



State of Wisconsin  
Governor Scott Walker

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**Department of Agriculture, Trade and Consumer Protection**  
Ben Brancel, Secretary

**Date:** June 5, 2012

**To:** Senator Alberta Darling, Co-Chair  
Joint Committee on Finance  
Room 317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Representative Robin Vos, Co-Chair  
Joint Committee on Finance  
Room 309 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8952

**From:** Ben Brancel, Secretary *Ben Brancel*  
Department of Agriculture, Trade and Consumer Protection

**Subject:** Status Report on the Agrichemical Management (ACM) and Agricultural Chemical Cleanup Program (ACCP) funds

2011 Wisconsin Act 32 required the Department of Agriculture, Trade and Consumer Protection (DATCP) to evaluate the conditions of the segregated agrichemical management and agrichemical chemical cleanup program funds. DATCP was also required to report to the Joint Finance Committee on Finance the findings and recommendations for correcting structural imbalances in the funds. DATCP has completed the evaluation of both funds and summarized the information for your review.

**Agrichemical Management Fund (ACM)**

The ACM fund, established in 1989, is funded by fees collected from many of the agricultural, commercial and industrial segments regulated by DATCP. Revenue deposited into the fund are generated from licenses, permits, registrations and tonnage fees under the feed, fertilizer, soil and plant additive, lime, and pesticide programs. The fees primarily fund the regulatory, investigative, laboratory and enforcement aspects of the ACM Bureau which has 42.25 FTE authorized in FY12 and FY13. The ACM fund also funds the Grazing Grant and Agriculture in the Classroom programs.

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In 2003, agrichemical fees were reviewed, adjusted and designed to provide consistent funding to the fund and to limit the number of future fee adjustments in subsequent fiscal years. Over the last five fiscal years, the revenue collected in the fund has remained consistent and has ranged from \$6,814,200 in FY08 to \$7,445,600 in FY11. Current projected revenue is \$7,570,500 in FY12 and \$7,253,600 in FY13.

In FY12, DATCP's authorized budget for the ACM Bureau is \$6,607,800. The current expenditure projections for this fiscal year are \$5,769,300 which is significantly less than budgeted. The main reason for the reduced expenditures in FY12 is because of reduced salary and fringe costs due to staff vacancies which are not anticipated to continue occurring in FY13. The authorized budget and projected expenditures for the Grazing Grant program is \$375,500 and \$93,900 for the Agriculture in the Classroom program in FY12 and also in FY13.

It should be noted, the ACM fund did lapse \$3,023,000 to the General fund in FY11 but there are not any projected lapses in this biennium.

### Findings

As Table 1 below indicates, the projected revenues are sufficient to fund the current and projected expenditures within the ACM fund through the biennium.

*Table 1- ACM Fund Condition*

<b>Description</b>	<b>FY11 Actuals</b>	<b>FY12 Projections</b>	<b>FY13 Projections</b>
<b>Opening Balance</b>	<b>\$3,822,000</b>	<b>\$2,445,600</b>	<b>\$3,219,400</b>
<b>Revenue</b>	<b>\$7,445,600</b>	<b>\$7,570,500</b>	<b>\$7,253,600</b>
<b>Expenditures</b>			
ACM Bureau	\$5,487,100	\$5,769,300	\$6,713,100
Grazing Grants	\$246,100	\$375,500	\$375,500
Ag in the Classroom	\$65,700	\$93,900	\$93,900
Carryover Encumbrances	\$0	\$558,000	\$0
Lapse	\$3,023,100	\$0	\$0
<b>Total Expenditures</b>	<b>\$8,822,000</b>	<b>\$6,796,700</b>	<b>\$7,182,500</b>
<b>Closing Balance</b>	<b>\$2,445,600</b>	<b>\$3,219,400</b>	<b>\$3,290,500</b>

