

Environmental Assessment
DATCP's Portion of the 2017 Joint Final Allocation Plan
September 2016

I. The Nature and Purpose of the Proposed Action

Each year, the Department of Agriculture, Trade and Consumer Protection (DATCP), together with the Department of Natural Resources (DNR), allocates grant funds to counties and others for the purpose of supporting county conservation staff, landowner cost-sharing and other soil and water resource management (SWRM) activities. DATCP funds are allocated in accordance with ch. 92, Stats., and ch. ATCP 50, Wis. Adm. Code. Counties are required to have DATCP-approved land and water resource management (LWRM) plans as an eligibility condition for grants. The details of DATCP's proposed action are set forth in Charts and Tables in the 2017 Joint Final Allocation Plan that accompanies this Environmental Assessment.

II. The Environment Affected by the Proposed Action

As further explained in Section III.A., the DATCP grant program operates in every county, potentially covering all of Wisconsin's 34.8 million acres. While the program can fund a range of activities that protect surface and ground waters throughout the state, grant funds are primarily used to protect rural areas and install conservation practices on farms, which now account for less than 50% of Wisconsin's land base (14.4 million acres). Ultimately each county's LWRM plan determines the nature and scope of conservation activities in the area and the natural resources affected by DATCP funds.

III. Foreseeable Environmental Effects of the Proposed Action

A. Immediate Effects

The environmental effects of the proposed allocation plan are positive. Through support for conservation staff and landowner cost-sharing, the proposed allocation plan will result in actions on farms and other areas that reduce soil erosion, prevent farm runoff, improve management of manure and other nutrients, and minimize pollution of surface and ground water.

By providing annual funding for conservation staff and others, DATCP secures statewide capacity to deliver a wide range of conservation and water quality programs. DATCP staffing grants enable counties to hire and retain conservation staff who have the experience and technical skills required to implement county resource management plans (including the state agricultural performance standards), facilitate landowner participation in state and federal cost-share programs, and ensure cross-compliance of farmers in the revamped farmland preservation program (FPP). By funding special projects that support conservation implementation, DATCP is filling critical needs in areas such as nutrient management support, training, and coordination between the public and private sector. As discussed later, funding for county conservation staff has not kept up with the demand which is fueled by new programs such as producer-led watershed councils and phosphorus management, and the persistence of intractable ground and surface water issues throughout the state.

Each year, counties use cost-share funds to address state and local priorities identified in their local plans. New work plan requirements discussed on page six will provide a clearer picture of county efforts and facilitate reporting of county accomplishments.

Cost-share funds translate into tangible conservation practices that produce documentable results in controlling runoff pollution and improving water quality. In 2015, counties spent about \$5.8 million in DATCP funds to install cost-shared practices, compared to 2014 expenditure of about \$4.8 million. The Table A highlights top five conservation practices DATCP cost-sharing spent by counties in 2014 and 2015.

Table A: Cost-Share Expenditure Comparison				
Conservation Practice	2014 Cost-Share Dollars Spent (in millions)	2014 Units of Practice Installed	2015 Cost-Share Dollars Spent (in millions)	2015 Units of Practice Installed
Nutrient Management Plans	1.46	60,038 acres	1.85	78,103 acres
Waterway systems	0.48	149 acres	0.64	178 acres
Manure Storage	0.38	15 systems	0.50	24 systems
Barnyard Runoff Control	0.42	30 systems	0.49	33 systems
Streambank and Shoreline Protection	0.47	24,143 feet	0.36	21,037 feet
Grade Stabilization			0.28	44 structures
Feed Storage Runoff Control			0.21	6 systems
Closure of Manure Storage System	0.21	37 systems		

The following developments are worth mentioning with respect to expenditures of cost-share funds: increasing expenditures by counties for key farm conservation practices such as nutrient management, grassed waterways, barnyard runoff control systems and manure storage; growing interest in cost-sharing feed storage runoff control accompanied by challenges in managing runoff using low-cost vegetated treatment areas (as discussed on page six).

