



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #589

Eligible Recipients of Invasive Species Grants (DNR -- Water Quality)

[LFB 2007-09 Budget Summary: Page 422, #3]

CURRENT LAW

DNR administers a financial assistance program which awards cost-sharing grants to public and private entities for up to 50% of the costs of projects to control invasive species. Under 2003 Act 33, the Department was directed to provide at least \$500,000 annually for grants to local units of government for this purpose from its lake protection grant appropriation (water resources account SEG). 2005 Act 25 provided that \$1,000,000 in 2005-06 and \$1,500,000 annually beginning in 2006-07 be made available for grants to local governmental units. Under the bill, total funding of \$4,175,400 annually is available for lake protection, planning, and aquatic invasive species control grants.

Local units of government are defined in section 66.0131(1)(a) of the statutes as "a political subdivision of this state, a special purpose district in this state, an agency or corporation of a political subdivision or special purpose district, or a combination or subunit of the foregoing". Therefore, counties, cities, towns, villages, tribes, public inland lake protection and rehabilitation districts, and town sanitary districts receive priority for the \$1,500,000 in aquatic invasive species control grants awarded from DNR's lake protection grant program. If additional funding is available, DNR then provides grants to private entities such as qualified lake associations, qualified nonprofit conservation organizations, and river management organizations. If any funds remain (from the \$1.5 million allocated beginning in 2006-07), they may be used for lake protection and planning grants.

Under administrative rule NR 198, DNR gives priority in awarding aquatic invasive species control grants to projects that: (a) involve multiple water bodies; (b) prevent the spread of aquatic invasive species through education, planning and monitoring; (c) control pioneer (new) infestations of aquatic invasive species; and (d) control established infestations of aquatic invasive species and restore native aquatic species communities. Eligible projects include: (a) the

dissemination of information about aquatic invasive species consistent with the Department's statewide education strategy for controlling invasive species including, but not limited to, attending or conducting workshops, training or coordinating volunteer monitors and other education programs; (b) monitoring, mapping and reporting of data about the presence or absence of aquatic invasive species; (c) development of plans for the prevention and control of aquatic invasive species; and (d) watercraft inspection programs. The Department provides grants for up to 50% of eligible program costs up to a maximum grant of \$75,000. Also, the Department sets aside a portion of the aquatic invasive species grants for rapid response projects which provide a means for public and private entities to quickly control recently discovered aquatic invasive species infestations and later receive reimbursement from DNR for a portion of the cost of the project. Under rule, the Department provides cost-sharing grants for this purpose up to a maximum \$10,000 award.

GOVERNOR

Increase the state cost-sharing grant to up to 75% of the costs of projects to control aquatic invasive species. In addition, delete a restriction that grants be awarded to local governmental units.

DISCUSSION POINTS

Local Match

1. The bill would increase the state share of the costs of projects to control aquatic invasive species from 50% to 75%. The following table shows the amount of aquatic invasive species grants requested and awarded from 2003-04 through 2006-07. Eligible costs reflect the 50% of total costs that may be funded under current law.

Aquatic Invasive Species Grants 2003-04 through 2006-07

<u>Fiscal Year</u>	<u>Eligible Costs</u>	<u>Awarded</u>	<u># of Projects</u>	<u>% of Eligible Costs Awarded</u>
2003-04	\$141,200	\$141,200	31	100%
2004-05	335,700	335,700	36	100
2005-06	844,500	844,500	60	100
2006-07*	1,588,000	1,167,000	60	74

*Estimated

2. In addition to the amounts shown in the table, in 2006-07, the Department has set aside \$18,500 for early detection and rapid response grants. Therefore, total amounts awarded in

2006-07 are expected to be approximately \$314,500 less than the \$1,500,000 specified for invasives grants. In 2006-07, DNR reduced expenditures from the water resources account beneath appropriated expenditure authority in order to reduce the structural imbalance in the account. The lake protection and aquatic invasive species grant control program appropriation was reduced by \$176,500 as part of this reduction (100% of which is to be taken from the aquatic invasives allocation).