## Agricultural Chemical Cleanup Fund (ACCP)

The ACCP program, established in 1994, was created to fund agrichemical dealers and farmers for cleaning up years of accumulated small spills, dripping valves and accidental agrichemical spills. In 1997, the ACCP fund was created by separating the program from the ACM fund which then allowed specific funds to be set aside for reimbursement of agrichemical cleanups. Revenue deposited into the fund is generated from licenses, registrations and tonnage fees under the fertilizer and pesticide programs. Besides providing funding to reimburse agrichemical cleanups, the fees have also provided funding for UW-Discovery Farms and a DATCP Division of Animal Health appropriation in recent fiscal years.

The amount of revenue collected in the fund has decreased over the last five fiscal years. In FY08, revenue collected totaled \$3,234,000 and in FY11, the amount of revenue collected was \$1,962,200. The decrease in revenue since FY08 is attributed to a 30% surcharge fee reduction approved in 2007 Wisconsin Act 20 and decreased sales of agrichemicals due to the economic climate. The amount projected to be collected in FY12 is slightly higher than the past two fiscal years at \$2,341,400 due to increased fertilizer and pesticide sales.

In FY12, DATCP's authorized budget for cleanup reimbursements is \$2,200,000. The current expenditure projections for cleanup reimbursements are \$1,034,500 which is significantly less than in FY11. DATCP believes the reduction in cleanup reimbursements is attributed to staff vacancies in the ACM Bureau which results in fewer cases started annually and lower reimbursements in the ACCP fund as projected in FY13 also. The authorized and projected expenditures for UW-Discovery Farms are \$248,400 for both FY12 and FY13. The authorized budget for the DATCP's Animal Health appropriation in FY12 and FY13 is \$351,700 but the current expenditure projections for the appropriation in FY12 is \$273,500 which is less than budgeted because of staff working on federal grant projects. With DATCP anticipating less federal grant funds in the future, DATCP is projecting expenditures in the Animal Health appropriation at the authorized budgeted amount in FY13.

It should be noted, the ACCP fund did lapse \$684,100 to the General fund in FY11 but there are not any projected lapses in this biennium.

## Findings

In FY11, when DATCP reviewed and projected the ACCP fund condition over the next biennium, DATCP anticipated a shortfall in the fund if reimbursement payments continued increasing and revenues continued decreasing as they had over the previous couple fiscal years. However, with another fiscal year's worth of data, current projected revenues are sufficient to

fund the current and projected expenditures within the ACCP fund through the biennium as indicated in Table 2.

*Table 2- ACCP Fund Condition*

<b>Description</b>	<b>FY11 Actuals</b>	<b>FY12 Projections</b>	<b>FY13 Projections</b>
<b>Opening Balance</b>	<b>\$1,477,900</b>	<b>\$5,800</b>	<b>\$790,800</b>
<b>Revenue</b>	<b>\$1,962,200</b>	<b>\$2,341,400</b>	<b>\$2,039,400</b>
<b>Expenditures</b>			
ACCP Reimbursements	\$2,131,300	\$1,034,500	\$1,300,000
UW Discovery Farms	\$246,700	\$248,400	\$248,400
Aids to County District Fairs	\$20,000	\$0	\$0
DATCP Animal Health	\$352,200	\$273,500	\$351,700
<u>Lapse</u>	<u>\$684,100</u>	<u>\$0</u>	<u>\$0</u>
<b>Total Expenditures</b>	<b>\$3,434,300</b>	<b>\$1,556,400</b>	<b>\$1,900,100</b>
<b>Closing Balance</b>	<b>\$5,800</b>	<b>\$790,800</b>	<b>\$930,100</b>

### Summary

As shown in Table 1 and Table 2, both the ACM and ACCP funds have sufficient revenue to support the projected expenditures in FY12 and FY13. As part of the biennial budget process for the next biennium, DATCP will again review the status of both funds and may propose changes to those funds to ensure a continuing positive ending cash balance.