B. Long-Term Effects

Over time, DATCP’s annual financial support of county staff and other project cooperators has built and sustained a statewide conservation infrastructure that delivers the following reinforcing benefits:

- Outreach and education that results in positive behavioral changes;
- Development of conservation technologies such as SNAP Plus and the Manure Advisory System, and the training systems to effectively use these technologies;
- Technical assistance that ensures proper design and installation of conservation practices;
- Resource management planning that tackles local and state priorities;
- Permitting and other regulation of livestock farms that requires properly designed manure storage and nutrient management plans;
- FPP administration that protects valuable resources and promotes conservation compliance.

DATCP cost-share grants are critical in helping landowners meet their individual responsibilities, and making reasonable progress as a state in achieving water quality goals. Most farmers are not required to meet state runoff control standards without cost-sharing. Long-term state commitment to farmer cost-sharing determines the extent to which conservation practices are installed, and ultimately the degree to which water quality is improved. When multiple conservation practices are installed in a watershed or other area over time, the combined effect of these practices can result in marked water quality improvements.

Fully assessing the long-term benefits, however, is complicated for a number of reasons including the fact that DATCP's grant program operates within a collection of conservation and natural resource programs. See Section III.E. for more a detailed discussion.

C. Direct Effects

DATCP funding results in the installation of conservation practices and capital improvements on mainly agricultural lands that directly reduce water quality pollution and reduce soil erosion. It also secures access to technical or other assistance that supports conservation efforts, including conservation and nutrient management planning.

D. Indirect Effects

Installed conservation practices not only improve resources in the immediate area, but benefit surrounding areas, including resources located "downstream" from the installed practice. For example, nutrient management practices implemented on fields upstream from a lake reduce sediment and nutrients that would otherwise collect in surface waters, and can provide additional protection for groundwater. Installed practices may have secondary benefits at a site, such as shoreline buffers, which not only serve to control runoff, but may increase wildlife habitat.

DATCP policies and rules mitigate secondary impacts from the installation and maintenance of conservation practices. DATCP policies ensure that counties evaluate cultural resource impacts of a project before any land-disturbing activities are initiated. To minimize erosion from excavation and construction projects, such as a manure storage facility or barnyard runoff control system, DATCP rules require landowners to implement measures to manage sediment runoff from construction sites involving DATCP cost-shared practices. Adverse environmental impacts may result from improper design and installation of practices. DATCP cost-share rules avoid this outcome by requiring projects to be designed and constructed according to established technical standards. Improper maintenance can undermine the benefits of a long-term conservation practice. By requiring a maintenance period for conservation projects installed with DATCP cost-share dollars, DATCP ensures that practices perform in the long-term as intended.

In rare cases, certain negative impacts are unavoidable. For example, unusual storm events can cause manure runoff from the best-designed barnyard. Unavoidable impacts may also arise if a cost-shared practice is not maintained or is improperly abandoned. Manure storage facilities that are not properly abandoned or emptied may present a water quality threat, unless they are closed in accordance with technical standards.

Overall, the positive benefits of reducing nonpoint runoff through conservation measures significantly outweigh the slight risks associated with the installation and maintenance of conservation practices.

E. Cumulative Effects

While it is difficult to accurately gauge the cumulative effects of this action, it is clear that SWRM grant funds play an integral part in supporting a comprehensive framework of federal, state, and local resource management programs. By supporting 113 of the 349 conservation employees in the state's 72 counties, DATCP grant funds secure the foundation necessary to deliver a myriad of programs including participation in the following:

