



Legislative Fiscal Bureau

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2017

Joint Committee on Finance

Paper #147

County Conservation Staffing (Agriculture, Trade and Consumer Protection)

[LFB 2017-19 Budget Summary: Page 58, #1 (part)]

CURRENT LAW

Since 1987, the Department of Agriculture, Trade and Consumer Protection (DATCP) has disbursed state funds to county land conservation committees to support land and water conservation activities across the state. Counties use grants to implement their land and water resource management plans and to attain compliance with state standards for water quality and soil erosion. Funding supports county staff engaged in land and water conservation activities and implementation or construction of conservation practices to prevent soil erosion or limit runoff of nutrients or pollutants into waters of the state.

Grants to counties for conservation staff are provided on a reimbursement basis, and are generally intended to provide for 100% funding of a county's first position, 70% of a second position, and 50% for each thereafter, with counties providing the difference. During the 2017 allocation, DATCP fully funded first positions in every county, and approximately 46% of second positions. No funding for third positions has been allocated since 2010. In 2016, the most recent year for which counties have reported staffing levels and use of grant awards, DATCP allocated \$8.7 million in awards to support 112.35 full-time equivalent positions, of a total 353.24 positions reported by counties. Other funding for positions typically comes from county governments or other private or governmental grants. Conservation staffing grants are funded by DATCP with a general purpose revenue (GPR) appropriation, and an appropriation from the nonpoint account of the segregated (SEG) environmental fund.

GOVERNOR

As a standard budget adjustment, delete \$675,000 nonpoint SEG each year to remove amounts budgeted as one-time funding during the 2015-17 biennium. County staffing grants would be budgeted \$3,027,200 GPR and \$5,036,900 nonpoint SEG annually during the 2017-19

biennium.

DISCUSSION

1. The table shows recent DATCP conservation staffing grant funding by fund source. GPR funding has generally declined over time, being partially replaced by nonpoint SEG. The following nonpoint SEG amounts have been provided on a one-time basis: (a) \$998,600 in 2013-14; (b) \$815,900 in 2014-15; and (c) \$675,000 annually in the 2015-17 biennium. Additional nonpoint SEG funding for staffing grants and other purposes has been offset by occasional transfers. The transfers are discussed in greater detail in Legislative Fiscal Bureau paper #477.

DATCP County Conservation Staffing Grant Funding

<u>Fiscal Year</u>	<u>GPR</u>	<u>SEG</u>	<u>Total</u>
2005-06	\$5,081,900	\$4,225,100	\$9,307,000
2006-07	5,081,900	4,225,100	9,307,000
2007-08	5,081,900	4,225,100	9,307,000
2008-09	5,081,900	4,225,100	9,307,000
2009-10	4,270,100	5,036,900	9,307,000
2010-11	4,270,100	5,036,900	9,307,000
2011-12	3,843,100*	5,036,900	8,880,000
2012-13	3,843,100*	5,036,900	8,880,000
2013-14	2,844,500	6,035,500	8,880,000
2014-15	3,027,200	5,852,800	8,880,000
2015-16	3,027,200	5,711,900	8,739,100
2016-17	3,027,200	5,711,900	8,739,100
2017-18 (Bill)	3,027,200	5,036,900	8,064,100
2018-19 (Bill)	3,027,200	5,036,900	8,064,100

*Amounts were further reduced by \$1,100,400 GPR in 2011-12 and \$280,400 GPR in 2012-13 to meet lapse requirements of the agency under 2011 Act 32.

2. Total expenditures for county staffing grants remained at \$9.3 million from 2005-06 through 2010-11. GPR reductions established base funding at \$8.88 million starting in 2011-12 and at \$8,064,100 beginning in 2014-15, including \$3,027,200 GPR annually and \$5,036,900 nonpoint SEG annually. If no change is made to the bill, available county staffing grant funding in the 2017-19 biennium will be \$8,064,100 annually, due to removal of \$675,000 SEG annually provided as one-time funding in the 2015-17 biennium.

3. DATCP and counties have argued preserving funding for county staffing grants retains continuity in personnel that provide landowners with expertise and technical assistance. In the event a landowner is not in compliance with state soil and water conservation standards, the landowner may be more willing to request help from county staff with whom the person has a long-term working relationship. County staff also often assist landowners in arranging for other state and federal cost-share funding including: (a) the Conservation Reserve Enhancement Program, which provides landowners with federal rental payments for land retired from production, as well as state-

funded cost-sharing to establish cover vegetation to prevent soil loss; and (b) the federal Environmental Quality Incentives Program, which provides cost-sharing to landowners for establishing best management practices.

4. Current law allows for arrangements under which entities with wastewater discharge permits covering phosphorus content in discharges can meet permit requirements by providing funding to reduce phosphorus discharges elsewhere in their area of discharge. Known as adaptive management, these arrangements are intended to reduce nonpoint source pollution, often at agricultural operations, more cost effectively than capital improvements at a point source. The Department of Natural Resources (DNR) reports there are currently 17 adaptive management projects across the state. It should be noted that the adaptive management program does not require a certain amount of funding, or that funds be provided to a county conservation department, although many point sources do work with county conservation departments. Costs are project-specific, and as a result, DNR is unable to provide an estimate of funds received by counties for adaptive management activities. Given the small number of projects and limited availability of funds, it is assumed adaptive management projects will have a minimal impact on funds available for county conservation staff during the 2017-19 biennium.

