Agriculture, Trade and Consumer Protection

Environment

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2	County Conservation Staff (Paper #157)
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8	Farmland Preservation Planning Grants (Paper #159)

LFB Summary Items Removed From Budget Consideration

Item #	Title
3	County Conservation Staff for Climate Change

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June, 2021 Joint Committee on Finance Paper #156

Producer-Led Watershed Protection Grants (Agriculture, Trade and Consumer Protection -- Environment)

[LFB 2021-23 Budget Summary: Page 62, #1]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) soil and water resource management (SWRM) program, in coordination with the Department of Natural Resources (DNR), administers grants and technical assistance related to prevention and control of nonpoint source water pollution. As part of its program, DATCP administers the producer-led watershed protection grant program under section 93.59 of the statutes and administrative code Chapter ATCP 52. The producer-led watershed protection grant program provides matching grants of 50% up to a total of $40,000 per year to producer groups that collaborate to conduct nonpoint source water pollution prevention and control activities.

Producer-led groups are eligible if they have five members meeting certain minimum thresholds for farm income, are in one watershed, and collaborate with a state, county, or nonprofit conservation organization. Activities by producer-led groups include education and outreach, development and sharing of best management practices, and water quality monitoring and soil testing. Producer-led groups often offer incentives to landowners to implement conservation practices for the first time, in order to reduce the risk and uncertainty associated with a new activity and encourage greater uptake by farmers in their watershed.

Funding for producer-led watershed protection grants is derived from DATCP's SWRM grants appropriation, which is authorized to expend up to $750,000 each year on producer-led grants. Other grants funded from the appropriation include nutrient management planning cost-share grants, nutrient management planning education grants, and nonpoint project cooperator grants. During the 2019-21 biennium, the appropriation is authorized $4,425,000 nonpoint SEG each year.

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 would increase the statutory cap on annual producer-led watershed protection grant awards from $750,000 to $1,000,000, and provide an additional $250,000 nonpoint SEG each year for producer-led watershed protection grants. The bipartisan Speaker's Task Force on Water Quality met from March through September of 2019 to study water pollution in Wisconsin, engage with stakeholders and water quality professionals, review best practices and possible solutions to water quality problems, and make recommendations to improve water quality in Wisconsin. As part of its final report and recommended legislation, the Task Force similarly recommended increased funding of $250,000 GPR each year for producer-led watershed protection grants in 2019 Assembly Bill 795/Senate Bill 715. 2019 AB 795 passed the Assembly on a vote of 98-0, but failed to pass the Senate pursuant to SJR 1. 2019 SB 715 was recommended for passage 16-0 by the Joint Committee on Finance. The bill failed to pass pursuant to SJR 1.

2. The table shows funding for producer-led grants since their inception in 2015-16, and the attachment lists recipients in the 2019-21 biennium. As available funding is determined by a statutory cap from a larger appropriation, unused producer-led authorizations have been allocated for other SWRM grants, primarily nutrient management planning grants. As seen in the table, demand for grants has exceeded allocations in recent years, suggesting the proposed $1,000,000 annual funding level would be fully allocated.

Producer-Led Watershed Protection Grant Allocations

	Available Funding	Applicants	Requested	Recipients	Awarded
2016	$250,000	15	$262,550	14	$242,550
2017	250,000	11	197,065	11	197,065
2018*	750,000	21	619,721	17	558,246
2019	750,000	27	869,815	24	750,000
2020	750,000	27	1,051,871	24	750,000
2021	750,000	33	1,043,910	30	750,000

*Funding was increased in April, 2018, under 2017 Act 196. Incomplete allocation of funding in 2018 reflects a shortened grant period associated with increased funding.

3. Producer-led watershed protection grants seek to expand implementation of agricultural conservation standards to reduce erosion, improve soil health, and prevent nonpoint runoff to protect water quality while maintaining or improving agricultural yields. While other grant programs offer traditional incentive payments to encourage implementation of conservation standards, DATCP offers block grants to groups, which gives them flexibility to conduct outreach and education, research and develop best practices, encourage neighboring farmers to try new practices, or conduct other conservation activities suited to local conditions and membership interest or expertise. The program was created in part from the perspective that producers may be more responsive to conservation efforts in collaboration with peers than as a result of state or local grant or regulatory programs. As a result, producer-led groups have implemented, tested, and refined use of a variety of conservation practices including: (a) cover crops; (b) harvestable buffers; (c) grassed waterways; (d) no-till and

strip-till farming; (e) low-disturbance manure injection; (f) nutrient management; (g) calibration of manure spreaders; and (h) soil testing.

4. Producer-led watershed protection groups are required to collaborate with a state, local, or nonprofit conservation-focused organization to be eligible for a grant. Grant recipients primarily collaborate with their county land conservation department, but also collaborate with UW-Madison Division of Extension, or other nonprofit organizations. Collaboration with partner organizations allows for education and technical assistance, but also improves best practices sharing and allows for research and statewide implementation of successful projects.

5. Consideration has been given in recent biennia to a variety of grant programs, pilot projects, and technical assistance offerings to spur innovation in agricultural conservation practices, increase participation in nonpoint prevention efforts, diversify agricultural practices, encourage sustainable agricultural development, and mitigate the effects of climate change or extreme weather events on producers. Such proposals have included incentives related to managed grazing, no-till farming, cover crops, water stewardship certification, nitrogen application, and regenerative agriculture. In general, these proposals all seek to continue development of agricultural best management practices to improve their effectiveness, lower their cost, and identify new methods so that their implementation is less burdensome on agricultural producers and better protects the environment. As producer-led watershed protection grants provide flexibility to participants to conduct a variety of activities, including refinement of existing best management practices and experimentation with new practices, provision of additional funding for producer-led watershed protection grants could be considered a more flexible approach to meeting these goals than previously described proposals.