- In 2015, federal programs from Natural Resources Conservation Service (NRCS) provided \$22.6 million for Environmental Quality Incentives (EQIP) payments to install conservation practices based on 1,097 contracts, with the top five expenditures related to waste storage facilities (\$5.8 million), cover crops (\$2.3 million), waste transfer (\$1.3 million), fencing (\$1.0 million) and heavy use protection (\$0.89 million). NRCS made \$6.2 million in conservation stewardship payments for 348,385 acres privately owned farms and forestland.
- The conservation reserve enhancement program (CREP) and similar federal programs protect important natural resources while allowing landowners to make use of valuable working lands. As of the beginning of 2016, about 44,600 acres were enrolled under CREP easements and agreements: with approximately 6,800 acres under CREP easements and the remainder under CREP 15-year agreements. The conservation benefits of the practices installed (e.g. riparian buffers and filter strips) are as follows: 1,524 miles of streams buffered with an estimated phosphorus annual removal of 145,015 pounds, nitrogen annual removal of 76,965 pounds and sediment removal of 71,234 tons.
- The DNR continued annual funding in 2016 for Targeted Runoff Management Projects, providing nearly \$3.0 million to counties for cost-sharing about 10 county projects.

Assessing the full extent of the effects of grant funding is complicated by a number of factors including complex interactions and far-reaching impacts of grant funding. For example, conservation activities funded by DATCP can dampen the potential negative environmental impacts of actions driven by farm policies and economics. In particular, the risks of cropland soil erosion have increased as a result of conditions that favor increased cash grain/row cropping, and the increased market incentives to grow these crops.

IV. Persons, Groups, and Agencies Affected by the Activity

A. Those Directly Affected

County Conservation Programs and Cooperators: The proposed 2017 allocation plan provides funding to support 72 county conservation programs. The annual staffing grant allocation of \$8.7 million (including a one-time increase of \$675,000 for each year of the biennium) covers one third of the costs for county conservation staff, who number 349 according to 2015 data. DATCP grants are one of several sources for cost-share funds that include county levies, DNR grants and NRCS funding. In 2015, counties spent about \$5.8 million in DATCP cost-share funds on projects to implement LWRM plans. DATCP grants also fund private and public entities to provide statewide support for implementing conservation programs or provide special services to promote conservation statewide. DATCP funding for training and professional development is critical to maintaining county capacity to deliver high quality technical services, and reflects a state commitment to build the capacity of conservation staff statewide.

Landowners who are direct beneficiaries: Farmers and other landowners rely on many services, such as technical assistance, provided by conservation staff funded with DATCP grants. They also benefit from cost-share dollars to install conservation practices.

Other county residents: County residents benefit from resource management planning, permitting and other services provided by county conservation staff funded through DATCP grants. Through information and education efforts, for example, a county can help non-farm residents better manage lawn fertilizers, improve backyard wildlife habitat, control invasive species and minimize construction site erosion.

Farm-related businesses: Farm supply organizations, nutrient management planners and soil testing laboratories, agricultural engineers, and construction contractors provide goods and services purchased by landowners who receive cost-sharing.

B. Those Significantly Affected

Those landowners whose soil and water resources are improved or protected as a consequence of the proposed allocations receive significant benefits. Those neighboring landowners with properties located "downstream" of lands with nutrient and sediment delivery runoff problems also stand to benefit. Certain measures, such as nutrient management plans, can help protect drinking water wells that serve neighboring landowners and communities. The general public benefits from conservation practices that protect water resources, and promote natural resources.

V. Significant Economic and Social Effects of the Proposed Action

On balance, DATCP's proposed action will have positive economic and social effects.

DATCP grants support cost-sharing and technical assistance that enable farmers to meet their conservation responsibilities and maintain eligibility for state and federal program benefits. By providing financial support to state runoff standards for farms, DATCP cost-sharing helps farmers avoid the costs related to government enforcement actions and other liability risks. For example, farmers who follow a nutrient management plan gain liability protection in the case of a manure spill or groundwater contamination. With changes to ATCP 50 effective in May 2014, farmers face increasing responsibilities to comply with conservation requirements including new requirements related to feed storage runoff control, pasture management, phosphorus runoff from fields, and cropland setbacks from streams and lakes. DATCP grant funds enable farmers to meet these responsibilities and, in the case of Farmland Protection Programs (FPP), keep up with expanding conservation compliance responsibilities that will be come into play in 2016.