5. In February, 2017, the Environmental Protection Agency approved Wisconsin's application for a statewide multi-discharger phosphorus variance (MDV) for point sources. Established by 2013 Act 387, the MDV would allow permitted point sources to make payments to county conservation programs of \$50 per pound of phosphorus by which the point source exceeded its required phosphorus limits in the previous year. Similar to adaptive management, the resulting payments would be used to reduce phosphorus runoff at nonpoint sources in the area. However, dischargers would still be required to make incremental improvements, with phosphorus limits phasing in over time. Counties would be allowed to allocate some payments to staffing costs, but at least 65% of payments would have to be allocated to cost-sharing grants to install runoff management practices at agricultural operations. DNR reports that the first funding under the MDV would be available in 2018. Funding availability depends on the amount of excess phosphorus discharged and how many point sources and counties participate. As a result, DNR is unable to estimate future payments to conservation departments at this time.

6. It could be argued that reductions in county staffing grant funding under the Governor's bill are appropriate, given the opportunity for funding under adaptive management and the newly instituted MDV. However, MDV payments may have a limited impact on county staffing funding, given that they will not be available until 2018, and only 35% of funds may go towards staff. It is unclear how much counties would receive for adaptive management activities, and it is assumed future payments will have a limited impact on staff funding. In each case, funding would be dependent on siting of point source dischargers in a given area. Further, some would argue that 2013 Act 387 was not intended to replace state funding for county conservation departments, but rather supplement it. It may be that additional funding will be necessary to mitigate phosphorus discharges under the MDV, and any reductions from current funding levels may slow the attainment of water quality standards for phosphorus.

7. Under the bill, it is expected the nonpoint account of the environmental fund would

have authorized expenditures that exceed anticipated revenues by approximately \$1.6 million in 2017-18 and \$1.9 million in 2018-19. However, the nonpoint account would have sufficient fund balances to support authorized expenditures through the end of the biennium, as the account is expected to have available (unencumbered) balances of \$6.6 million as of June 30, 2017, and \$3.1 million as of June 30, 2019, under the bill. Given declining fund balances in the nonpoint account, the Committee could consider providing GPR for county staffing grants, in lieu of SEG. The Committee could also consider a number of other changes to nonpoint account funding, as discussed in Legislative Fiscal Bureau paper #477.

8. Given the potential for revenues from adaptive management and the multi-discharger variance, the Committee could consider maintaining current funding of \$3,027,200 GPR and \$5,036,900 SEG annually during the 2017-19 biennium, as in the Governor's proposal [Alternative 1].

9. The Committee could also consider providing \$675,000 SEG annually, to maintain funding consistent with the previous biennium [Alternative 2]. Given a number of constituents at the Committee's public hearings on the 2017-19 budget bill testifying in support of restoration of county staffing funding to its peak of \$9.3 million annually, the Committee could consider increasing funding by \$1,242,900 SEG annually [Alternative 3a] or a mix of \$300,000 GPR annually and \$942,900 SEG annually [Alternative 3b].

10. Additional nonpoint SEG expenditures of up to \$2.5 million under Alternatives 2 or 3 could be supported in the 2017-19 biennium by available balances in the nonpoint account. However, these amounts would exhaust available balances if provided as base funding for future biennia. The Committee could consider specifying that funding under Alternatives 2 or 3 be one-time during the 2017-19 biennium [Alternative 4].

ALTERNATIVES

1. Adopt the standard budget adjustment to delete \$675,000 nonpoint SEG each year that was budgeted as one-time funding during the 2015-17 biennium. This would provide \$3,027,200 GPR and \$5,036,900 SEG annually during the 2017-19 biennium for county staffing grants.

ALT 1	Change to	
	Base	Bill
SEG	-\$1,350,000	\$0

2. Provide additional funding of \$675,000 nonpoint SEG annually. This would provide \$3,027,200 GPR and \$5,711,900 SEG annually during the 2017-19 biennium for county staffing grants, equal to amounts appropriated in the 2015-17 biennium.

ALT 2	Change to	
	Base	Bill
SEG	\$0	\$1,350,000

3. Provide additional funding of \$1,242,900 annually, for a total of \$9,307,000 each year for county staffing grants, consisting of one of the following:

a. \$1,242,900 nonpoint SEG annually.

ALT 3a	Change to	
	Base	Bill
SEG	\$1,135,800	\$2,485,800

b. \$300,000 GPR and \$942,900 nonpoint SEG annually.

ALT 3b	Change to	
	Base	Bill
GPR	\$600,000	\$600,000
SEG	<u>535,800</u>	<u>1,885,800</u>
Total	\$1,135,800	\$2,485,800

4. In addition to Alternative 2 or 3, specify funding is to be one-time during the 2017-19 biennium.

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