6. Provision of nonpoint SEG funding for producer-led watershed protection grants is dependent on availability of funding in the nonpoint account. Based on Committee action as of June 3, 2021, the nonpoint account is anticipated to have a June 30, 2023, available balance of $8.8 million, equal to an increase of approximately $3.4 million during the 2021-23 biennium. Thus, across all budget items related to nonpoint programs, the Committee could consider providing an additional approximately $1.7 million nonpoint SEG each year in ongoing expenditures while still maintaining balance with available revenues. Further, the Committee could consider allocating a portion of the fund balance as one-time funding, although any ongoing funding allocations that exceed available annual revenues could limit future availability of funding for nonpoint programs.

7. Given recent demand for producer-led watershed protection grants, and the benefits of producer-led groups in improving implementation of nonpoint prevention and control practices, encouraging collaboration amongst farmers and conservation organizations, and spurring innovation and development in agricultural conservation, the Committee could consider increasing funding for producer-led watershed protection grants. The Committee could increase the annual cap on allocations for producer-led groups from $750,000 to $1,000,000 and provide an additional $250,000 nonpoint SEG each year for producer-led watershed protection grants [Alternative 1].

8. To ensure future availability of funding for nonpoint programs, the Committee could provide funding on a one-time basis during the 2021-23 biennium [Alternative 2]. The Committee could also increase the annual cap in producer-led allocations but provide no additional funding,

which would allow DATCP flexibility to allocate up to $1,000,000 each year for producer-led groups from the current $4,425,000 annual appropriation for SWRM grants.

ALTERNATIVES

1. Increase the statutory cap on annual producer-led watershed protection grant awards from $750,000 to $1,000,000, and provide an additional $250,000 nonpoint SEG each year for producer-led watershed protection grants.

ALT 1	Change to Base
SEG	$500,000

2. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to Alternative 1 above.)

3. Increase the statutory cap on annual producer-led watershed protection grant awards, but do not provide additional funding. (DATCP would retain flexibility to allocate additional funding for producer-led watershed protection grants from its existing appropriation for SWRM grants of $4,425,000 nonpoint SEG each year.)

4. Take no action.

Prepared by: Rory Tikalsky
Attachment

ATTACHMENT

Producer-Led Watershed Protection Grant Awards
2020 and 2021 Awards

Recipient	2020	2021
Bear Creek/Chippewa Farmer Groundwater Group	$39,815	$23,475
Biological Farming Friends	0	16,500
Buffalo County Conservation Farmers	0	14,984
Buffalo-Trempealeau Farmer Network	25,000	40,000
Calumet County Ag Stewardship Alliance	7,500	6,250
Cedar Creek Farmers - Improving Land for Cleaner Waters	25,000	0
Central Wisconsin Farmers' Collaborative	0	19,800
Dodge County Farmers for Healthy Soil & Healthy Water	39,705	39,093
Eau Pleine Partnership for Integrated Conservation	0	30,000
Farmers for Lake Country	19,630	15,000
Farmers for the Upper Sugar River	38,800	31,749
Farmers for Tomorrow	40,000	30,000
Farmers of Barron County	20,000	17,200
Farmers of Mill Creek	40,000	31,749
Farmers of the Sugar River	35,000	14,700
Hay River Farmer-Led Watershed Council	10,000	0
Horse Creek Farmer-Led Watershed Council	15,000	28,950
Lafayette Ag Stewardship Alliance	20,000	30,000
Lake Wisconsin Farmer Watershed Council	0	15,000
Ozaukee County Clean Farm Families	40,000	30,000
Peninsula Pride Farms	10,000	30,000
Producers of Lake Redstone	20,000	30,000
Red Cedar Conservation Farmers	40,000	30,000
Sauk Soil and Water Improvement Group	40,000	30,000
Sheboygan River Progressive Farmers	35,000	35,000
South Kinni Farmer-Led Watershed Council	10,000	15,000
Tainter Creek Farmer-Led Watershed Council	40,000	30,000
The Shell Lake - Yellow River Farmer-Led Watershed Council	17,500	12,750
Uplands Watershed Group	17,000	13,000
Watershed Protection Committee of Racine County	40,000	40,000
Western Wisconsin Conservation Council	40,000	30,000
Yahara Pride Farms	25,000	30,000
Total	$749,950	$760,200

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June, 2021 Joint Committee on Finance Paper #157

County Conservation Staff
(Agriculture, Trade and Consumer Protection -- Environment)

[LFB 2021-23 Budget Summary: Page 63, #2]

CURRENT LAW

Since 1987, the Department of Agriculture, Trade and Consumer Protection (DATCP) has disbursed state funds to county land conservation committees to support activities that prevent soil erosion and runoff of nutrients and pollutants into waters of the state. County conservation staff activities eligible for funding include: (a) implementation of land and water resource management plans, which are required of every county by statute to identify local objectives for soil and water conservation; (b) conservation practice engineering, design, and installation; (c) cost-share grant administration; (d) farmland preservation program administration; and (e) livestock regulation. Counties submit funding requests each spring, and grant awards are finalized in fall for the subsequent calendar year. Grants to counties for conservation staff are provided on a reimbursement basis.

