



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #1205

### Urban Forestry Grant Program Expansion (DNR)

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#### BACKGROUND

2001 Act 16 (the 2001-03 biennial budget bill) contains an error regarding the urban forestry grant program. Urban forestry grants are for up to 50% of the cost of tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluations, public education concerning trees in urban areas, and other tree projects. Under DNR administrative rule, the minimum grant is \$1,000 and the maximum is \$25,000. Prior to the passage of 2001 Act 16, only cities and villages were eligible to receive state-funded grants under this program (which was funded from the forestry account of the conservation fund at a base level of \$529,900 annually).

In his 2001-03 budget bill, the Governor included a provision expanding eligibility for urban forestry grants to counties, towns, and non-profit organizations. The Joint Committee on Finance included this provision in the substitute amendment that was sent to both houses of the Legislature. The Senate proposed deleting the expansion of eligibility, a decision that was included in the Conference Committee's final budget agreement. Further, funding for the grant program was increased by \$200,000 SEG in 2001-02 relating to a number legislative earmarks of funding under the program (for Greening Milwaukee, which was item vetoed by the Governor, and for Winnebago, Outagamie and Burnett Counties).

However, due to an error, the provision expanding eligibility for urban forestry grants to towns, counties, and non-profit organizations was not removed from the bill prior to passage. This provision would need to be deleted from the statutes to restore the legislative intent to limit grant eligibility to cities and villages (the law as it existed prior to Act 16).

## DISCUSSION POINTS

1. In addition to the forestry SEG available annually for urban forestry grants, DNR indicates that it makes additional federal funding (provided under a grant from the United States Forest Service) available. In fiscal year 2000-01, \$87,800 in federal funding was available for grants (\$617,700 in total, including \$529,900 in forestry SEG). DNR received 77 applications requesting a total of \$887,700 in funding. Of these, 55 applications (71%) were funded, and all funds were committed.

2. Under 2001 Act 16, funding available for the urban forestry grant program was increased by \$200,000 in 2001-02 increase state funding available for grants to \$729,900. Of the funds available in 2001-02, \$100,000 was earmarked by the Legislature for Burnett (\$25,000), Winnebago (\$37,500), and Outagamie (\$37,500) counties for tree planting efforts.

3. In 2001-02, \$66,900 in federal funding was available for grants (\$696,800 in total, including \$629,900 in forestry SEG). The Department received 73 applications requesting a total of \$871,400 in funding. Of these, 58 applications (79%) were funded, and all funds were committed. The size of grants ranged from the minimum of \$1,000 to the City of Rice Lake to eight entities each receiving the maximum allowable grant amount of \$25,000 (Villages of Siren and Butler; Cities of Appleton, Oshkosh, and New Berlin; Jefferson County, Global Action Plan for the Earth, and the 16<sup>th</sup> Street Community Health Center).

4. Since it is not restricted from funding other groups with available federal monies, DNR indicates that prior to Act 16 it funded grant requests from counties, towns, and non-profit organizations with federal funds. However, the Department was limited to meeting requests from these groups with funding available from the United States Forest Service. In 2000-01, DNR received 22 grant applications from counties, towns, and non-profit organizations requesting \$253,100. The Department argued that expanding eligibility to including counties, towns, and non-profit organizations would streamline the grant process. In addition, the expanded eligibility has arguably improved the competitive nature of the grant process – applications may be funded based entirely on program criteria, allowing towns and counties to compete evenly with cities and villages.

5. However, it may be argued that as an "urban" forestry grant program, the state support should be allocated to cities and villages. Further, since the forestry mill tax, a state-wide property tax of 20 cents per \$1,000 of property value, is the primary source of revenue to the forestry account (\$57.3 million in 2000-01) some argue that the urban forestry program is one of the few forestry programs that returns a portion of those funds directly to urban communities that pay the mill tax. Also, expanding eligibility to counties, towns, and non-profit organizations increases demand for limited program funds.

6. In 2001-02, 44 cities and villages received grants totaling \$472,300 (68% of available funds). Fourteen towns, counties, and nonprofit organizations (which under prior law would have been eligible to share \$66,900 in 2001-02) received grants totaling \$224,500 (32%). In 2001-02 federal funds comprised almost 10% of funds available for grants.

## **ALTERNATIVES TO BILL**

1. Delete the eligibility expansion included in error in Act 16, for counties, towns, and non-profit organizations (only cities and villages would be eligible for state funds, with counties, towns, and non-profit organizations eligible for federal funding) under the urban forestry grant program.

2. Maintain current law.

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