3. Section 261.68 of the statutes allows the Department to award contracts to public groups or persons for the creation and support of a statewide lake monitoring network. The total amount of the contract(s) may not exceed 10 percent of the total amount appropriated under the lake protection and aquatic species grant program. Since 2003, the Department has awarded approximately 10% of the funding allocated for lake protection, planning and aquatic invasive species grants to University of Wisconsin Extension to be used for the Citizen Lakes Monitoring Network (CLMN). The funding is used for two program assistant positions that work with the DNR regions to train and support over 1,000 citizen volunteers. Volunteer training includes how to identify and monitor aquatic invasive species. These volunteers measure water clarity, collect data, as well as identify and map plants, and alert officials about Eurasian water milfoil and zebra mussel invasions on Wisconsin lakes. The information gathered by the volunteers is used by DNR lake biologists, fisheries experts and water regulation and zoning staff, as well as by UW Extension, lake associations and other interested individuals. In 2005-06, \$100,000 was provided from the aquatic invasive grants (\$200,000 was provided from the lake protection grant allocation) and in 2006-07 \$138,000 was set aside for the CLMN from the aquatic invasive grants (\$267,000 was provided from general lake protection grants). However, the statutes specify that \$1.5 million beginning in 2006-07 be allocated to local governmental units for invasive species control.

4. Although the Department indicates that combating invasive species is a priority, in 2006-07 the program is being funded at approximately 80% of the level specified in statute. In order to help ensure legislative intent is met, the Committee could consider creating a separate appropriation for aquatic invasive species control grants (Alternative C1).

5. To provide 75% of eligible project costs, in 2005-06, \$1,266,800 would have been needed, and to provide 75% of all eligible project costs in 2006-07, approximately \$2.4 million would be needed (\$1.5 million is currently available). Further, demand for grants is expected to continue to increase. A 75% maximum state share would be consistent with the lake protection grants program. However, increasing the state share of eligible project costs could result in fewer projects being funded overall. As aquatic invasive species are a statewide problem, it may be preferable to provide grants for as many projects as possible. On the other hand, increasing the cost-share percentage to 75% may allow some local units of government that have been unable to meet the matching requirement at the current level to compete for grants.

Eligible Recipients

6. In addition, the bill would delete the requirement that the specified \$1.5 million annually for invasive species control grants be awarded to local units of government. Given the Department's current administration of the grant program, Department staff indicate that it is

unlikely that deleting this requirement would affect the number of applicants. Under administrative rule, DNR gives priority to local governments in awarding aquatic invasive species control grants, while nonprofit conservation organizations (NCOs) and qualified lake associations are eligible for grant awards if funding remains. However, under the current system, DNR staff indicate that lake associations (private entities) often look to lake districts (local units of government) to sponsor their grant application so that their application is prioritized. Removing the priority that the \$1.5 million be awarded to local units of government may put private entities in direct competition with local units of government for the grants.

7. While DNR and administration officials indicate the intent of the provision is to make NCOs and lake associations eligible for invasives grants, the language under the bill would allow any public or private entity to receive a grant. If the Committee wanted to expand the definition, it could make it consistent with the lake protection grant program and the current administrative rule for invasive species control grants (Alternative B2).

Grant Funding Levels

8. Preventing the infestation of, and controlling existing, aquatic invasive species has become of increasing cost and concern to many recreational users of Wisconsin waters. However, given the current condition of the water resources account, additional appropriations for this purpose would be difficult. Some have inquired whether bonding (or the stewardship program) could be used to fund invasives management. State general obligation bonds generally may only be issued to fund capital projects (generally land acquisition, building structures or other construction projects). The state typically issues 20-year bonds and projects funded are expected to have a useful life that exceeds the term of the bond. Most invasive species control projects include information and education to reduce the likelihood of infestation or transportation of invasives, or chemical or mechanical treatments to reduce or control populations. These types of projects are typically considered to be of an ongoing maintenance or operational nature.

9. However, the recreational boating project aids program provides grants primarily for the development of recreational boating facilities. Recreational boating aids are provided to municipalities, counties, town sanitary districts, public inland lake protection and rehabilitation districts, qualified lake associations, the Milwaukee River Revitalization Council, and the Lower Wisconsin State Riverway Board for up to 50% of the costs of developing recreational boating facilities approved by the Waterways Commission. Grants are available for recreational boating projects that include providing public access (boat ramps and related piers, fish cleaning stations, restrooms and parking facilities), navigational aids or markers, dredging, weed removal, and capital equipment used for trash or debris removal. The grant program is funded at \$3,122,000 water resources SEG annually. Many of the recreational boating projects could utilize state general obligation bonds to provide public lake access. Therefore, in order to make additional water resources SEG available for invasive species grants, one option would be to: (a) reduce the appropriation for recreational boating projects; (b) transfer that amount to invasive species control grants; and (c) replace the recreational boating SEG with general obligation bonding revenue (BR) in order to maintain recreational boating grants at the current level. However, additional bonding would need to be authorized each biennium in order to maintain currently appropriated levels.

