



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

May, 2019

Joint Committee on Finance

Paper #531

Nonpoint Source Contracts (Natural Resources--Environmental Quality)

[LFB 2019-21 Budget Summary: Page 307, #11]

CURRENT LAW

The Department of Natural Resources (DNR) is appropriated funds for contracts with entities providing research, education, and outreach related to nonpoint source water pollution abatement programs. DNR is appropriated \$767,600 each year in the 2017-19 biennium for these purposes, which includes \$267,600 in base funding and \$500,000 in one-time funding. Contracts are funded by the nonpoint account of the segregated (SEG) environmental fund.

GOVERNOR

Provide an additional \$730,000 nonpoint SEG each year in base funding for nonpoint source contracts. Funding would be budgeted at \$997,600 each year.

DISCUSSION POINTS

1. 2015 Wisconsin Act 55 reduced base funding for nonpoint source contracts from \$997,600 to \$227,600 each year. However, Act 55 provided one-time funding of \$770,000 each year in the 2015-17 biennium, and 2017 Wisconsin Act 59 provided \$40,000 each year in base funding plus \$500,000 in one-time funding for the 2017-19 biennium. The provision would restore funding to the level provided on an ongoing basis between 2003-04 and 2014-15, and on a one-time basis during the 2015-17 biennium.

2. Nonpoint source contracts have typically funded projects at the UW-Extension and UW System institutions. Prior to Act 59, DNR was required to allocate \$500,000 in each fiscal year for educational and technical assistance provided by UW-Extension, which supported the UW-Extension

Natural Resources Educator (NRE) program. Although Act 59 repealed the UW-Extension required allocation, DNR continued funding the program in the 2017-19 biennium. Other projects receiving funding in recent biennia include groundwater studies focusing on Kewaunee County and farmer-led conservation initiatives. The following table shows DNR allocations for nonpoint source contracts in the 2017-19 biennium.

2017-19 Nonpoint Source Contracts

<u>Project Name</u>	<u>Project Sponsor</u>	<u>2017-18</u>	<u>2018-19</u>
Natural Resources Educators (NRE)	UW-Extension	\$300,000	\$300,000
SnapPlus Nutrient Management Software Development and Update	UW-Madison	180,000	180,000
Nonpoint Source BMP Effectiveness Evaluations	U.S. Geological Survey	130,000	130,000
Nonpoint Source Best Management Practices (BMP) Tracking Tool	Dragon Technology	30,000	75,000
Standards Oversight Council	Wisconsin Land and Water Conservation Association	42,000	42,000
"Nine Key Elements" Water Quality Plan Development	County Land Conservation Departments	65,600	20,600
Center for Land Use Education (CLUE)	UW-Stevens Point	<u>20,000</u>	<u>20,000</u>
Total		\$767,600	\$767,600

3. DNR has not made final decisions as to which research topics or other nonpoint-related projects would be funded in the 2019-21 biennium. The Department reports allocation decisions are subject to final appropriations by the Legislature, program need, and proposals received by contractors.

4. DNR indicates groundwater and bedrock mapping projects may be priority areas of research, should funding be available. Specifically, DNR has suggested additional efforts to map the depth to bedrock in northeastern Wisconsin, which the Department expects would aid implementation of new standards regulating manure application on Silurian bedrock promulgated in 2018 under administrative code Chapter NR 151. DNR expects more detailed mapping will assist with implementing standards in appropriate locations. Additionally, DNR expects research may focus on whether the NR 151 standards warrant extension to other areas of the state with sandy soils, which may be susceptible to groundwater contamination.

5. Nonpoint contracts provide the basis for nonpoint grant allocations and regulatory standards. Funding provided for technical assistance and best management practices development allows for consistent implementation of nonpoint standards and helps to ensure the effectiveness of

the approximately \$24 million in annual nonpoint grants. Further, research and monitoring activities allow DNR to respond to emerging nonpoint source water pollution issues and develop targeted regulatory standards that prevent and reduce nonpoint pollution and improve water quality. Given the impact nonpoint contracts have on nonpoint standards implementation and development of regulatory standards, the Committee could consider approving the Governor's recommendation (Alternative 1).

6. Under the bill, it is expected the nonpoint account of the environmental fund would have authorized expenditures that exceed anticipated revenues by approximately \$7.7 million annually during the 2019-21 biennium. Further, on June 30, 2018, the account had a closing cash balance of \$11.1 million and an available (unencumbered) balance of \$5.9 million. Thus, under the Governor's proposal it is expected the nonpoint account would have an estimated closing cash balance of -\$5.3 million and an available balance of -\$10.8 million on June 30, 2021.

7. Given insufficient balances in the nonpoint account, the Committee could consider providing an additional \$500,000 each year, which would continue total funding at the amount provided in the 2017-19 biennium (Alternative 2), or taking no action (Alternative 4). The Committee could also consider providing funding on a one-time basis in the 2019-21 biennium (Alternative 3). This would limit the commitment of nonpoint account funding in the biennium, and subsequent appropriations could be considered in 2021-23 budget deliberations.

ALTERNATIVES

(Funding of alternatives below related to nonpoint SEG are dependent upon Committee action under paper #525 entitled "Environmental Fund Overview." The paper provides a number of alternatives related to revenue that would address the condition of the nonpoint account.)

1. Adopt the Governor's recommendation to provide an additional \$730,000 nonpoint SEG each year, for a total of \$997,600 each year.

ALT 1	Change to	
	Base	Bill
SEG	\$1,460,000	\$0

2. Provide an additional \$500,000 nonpoint SEG each year, for a total of \$767,600 each year.

ALT 2	Change to	
	Base	Bill
SEG	\$1,000,000	- \$460,000

3. Specify that additional funding be provided on a one-time basis during the 2019-21 biennium. (This alternative could be moved in addition to Alternatives 1 or 2.)

4. Take no action. Nonpoint contracts would be provided \$267,600 each year during the 2019-21 biennium.

ALT 4	Change to	
	Base	Bill
SEG	\$0	- \$1,460,000

Prepared by: Rory Tikalsky