



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #583

County Sustainable Forestry and County Forest Administrator Grants (Natural Resources -- Forestry and Stewardship)

[LFB 2023-25 Budget Summary: Page 444, #7]

CURRENT LAW

The Department of Natural Resources (DNR) may provide grants to counties with forests enrolled in the county forest program to encourage the implementation of sustainable forestry practices. Additionally, DNR provides grants to counties with county forest land for up to 50% of the salary and fringe benefit costs of a county forest administrator or assistant forest administrator, with a maximum eligible fringe rate of 40% of salary. Both grants are paid from a single biennial appropriation from the forestry account of the segregated (SEG) construction fund. Base funding for these grants is \$1,613,900 SEG each year. DNR typically allocates \$1,363,900 for county forest administration grants and \$328,000 for sustainable forestry grants.

DISCUSSION POINTS

1. Thirty counties have land enrolled in the county forest program under s. 28.10 of the statutes. In total, 2,404,300 acres are enrolled as county forest lands as of July 6, 2022. Section 28.11(5) of the statutes requires counties to work with DNR to establish a 15-year comprehensive land use plan for county forest land. Section 28.11(5)(b) of the statutes requires counties with land enrolled as county forest to complete an annual work plan with the assistance of a DNR forester. The plan is required to include a timber harvest schedule, a listing of forest management projects to be undertaken, and a budget showing estimated plan costs. DNR provides technical forestry assistance to counties, subject to agreement between the county and the Department, and consistent with the county's comprehensive forest plan.

2. In addition to DNR providing staff to assist with county forest management, county sustainable forestry grants and county forest administrator grants are intended to assist counties with

the objectives of their county forest plans. Sustainable forestry grants were created by 2001 Wisconsin Act 16 to promote short-term sustainable forestry projects on county forest lands, including geographic information systems (GIS) mapping efforts, expediting backlogged timber sales, and forest improvement practices. Other uses of grants include invasive plant surveys, mapping roads and survey corners, and timber theft abatement efforts. Sustainable forestry is defined by s. 28.04(1)(e) of the statutes as "the practice of managing dynamic forest ecosystems to provide ecological, economic, social and cultural benefits for present and future generations."

3. County forest administrator grants contribute 50% of the salary and fringe benefit costs of a professional forester serving as a county forest administrator or assistant county forest administrator, assisting counties in ensuring that professional forestry expertise is available to manage county forest lands. Additionally, DNR may award up to \$50,000 from the county forest administrator grant program to counties for up to 50% of a county's dues to the Wisconsin County Forests Association.

A. County Forest Administrator Grant

4. County forest administrator grants provide up to half the cost of an eligible forest administrator's salary and fringe costs. Fringe benefits may be no more than 40% of the administrator's salary. The county forest administrator grant is funded through the same appropriations as the sustainable forestry grant and receives priority during grant cycles each year. DNR pays the full amount due to counties under the administrator grant prior to paying the county sustainable forestry grant.

5. As wage and fringe costs for county forest administrators have increased in recent years, DNR reports that full funding of the county forest administrator grant has reduced grant funding for the other two grants. As the amount of money available for these grants has declined, DNR must reduce award amounts for other grants. Table 1 shows actual expenditures by DNR for these grants in each fiscal year since 2013-14.

TABLE 1

County Forest Grants Actual Expenditures

<u>Fiscal Year</u>	<u>Sustainable Forestry Grant</u>	<u>Forest Administrator Grant</u>	<u>Total</u>
2013-14	\$381,900	\$1,235,800	\$1,617,700
2014-15	279,200	1,276,600	1,555,800
2015-16	380,400	1,272,000	1,652,400
2016-17	258,300	1,278,900	1,537,200
2017-18	242,800	1,201,300	1,444,100
2018-19	212,500	1,421,100	1,633,600
2019-20	132,100	1,344,200	1,476,300
2020-21	370,500	1,475,900	1,846,400
2021-22	186,900	1,335,300	1,522,200

6. Actual administrator salary and fringe costs have required DNR to reduce funding for the sustainability grants. In 2020-21, DNR expended \$1,475,900 for administrator grants. In 2021-22, DNR expended \$1,335,300 due to administrator vacancies. If all participating counties funded administrator salaries and fringe benefits through the grants, DNR estimates that \$1,485,900 would be expended.

7. Assembly Bill 43/Senate Bill 70, would increase funding for administrator grants by \$200,000 in each year of the biennium. This would set annual funding for the grants at \$1,563,900. Additionally, the bill would create a separate appropriation for administrator grants. To fully fund the administrator grant, the Committee could provide \$1,485,900 annually [Alternative A1].

8. Assembly Bill 43/Senate Bill 70 would create a dedicated appropriation for county forest administrator grants. This, paired with increasing the funding available for the grants, would allow DNR to fully fund the administrator grants without reducing expenditures for sustainable forestry grants. The Committee could consider creating a new appropriation and transferring funding for county forest administrator grants [Alternative A2].

9. Creating a dedicated appropriation for county forest administrator grants would have additional benefits for sustainable forestry grant applicants, beyond providing stable funding for the grants. By separating the grants, administrator grants and sustainable forestry grant applications could be processed and awarded simultaneously. Under current practice, DNR must delay funding sustainable forestry grants until all eligible claims for administrator grants are processed.

