste & Recycling Association is a trade association representing for-profit companies that provide solid, hazardous and medical waste collection, recycling and disposal services nationwide, including municipalities across Wisconsin that will be adversely impacted by the cuts made to recycling grant funding in the 2016 budget.

NWRA gladly supports the efforts of the Associated Recyclers of Wisconsin (AROW), League of Wisconsin Municipalities, and Wisconsin Counties Association (WCA) to restore \$2.3 million of the recycling grant funding budget that was cut in 2015 Act 55. As our clients, colleagues and communities, we understand the impact that cuts to recycling grant funding can have on our local communities. Under Wisconsin Recycling Law, local, responsible units (RU) are mandated to provide Effective Recycling Programs for its residents; however, budget cuts and use of the Environmental Management Fund for non-recycling purposes have stripped RUs from the funding required to provide effective recycling services. A recent Legislative Fiscal Bureau evaluation of the Environmental Management Fund estimated a positive balance of \$2.318 million at the end of fiscal year 2016. Senate Bill 340 provides that this positive balance be used to offset a portion of the cuts made to the recycling grant funding, providing RUs with a greater opportunity to provide its citizens with effective recycling services they demand.

The National Waste & Recycling Association applauds the efforts of Senator Robert Cowles and Representative Paul Tittl in their efforts to restore \$2.3 million to recycling grant funding for our local communities. We ask that the Senate Natural Resources and Energy Committee support passage of Senate Bill 340.

Chad M. Lawler
On Behalf of the National Waste & Recycling Association
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WASTE MANAGEMENT

W132 N10487 Grant Drive
Germantown, Wisconsin 53022

December 2, 2015

TO: Chairman Rob Cowles and Members of the
Senate Natural Resources and Energy Committee

FROM: Lynn Morgan and Greg Hubbard

IN FAVOR OF SB 340, RESTORING MUNICIPAL RECYCLING GRANTS

Since passage of Wisconsin's recycling law in 1990, recycling has quietly become one of the most successful environmental initiatives in our state's history:

- ***Recycling has changed everyday life in our state.*** An estimated 93% of Wisconsin families¹, and hundreds of thousands of state businesses, schools and institutions, routinely recycle.
- ***Recycling has created jobs and drawn investment.*** Waste Management alone has invested more than \$60 million in Wisconsin's recycling infrastructure, including a \$24 million plant in Germantown that is one of the nation's premier recycling facilities.
- ***Recycling is more important than ever to our state's environment.*** We expected recycling to preserve natural resources and landfill space, and it has. We didn't know that recycling would also promote cleaner air by providing manufacturing feedstocks without the energy "burn" of harvesting virgin feedstocks. Wisconsin's recycling effort is the equivalent of taking 470,000 cars off the road when it comes to greenhouse gas emissions, DNR estimates².

Despite these successes, our state invests less in recycling today than it did 30 years ago. The state provided \$29.2 million in recycling grants in 1995, but only \$16 million in FY 2016. When you consider that a dollar is worth about 44% less today than in 1995, the total actual value of today's grants is a scant 36% of 1995 grants. Unstable state funding, coupled with cyclical commodity markets, undermine investment in growth and innovation.

SB 340 is an opportunity to partially restore the state's investment in a recycling program that's delivering proven economic and environmental benefits to our entire state. Thank you for considering supporting this measure.

¹2011 Household Recycling Survey Summary, Wisconsin DNR Publication WA-1611,
<http://dnr.wi.gov/files/PDF/pubs/wa/wa1611.pdf>

²2014 GreenHouse Gas Emission Reductions by Recycling vs. Landfilling, Wisconsin DNR,
<http://dnr.wi.gov/topic/Recycling/documents/ghgemissions.pdf>



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To: Senate Committee on Natural Resources and Energy
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: December 2, 2015
Re: SB 340, Restoring Funding to Recycling Grant Program

The League of Wisconsin Municipalities strongly supports SB 340, restoring \$2.3 million to the recycling grant program in 2016. The state budget, Act 55, cut the program from \$19 million to \$15 million for 2016. SB 340 bumps up the funding level for the program to \$17.3 million in 2016. Under the budget, funding for the program is be fully restored to \$19 million in 2017.

We support SB 340 for the following reasons:

- The \$4 million cut of nearly twenty-two percent (22%) falls on top of a forty percent (40%) reduction in 2011 when the program was cut from \$32 million to \$19 million. The result is a cumulative reduction of over 50% in just 5 years' time. These cuts pose a risk to municipal recycling programs across the state. Even at the current annual funding level of \$19 million, the grants cover only 17.5% of responsible unit recycling program costs.
- The recycling grant program helps keep the cost of collecting and transporting recyclables affordable. Wisconsinites are avid recyclers with more than 85% in support of the state laws governing recycling (DNR 2011). Continued strong public support underscores the importance of maintaining state investment in local recycling programs.
- The source of funding for the recycling grant program is not general purpose revenue, but rather is the tipping fee assessed at Wisconsin landfills. Users of landfills, including municipalities and counties, pay nearly a \$13 per ton fee for every ton landfilled, \$9.64 of which is deposited into the Environmental Management Account. According to the Legislative Fiscal Bureau "approximately 88% of revenue to the Environmental Management Account is...received from solid waste tipping fees" (LFB 2015). Many communities are already paying more in tipping fees than they are receiving in recycling grants. The \$4 million cut makes a difficult financial picture more challenging.
- According to a May 5, 2015 LFB memo to the Joint Committee on Finance, it is anticipated the June 30, 2017, closing balance of the Environmental Management Account will be approximately \$4.6 million. For that reason, the LFB said "the Committee could consider restoring some, but not all, of the expenditure reductions made under the budget bill."

