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Joint Committee on Finance

Paper #146

Discovery Farms Funding Transfer (Agriculture, Trade and Consumer Protection)

[LFB 2013-15 Budget Summary: Page 65, #14]

CURRENT LAW

The Discovery Farms program is administered by the University of Wisconsin–Extension and UW–Madison to study and publicize the environmental and economic effects of various agricultural practices on working farms. The program currently is funded annually, among other sources, by \$248,400 SEG from the agricultural chemical cleanup program (ACCP) fund with 1.2 positions.

GOVERNOR

Transfer program funding of \$248,400 annually under the bill from the ACCP fund to the agrichemical management (ACM) fund.

DISCUSSION POINTS

1. The Governor and DATCP, which included the provision in its agency request, intend for the program to limit the appropriations supported by the ACCP fund. DATCP contends the ACCP fund is more appropriate to reserve for funding only reimbursements for agricultural chemical cleanups, particularly because ACCP fund revenues derive from a smaller number of fees on fertilizer, and handlers or manufacturers of fertilizers and pesticides.

2. Since its beginning in 2001, the Discovery Farms program has completed studies on eight farms throughout Wisconsin, with the intention of conducting studies that examine: (a) the multiple soil types occurring in the state; (b) various topographic and water features throughout the state; and (c) different agricultural products and production methods. For example, participating farms have included an organic dairy farm, a no-till crop producer, large confinement dairy

operations, a swine farm, and a dairy using management-intensive grazing. Studies on “core” farms typically have lasted five to seven years, while studies on certain special topics may be shorter in duration, at perhaps two to four years.

3. The Discovery Farms program has been supported from multiple sources in recent years. Since 2007-08, when ACCP SEG funding began, Discovery Farms has had an average annual budget of approximately \$1.17 million, including various state, federal, local and private sources. For example, Discovery Farms reports a 2012-13 budget of: (a) \$313,300 from the Walton Family Foundation; (b) \$248,400 ACCP SEG; (c) \$240,000 from the Wisconsin Milk Marketing Board; (d) \$104,200 GPR and \$124,000 PR from the University of Wisconsin System; and (e) \$148,700 in combined SEG from DATCP and DNR grants supported by the nonpoint account of the environmental fund.

4. The Discovery Farms have received ACCP funding since 2007-08, and expenditures from 2007-08 through 2011-12 were \$1,155,100. On an average annual basis, ACCP SEG has been allocated as follows: (a) 36% for monitoring and collection of samples on participant farms, primarily through the U.S. Geological Survey; (b) 30% for salary and fringe benefits costs for authorized positions; (c) 16% as grants to producers to compensate them for their participation in the projects; (d) 13% for equipment and miscellaneous costs; and (e) 5% for printing inserts distributed in agricultural industry newspapers and publications for disseminating research findings on participant farms.

5. One could argue the ACM fund is an appropriate source for Discovery Farms program funding, as participating farms are studied for how various agricultural inputs, including agricultural chemicals such as fertilizers, impact the waters and environment surrounding the operation. The Committee could consider adopting the Governor’s recommendation [Alternative 1].

6. It could be argued that of the ACCP SEG appropriations for Discovery Farms and for animal health services, the latter may be more appropriate to transfer. Some may suggest that animal health services bear a stronger association to fees that support the ACM fund, particularly the license and tonnage fee on commercial feed manufacturers and distributors. The Committee could consider deleting the Governor’s recommendation, and instead specify the transfer of the ACCP SEG appropriation for animal health inspections, testing and enforcement (\$352,500 annually with 4.0 positions) to the ACM fund [Alternative 2]. Alternatively, given the larger balance and greater revenue advantage of the ACM, both programs could be transferred [Alternative 3].

7. The Committee could also consider deleting the Governor’s recommendation [Alternative 4]. This would retain \$248,400 ACCP SEG funding annually for Discovery Farms. The ACCP fund balance projected for June 30, 2015, would be expected to decrease by \$496,800.

ALTERNATIVES

1. Adopt the Governor’s recommendation to transfer Discovery Farms funding of \$248,400 SEG annually with 1.2 positions from the ACCP fund to the ACM fund.

2. Rather than the Governor's recommendation to transfer Discovery Farms funding to the ACM fund, transfer the ACCP SEG appropriation for animal health inspection, testing and enforcement (\$352,500 annually with 4.0 positions) to the ACM fund. [The animal health component would transfer to ACM funding instead of Discovery Farms.]

3. In addition to the Governor's recommendation to transfer Discovery Farms funding to the ACM fund, transfer the ACCP SEG appropriation for animal health inspection, testing and enforcement (\$352,500 annually with 4.0 positions under the bill) to the ACM fund. [Both programs would transfer from ACCP to ACM funding.]

4. Delete the Governor's recommendation. (ACCP obligations would increase by \$248,400 annually relative to the bill and ACM obligations would decrease by the same amount annually, but there would be no net fiscal effect to the bill.)

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