The economic impacts of conservation vary with each individual farmer and the type of practices involved. To receive cost-sharing, landowners often pay 30% of the costs (10% in the case of economic hardship) to install a practice. Landowners also must adjust their management routines to accommodate new conservation practices and meet government cost-share requirements. With these changes, farmers face new risks including potential for reduced productivity and reduced profits. Farmers implementing these practices, however, may also see long-term benefits including savings on the cost of fertilizer, sustaining soil at productive levels, and reduced liability for environmental problems.

From the standpoint of local economies, grant funds will generate demand for the purchase of goods and services to design, install and maintain conservation practices. The farm-related businesses listed in IV.A. will directly profit from this increased demand. However, as discussed in VI below, the failure to maintain adequate funding for county staff will undermine the capacity to spend state cost-share dollars on projects that benefit local businesses.

Socially, DATCP allocations provide needed support for the farming community and others to take a more active role in the protection and preservation of natural and agricultural resources. Through the increased adoption of conservation measures, farmers can ensure continued acceptance by rural communities as responsible and conscientious neighbors. Improved water quality both enhances recreational opportunities and protects the scenic rural landscape, both of which are features essential to tourism.

VI. Controversial Issues Associated with the Proposed Action

For the 2017 grant cycle, DATCP and DNR followed the expected timetable for completing the allocation process with no anticipated lapses or reductions in funding.

In terms of DATCP's funding methodology, the 2017 allocation plan did not change the formulae used to award grants to counties and other cooperators, but DATCP did revise an accountability measure imposed on counties applying to DATCP for annual grant funds. In place of the work plan requirements historically tied to grant applications, the revisions required counties to (a) submit annual work plans every year in April covering the activities planned for that year, (b) prepare work plans using a DATCP-approved template with standardized reporting categories, (c) focus on priority activities and (d) not exceed four pages in length for annual plans. Among other things, annual plans are intended to streamline the work planning requirements associated with county revision of their Land and Water Resource Management Plans, and improve DATCP and DNR capacity to document counties activities statewide. Counties had concerns about the manner in which this requirement was phased in, and DATCP has agreed to work with counties to refine planning and reporting requirements.

Over the last five allocation cycles between 2011 and 2016, DATCP and DNR have had less funding to cover the costs essential to operate effective county conservation program, but there may be opportunities on the horizon to increase resources. Since 2011, the base appropriation for staffing grants has declined from \$9.3 million annually to about \$8.0 million, but the counties have been shielded from the full brunt of these reductions by two-year increases in funding. The combined DNR and DATCP annual cost-share allocation dropped \$0.66 million in five years to \$9.47 million. The bump in DATCP cost-share expenditures in 2015 masks this overall decline in funding. As reported in environmental assessments prepared for prior allocation plans, state funding has never met the goal of funding an average of three county staff at the rate of 100, 70 and 50 percent. Also state funding for cost-sharing has chronically fallen short of the funds requested by counties each year. This year is not different. For example, the capacity to fund less than half of nearly \$8 million requested for cost-sharing of bondable practices.

In contrast to the funding picture, the conservation challenges continue to grow and accumulate. While DATCP has made progress in nutrient management (NM) planning, with 31% of our state's nine million cropland acres covered by NM plans, DATCP is being asked to make better use of this highly effective tool to protect water resources, particular areas sensitive to groundwater contamination. With a newly-adopted technical standard for NM planning, including

improved environmental safeguards, there is the opportunity to advance resource protection. What DATCP lacks are resources to help farmers adopt this standard. There is also a need for resources to keep up with changing federal requirements for managing discharges from livestock operations. Full containment and roofing may replace less expensive options for managing these discharges. FPP has provided a significant boost to farmer adoption of conservation practices, particularly nutrient management, but conservation professionals on the frontlines face a greater workload in helping farmers continue to claim tax credits. Farmers must meet new conservation requirements starting in 2016 and also provide documentation of compliance when filing claims.