Grants are awarded in a tiered process, providing each county a base allocation of $75,000. As available, remaining funding is allocated to provide for 100% funding of a county's first position, 70% of a second position, and 50% for each position thereafter, with counties providing the difference. Conservation staffing grants are funded by DATCP with GPR and nonpoint account SEG. During the 2019-21 biennium, grants are budgeted at $3,027,200 GPR and $6,411,900 nonpoint SEG, including $475,000 nonpoint SEG each year provided on a one-time basis.

DISCUSSION POINTS

1. County conservation staff are the first point of contact for landowners who would implement conservation practices to limit soil erosion and nonpoint source water pollution. DATCP and counties have argued preserving funding for county conservation staffing grants retains continuity

in personnel that provide landowners with expertise and technical assistance necessary to meet soil and water conservation standards. In the event a landowner is not in compliance with state soil and water conservation standards, the landowner may be more willing to contact county staff with whom the landowner has a long-term working relationship. Further, county conservation staff represent the primary avenue for allocating state nonpoint source pollution abatement, and soil and water conservation grants to landowners and assisting in implementing the practices and designs necessary to achieve effective use of grant funding.

2. Table 1 shows recent DATCP county conservation staffing grant funding by fund source. 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; (c) $675,000 annually during the 2015-17 biennium; and (d) $475,000 annually during the 2019-21 biennium.

TABLE 1

DATCP County Conservation Staffing Grant Funding

Fiscal Year	GPR	SEG	Total
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	3,027,200	5,936,900	8,964,100
2018-19	3,027,200	5,936,900	8,964,100
2019-20	3,027,200	6,411,900	9,439,100
2020-21	3,027,200	6,411,900	9,439,100
2021-22 (Base)	3,027,200	5,936,900	8,964,100
2022-23 (Base)	3,027,200	5,936,900	8,964,100

3. In 2020, the most recent year for which counties have reported staffing levels, DATCP allocated $9,439,100 to support 116.6 positions, of a total of 370.3 positions reported by counties. Other funding for positions typically comes from county governments (207.7 positions) or other private or governmental grants (46.0 positions). The attachment shows county-reported staffing levels for each county. Based on the most recent reporting, 51 (71%) counties employed at least three conservation staff. While local budgeting decisions are not able to be anticipated, it is expected the majority of counties would receive state funding for a third position if it were made available.

4. After a $75,000 base allocation per county, funding is provided on a proportional basis to each county based on their request, until all funding is depleted. During the 2020-21 allocation, DATCP fully funded the base allocation and first positions in every county, and approximately 67% of requested funding for second positions (47% of total position costs). Table 2 summarizes county requests by funding tier for the 2019-20 and 2020-21 allocation cycles. For the 2020-21 fiscal year allocation, supporting staff costs during calendar year 2021, counties requested funding totaling $17,901,800 and were awarded $9,439,100. Preliminary county requests for 2021-22 funding totaled $18,291,400. Second positions were last fully funded in 2010.

TABLE 2

County Conservation Staffing Grant Requests

	2021		2022 (Preliminary)	
	Cost	Cumulative Total	Cost	Cumulative Total
Base	$5,400,000	$5,400,000	$5,400,000	$5,400,000
First Position	1,456,600	6,856,600	1,212,400	6,812,400
Second Position	3,873,100	10,729,700	4,216,300	11,028,700
Third Position	2,309,000	13,038,700	2,426,600	13,455,300
Fourth Position and beyond	4,863,100	17,901,800	4,836,100	18,291,400

5. Future county staffing grants are expected to support less staff as costs increase over time. From 2016-17 to 2021-22, requested amounts have grown by approximately 2.3% each year. Consistent with increasing costs over time, an inflationary increase of 2.3% to base funding would require an additional $206,200 in 2021-22 and $417,100 in 2022-23. However, if additional funding were made available, staff costs could increase more quickly in the near term as conservation departments face competition in recruitment from neighboring departments receiving similar funding increases.

6. Additional allocations for county conservation staff are dependent on availability of funding in the nonpoint account. Based on Committee action to date, the nonpoint account is anticipated to have a June 30, 2023, available balance of $8.8 million, equal to an increase of $3.4 million during the 2021-23 biennium. Thus, across all budget items related to nonpoint programs, the Committee could consider providing an additional approximately $1.7 million nonpoint SEG each year in ongoing expenditures while still maintaining balance with available revenues. Further, the Committee could consider allocating a portion of the fund balance as one-time funding, although any ongoing funding allocations that exceed available annual revenues could limit future availability of funding for nonpoint programs.

7. From March through September of 2019, the bipartisan Speaker's Task Force on Water Quality, consisting of 11 members from the Assembly and four members from the Senate, held 14 hearings throughout Wisconsin to study determinants of water pollution, engage with stakeholders and water quality professionals, review best practices and possible solutions to water quality problems, and make recommendations to improve water quality in Wisconsin. As part of its final report, the Task Force proposed 2019 Assembly Bill 790/Senate Bill 723. AB 790/SB 723 proposed to increase county conservation staff funding to $12.4 million beginning in 2020-21, funded with GPR. AB 790 passed the Assembly on February 18, 2020, by a vote of 97-0, but failed to pass the Senate pursuant to SJR 1.

8. Assembly Bill 68/Senate Bill 111 would provide an additional $3,600,000 nonpoint SEG in 2021-22 and $3,708,000 nonpoint SEG in 2022-23 for county conservation staffing grants, for a total of $12,564,100 in 2021-22 and $12,672,100 in 2022-23. Assuming a base allocation for all other nonpoint programs, the proposed funding level for county conservation staffing grants under

AB 68/SB 111 or as recommended by the Speaker's Task Force on Water Quality could not be supported by nonpoint SEG on an ongoing basis unless revenues to the account were increased. Currently, approximately one third of county conservation staffing grant funding is provided from GPR. If the Committee wished to ensure future availability of funding for nonpoint programs, it could provide such increases partially with GPR, or on a one-time basis.

