

June 1, 2001

Joint Committee on Finance

Paper #955

Agricultural Stewardship Initiative (UW System)

[LFB 2001-03 Budget Summary: Page 687, #15]

CURRENT LAW

In 2000-01, the adjusted base budget for the UW System totals approximately \$3,054 million, of which \$1,015 million or 33.2% is funded from state, general purpose revenues. Approximately 81% of the University's GPR adjusted base budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.3 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes.

GOVERNOR

Provide \$1,812,400 GPR and 2.0 GPR positions starting in 2002-03 to implement the Wisconsin agricultural stewardship initiative at UW-Platteville's Pioneer Prairie Farm.

DISCUSSION POINTS

1. The Wisconsin agricultural stewardship initiative (WASI) at UW-Platteville is intended to improve learning and research associated with agriculture in Wisconsin. WASI would be a collaborative, research-oriented effort among farmers, university researchers, agricultural and environmental organizations and government agencies, including the Department of Agriculture,

Trade and Consumer Protection (DATCP) and Department of Natural Resources (DNR), to develop an approach to production agriculture that results in environmentally compatible and economically sustainable farms. The initiative would have three components: the Pioneer Agricultural Stewardship Farm at UW-Platteville; Discovery Farms, a network of private commercial farms where applied research and demonstration projects would take place; and basic research projects done at various UW campuses, including UW-Madison.

2. According to DATCP, WASI was developed in order to address environmental issues, such as water and air quality, and economic challenges facing Wisconsin farmers. WASI would help farmers through research and education in order to ensure that agriculture is economically viable and compatible with the environment. The applied research and educational model utilized by WASI would address some of the gaps that currently exist within traditional agricultural research along with a need for coordinating and focusing research efforts to address environmental and economic issues, while providing a better way to transfer the results of the research directly to farmers.

3. Under the WASI plan, the UW-Platteville Pioneer Farm would become the center of a network of collaborating commercial farms. Basic research would be conducted by UW System research farms at UW-River Falls, UW-Madison and UW-Platteville, then brought together and researched as systems at the Pioneer Farm. Results from the UW System farms would be further tested or applied and examined through implementation on Discovery Farms. These new elements would join the existing system of agriculture research and education offered through UW-Extension. Together the components would be intended to demonstrate an environmentally compatible approach to farming and serve as a model for producers.

4. The UW-Platteville Pioneer Farm component would use integrated system research methods to focus on profitable and practical application of management practices deemed feasible through basic research. The research conducted at Pioneer farm would evaluate how changes in one aspect of a farm system affect other parts of the management system and the environment. The integrated systems research approach would identify how agricultural policy impacts profitability, the environment and the feasibility of implementing changes to improve farm management. Currently, Pioneer Farm is an open laboratory for the school of agriculture and provides demonstration areas for animal science, agronomy, horticulture, engineering and agribusiness programs at UW-Platteville. In order to accommodate the new integrated systems approach to research and education at Pioneer Farm, UW-Platteville would need to make physical changes including new monitoring equipment for air, water, soil, plants, crops and animals as well as organizational changes in the curriculum and research focus.

5. As part of the 2001-03 building program, four projects at UW-Platteville and two projects at UW-Madison relating to WASI totaling \$7.5 million would be enumerated. Funding for these projects would include \$3.2 million of general fund supported borrowing, \$1.6 million of program revenue supported borrowing, \$1 million of stewardship borrowing, \$0.9 million of gifts and grants funding and \$0.8 million of agency funds.

6. WASI would also require development of a communication and information exchange network based at Pioneer Farms that integrates and expands upon the current communication network. The integrated systems approach to applied research would require expanded information sharing with and among producers, scientists, regulators and other interested parties. The research and communications aspects of WASI would be both multi-disciplinary and interdisciplinary with UW-Extension, UW-Madison, UW-Platteville, UW-River Falls and UW-Stevens Point as key sites for information exchange.

7. The Discovery Farm component would be closely connected to Pioneer Farm through the proposed information exchange network and outreach and education conducted by UW-Extension agents. Discovery Farms would be used to help demonstrate the adoptability of practices and systems, evaluate them for practicality and adapt them for specific operational styles. Discovery Farms would be used to test the concepts refined at the Pioneer Farm and other UW System agricultural research facilities. Operators of Discovery Farms would use their expertise obtained through applied research and serve as liaisons to other farmers by holding demonstrations of new technology, management and environmental practices.

8. Currently, grants from the USDA and Wisconsin Milk Marketing Board through UW-Extension have been used to establish 10 pilot Discovery Farm participants. Participants receive a stipend of \$5,000 per year to help pay for their time devoted to implementing new ideas and providing research data to the University. Ultimately, the Discovery Farms network would consist of between 20-30 farms representing the variety of geographic, size, enterprise type and management diversity of farms in Wisconsin.

9. To date, state and federal agencies have committed more than \$13 million in in-kind and grant contributions toward WASI. Contributors include UW-Platteville, UW-Extension, UW-River Falls, USDA, Fertilizer Research Council, Wisconsin Milk Marketing Board, DATCP, DNR and other private research grants. More than \$3.7 million has been allocated for research and \$7.8 million for research facilities and capital. In-kind contributions from other agencies include funding for Discovery Farms through UW-Extension, funding for Pioneer Farm and WASI related research at UW-Platteville, agency support from DATCP, and monitoring and technical assistance from DNR. In-kind contributions are funded through agency grants and base reallocations, and include allocating employees from UW-Extension and UW-Platteville who work exclusively on WASI research and coordination.

