



WISCONSIN POLICY FORUM

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Knowles-Nelson Stewardship Program in Flux Amid Financial Pressures, Land Debates *Study Examines Issues Facing State's Main Program for Acquiring Conservation Land*

MADISON – As funding for the state's Stewardship program goes before the Legislature's budget panel, a new report by the independent, nonpartisan Wisconsin Policy Forum (WPF) finds the nearly 30-year-old conservation program spent its lowest amount ever on land purchases last year.

The Knowles-Nelson Stewardship program spent \$2.9 million for Department of Natural Resources (DNR) land acquisitions in fiscal year 2018, well below a 2007 peak of \$61.6 million. At the same time, the program's annual costs – mainly payments on debt – remain near their 2014 peak.

The new report, "Public Property: State Faces Deadline for Conservation," shows some of the ways in which the Stewardship program has changed since its inception and is intended to inform the ongoing debate about its mission and financing.

Funding for the Stewardship program is set to be debated Tuesday by the Legislature's budget-writing Joint Finance Committee. The program will expire on June 30, 2020 without reauthorization.

"Stewardship has amassed a legacy of contributions to such projects as the Ice Age Trail, which winds across Wisconsin; and the Hank Aaron State Trail, which heads for home past Miller Park toward Milwaukee's lakefront," the report states. "However, the future of the program is uncertain."

The WPF review of the program finds it facing the following challenges:

- The annual allotment for borrowing, which funds the program, is down 61.3% from its 2011 peak, without accounting for inflation. (All figures come from the Legislative Fiscal Bureau (LFB) and all years are fiscal years unless otherwise noted.)
- The actual overall program spending of \$23 million in 2018 was about one-quarter of what it was in 2007. And for the first time, general DNR land purchases last year were not the largest spending category for the program.
- While direct program spending is down, the state needed \$93.6 million in 2018 to cover Stewardship debt payments and aids to local governments to replace revenues lost to untaxed public lands. That amount approaches the annual budget of the state Department of Agriculture, Trade, and Consumer Protection.

"The Stewardship program is at a crossroads," the report states. "Among state officials and stakeholders, one side seeks to reverse the decline in land purchases and other program spending,

while the other seeks to hold down those expenditures, pointing to the substantial debt remaining on the hundreds of thousands of acres already acquired.”

From its enactment in 1989 through June 30, 2020, the Stewardship program has been authorized to borrow as much as \$1.3 billion. As of June 30, 2018, the state had made \$865 million in debt payments to cover principal and interest on program bonds. Currently, the state has \$546.1 million in principal outstanding on the bonds plus \$168.1 million in interest.

Since its inception, the Stewardship program has been funded in 10-year cycles in which lawmakers and the governor set borrowing and spending levels. Land purchases and projects are supported by 20-year general obligation bonds that are repaid using a mix of general fund taxes (such as those on income and sales) and various revenues from the state’s Forestry Account.

The DNR uses borrowed funds to leverage additional money from federal and private sources. Stewardship debt has enabled the DNR to purchase land or acquire easements on 826,231 acres, or more than half of all lands under DNR ownership or protection, according to the LFB. The WPF report includes an interactive element that uses DNR data to show lands around Wisconsin by county.

The Stewardship program aims to preserve the state’s environmentally sensitive lands, waters, and wildlife habitats and to promote outdoor recreation. Stewardship funds can go to local governments and nonprofit organizations as well as for construction or renovation projects on public lands such as parks, trails, piers, and harbors. The program has had more interest from potential partners than it can handle, funding just 30% of the requests for local assistance that it received since 2014, according to the LFB.

“As with other pressing issues in the state budget, lawmakers and Gov. Evers will have to balance the benefits of the Stewardship fund against its costs,” the report concludes. However, “the Stewardship program’s 10-year horizon, even lengthier debt repayment, and generational impact on the state’s environment and citizens create a particularly challenging dilemma for policymakers.”

A copy of “Public Property: State Faces Deadline for Conservation” can be downloaded [here](#).