10. For example, \$1.5 million in 2007-08 and \$2.5 million SEG beginning in 2008-09 could be transferred from recreational boating to aquatic invasive species grants. In addition, \$4 million BR could be authorized to maintain recreational boating grants. Under this option (Alternative C2a), recreational boating projects would be maintained at \$3.1 million annually (\$1,622,000 SEG and \$1,500,000 BR in 2007-08 and \$622,000 SEG and \$2,500,000 BR in 2008-09) and aquatic invasive species control grants would increase to \$3.0 million in 2007-08 and \$4.0 million annually beginning in 2008-09. If a 75% state cost-share were approved, this would allow for an approximately 30% increase in invasive species grants each year of the biennium. The remaining SEG for recreational boating grants would be expected to fully support all non-bondable grant projects under the program, such as feasibility studies and certain navigational aids or weed removal activities. Since recreational boating grants are paid on a reimbursement basis, general obligation debt service would only be expected at approximately \$65,000 GPR in 2008-09. However, once the full \$4 million BR was issued, debt service payments would rise to \$320,000 GPR annually (for the 20-year life of the bonds). Further, if additional bonding were issued in future biennia, debt costs would increase accordingly. Conversely, if additional bonds were not authorized, recreational boating grants would decline.

11. Rather than issue additional general obligation bonding, another option that could be considered would be to designate a portion of the Warren Knowles-Gaylord Nelson Stewardship program for recreational boating project aids (Alternative C2b). It could be argued providing recreational boating access to Wisconsin waters is consistent with the goal of stewardship. Others might argue that development of facilities primarily for motorized boating may not be consistent with the nature-based outdoor recreational focus of stewardship (defined by DNR rule where the "primary focus or purpose is the appreciation or enjoyment of nature"). Recreational boating projects could be funded from either the land acquisition or the property development and local assistance subprogram of the Stewardship program. Of the \$60 million in annual Stewardship bonding authority currently available, \$45 million is allocated for land acquisition and \$15 million for property development and local assistance. As recreational boating aids are provided to local units of government, it would be appropriate to provide these grants from the property development and local assistance subprogram. However, this would decrease the amount available for property development on DNR lands and for grants to local governments for acquisition and development projects, including urban green space, parks, and urban rivers. Providing the allocation from land acquisition would reduce the amount for DNR and nonprofit conservation organizations to purchase conservation lands.

ALTERNATIVES TO BILL

A. Local Match

1. Adopt the Governor's recommendation to increase the state cost-sharing grant to up to 75% of the costs of projects to control aquatic invasive species.
2. Delete provision (a 50% match would be maintained).

B. Eligible Recipients

1. Adopt the Governor's recommendation to delete the restriction that grants for projects to control invasive species be awarded to local governmental units. (Any public or private entity would be eligible.)

2. Expand the eligibility for participation in the aquatic invasive species grant program to include nonprofit conservation organizations and qualified lake associations (organizations that currently participate in the lake protection grant program, and are eligible for aquatic invasive species grants if funds remain after local government projects).

3. Delete provision (local governments would maintain first priority).

C. Grant Funding Levels

1. Transfer \$1,500,000 annually from the lake protection, planning and aquatic invasive species appropriation to a biennial appropriation for the distribution of grants for the control of aquatic invasive species.

2. Adopt Alternative C1. Further, transfer \$1,500,000 in 2007-08 and \$2,500,000 in 2008-09 from recreational boating projects to aquatic invasive species grants. (This would make \$3,000,000 in 2007-08 and \$4,000,000 annually beginning in 2008-09 available for cost-sharing grants for the control of aquatic invasive species.) In addition, specify one of the following:

a. Provide \$1.5 million in 2007-08 and \$2.5 million annually beginning in 2008-09 from the existing Warren Knowles-Gaylord Nelson Stewardship program for recreational boating projects from:

- (1) the land acquisition subprogram;
- (2) the property development and local assistance subprogram; or
- (3) either subprogram; or,

b. Authorize \$4 million in general obligation bonds for recreational boating aid project grants. Estimate debt service at \$65,000 GPR in 2008-09.

ALT C2b	Change to Bill		Change to Base	
	Revenue	Funding	Revenue	Funding
BR	\$4,000,000		\$4,000,000	
GPR		\$65,000		\$65,000

4. Maintain current law.

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