TABLE 3

State Funding of Position Requests Under Alternatives

	Funding Level		Change to Base		
	2021-22	2022-23	2021-22	2022-23	Funding Supports Up To:
Alternative 1 (AB 68/SB 111)	$12,564,100	$12,672,100	$3,600,000	$3,708,000	63% and 56% of third position requests in respective years.
Alternative 2 (Speaker's Task Force)	12,400,000	12,400,000	3,435,900	3,435,900	57% and 45% of third position requests in respective years.
Alternative 3 (Second Positions)	11,030,000	11,280,000	2,065,900	2,315,900	All second position requests in both years.
Alternative 4 (Inflation)	9,170,300	9,381,200	206,200	417,100	56% of second position requests in both years.
Alternative 6 (Base)	8,964,100	8,964,100	0	0	51% and 46% of second position requests in respective years.

9. Table 3 shows potential funding levels listed in the alternatives below, and the anticipated share of requested positions each funding amount would support. Given the role county conservation staff take in assisting farmers in implementing best management practices to protect soil health and water quality, the Committee could consider providing additional funding for county conservation staff. Funding could be provided as proposed in AB 68/SB 111 [Alternative 1], as recommended by the Speaker's Task Force on Water Quality [Alternative 2], at an amount sufficient to fund anticipated the second position cost-share amount [Alternative 3], or at an inflationary increase of 2.3% each year [Alternative 4]. The Committee could also consider taking no action [Alternative 6].

10. Given available nonpoint account funding, increased funding could be provided with nonpoint SEG [Alternatives ending in a]. To ensure future availability of funding for nonpoint programs, the Committee could provide one third of increases as GPR [Alternatives ending in b], or provide funding on a one-time basis during the 2021-23 biennium [Alternative 5].

ALTERNATIVES

1. Provide an additional $3,600,000 in 2021-22 and $3,708,000 in 2022-23 for county

conservation staffing grants, for a total of $12,564,100 in 2021-22 and $12,672,100 in 2022-23, as proposed in AB 68/SB 111. Specify funding be provided from:

a. Nonpoint SEG.

ALT 1a	Change to Base
SEG	$7,308,000

b. Two-thirds nonpoint SEG and one-third GPR.

ALT 1b	Change to Base
SEG	$4,872,000
GPR	2,436,000
Total	$7,308,000

2. Provide an additional $3,435,900 each year for county conservation staffing grants for a total of $12.4 million each year, as recommended by the Speaker's Task Force on Water Quality. Specify that funding be provided from:

a. Nonpoint SEG.

ALT 2a	Change to Base
SEG	$6,871,800

b. Two-thirds nonpoint SEG and one-third GPR.

ALT 2b	Change to Base
SEG	$4,581,200
GPR	2,290,600
Total	$6,871,800

3. Provide an additional $2,065,900 in 2021-22 and $2,315,900 in 2022-23 for county conservation staffing grants, for a total of $11,030,000 in 2021-22 and $11,280,000 in 2022-23, equivalent to the anticipated cost-share for second positions each year. Specify that funding be provided from:

a. Nonpoint SEG.

ALT 3a	Change to Base
SEG	$4,381,800

b. Two-thirds nonpoint SEG and one-third GPR.

ALT 3b	Change to Base
SEG	$2,921,200
GPR	1,460,600
Total	$4,381,800

4. Provide an additional $206,200 nonpoint SEG in 2021-22 and $417,100 nonpoint SEG in 2022-23 for county conservation staffing grants, for a total of $9,170,300 in 2021-22 and $9,381,200 in 2022-23, equivalent to a 2.3% inflationary increase each year.

