



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

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May 18, 2011

Joint Committee on Finance

Paper #139

### **Repeal Buy Local, Buy Wisconsin Program (Agriculture, Trade and Consumer Protection)**

[LFB 2011-13 Budget Summary: Page 57, #10]

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#### **CURRENT LAW**

The Department of Agriculture, Trade and Consumer Protection (DATCP) administers the Buy Local, Buy Wisconsin program to: (a) increase awareness of locally produced foods; and (b) increase the production and distributional capacity of foods for consumption in proximity to where the food is produced. Approximately \$225,000 GPR with 1.0 position is currently available for program administration. In addition, grants are available under the program for: (a) the creation, promotion and support of regional food systems and agricultural tourism trails; and (b) the development of regional food systems, including creating or expanding facilities for production, processing and transport of locally produced food, or strengthening networks of producers and consumers of locally produced food. DATCP is appropriated \$222,700 GPR each year for Buy Local, Buy Wisconsin grants. DATCP administrative rules require a recipient match of at least 33% of the grant total, which is equal to at least 25% of total project costs. Grants also may not exceed \$50,000. Contracts awarding grants generally are limited to two years, although administrative rules allow an extension to a third year upon request. Program administrative rules specify the following eligible costs: (a) operating expenses, including salaries and wages, contracts, travel, supplies and publicity; (b) real estate or equipment rental within the term of the grant contract; (c) non-durable equipment; and (d) reasonable depreciation expenses for capital equipment.

#### **GOVERNOR**

Eliminate the requirement that DATCP administer a Buy Local, Buy Wisconsin program. Delete the statutory authority to administer the grant program and the \$222,700 GPR annual grant appropriation.

## DISCUSSION POINTS

1. The Buy Local, Buy Wisconsin program was created under 2007 Act 20 with: (a) \$225,000 GPR biennially for grants in 2007-08; and (b) \$42,700 GPR in 2007-08 and \$64,100 GPR in 2008-09 with 1.0 position for administration and marketing of the program. The act also provided DATCP with \$110,000 GPR in 2007-08 and \$165,000 GPR beginning in 2008-09 for marketing, training and other administrative duties related to Buy Local, Buy Wisconsin promotion and development. Table 1 shows amounts appropriated for Buy Local, Buy Wisconsin program components beginning with 2007 Act 20. Amounts shown include across-the-board reductions made in 2009 Act 28 and those recommended by the Governor for 2011-13.

**TABLE 1**

**Buy Local, Buy Wisconsin Appropriations**

<u>Purpose</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Staff (1.0)	\$42,700	\$64,100	\$70,000	\$70,000	\$65,000	\$65,000
Marketing	110,000	165,000	155,000	155,000	139,500	139,500
Grants	<u>225,000</u>	<u>0</u>	<u>222,700</u>	<u>222,700</u>	<u>0</u>	<u>0</u>
Total	\$377,700	\$229,100	\$447,700	\$447,700	\$204,500	\$204,500

2. The bill would delete two statutory sections relating to the Buy Local, Buy Wisconsin program; one section would be the requirement to administer a grant program, and a second would be the general requirement that DATCP conduct a program to promote awareness and consumption of locally produced foods. The administration indicates the repeal of the Buy Local, Buy Wisconsin grant program is intended to reallocate funding toward other priority programs. The elimination of the promotional requirement was intended to remove statutory requirements of the Department.

3. Proponents of the Buy Local, Buy Wisconsin program contend the program supports efforts of farmers to develop additional markets for agricultural products, as well as the efforts of consumers to purchase foods produced in proximity to where they are consumed. Some argue local and regional food systems avoid economic and environmental costs of preserving food and transporting it over long distances. Supporters further argue that local and regional food systems allow consumers to purchase fresher foods with greater nutritional value, while allowing farmers and local processors to capture more of the value in their products.

4. Farmers markets are perhaps the most prominent example of the development of local and regional food systems. The U.S. Department of Agriculture's Agricultural Marketing Service, which annually catalogs all operating farmers markets in the U.S., reports that farmers markets nationally increased from approximately 2,900 to approximately 6,100 from 2000 to 2010. As of the 2010 survey, Wisconsin had the eighth-most farmers markets of any state with 204.