Adequate funds exist in the Environmental Management Account to restore \$2.3 million to the recycling grant program and ease the hit on local recycling programs in 2016 as SB 340 provides. We urge you to recommend passage of SB 340. Thanks for considering our comments.

YOUR VOICE. YOUR WISCONSIN.



**Testimony of Amber Meyer Smith, Director of Programs and Government Relations
Senate Bill 340
Senate Natural Resources and Energy Committee
December 2, 2015**

Clean Wisconsin is a non-profit environmental advocacy group focused on clean water, clean air and clean energy issues. We were founded forty five years ago as Wisconsin's Environmental Decade and have 20,000 members and supporters around the state.

We greatly appreciate Senate Bill 340 and the work of Senator Cowles to restore funding for the recycling program. A whole generation has grown up learning the recycling ethic, and with 90% of Wisconsinites supporting recycling, there are few more popular programs in our state. Our law has been wildly successful in keeping waste out of landfills, driving economic development and protecting public health by keeping pollutants out of our water. Recycling keeps almost 1.7 million tons of material out of Wisconsin landfills and incinerators each year – enough to fill five average-sized landfills since 1990.

With the popularity and success Wisconsin has achieved through recycling, the 53% funding cut to the program in the last four years has been troubling, and has jeopardized Wisconsin's status as a national leader in recycling efforts. In addition to sustaining a \$13 million cut in 2011, the additional \$4 million cut in this budget is having an impact. A key component of any successful recycling program is convenience, and the cuts to the program have left many Wisconsinites with less curbside pickup, reduced hours at recycling drop off locations, cuts to services or higher fees. When recycling options are less convenient, we risk more dumping of potentially toxic materials into landfills, or even worse – into our forests, fields and waterways.

Recycling cuts also have some industries concerned about what it may mean for the future of the recycled material they have come to rely on as feedstock for product manufacturing. In Wisconsin, several paper mills and foundries providing thousands of family supporting jobs rely on a steady waste stream for their recycled content products.

By restoring at least \$2.3 million of the cuts as SB 340 does, you can start to reverse this troubling trend, and send a message that recycling is a priority for Wisconsin again. We ask you to support Senate Bill 340.



Department of Public Works

Ghassan Korban
Commissioner of Public Works

Preston D. Cole
Director of Operations

**Senate Committee on Natural Resources and Energy
December 2, 2015 Public Hearing**

**City of Milwaukee Support of Senate Bill 340:
Recycling Grants for Local Governments**

The City of Milwaukee supports 2015 Senate Bill 340 (SB340 and AB515). As you are aware, the State of Wisconsin requires local governments to coordinate the provision of residential recycling and yard waste recovery services and to conduct education, enforcement and assistance to reduce waste and recover resources. Since the costs are born at the local level while resource recovery accrues benefits broadly to the state's environment and economy, the State of Wisconsin provides recycling aid to offset a portion of the local costs. This is wise policy that we support.

The 2015 Act 55 budget bill reduced the State's recycling cost-share to local governments to \$15 million for FY2016, a 21% cut over 2015 and a cumulative 53% cut (\$17.1 mil.) over just 5 years' time compared to the allocated FY2011 budget of \$32,098,100. For the City of Milwaukee, this has translated to a one year cut of about \$456,000 with a 2016 cost-share award currently projected to come in \$1,955,000 less than it was 5 years ago. We urge you to pass SB340 as it would lessen that blow to all local governments statewide to a 9% reduction over 2015 (\$1.7 million) and a 46% 5-year reduction (\$14.8 mil.).

Over the course of just a few budget cycles, the State's contributed share of the cost of local recycling and yard waste services has declined dramatically. In 2008, the State cost-share awards covered 33% of net eligible recycling and yard waste costs. By 2015, it dropped to an estimated 17% and then to an estimated 13% for 2016 based on the adopted budget bill. The steep decline in state aid has come without any corresponding decline in the Recycling Fee collected by the State on solid waste tons disposed in landfills. The Legislative Fiscal Bureau projected the \$7/ton Recycling Fee to generate over \$34 million in each year of the biennial budget, an increase over the past two years.

We ask your support of SB340 now and encourage future measures to use the SEG Recycling Fee revenues to restore the substantial cuts that local governments have endured over the past five years while paying the same per ton landfill tipping fees to the State.

For more information, please contact:

Rick Meyers, Resource Recovery Manager, City of Milwaukee Department of Public Works, (414) 286-2334 or rick.meyers@milwaukee.gov