ALT 4	Change to Base
SEG	$623,300

5. Specify that funding would be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to any other alternative.)

6. Take no action. Grants would be budgeted at $8,964,100 each year.

Prepared by: Rory Tikalsky
Attachment

ATTACHMENT

County Conservation Staff and Awards by County

County	2021 Requests	2021 Awards	2020 Staff	County	2021 Requests	2021 Awards	2020 Staff
Adams	$161,991	$118,335	4.00	Marathon	$215,443	$145,072	8.30
Ashland	147,620	109,884	4.00	Marinette	189,495	128,344	4.71
Barron	196,982	133,829	3.40	Marquette	166,996	131,429	3.00
Bayfield	172,236	119,187	5.00	Menominee	99,335	94,200	2.00
Brown	216,686	152,638	9.82	Milwaukee	97,756	75,000	1.62
Buffalo	149,969	107,652	4.00	Monroe	168,893	127,296	5.00
Burnett	138,581	99,223	7.50	Oconto	200,274	144,022	4.50
Calumet	223,124	152,070	6.00	Oneida	121,976	101,181	3.64
Chippewa	258,087	182,536	9.00	Outagamie	256,794	182,729	12.00
Clark	179,477	126,177	4.00	Ozaukee	215,615	147,624	3.50
Columbia	184,909	123,580	8.00	Pepin	141,850	107,109	3.00
Crawford	152,275	109,090	3.00	Pierce	205,794	139,885	5.00
Dane	280,960	196,094	11.00	Polk	181,712	133,522	6.00
Dodge	214,206	151,992	6.00	Portage	211,497	148,692	5.00
Door	210,576	144,315	8.88	Price	111,488	92,670	1.90
Douglas	138,674	112,221	3.00	Racine	206,634	151,585	3.00
Dunn	233,975	159,463	7.50	Richland	134,810	100,475	4.00
Eau Claire	207,635	144,654	4.36	Rock	233,581	164,360	6.50
Florence	79,422	75,000	2.94	Rusk	121,080	96,334	2.00
Fond du Lac	221,479	160,840	10.00	St. Croix	173,236	119,892	6.60
Forest	125,240	101,995	3.00	Sauk	199,834	140,180	6.90
Grant	165,444	114,163	5.00	Sawyer	124,308	95,549	2.50
Green	196,346	142,884	3.00	Shawano	183,491	130,970	3.45
Green Lake	226,714	156,938	5.80	Sheboygan	215,043	152,997	5.00
Iowa	173,708	125,719	3.75	Taylor	168,089	121,573	3.00
Iron	135,857	111,729	3.25	Trempealeau	189,183	128,603	9.00
Jackson	150,993	131,489	2.00	Vernon	183,659	129,142	12.00
Jefferson	221,856	151,690	5.00	Vilas	175,208	124,162	3.00
Juneau	165,341	117,651	3.00	Walworth	219,581	149,606	6.00
Kenosha	155,270	131,244	1.66	Washburn	131,176	110,616	2.20
Kewaunee	218,110	157,770	7.00	Washington	190,325	136,353	10.00
La Crosse	227,576	153,985	7.00	Waukesha	249,846	178,218	6.90
Lafayette	127,522	94,309	4.00	Waupaca	203,224	137,436	5.30
Langlade	109,201	93,687	3.00	Waushara	208,456	140,703	5.90
Lincoln	114,281	99,277	2.50	Winnebago	227,430	161,726	7.00
Manitowoc	233,877	158,494	5.00	Wood	199,392	148,041	5.50
				Total	$13,038,704	$9,439,100	370.28

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June, 2021 Joint Committee on Finance Paper #158

Nitrogen Optimization Grants
(Agriculture, Trade and Consumer Protection -- Environment)

[LFB 2021-23 Budget Summary: Page 64, #4]

CURRENT LAW

The Departments of Natural Resources (DNR) and Agriculture, Trade and Consumer Protection (DATCP) operate a variety of nonpoint source water pollution abatement programs that seek to reduce nonpoint runoff in urban and agricultural settings. In particular, nonpoint prevention efforts in agricultural settings often seek to optimize nutrient application used to improve crop yields by reducing total applications of nutrients, or improving timing and placement of nutrients.

A common component of nutrients applied to agricultural fields is nitrogen, which when introduced to surface water or groundwater may reduce water quality, threaten wildlife, and adversely affect human health. DATCP operates a nutrient management planning program, which provides grants to landowners to implement planning practices to more effectively apply nutrients in agricultural settings to increase crop yields, and prevent and reduce nonpoint runoff. Further, DNR and UW System collaborators support research and technical assistance related to nutrient application and nonpoint runoff to develop and implement best management practices and regulatory standards that provide targeted strategies to prevent and control nonpoint runoff.

The UW-Madison College of Agriculture and Life Sciences (CALS) is dedicated to research, education, and promotion of food, agriculture, bioenergy, health, the environment and human well-being. Approximately 75 UW-CALS faculty and academic staff hold cooperative extension appointments, working closely with staff of the UW-Madison Division of Extension to provide information and recommendations to local communities and businesses. Additionally, CALS operates 12 agricultural research stations across the state dedicated to field research and education in the fields of agronomy, animal sciences, biological systems engineering, dairy science, entomology, forest ecology and management, genetics, horticulture, plant pathology, and

soil science.

The UW-Madison Division of Extension (UW-Extension) provides educational programs related to agriculture and other topics through an office located in every county in the state. As part of UW-Extension agriculture programming, educators work in local communities through activities such as working directly with farmers and other agricultural producers, engaging with community leaders, and providing information publicly through newspapers, radio, or television programs. Educators provide information on topics including safe and healthy agricultural practices, farm profitability, farm succession and planning, using resources in a sustainable way, and best practices for growing various crops.

UW-Extension operates the Discovery Farms program, which evaluates nutrient management strategies and nonpoint source runoff reduction practices by monitoring use of such practices at commercial farms throughout the state. Discovery Farms operates a nitrogen use efficiency program, which collaborates with agricultural producers to conduct on-farm data collection and research to determine optimal nitrogen use practices and develop recommendations specific to Wisconsin crop systems and soils.

The UW-Stevens Point Center for Watershed Science and Education is operated as a partnership between the UW-Stevens Point College of Natural Resources and UW-Extension. The Center is dedicated to assisting local communities with water quality problems by: (a) providing water quality assessments and technical support; (b) promoting water resource management strategies that protect waterbodies; and (c) educating students for careers in water resource management.

DISCUSSION POINTS

1. Nitrogen and the nitrogen-containing compound nitrate are naturally occurring in the environment, but may also be introduced from sources such as nitrogen fertilizers, animal manure, and human waste from septic systems or wastewater treatment facilities. Excess nitrogen applications in agricultural processes is known to produce nonpoint source water pollution, which may have adverse impacts on surface water quality as high nutrient loads in water bodies increase the concentration of algae, threaten native species, reduce water clarity, and deplete oxygen concentrations.

2. State and federal nitrate drinking water standards limit nitrate concentrations to no more than 10 parts per million (ppm). High levels of nitrates negatively impact the ability of blood in a person's body to carry oxygen, which can cause a harmful health condition known as "blue baby syndrome" in infants. Studies suggest that high levels of nitrates may also increase the risk of other health problems, such as thyroid disease, diabetes, and some types of cancer. DNR and the Department of Health Services (DHS) recommend that no infant or woman who is or may become pregnant should consume any water that exceeds the nitrate standard. Further, DHS recommends that all people avoid long-term consumption of water that has a nitrate level greater than 10 ppm. DNR estimates approximately 6% of private wells in Wisconsin have concentrations of nitrate exceeding 10 ppm, which may be from human or agricultural sources.

