



CORRESPONDENCE/MEMORANDUM

State of Wisconsin

DATE: January 15, 2009

TO: County Land Conservation Committees and Departments, and other grant recipients

FROM: Richard Castelnuovo, DATCP
Gordon Stevenson, DNR

SUBJECT: Guidance to counties and other grant recipients pending adoption of the 2009 final allocation plan

In view of the delay in adoption of the 2009 joint final allocation plan, the Department of Agriculture, Trade and Consumer Protection (DATCP) and the Department of Natural Resources (DNR) have prepared this guidance to help counties and other grant recipients manage their program activities dependent on state nonpoint grant funds. This guidance provides a background statement regarding the current situation, and suggested actions to ensure that counties are adequately protected in the event of changes in 2009 allocations.

Background

At the December 17, 2008 meeting of the LWCB, DNR and DATCP presented a final allocation plan, together with a memorandum explaining the need to delay adoption of the final plan until the governor and legislature have decided how the state will manage revenue shortfalls for the 2009 fiscal year. In the memorandum, counties were urged to “use caution in making irreversible commitments based on an expectation that they will receive the full amounts of their staff and cost-share allocations for 2009.”

This warning has taken on greater meaning based on the January 6, 2009 memorandum from the Department of Administration (DOA) notifying agency heads that the state would need to further reduce appropriations, including those for state operations and grant programs to close a projected deficit of \$386 million for this fiscal year. As part of a plan to save about \$25 million, a range of agency grant programs including the SWRM program and DNR nonpoint programs were targeted as potential sources of funds. Reductions in these programs could range from “10 percent of the appropriation to the entire remaining unallocated amount” (see attached memorandum)

Given the present circumstances, this caution specifically applies to grant award expenditures by counties and other grant recipients between January 1, 2009 (the first day grant recipients may incur expenses covered by 2009 grant awards) and March 31, 2009, the date by which the final allocation should be adopted. These reductions may affect CY 2009 TRM projects for which the DNR issued letters to applicants on September 23rd indicating its intent to begin developing grant documents. The reductions may also affect the CY 2009 Urban Construction projects for which the DNR issued similar letters on November 10th. As a result, these TRM and Urban Construction grant awards to counties will not be extended until the budget cuts are known.

Within these categories, there are costs that are unavoidable such as salary for existing full-time staff. However, there are a number of expenses that can be minimized or postponed such as independent contractor fees, mileage and one-time equipment purchases, and new cost-share contracts. As a general rule, counties can protect their financial interests by controlling the amount of discretionary expenses incurred during this period.

The following guidance offers suggested actions that can help counties limit exposure to costs that may not be recovered if grant awards are reduced. The guidance is organized based on the two expense categories. It is DATCP's goal to preserve staffing grants to the maximum extent possible. Consequently, this guidance focuses more on cost-sharing on the assumption that reductions will first come from this source of funding.

Guidance

Cost-sharing expenses

- Focus on completion of previously funded projects
 - Complete multi-year TRM projects
 - Contact DATCP by February 24th to determine the extent of funds available for extended nutrient management and other cost-shared projects
- Delay execution of new cost-share contracts tied to 2009 grants
 - Counties can retain landowner interest by
 - Developing waiting lists
 - Having landowners and grant recipients sign contracts without having counties sign the contracts
 - Providing technical assistance and other support to landowners in anticipation of later cost-sharing (Except counties should delay technical assistance for DNR projects where they expect reimbursement for force account work)
 - Advising landowners to delay activities involving cost-share contracts that rely entirely on 2009 grant funds (This does not impact continuation of TRM and priority watershed projects that rely on funding from 2007 and 2008)

Staff and support expenses

- Delay services provided by independent contractors
- Delay, reduce or eliminate expenditures for vehicular travel, computers and software, newsletters, mailings and reimbursable support costs
- Delay new hires
- Delay force account work associated with anticipated CY 2009 DNR grant awards