



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #139

Buy Local, Buy Wisconsin Grants (Agriculture, Trade and Consumer Protection)

[LFB 2019-21 Budget Summary: Page 43, #12]

CURRENT LAW

The Department of Agriculture, Trade and Consumer Protection (DATCP) administers the Buy Local, Buy Wisconsin program to increase the consumption of foods in proximity to where the food is produced. Program activities currently include: (a) production of a local foods marketing guide; (b) workshops for such topics as food safety assistance for producers; (c) facilitating relationships between food producers and nearby consumers, including DATCP activities related to farm-to-school programs around the state; and (d) administering Buy Local, Buy Wisconsin grants.

Under current law, DATCP is appropriated \$200,000 each year in general purpose revenue (GPR) for Buy Local, Buy Wisconsin (BLBW) grants. Grants are to support: (a) the creation, promotion and support of regional food systems and agricultural tourism trails; or (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.

The statutes require an equal recipient match on grant awards. Grants may not exceed \$50,000 per recipient in a fiscal biennium, by administrative rule. Contracts awarding grants generally are limited to two years, with possible extension to a third. 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

Increase funding for the Buy Local, Buy Wisconsin grant program by \$100,000 GPR each year. Under the bill, total budgeted amounts would be \$300,000 GPR each year.

DISCUSSION POINTS

1. The table below shows the history of Buy Local, Buy Wisconsin grants. In the 2010-11, 2011-12, and 2012-13 fiscal years, the Department elected to lapse part or all of the grant appropriation to the general fund to meet agency lapse requirements under multiple biennial budget acts.

Buy Local, Buy Wisconsin Grant History

Year	Applications		Awarded		Not Funded	
	Number	Amount	Number	Amount	Number	Requests Minus Awards
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	37	1,533,500	5	177,700	32	1,355,800
2014	57	1,860,000	8	200,000	49	1,660,000
2015	41	1,545,600	8	199,300	33	1,346,300
2016	23	773,800	7	200,000	16	573,800
2017	32	1,093,400	8	200,000	24	893,400
2018	25	978,600	6	200,000	19	778,600
2019	<u>31</u>	<u>1,104,200</u>	<u>9</u>	<u>200,000</u>	<u>22</u>	<u>904,200</u>
Totals	416	\$14,809,100	67	\$1,824,700	349	\$12,984,400

2. The table shows the program remains oversubscribed, although demand has declined over time. DATCP reports it has removed certain program guidelines it had implemented administratively through the grant proposal process that tended to discourage applications from individual farming operations. DATCP expects current program applications could increase as a result of this change.

3. From 2008 to 2019, DATCP reports program recipients have reported new sales of approximately \$10 million associated with grant assistance, and approximately 2,800 producers have benefited from sales by program participants. DATCP does not formally track program participants' success after grant-funded projects have completed, so information on the long-term retention or expansion of participant businesses is not available.

4. While other DATCP grant programs focus assistance on the dairy industry, DATCP notes that BLBW grants allow it to provide assistance to a broader set of agricultural producers. One other such program, the DATCP Farm-to-School program, would be provided grant funding of

\$200,000 annually under the bill. However, the Farm-to-School program has a generally narrower focus on providing locally produced food to schools, while BLBW is intended to increase sales of locally produced or processed foods to the broader public.

5. BLBW grants are funded under a biennial appropriation, meaning total amounts budgeted in both years would be available for DATCP to expend at any point in the biennium, including transferring expenditure authority from the second year to the first year. However, only funding appropriated in 2020-21 would be part of the base used in subsequent budgets. Thus, if the Committee wished to provide funding increases on a one-time basis during the 2019-21 biennium in order to limit base funding in future biennia, it could provide the \$200,000 in increased funding in 2019-20.

6. Given unmet demand for BLBW grants and the opportunity to provide grants that support the agriculture industry more generally, the Committee could consider adopting the Governor's recommendation (Alternative 1). The Committee could also consider providing the Governor's recommended biennial amount (Alternative 2) in the first year of the biennium, which would provide additional funding in the 2019-21 biennium but maintain base funding of \$200,000 each year. The Committee could also take no action (Alternative 3).

ALTERNATIVES

1. Adopt the Governor's recommendation to increase Buy Local, Buy Wisconsin grants by \$100,000 each year. (Base funding for grants would be \$300,000 GPR each year.)

ALT 1	Change to	
	Base	Bill
GPR	\$200,000	\$0

2. Provide \$200,000 GPR for Buy Local, Buy Wisconsin grants in 2019-20. (The program would be appropriated \$400,000 in 2019-20, as recommended by the Governor, but \$200,000 for base funding would be maintained for 2020-21.)

ALT 2	Change to	
	Base	Bill
GPR	\$200,000	\$0

3. Take no action.

ALT 3	Change to	
	Base	Bill
GPR	\$0	- \$200,000

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