3. Assembly Bill 68/Senate Bill 111 would create a continuing appropriation and provide $500,000 GPR in 2021-22 for grants to agricultural producers, in collaboration with eligible UW programs, to conduct research projects on agricultural lands intended to reduce nitrate loading and improve water quality. The bill would require producers to collaborate with a UW institution to monitor their project, collect data, and make recommendations for optimal use of nitrogen. Under the bill, eligible UW institutions would be UW-Madison CALS, the UW-Stevens Point Center for Watershed Science and Education, and UW-Extension. AB 68/SB 111 would limit grants to $125,000 per recipient, no more than 50% of which could be provided to the UW collaborator.

4. DATCP intends that nitrogen optimization grants would support research projects to identify specific agricultural practices that reduce nitrogen runoff and contamination of surface water and groundwater. The Department suggests grants could support the development of modelling strategies, and design and testing of soil health practices, nitrogen application strategies, edge-of-field vegetative treatment areas, in-field sensors, and groundwater monitoring equipment. DATCP intends that projects would represent pilots of strategies to reduce nitrogen runoff and associated research would demonstrate their effectiveness, allowing the Department to scale successful projects for implementation statewide.

5. DNR is in the process of promulgating updated rules related to nitrogen application in agricultural settings in order to establish a targeted performance standard for nitrogen use in areas of the state identified as sensitive to nitrogen runoff or groundwater leaching. In general, performance standards establish a level of allowable runoff from fields which, if exceeded, may begin to negatively affect local surface water bodies or groundwater. In order to meet such performance standards, agricultural producers must implement best management practices such as nutrient management planning, cover cropping, runoff control structures, and vegetative filter strips. Research related to effective practices for prevention of agricultural runoff continues to evolve, and best management practices are updated to reflect this research. Provision of additional funding, as proposed in AB 68/SB 111, would support continued development of best management practices that must be implemented to meet water quality standards. It is expected that continued development of best management practices will improve their effectiveness, lower their cost, and identify new methods, which will lower the burden on agricultural producers for implementing such practices.

6. From March through September of 2019, the bipartisan Speaker's Task Force on Water Quality, consisting of 11 members from the Assembly and four members from the Senate, held 14 hearings throughout Wisconsin to study determinants of water pollution, engage with stakeholders and water quality professionals, review best practices and possible solutions to water quality problems, and make recommendations to improve water quality in Wisconsin. As part of its final report and recommended legislation, the Task Force proposed 2019 Assembly Bill 796/Senate Bill 718. AB 796/SB 718 would have provided $1,000,000 GPR each year beginning in 2020-21 in a continuing appropriation for grants to agricultural producers and collaborating UW programs to implement projects that reduce nitrate loading or optimize nitrogen use while improving water quality. The bill, as amended, would have limited grants to $50,000 per project, with up to 20% of a grant supporting research by the UW collaborator. 2019 AB 796 passed the Assembly on February 18, 2020, by a vote of 98, but failed to pass the Senate pursuant to SJR 1. Both AB 796 and SB 718 were recommended for passage by the Joint Committee on Finance by a vote of 16-0.

7. The UW-Extension Discovery Farms nitrogen use efficiency program collaborates with agricultural producers to operate on-farm monitoring of nitrogen runoff and establish recommended nitrogen application practices specific to conditions found in Wisconsin. Further, UW System researchers study surface water and groundwater contamination, and UW-Extension agricultural agents collaborate with agricultural producers to implement best management practices to prevent such contamination. Thus, nitrogen optimization grants could be considered duplicative of existing efforts related to nonpoint runoff research and prevention activities. However, DATCP contends that existing programs do not provide funding to support pilot projects exploring new practices or innovation related to existing practices, and that nitrogen optimization grants would allow producers to test such practices in collaboration with UW entities currently conducting research on nonpoint runoff and groundwater contamination.

8. Grant programs related to prevention and control of nonpoint source water pollution are primarily funded from the nonpoint account of the environmental fund. For example, similar grants under current law related to nutrient application and best management practices in agricultural settings are provided from nonpoint SEG. However, provision of nonpoint SEG funding for nitrogen optimization grants is dependent on availability of funding in the nonpoint account. Based on Committee action as of June 3, 2021, the nonpoint account is anticipated to have a June 30, 2023, available balance of $8.8 million, equal to an increase of approximately $3.4 million during the 2021-23 biennium. Thus, across all budget items related to nonpoint programs, the Committee could consider providing an additional approximately $1.7 million nonpoint SEG each year in ongoing expenditures while still maintaining balance with available revenues. Further, the Committee could consider allocating a portion of the fund balance as one-time funding, although any ongoing funding allocations that exceed available annual revenues could limit future availability of funding for nonpoint programs.

9. Given the potential benefits to surface water and groundwater, wildlife, and human health of reduced nitrogen runoff and nitrate loading in Wisconsin waterbodies, and the opportunity to support development of best management practices that are more effective and less burdensome on farmers, the Committee could consider providing $500,000 GPR in 2021-22 for nitrogen optimization grants of up to $125,000 per recipient, with a maximum of 50% allocated to UW collaborators [Alternatives 1a and 3a].