With limitations on traditional sources of state funding for environmental programming, such as unfavorable balances in the nonpoint account of the environmental funds, DATCP may need to look elsewhere for support. In the near term, our standard conservation tools of cost-sharing and farmer training will be augmented by recipients of Producer Led Watershed Protection grants who are expected to bring new energy and dollars to address soil erosion and other cropland issues. The Department of Natural Resources is working with U.S. EPA to implement a phosphorus multi-discharger variance (MDV) program that allows point source dischargers to more economically comply with phosphorus requirements. Under s. 283.16(8), Stats., dischargers may make up to \$640,000 in annual payments to county conservation departments, calculated at the rate \$50 per pound of phosphorus, “to provide cost sharing under s. 281.16 (3) (e) or (4) for projects to reduce the amount of phosphorus entering the waters of the state, for staff to implement projects to reduce the amount of phosphorus entering the waters of the state from nonpoint sources, or for modeling or monitoring to evaluate the amount of phosphorus in the waters of the state.”

The MDV program, along with the companion efforts involving phosphorus (P) trading and adaptive management, offers new options for funding conservation, but with these opportunities, DATCP may also face hurdles to navigate. The MDV program has developed planning and reporting requirements similar to those required by DATCP in connection with LWRM plans. DATCP needs to work with DNR to coordinate these program requirements and avoid duplication of efforts among county participants. On another front, DATCP must determine the extent to which its cost-share funds may be used as a part of projects involving P trading and adaptive management. DNR’s rule (NR 153) does not allow use of TRM or NOD funding to meet permit compliance requirements of point source dischargers.

VIII. Possible Alternatives to the Proposed Action

A. Take No Action

Taking no action on the proposed allocations is inconsistent with legal requirements. DATCP and DNR are statutorily mandated to provide grant assistance for their respective programs as long as the state provides appropriations.

B. Delay Action

There is no need to delay action. Furthermore, delaying the grant allocation runs the risk of hampering counties in meeting their legal responsibilities, including their contractual responsibilities to landowners, and undermines the significant environmental, economic, and social benefits of the program.

C. Decrease the Level of Activity

Further decreasing the allocations would reduce environmental benefits, impede local

program delivery, and would be inconsistent with legislative intent to implement the nonpoint program. Therefore, this is an undesirable choice.

D. Increase the Level of Activity

Available appropriations and authorizations determine the overall level of activity. However, subject to the factors discussed in E. below, DATCP may increase the allocation in a given project category to better target spending to achieve desired conservation benefits and further legislative objectives.

E. Change the Amounts Allocated to Some or All Recipients

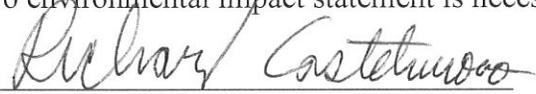
The allocation plan reflects a weighing and balancing of competing priorities and demands. It implements ATCP 50 and legislative directives regarding allocation of grant funds. It also reflects the input and consensus of the counties on funding issues. Changes in individual awards cannot be made without upsetting the weighing and balancing used to develop the overall allocation plan, and would unfairly deviate from grant criteria announced as part of the grant application.

IX. Mitigation of Adverse Environmental Effects

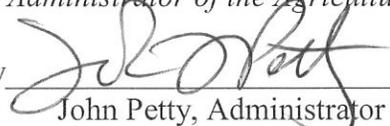
Overall, the allocations are anticipated to have positive environmental effects. Any adverse environmental effects will be of a secondary and minor nature, and can be mitigated. DATCP minimizes adverse impacts through outreach and training, and improvements in the technical standards.

X. Final Determination

This assessment finds that the *2017 Final Allocation Plan* will have no significant environmental impact and is not a major state action significantly affecting the quality of the human environment. No environmental impact statement is necessary under s. 1.11(2), Stats.

Date 9/19/16 By 
Richard Castelnuovo, Section Chief
Land and Water Resources Bureau
Agricultural Resource Management Division

The decision indicating that this document is in compliance with s. 1.11, Stats., is not Final until certified by the Administrator of the Agricultural Resource Management Division.

Date 9/19/16 By 
John Petty, Administrator
Agricultural Resource Management Division