5. Table 2 shows the grant history of the Buy Local, Buy Wisconsin program since its inception. Approximately 10% of projects and 8.4% of requested funding have been met by the program. The average project has been funded for \$29,800, but projects over the three grant cycles

have ranged from \$12,155 to \$45,000. The attachment shows a list of the Buy Local, Buy Wisconsin grants awarded since the program's inception.

**TABLE 2**

**Buy Local, Buy Wisconsin Grant History**

<u>Grant Year</u>	<u>Applications</u>	<u>Fund Requests</u>	<u>Projects Funded</u>	<u>Funds Awarded</u>	<u>Projects Not Funded</u>	<u>Requests Minus Awards</u>
2008	95	\$3,216,800	7	\$225,000	88	\$2,991,800
2009	75	2,703,200	9	222,700	66	2,480,500
2010	<u>37</u>	<u>1,533,500</u>	<u>5</u>	<u>177,700</u>	<u>32</u>	<u>1,355,800</u>
Totals	207	\$7,453,500	21	\$625,400	186	\$6,828,100

6. Grant recipients have reported to DATCP that 1,200 producers have been involved in, or have benefited from, recipients' business activities. Recipients also report they have generated \$2.7 million in new sales.

7. The elimination of the Buy Local, Buy Wisconsin grants would leave 1.0 position that was authorized in 2007 Act 20. Although no longer required under the bill, DATCP reports this position would continue departmental efforts in assisting producers with marketing their products to local markets. DATCP's non-grant activities for the development of local food systems include: (a) the Wisconsin local food marketing guide, a publication to assist farmers and producers with marketing products via farmers markets, on-farm stores, community-supported agriculture programs or other sales to institutions and retailers; (b) workshops throughout the state to assist food producers with marketing products; (c) a food safety project to provide growers with greater knowledge technical assistance of food safety standards for various products and activities. Additionally, the Department administers the Producers First program, which is supported by a \$50,000 federal grant and state match. The state match currently totals about \$38,000 GPR from DATCP's agricultural development general operations, and DATCP currently estimates the federal funds will be exhausted by August, 2011. The Producers First grant program provides grants up to \$3,000 for local producers to get technical support through private consultants. Assistance may relate to various aspects of business planning, financial and legal services, food safety improvements, product packaging/labeling and market development.

8. Additionally, a farm-to-school program created under 2009 Act 293 requires DATCP to encourage the purchase by schools of foods produced in proximity to the institution. The Department, under the program, is to: (a) identify any existing barriers limiting schools' purchases of locally produced foods; (b) provide education and training to farmers and schools relating to food safety and handling; (c) promote communications between growers and schools, as well as public education of farm-to-school efforts; and (d) make grants to school districts, nonprofit organizations, farmers or others to assist with the creation of farm-to-school systems. DATCP was authorized 1.0 GPR position for farm-to-school administration, which has not yet been filled but would be funded by the bill. DATCP reports it would hire this position if funding remains in the bill. The grant program has not been funded since its inception, nor would it be under the bill, but it would remain

in the statutes.

9. The Department has other efforts that coincide with the goals of the Buy Local, Buy Wisconsin program. Something Special from Wisconsin licenses organizations that grow or process food in Wisconsin to use the program's trademark, which provide these companies a means of identifying at retail those products that are substantially produced in the state. DATCP reports Something Special from Wisconsin has experienced substantial growth in participants in recent years, increasing from 256 participants in 2009 to an estimated 420 in 2011. DATCP also has partnered with the University of Wisconsin-Extension and the Wisconsin Apple Growers Association to administer Savor Wisconsin, which is intended to allow state producers to market to in-state and national or international customers. The most prominent part of the program is the SavorWisconsin.com Web site, which DATCP administers. DATCP's Alice in Dairyland is a special liaison to promote Wisconsin agriculture who is selected in an annual statewide competition. The AmeriCorps farm-to-school program is a federally funded program that places AmeriCorps staff in host schools throughout Wisconsin to promote local food purchases by the school and educate children about nutrition and healthy eating habits. The Department also administers the agricultural development and diversification program, which is discussed in Paper #142.