10. The Committee could also consider adopting the Speaker's Task Force on Water Quality recommendations to provide $1,000,000 GPR each year on an ongoing basis for nitrogen optimization grants [Alternative 2a], and/or limiting grant awards to $50,000 per project, with up to 20% supporting UW collaborator activities [Alternative 3b].

11. Given that the nonpoint account is the primary source of funding allocated to nonpoint activities, the Committee could consider providing funding as nonpoint SEG, rather than GPR [Alternatives 1b or 2b].

12. Grant programs typically operate under rules promulgated by a department and approved by the Legislature. Rulemaking allows a Department to delineate a grant-making process and provides clarity and certainty for applicants. Consideration could be given to requiring DATCP to promulgate rules to implement the nitrogen optimization program [Alternative 4].

13. Given existing efforts by UW-Extension agricultural agents, the Discovery Farms program, and UW System researchers, the Committee could also consider taking no action [Alternative 5].

ALTERNATIVES

1. Create a continuing appropriation and provide $500,000 in 2021-22 for grants to agricultural producers, in collaboration with eligible UW programs, to conduct research projects on agricultural lands intended to reduce nitrate loading and improve water quality. Require producers to collaborate with a UW institution to monitor their project, collect data, and make recommendations for optimal use of nitrogen. Define eligible UW institutions as UW-Madison CALS, the UW-Stevens Point Center for Watershed Science and Education, and UW-Extension. Specify that funding be provided from:

a. GPR; or

ALT 1a	Change to Base
GPR	$500,000

b. Nonpoint SEG.

ALT 1b	Change to Base
SEG	$500,000

2. Create a continuing appropriation and provide $1,000,000 each year of the 2021-23 biennium on an ongoing basis for grants to agricultural producers, in collaboration with eligible UW programs, to conduct research projects on agricultural lands intended to reduce nitrate loading and improve water quality. Require producers to collaborate with a UW institution to monitor their project, collect data, and make recommendations for optimal use of nitrogen. Define eligible UW institutions as UW-Madison CALS, the UW-Stevens Point Center for Watershed Science and Education, and UW-Extension. Specify that funding be provided from:

a. GPR; or

ALT 2a	Change to Base
GPR	$2,000,000

b. Nonpoint SEG.

ALT 2b	Change to Base
SEG	$2,000,000

3. Specify the following limitations on award of grant funding:

a. Limit grants to $125,000 per recipient, no more than 50% of which could be provided to the UW collaborator.

b. Limit grants to $50,000 per recipient, no more than 20% of which could be provided to the UW collaborator.

4. Require DATCP to promulgate rules to administer the nitrogen optimization grant program.

5. Take no action.

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June, 2021 Joint Committee on Finance Paper #159

Farmland Preservation Planning Grants (Agriculture, Trade and Consumer Protection -- Environment)

[LFB 2021-23 Budget Summary: Page 65, #8]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) provides grants to assist counties in updating their farmland preservation plans. Farmland preservation planning grants are budgeted at $210,000 GPR each year of the 2019-21 biennium. Grants are provided on a reimbursement basis, and may cover up to 50% of the county's cost of preparing a farmland preservation plan. Grants may also be supported with an appropriation from working lands fund SEG, although this appropriation has never been authorized funding.

Farmland preservation plans are intended to establish a county's policy for farmland preservation and agricultural development. Plans map areas in each county to be preserved for agricultural use, and describe actions counties and municipalities intend to take to preserve identified areas. Plans are to identify the following: (a) economic or demographic trends that many affect farmland in the county; (b) current agricultural uses of land; (c) key agricultural resources and infrastructure; (d) goals for agricultural development; and (e) land use issues related to farmland preservation and development.

The working lands fund revenues are derived from: (a) conversion fees from early termination of farmland preservation agreements; (b) proceeds from the sale, modification, or termination of agricultural conservation easements; and (c) interest returns on its fund balance. The fund's historical income has consisted primarily of conversion fees, repealed in 2011, for lands rezoned from farmland preservation zoning districts in 2010. The base budget for the 2021-23 biennium budgets a total of $12,000 each year from the working lands fund for DATCP administration costs. As of June 30, 2020, the fund balance totaled $114,400.

DISCUSSION POINTS

1. Farmland preservation plans form the basis for all other farmland preservation policy instruments. Farmland preservation zoning districts, farmland preservation agreements, and agricultural enterprise areas, which are the basis for eligibility to claim the farmland preservation tax credit, are all required to be located in areas designated by preservation plans for long-term agricultural use. In 2019-20, the farmland preservation tax credit paid total claims of $17.1 million to agricultural owners of eligible lands who also are in compliance with state soil and water conservation standards.

2. Preservation plans are certified by DATCP and last for 10 years, but may be extended by up to two years at the discretion of the DATCP Secretary. Counties may apply for grant funding of up to $30,000 per award to update their preservation plans, which include costs such as mapping, data collection, and citizen outreach. As many counties lack the technical expertise or staff to develop plans on their own, many often hire a consultant or regional planning commission to assist in plan development.

3. Farmland preservation planning grant funding was reduced from $374,200 annually to $210,000 annually beginning in 2017-18 to reflect lower demand from grants as most counties had completed updating their plans. Grant funding has been underutilized from 2017-18 through 2020-21, due to both low need from counties, as most had already updated their plans, and because funding was lapsed to the general fund as part of COVID-19 state operations reductions. From 2017-18 through 2020-21, the appropriation is expected to have lapsed $646,200 GPR to the general fund, or 77% of its authorized funding.