10. Under current law and administrative rules, DNR has authority to prorate county forest administrator grants. However, if grant funding is insufficient to pay all eligible salaries and fringe expenses, DNR may first reduce expenditures on sustainable forestry grants. If the administrator grants were funded from a dedicated appropriation and insufficient funding was appropriated to pay all claims, DNR would likely need to request supplemental funding under s. 13.10 of the statutes. The Committee would need to approve supplemental funding before DNR could pay all eligible grant expenses. If the Committee were to create a sum sufficient appropriation, all eligible expenses administrator salary and fringe expenses could be paid without delay [Alternative A3].

11. The Committee could take no action [Alternative A4]. DNR would continue to fund county forest administrator grants by reducing the amount available for sustainable forestry grants.

B. County Sustainable Forestry Grants

12. County sustainable forestry grants provide funding to counties with enrolled county forestland for activities and projects that support ecological, economic, and social benefits of forestry. The minimum grant amount that may be awarded is \$1,000 and no single grant may account for more than one-quarter of the available funding amount in any given year. In recent years, grants have been used to undertake projects including reforestation, oak wilt control, invasive species inventory and management, access road improvement, limited-term employee (LTE) staff wages, and surveillance equipment acquisition and installation. Grants may not be used to fund land acquisition, salaries or benefits for permanent staff, land surveying, or computer equipment.

13. 2019 Wisconsin Act 9 raised the value allotted to county sustainable forestry grants from \$241,000 to \$328,000. However, because DNR has made eligible county forest administrator grant payments prior to awarding funds for sustainable forestry grants, DNR has been unable to consistently award the allotted funding levels to sustainable forestry grants. Table 2 shows the difference between requests and awarded amounts by fiscal year since 2014-15. As shown in the table, the amount awarded each year has declined as DNR has reduced funding to accommodate county forest administrator grants. On average, DNR is able to fund approximately 63% of sustainable forestry grant requests. Since 2018-19, DNR has been able to fund 51% of grant requests.

TABLE 2

Sustainable Forestry Grant Requests by Fiscal Year

<u>Fiscal Year</u>	<u>Requests</u>	<u>Awards</u>	<u>Difference</u>	<u>Percent Funded</u>
2014-15	\$443,200	\$393,100	\$50,100	89%
2015-16	372,900	238,900	134,000	64
2016-17	306,100	247,900	58,200	81
2017-18	342,500	237,900	104,600	69
2018-19	360,400	289,100	71,300	80
2019-20	780,600	250,400	530,200	32
2020-21	258,000	158,200	99,800	61
2021-22	251,400	142,700	108,700	57

14. It should be noted that the amounts shown in the table reflect the amounts awarded, and not expenditures. Under the program, DNR sets an application deadline after which the Department reviews applications and announces tentative awards for eligible applicants. DNR will generally pay half the award amount prior to a project and will pay the remaining grant amount after a project is completed and grant awardees have submitted audited statements of final project costs. Table 2 shows the preliminary amounts awarded in each year while Table 1 shows the actual expenditures after project completion.

15. Assembly Bill 43/Senate Bill 70 would provide \$50,000 in additional funding to sustainable forestry grants. Additionally, the bill would separate administrator grants into a dedicated appropriation. By transferring funding for administrator grants to a different appropriation, the bill would allow DNR to award the full sustainable forestry allotment to grants. In total, AB 43/SB 70, would provide \$378,000 for county sustainable forestry grants. This level of funding would have enabled DNR to award all sustainable forestry grant requests in six of the past eight years. The Committee could increase funding for county sustainable forestry grants by \$50,000 each year [Alternative B1].

16. If the Committee took no action on county forest administrator grants, as described in Alternative A4, additional funding would be required to increase funding for sustainable forestry grants. As described above, to fully fund county forest administrator grants, DNR has reduced funding available to sustainable forestry grants. In 2021-22, DNR reduced funding for sustainable forestry

grants by approximately \$185,000; DNR reduced funding in 2020-21 by approximately \$170,000. In the 2023-25 biennium, additional funding would likely be required to restore funding for sustainable forest grants to the \$328,000 allotment. The Committee could increase county sustainable forestry grants by \$200,000 to fully fund the \$328,000 allotment for sustainable forestry grants [Alternative B2]. While this alternative would set the nominal allotment for the grants at \$528,000, approximately \$328,000 would be available after fully funding eligible administrator grants.

17. If the Committee creates a separate appropriation for administrator grants and transfers base-level funding, as described in Alternatives A2 and A3, sustainable forestry grants would be funded at \$328,000 in each year of the 2023-25 biennium. This level of funding would have been sufficient to award all grant requests in three of the past eight years, including in both 2020-21 and 2021-22. It could be argued that \$328,000 is sufficient funding for the sustainable forestry grants. Under this perspective the Committee could take no action [Alternative B3].

ALTERNATIVES

A. County Forest Administrator Grants

1. Provide \$200,000 in each year for additional funding for county forest administrator grants.

ALT A1	Change to Base
SEG	\$400,000

2. In addition to Alternative A1, create a separate appropriation for county forest administrator grants and transfer base-level funding of \$1,363,900 from the existing appropriation under s. 20.370(5)(bw).

3. Create a sum sufficient appropriation for county forest administrator grants. Estimate grant funding at \$1,563,900 SEG annually.

ALT A3	Change to Base
SEG	\$400,000

4. Take no action.

B. County Sustainable Forestry Grants

1. Provide \$50,000 SEG to increase the allotment for sustainable forestry grants from \$328,000 annually to \$378,000 each year.

ALT B1	Change to Base
SEG	\$100,000

2. Provide \$200,000 SEG to increase the nominal allotment for sustainable forestry grants to \$528,000 each year.

ALT B2	Change to Base
SEG	\$400,000

3. Take no action.

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