



October 2000

WARREN KNOWLES-GAYLORD NELSON STEWARDSHIP PROGRAM

The Warren Knowles-Gaylord Nelson Stewardship Program was created in 1989 to preserve natural areas and expand outdoor recreational opportunities in Wisconsin. The program was authorized \$23.1 million in general obligation bonding authority for the ten-year period ending in fiscal year (FY) 1999-2000. The Legislature recently extended the program, now called Stewardship 2000, through FY 2009-10 with funding of \$46.0 million in bonding authority annually. The Department of Natural Resources, which administers the program, uses stewardship funds to directly purchase or develop property and to make grants to local governments and nonprofit conservation organizations (NCOs). Through FY 1999-2000, overall Stewardship Program expenditures have been \$190.6 million, of which \$45.3 million has been expended for 974 grants awarded to local governments and NCOs to purchase or develop property.

Appraised Values Greatly Exceed Assessed Values

The Department determines grant amounts based on appraisals provided by grant applicants, who typically contract with appraisers in the private sector. While both appraisals and local assessments for property tax purposes are intended to reflect the fair-market value of property, we found that, for a sample of grants we reviewed, the average assessed value of properties was \$1,272 per acre and the average appraised value provided by grant applicants was \$2,802 per acre, or 120.2 percent greater.

There are a number of reasons assessed values may deviate from appraised values, such as infrequent local updates of assessments and land development pressure. However, the Department's process to determine fair-market value is a contributing factor. We have made several recommendations to improve this process, including prohibiting staff from determining fair-market value based on appraisals paid for by the seller and allowing staff to develop their own appraised value if they believe appraisals submitted by the grant applicant are not accurate.

Some Local Governments May Have Limited Incentives to Control Program Costs

The Department provides cash payments to local governments and NCOs for the stewardship-funded portion of each purchase, which is no more than 50 percent of eligible project costs. Local governments and NCOs contribute the remaining costs by using local tax funds as well as in-kind labor; donated materials; and use of equipment, land, and easements. In our review, we noted numerous examples of local governments and NCOs meeting a substantial portion of their match requirement with various non-cash contributions. The use of non-cash contributions and local fundraising demonstrate strong local support for stewardship projects. Nevertheless, where reliance on local tax funds is limited, local governments may be less concerned with high project costs or broad project scope.

Currently, the Department's process for ranking grant proposals does not attempt to rank projects based on subjective criteria by, for example, considering the proposed benefits in relation to cost or considering whether all of a proposed project's acreage is necessary for the stated purposes. In light of the potential that demand for grants will continue to exceed available funding, we have included an option that the Department consider developing grant-review criteria to evaluate whether, in some cases, a smaller parcel than originally proposed could meet a project's directives.

Questions Exist About the Definition of Nature-Based Outdoor Recreation

In reauthorizing the Stewardship Program, the Legislature restricted funding for some projects to be used only for "nature-based outdoor recreation," which the Legislature directed the Department to define. The effect of this

definitional change on the types of activities to be funded in the future, especially with regard to Aid to Local Parks grants, is uncertain. In the original Stewardship Program, the Aid to Local Parks category was allocated more funding than any other grant category—\$2.25 million annually—and was the most utilized grant category.

An important policy question for the Legislature to consider in reviewing an emergency administrative rule related to this definition will be the issue of the "primary" purpose of a grant. For example, it is unclear whether sports fields or playgrounds are prohibited from being sited on property acquired with stewardship funds or whether such facilities may be sited if the majority of the land parcel is dedicated to nature-based activities such as hiking, bicycling, or wildlife observation.

[full report, PDF file \(243KB\)](#)