10. The Department estimates administration of the Buy Local grant program accounts for about 5% of the workload of the program coordinator position. Remaining workload includes: (a) technical assistance [60%], such as the local food marketing guide, which is in its second edition, and workshops across the state; (b) continuing the development of commercial relationships between farmers, processors and sellers to produce food for local consumption, as specified in the Buy Local, Buy Wisconsin statutory authorization [15%]; and (c) assorted projects related to food safety assistance and workshops, program promotion or program planning [20%]. Producers First is administered mostly by limited-term employees (LTEs).

11. DATCP reports the resources directly identified with administration of all Buy Local, Buy Wisconsin program activities total \$160,000, including \$70,000 with 1.0 full-time position and an approximately 0.6 equivalent position provided by LTEs. This is below the amounts initially budgeted for Buy Local, Buy Wisconsin staffing and non-grant programming; DATCP contends funding provided in 2007 Act 20 may not be specifically identifiable with Buy Local, Buy Wisconsin at this time, but it remains part of the Department's agricultural development operations, which support other local-foods programs listed above.

12. Because DATCP indicates it would continue to conduct activities related to promoting local food systems, it could be argued s. 93.45 of the statutes, which requires DATCP to promote local-food consumption, but does not include the statutory grant program, could be retained [Alternative 2a]. The Committee could also consider restoring the statutory authority for the grant program under s. 93.48 but providing no funding in 2011-13 [Alternative 2b]; this would allow the grant program to resume if funding were provided in future legislation.

13. It could be argued that the due to the demand for Buy Local, Buy Wisconsin grants, and due to potential consumer demand for local products as measured by Wisconsin's number of farmers markets and increasing participation in Something Special from Wisconsin, the program should be retained to continue developing locally-based food systems in the state. The Committee

could consider both restoring the statutory authorization for the program and providing one of the following levels of funding in 2011-13: (a) \$0 in 2011-12 and \$200,000 GPR beginning in 2012-13 [Alternative 3a]; (b) \$200,000 GPR in 2011-12 but no funding in 2012-13 [Alternative 3b]; (c) \$100,000 GPR annually [Alternative 3c]; or (d) \$200,000 annually which is approximately the base level less across-the-board reductions applied to most general fund non-personnel appropriations [Alternative 3d]. The Committee could also delete the Governor's recommendation and restore both the statutory authorization and base grant funding [Alternative 7].

14. If the Committee were to restore grant funding, it could consider increasing the funding match required of participants. Under current administrative rules, recipients of a Buy Local, Buy Wisconsin grant must provide at least 33% of the grant award, which is equivalent to 25% of total project costs. This would be approximately \$16,500 for a maximum \$50,000 grant. Although grant programs vary in their requirements, some may require a dollar-for-dollar, or 50%, recipient match, or a 33% match, equal to one-third of project costs. Match requirements ensure participants have a substantial financial stake in a project, which helps contain costs, and higher match requirements also allow for greater distribution of state funds. It could be argued, however, that increased match requirements may dissuade persons from applying for grants who otherwise would have been interested, or may place undue burdens on some projects. However, grant demand currently far exceeds available state funds. The Committee could consider specifying a Buy Local, Buy Wisconsin match requirement of 33% of project costs [Alternative 4a] or 50% of project costs [Alternative 4b].

15. If the Committee restored grant funding lower than the base, it could also consider specifying a maximum grant lower than the current \$50,000 level. As with match requirements, adjusting maximum grant levels may help to ensure greater distribution of funds if overall program funding is reduced from the base. However, it could also be argued that a lower maximum grant may reduce funding that could be provided to certain projects that may have unique potential for economic development. The Committee could consider a maximum grant of \$25,000 [Alternative 5a] or \$35,000 [Alternative 5b], or it could specify no statutory maximum, which would retain the current \$50,000 in administrative rules.

16. On the other hand, program elimination may be viewed as appropriate, given other related DATCP programs would continue under the bill, and given the program's goals of developing local food systems could continue to be supported by consumer demand. The Committee could consider retaining the Governor's recommendation [Alternative 1]. Further, as the bill would delete the Buy Local grant program, the Committee could consider eliminating \$65,000 GPR annually with 1.0 position for Buy Local, Buy Wisconsin administration, in addition to the Governor's recommendation [Alternative 6a]. The Committee could also consider deleting funding of \$139,500 GPR annually, associated with Buy Local marketing and promotional funding [Alternative 6b]. DATCP would continue to retain the GPR position for the farm-to-school program whose duties could be viewed as consistent with the Buy Local program, as well as other base-level agricultural marketing programs.