4. In response to reduced need for farmland preservation planning grants, Assembly Bill 68/Senate Bill 111 would expand the authorization under the SEG appropriation to allow grants to support activities associated with implementing county farmland preservation plans. (In an errata item, the administration indicates it intended to also expand the GPR appropriation authorization.) DATCP suggests funding could support outreach to landowners about farmland preservation program offerings, monitoring for compliance with farmland preservation program requirements, county costs related to farmland preservation zoning certification and expanding of agricultural enterprise areas (AEAs), incentives to landowners to sign farmland preservation agreements, or economic development proposals in AEAs.

5. Under AB 68/SB 111, DATCP would have flexibility in determining eligible implementation activities, but would be restricted to providing grants to counties. The bipartisan 2021 Assembly Bill 54/Senate Bill 68 proposes to create a similar farmland preservation implementation grant program. However, implementation grants under AB 54/SB 68 would differ in three primary ways: (a) AB 54/SB 68 would require DATCP to prioritize allocation of funding for farmland preservation planning grants before providing implementation grants; (b) in addition to counties, it would allow cities, villages, towns, regional planning commissions, and tribal governments to receive implementation grants; and (c) it would specify eligible activities as the following: certifying farmland preservation zoning ordinances for the first time, entering into farmland preservation agreements, designating AEAs, facilitating agricultural development or preservation in an AEA, monitoring compliance with soil and water conservation standards, and conducting outreach for the farmland

preservation program. Thus, AB 54/SB 68 generally provides more specific criteria for allocation of grants and ensures farmland preservation implementation grants be provided only if all planning grant needs were addressed.

6. Under the original farmland preservation planning program created in 1977, counties were provided grants to create farmland preservation plans. By 1986, all counties except Menominee and Milwaukee had created plans. At the time funding was provided only for the creation of plans, and as a result, only seven counties revised their plans before changes made in 2009 that established plan expiration dates. As of 2020, all counties except Marinette, Price, Sawyer, Taylor, and Washburn have updated their plans, and Menominee and Milwaukee have not written plans.

7. Farmland preservation plans expire every 10 years. Given that most county plans were updated beginning with the first planning grant awards in 2009-10, a new wave of expirations begins in 2021. DATCP reports most counties begin updating their plans two years before their expiration, meaning counties with expirations through 2025 would be expected to consider applying for a grant during the 2021-23 biennium. The following counties have farmland preservation plans expiring during the next biennium: Dodge (2021), Dane (2022), Fond du Lac (2022), Green (2022), La Crosse (2022), Outagamie (2022), St. Croix (2022), Walworth (2022), Columbia (2023), Grant (2023), Juneau (2023), Kenosha (2023), Marathon (2023), Ozaukee (2023), Pierce (2023), Racine (2023), Sauk (2023), Shawano (2023), Sheboygan (2023), Washington (2023), and Waukesha (2023). Further, an additional 19 counties have expirations through 2025, for a total of 40 counties from 2021 through 2025. However, DATCP notes that due to prioritization of limited resources during the COVID-19 pandemic, it is expected some counties may pursue two-year extensions in the near term.

8. Given the significant proportion of counties with expirations anticipated in the next several years, it is unclear the extent to which farmland preservation planning grant funding would be available for implementation grants. It is possible revisions to county plans may be less time- and resource-intensive in the near term as plans are 10 years old, rather than approximately 30 years old, as was the case beginning in 2009-10. This could reduce overall need for planning grants. However, DATCP notes that to date, counties that have revised their plans during the current cycle have primarily pursued full rewrites, rather than smaller revisions, which has resulted in comparable costs to the 2010 through 2020 cycle.

9. Given the variability in need for farmland preservation planning grants throughout the 10-year planning cycle, the Committee could consider creating a farmland preservation implementation grant program, as proposed under AB 68/SB 111 to ensure full use of farmland planning funds [Alternative 1]. The Committee could also consider criteria proposed under AB 54/SB 68, which would: (a) prioritize allocation of funding to planning grants; (b) allow other municipalities, tribal governments, and regional planning commissions to apply for funding; and (c) specify only certain allowable activities under implementation grants [Alternative 2].

10. Given the anticipated increase in need for farmland preservation planning grants as the next cycle of expirations begins, the Committee could also take no action [Alternative 3]. DATCP could still allocate funding for planning grants, and any unused funds would lapse to the general fund.

ALTERNATIVES

1. Expand the authorized use of the GPR and working lands fund SEG appropriations for farmland preservation planning grants under sections 20.115(7)(dm) and 20.115(7)(tm) of the statutes to include county activities associated with implementing county farmland preservation plans. Specify that grants be provided on a reimbursement basis and that DATCP detail eligible costs through a contract with the grant recipient.

2. Expand the authorized use of the GPR and working lands fund SEG appropriations for farmland preservation planning grants under sections 20.115(7)(dm) and 20.115(7)(tm) of the statutes to include provision of farmland preservation implementation grants to counties, cities, villages, towns, tribal governments, and regional planning commissions. Specify that implementation grants be provided on a reimbursement basis, and eligible activities consist of: (a) certifying farmland preservation zoning ordinances for the first time; (b) entering into farmland preservation agreements; (c) designating AEAs; (d) facilitating agricultural development or preservation in an AEA; (e) monitoring compliance with soil and water conservation standards; and (f) conducting outreach for the farmland preservation program. Finally, require DATCP to prioritize allocation of funding for farmland preservation planning grants before providing funding for implementation grants.

3. Take no action.

Prepared by: Rory Tikalsky

Agriculture, Trade and Consumer Protection -- Environment

LFB Summary Items for Which No Issue Papers Have Been Prepared

Item #	Title
5	Biodigester Planning Grants
6	Water Stewardship Certification Grants
7	Soil and Water Resource Management Bonding Authority