



Wisconsin



Overview – Innovative Financing for Nutrient Reduction

Wisconsin has several funding programs that can support nutrient reduction projects on or near agricultural land. **There are opportunities for greater coordination between the state Clean Water Fund Program and other funding sources to achieve a larger-scale effort for nutrient reduction.**

There are also opportunities within the funding programs to bolster the priority of nutrient reduction. This fact sheet discusses the pools of funding available and opportunities to coordinate among funding sources.

Clean Water Fund

Wisconsin's Clean Water State Revolving Fund (CWSRF) awards loans to municipal projects for pollution abatement and sewage treatment at low and subsidized interest rates, including rates as low as 0%. The fund also provides for principal forgiveness under some circumstances. Since 1991, it has supported 1,084 projects and awarded \$4.6 billion in total financial assistance. Since the Fund's inception, no application has been denied for lack of loan funds and that is expected to continue in the current funding cycle.

Funding of projects is determined by referencing the state's administrative rule and Intended Use Plan (IUP), which include a ranking system where projects are scored under three categories: sewage collection systems, wastewater treatment plants, or storm water projects. Since 2013, the Fund also offers a Pilot Project Program to award loans to municipalities to implement a novel or non-traditional wastewater treatment alternative, **such as nutrient management programs on private lands**. Pilot projects may be awarded loans with terms of up to 20-years and an interest rate as low as zero percent. **This Pilot Project Program offers an avenue for agricultural projects, but Wisconsin has not adopted selection criteria or a project priority scoring system for these types of projects.** The Pilot Project Program is still being developed, so there is a significant opportunity to encourage future applications for nutrient reduction programs that employ a farmland nutrient reduction sponsorship or adoption scheme.

Access to CWSRF funds may improve funding opportunities in coordination with Wisconsin's traditional agricultural nonpoint financing programs described below.

Joint Allocation Plan, DATCP Soil and Water Resources Management Program, Producer-Led Watershed Protection Grants

The Wisconsin Department of Agriculture, Trade, and Consumer Protection (DATCP) annually prepares a Joint Allocation Plan with the Wisconsin Department of Natural Resources (DNR) to address conservation and water quality improvements funded by each agency (and related federal funding). The Joint

Allocation Plan provides an opportunity for coordination, avoidance of duplication, and identification of potential needs. DATCP funds support landowner cost-sharing and projects to install conservation practices on farms. In 2018, DATCP received requests for \$16.6 million to support county staff to facilitate nonpoint source projects, but was only able to allocate \$8.9 million. DATCP funds also support cost-shares to address state and local priorities identified in local plans, with a priority for nutrient reduction plans in or near areas of “impaired water bodies” and “agricultural enterprise areas.” Cost-share plans include nutrient management plans, waterway systems, manure storage and barnyard runoff control. In 2018, counties received \$11.2 million in requests for cost share funds to install conservation practices, but were only able to allocate \$5.6 million in DATCP funds demonstrating a clear demand for additional funding for agricultural projects. **The shortfalls in cost-share funds demonstrate the need for additional sources of state funding, such as may be provided by pilot projects under the CWSRF or adoption programs involving wastewater utilities in partnership with farmers.**

DATCP also supports a relatively small producer-led watershed protection grant program, which awards grants for up to \$20,000/year to groups led by 5 farms in a watershed working in collaboration with a state, county, or nonprofit organization. While small, the watershed protection grant program might be expanded and connected with wastewater utilities seeking to partner with farmer organizations on projects in particular watersheds.

Targeted Runoff Management and Section 319 Grants

Several grant programs are administered by the Wisconsin Department of Natural Resources as part of Wisconsin’s Nonpoint Source program. These program provide some funding relevant to nutrient management on farms. Funding plans are coordinated with Wisconsin DATCP funding under the Joint Allocation Plan. DNR’s total Joint Allocation effort for 2018 is \$4.9 million. Part of DNR’s funds support Wisconsin’s Targeted Runoff Management (TRM) program, which uses Clean Water Act Section 319 grant funds, bond revenue and segregated funds to address runoff problems in impaired watersheds. The maximum cost share for a “small-scale” TRM project is \$150,000, while the maximum cost share for a “large-scale” TRM project is \$1 million. In 2018, the DNR allocated \$3.8 million towards the TRM program, and met all funding requests. DNR’s Notice of Discharge (NOD) program also provides grant assistance to animal feeding operations to meet regulatory requirements to protect Wisconsin waters; in 2018 DNR set aside \$1 million to support cost-share practices. **Additional funding support could expand the reach of these programs, particularly if coordinated with CWSRF pilot projects.**

USDA Funding

The U.S. Department of Agriculture (USDA) operates several funding programs that can support nutrient reduction activities in Wisconsin. The National Resource Conservation Service (NRCS) manages the Environmental Quality Incentives Program (EQIP). EQIP alone disbursed \$35.9 million to Wisconsin producers for conservation activities in 2017. This program provides grants to farmers for certain conservation practices that may include nutrient reduction. A sub-program of EQIP, the National Water Quality Incentives (NWQI) program targets EQIP money for this purpose. The Conservation Stewardship Program (CSP) and Regional Conservation Partnership Program (RCPP) also support relevant activities.

The USDA’s Farm Service Agency (FSA) also manages the Conservation Reserve Program and the Conservation Reserve Enhancement Program. These programs provide annual payments to farmers to

remove environmentally sensitive land from production and convert it to conservation cover. The Conservation Stewardship Program (CSP) and Regional Conservation Partnership Program (RCPP) also support relevant activities. Wisconsin's need is to find additional sources of matching and supplemental funds.

References:

ELI conducted interviews with Wisconsin officials and organizations, and legal research on applicable statutes, regulations, and policies. In addition, financial data and description may be found in the following public sources.

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