## ALTERNATIVES

1. Adopt the Governor's recommendation to delete Buy Local, Buy Wisconsin provisions and the related grant program with \$222,700 GPR annually.

2. Restore one or both of the following statutory authorizations:

- a. DATCP promotion of local foods, and the development of regional food systems; or
- b. The Buy Local, Buy Wisconsin grant program.

3. In addition to Alternative 2b, provide one of the following for Buy Local, Buy Wisconsin grants:

a. \$0 in 2011-12 and \$200,000 GPR beginning in 2012-13;

<b>ALT 3a</b>	<b>Change to Bill</b>
	Funding
GPR	\$200,000

b. \$200,000 GPR in 2011-12 and \$0 beginning in 2012-13;

<b>ALT 3b</b>	<b>Change to Bill</b>
	Funding
GPR	\$200,000

c. \$100,000 GPR annually; or

<b>ALT 3c</b>	<b>Change to Bill</b>
	Funding
GPR	\$200,000

d. \$200,000 GPR annually.

<b>ALT 3d</b>	<b>Change to Bill</b>
	Funding
GPR	\$400,000

4. Specify Buy Local, Buy Wisconsin grant recipients must provide at least one of the following percentages of total project costs:

- a. 33%;
  - b. 50%; or
  - c. Take no action. (DATCP would continue to set the level by rule, currently at 25%.)
5. Specify one of the following amounts for the maximum Buy Local, Buy Wisconsin grant:
- a. \$25,000;
  - b. \$35,000; or
  - c. Take no action. (DATCP would continue to set the level by rule, currently at \$50,000.)
6. Adopt the Governor's recommendation. In addition, delete one of the following:
- a. \$65,000 GPR annually with 1.0 position for Buy Local, Buy Wisconsin administration; or

ALT 6a	Change to Bill	
	Funding	Positions
GPR	- \$130,000	- 1.00

- b. \$204,500 GPR annually with 1.0 position to delete all base funding associated with the Buy Local, Buy Wisconsin program.

ALT 6b	Change to Bill	
	Funding	Positions
GPR	- \$409,000	- 1.00

7. Delete the Governor's recommendation. (This would restore statutory authority for the Buy Local, Buy Wisconsin program and restore base-level grant funding of \$222,700 GPR annually.)

ALT 7	Change to Bill
	Funding
GPR	\$445,400

Prepared by: Paul Ferguson  
Attachment





## ATTACHMENT

### Buy Local, Buy Wisconsin Grant Recipients

<u>Recipient Name</u>	<u>City</u>	<u>Amount</u>
<b>2008</b>		
River Country Resource Conservation and Development Council, Inc.	Altoona	\$41,660
Research, Education, Action and Policy on Food, Inc.	Madison	43,580
Badgerland Produce Co-op Auction	Montello	46,540
Wisconsin Apple Growers Association Inc.	Waterloo	12,155
Braise on the Go Culinary School LLC	Milwaukee	25,502
Pri-Ru-Ta Resource Conservation & Development Council, Inc.	Medford	28,980
Northwest Wisconsin Regional Food Network	Rice Lake	<u>26,583</u>
Subtotal		\$225,000
<b>2009</b>		
Vernon Economic Development Association	Viroqua	\$40,000
Institutional Food Market Coalition	Madison	35,000
Madison-Area Community Supported Agriculture Coalition	Madison	35,000
Underground Catering, LLC	Madison	25,000
Green and Green Distribution	Mineral Point	22,700
UW-Madison Center for Integrated Agricultural Systems	Madison	20,000
Pasture Perfect, LLC	Ashland	16,000
Southwest Wisconsin Community Action Program	Dodgeville	15,000
Bayfield Apple Company	Bayfield	<u>14,000</u>
Subtotal		\$222,700
<b>2010</b>		
Northside Planning Council, Inc.	Madison	\$45,000
Clock Shadow Creamery	Milwaukee	45,000
Neesvig's, Inc.	Windsor	45,000
Coolwater Farms, LLC	Deerfield	25,000
West Central Wisconsin Community Action Agency, Inc.	Glenwood City	<u>17,700</u>
Subtotal		\$177,700