



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #581

Urban Forestry Grants (Natural Resources -- Forestry and Stewardship)

[LFB 2023-25 Budget Summary: Page 443, #5]

CURRENT LAW

The urban forestry grant program provides matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. The Department of Natural Resources (DNR) may award up to \$524,600 for urban forestry grants in each year of the 2021-23 biennium. Under administrative code Chapter NR 47, grants for urban forest management must be at least \$1,000 and not more than \$25,000. Additionally, DNR may award up to 20% of the amount appropriated for urban forestry grants for removing, repairing, and replacing trees that have been damaged by heavy winds, tornadoes, ice, hail, or snow. Communities are eligible in areas where the Governor has declared a state of emergency. Grant awards for storm damage may be as little as \$4,000 and as large as \$50,000.

DISCUSSION POINTS

1. The urban forestry grant program was created in 1991 Wisconsin Act 39 to provide matching grants to local governments for forestry-related projects, including tree inventories and management plans, disease evaluations, public education and storm damage response. 2009 Wisconsin Act 28 created a biennial appropriation for the grants and set funding for them at \$524,600 each year.

2. The program provides grants for a variety of purposes including tree management plans, tree inventories, brush residue projects, development of tree management ordinances, tree disease evaluation, and public education relating to trees in urban areas. Additionally, the program provides small grants (not exceeding \$5,000) for projects to start a community tree care program.

3. Despite the name, urban forestry grants are not limited to providing funding to metropolitan cities. Administrative code s. NR 47.52(8) defines urban forestry as tree management, operations and education within cities, villages and other concentrated development. Wisconsin towns, villages, cities, tribes, counties and nonprofit conservation organizations (NCOs) are eligible grant applicants.

4. The grant program operates on an annual funding cycle with applications accepted between July 1 and October 1. In mid-November, award notifications are made to grant recipients. DNR notes that it reserves 20% of the amount appropriated for the grants for catastrophic storm damage grants. In each year of the 2019-21 biennium, DNR reserved approximately \$104,900 of the \$524,600 authorization for catastrophic storm grants. If these funds are not needed through mid-March, DNR releases them to fund a second round of urban forestry grants.

5. Table 1 shows the amount requested and awarded for these grants since fiscal year 2015-16. It should be noted that the amounts awarded in 2019-20 and 2021-22 were supplemented by a transfer from the forestry emergency reserve under s. 20.370(2)(cv) to fund a high volume of requests related to storm damage. Other years' awards may appear to exceed the appropriation amount due to initially awarded grants being relinquished by the primary grantee and subsequently awarded in a second funding round to other recipients.

TABLE 1

Urban Forestry Grant Program Awards

<u>Fiscal Year</u>	<u>Amount Requested</u>	<u>Amount Awarded</u>	<u>Percent Awarded</u>
2015-16	\$1,246,400	\$547,700	44%
2016-17	964,800	573,800	59
2017-18	761,300	560,300	74
2018-19	760,000	532,800	70
2019-20*	733,200	419,700	57
2020-21	967,800	699,200	72
2021-22*	871,800	519,700	60

* Includes one-time funding from the forestry emergency reserve to fund a high volume of catastrophic storm grants.

6. Assembly Bill 43/Senate Bill 70 would increase the amount available for urban forestry grants by \$475,000 SEG each year, from \$524,600 to \$999,600. DNR notes that the Department has been unable to award \$350,300, on average, each year. Since DNR is unable to fund all eligible expenses each year, the Committee could increase funding for urban forestry grants by \$350,300 SEG annually [Alternative 1].

7. As described above, DNR currently reserves \$104,900 (20%) from the appropriated grant funding each year for catastrophic storm damage grants. To be eligible to receive catastrophic storm damage grants, a municipality must be in an area in which the Governor has declared a state of emergency due to a catastrophic storm, such as a tornado, snow or ice storm, or a windstorm.

Municipalities may apply for up to 100% of the cost of tree removal, brush clearance, stump grinding and hole refilling related to recovery from a catastrophic storm within 60 days of the Governor's emergency declaration. Table 2 shows the value of catastrophic storm damage grants in recent years.

TABLE 2

Catastrophic Storm Damage Grant Requests

<u>Fiscal Year</u>	<u>Amount Requested</u>
2013-14	\$269,100
2015-16	6,800
2018-19	594,000
2021-22	228,400

8. In 2018-19 and 2021-22, requests exceeded the \$104,900 allotted for catastrophic storm damage grants. To fully fund all eligible grant requests, DNR submitted a request under s. 13.10 of the statutes to transfer funds from DNR's emergency forestry reserve to catastrophic storm damage grants. The Committee approved both requests, releasing \$489,100 in January, 2020, and \$123,600 in February, 2022.

9. If the Committee were to increase funding for the urban forestry grant by \$350,300, \$874,900 would be available each year and DNR would allot \$175,000 for catastrophic storm damage grants. While this would increase the amount available for storm damage recovery, it would be insufficient to fund recent year's requests. If the Committee increased funding for urban forestry grants by \$475,000, the amount available for the grants would be set at \$999,600 each year and DNR would allot \$199,900 for catastrophic storm damage grants. The Committee could consider increasing urban forestry grant funding by \$475,000 each year [Alternative 2].

10. As shown in table 2, catastrophic storms occur infrequently; the Governor has declared states of emergency for catastrophic storms in four of the past 10 years. However, due to growing intensity of storms and higher costs of labor and supplies, catastrophic storms cause more damage at higher costs of recovery. As intense storms are projected to increase in frequency in the coming years, the Committee could consider providing dedicated funding for catastrophic storm damage grants.

11. The Committee could create a continuing appropriation for catastrophic storm damage grants. Since catastrophic storm events do not occur each year, the unexpended funding would carry forward to subsequent years. In addition to either alternative described above, the Committee could provide \$104,900 in a continuing appropriation for catastrophic storm damage grants [Alternative 3].

12. To prevent the appropriation from growing too great a balance, the Committee could consider lapsing from the balance of the appropriation any amount over \$600,000 [Alternative 4]. This would provide the appropriation with sufficient funding for most storm damage grants, based on recent grant requests.

13. The Committee could take no action [Alternative 5]. In years where catastrophic storm

damage grant requests exceed available funding, DNR may request supplemental funding from the forestry emergency reserve through s. 13.10 of the statutes to fully fund all requests.

ALTERNATIVES

1. Increase funding for urban forestry grants by \$350,300 each year. \$874,900 would be available for the grants each year.

ALT 1	Change to Base
SEG	\$700,600

2. Increase funding for urban forestry grants by \$475,000 each year. \$999,600 would be available for the grants each year.

ALT 2	Change to Base
SEG	\$950,000

3. In addition to either alternative above, create a continuing appropriation for catastrophic storm damage grants and provide \$104,900 each year.

ALT 3	Change to Base
SEG	\$209,800

4. In addition to Alternative 3, lapse any unencumbered balance of the catastrophic storm damage grant appropriation greater than \$600,000 at the end of each fiscal year.

5. Take no action.

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