10. The budget bill would provide \$1,812,400 GPR in 2002-03 to implement the Pioneer Farm and Discovery Farm components of WASI. Funding for UW-Platteville and the Pioneer Farm would total \$1,290,400, and \$522,000 would be allocated to UW-Extension for the Discovery Farms, outreach, and research coordination. The funds provided for Pioneer Farms would be allocated for the following purposes: \$62,900 salary and fringe for 1.0 faculty/coordinator position at Pioneer Farm; \$1,052,100 one-time set-up funds for the Pioneer Farm, including investments in monitoring and communications equipment; and \$175,400 for partial funding of operational costs for WASI-related items at Pioneer Farm. The proposed funds for UW-Extension would be allocated as follows: \$53,200 salary and fringe for 1.0 faculty/coordinator position;

\$10,000 for permanent property costs; \$208,800 for operational expenses, including employee travel, educational materials, stipends for Discovery Farm participants and data collection expenses; and \$250,000 for grants available for agro-environmental research.

11. The bill would provide \$175,400 for UW-Platteville's expenses and \$208,800 for UW-Extension expenses. According to DATCP, which submitted the original budget request, this would provide partial funding for supplies and expense funds for UW-Platteville to be used for general farm equipment, analysis tools used in research and to help pay for student research and data analysis. UW-Extension would use the funds for travel, educational materials, stipends for Discovery Farm participants and data collection expenses.

12. Other UW-System WASI participants, including UW-River Falls and UW-Madison, would utilize research currently underway and continue to fund research-related costs through base funds and grants. To be consistent, the Committee could reduce funding \$384,200 GPR in 2002-03 for supplies and expenses related to WASI at UW-Platteville and UW-Extension and require them to fund supplies through base funding reallocations or grants. However, according to DOA and DATCP, these campuses would have additional operational expenses directly attributable to WASI. UW-Platteville would need to restructure many of the research activities currently underway at Pioneer Farm to accommodate WASI's goal of an integrated agro-environmental research component, and UW-Extension would need to fund farmer and data collection support for Discovery Farms.

13. Of the \$1,052,100 provided in the Governor's budget proposal for permanent property related to establishing WASI at Pioneer Farm, \$393,000 would be used for research and monitoring equipment and \$669,100 would be used to develop a communication and information exchange network between Pioneer Farm, UW-Platteville, UW-Extension, UW-Madison, UW-Platteville, UW-River Falls and UW-Stevens Point, integrating and expanding upon the current communications network. Approximately \$500,000 would be used to connect Pioneer Farm to UW-Platteville through fiber-optic cable that would enable the farm to share information with and among producers, scientists, regulators and other interested parties. According to UW-Platteville, the current communications infrastructure is unable to handle the amount or type of data transfers that would be needed for research at the farm.

14. The budget would provide \$250,000 to UW-Extension for competitive grant funds for agro-environmental research. DATCP had originally requested \$1,000,000 to fund grants over the biennium, \$250,000 in 2001-02 and \$750,000 in 2002-03. These grant funds would be awarded for research proposals that meet farmer-identified agro-environmental basic research needs in the state. In its agency request, DATCP stated that state funding for research grants would supplement current grant funding received by the UW System through USDA for a variety of agro-environmental research projects that benefit WASI. As an alternative, the Committee could decide to eliminate GPR funding for grants altogether given the potential of private and federal grants.

15. In order to implement WASI starting in 2001-02, the Committee could provide \$1,812,400 and 2.0 positions in 2001-02 and delete \$1,312,100 in 2002-03. Funding in 2001-02

would be used to set-up and fund first year operational costs for WASI. Remaining funding in 2002-03 would fund the positions and provide funding for ongoing costs including \$238,300 for Pioneer Farm at UW-Platteville and \$262,000 for UW-Extension.

ALTERNATIVES TO BILL

1. Approve Governor's recommendation to provide \$1,812,400 and 2.0 positions starting in 2002-03 to implement the Wisconsin agricultural stewardship initiative.

2. Modify the Governor's recommendation as follows:

a. Delete \$384,200 in 2002-03 for supplies and expenses related to the Wisconsin agriculture stewardship initiative at UW-Platteville and UW-Extension. Supplies and expenses would need to be funded with private and federal grants or base reallocations.

Alternative 2a	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$384,200

b. Delete \$250,000 in 2002-03 from UW-Extension that would be used for competitive grants for agro-environmental research.

Alternative 2b	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$250,000

3. Modify the Governor's recommendation to provide \$1,812,400 and 2.0 positions in 2001-02 and reduce funding by \$1,312,100 in 2002-03. Funding in 2001-02 would be used to setup and fund first year operational costs for the Wisconsin Agriculture Stewardship Initiative. Remaining funding of \$500,300 in 2002-03 would fund the positions and continue first year funding of a portion of operating costs.

Alternative 3	GPR
2001-03 FUNDING (Change to Bill)	\$500,300

4. Maintain current law.

Alternative 4	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,812,400
2002-03 POSITIONS (Change to Bill)	- 2.00

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