



## REPORT HIGHLIGHTS

Report 20-21

Report 20-22

November 2020

State Auditor

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## State Recycling Programs

The Department of Natural Resources (DNR) administers two recycling programs that award grants to cover a portion of the recycling program costs of responsible units, which are generally municipalities and counties. In fiscal year (FY) 2019-20, \$20.0 million was appropriated to these two programs. DNR also administers the E-Cycle program, which requires manufacturers of certain electronic devices to recycle or pay for the recycling of such devices that had been sold to households and schools.

The Department of Agriculture, Trade and Consumer Protection (DATCP) administers the Clean Sweep program, which awards grants to local governments for collecting and disposing of household hazardous waste, unwanted prescription drugs, and agricultural pesticides. In FY 2019-20, \$750,000 was appropriated to this program.

To complete this evaluation of state recycling programs (report 20-21), we:

- assessed how DNR administered its three recycling programs;
- assessed how DATCP administered its Clean Sweep program; and
- surveyed all 1,077 responsible units about their recycling programs.

In report 20-22, we identify best practices that local governments can use to comply with state recycling laws and improve the administration of their recycling programs.

## Recycling in Wisconsin

In recent years, foreign purchasers of recyclable materials introduced limits on the extent to which recyclable materials can be contaminated with inappropriate materials. As a result, the amount of recyclable materials available for sale in the U.S. increased considerably, and the market value of many of these materials decreased. In the Midwest, the market prices of seven common recyclable materials typically decreased from 2017 through 2019.

Statutes require each responsible unit to implement a recycling program to manage the solid waste generated within its region in accordance with statutory requirements. Responsible units that responded to our survey indicated that their recycling costs increased in recent years.

## DNR's Program Administration

In FY 2018-19, DNR's expenditures for its recycling grant, consolidation grant, and E-Cycle programs totaled \$21.8 million, including \$20.0 million for grants to responsible units and \$1.8 million for program administration.

The amount of time that DNR staff spent administering the three recycling programs declined from 17.1 full-time equivalent (FTE) staff positions in FY 2014-15 to 10.3 FTE staff positions in FY 2018-19. DNR indicated that some staff positions were vacant for periods of time but was unable to provide us with information indicating the extent of these vacancies.

We found a number of concerns with DNR's administration of its recycling programs, including:

- DNR did not comply with statutes because it spent funds appropriated for recycling administration on activities related to recycling but not allowed by statutes;
- DNR reviewed fewer recycling programs than was statutorily required from 2016 through 2018;
- DNR did not analyze the results of its recycling program reviews in order to provide all responsible units with additional guidance on addressing common concerns;
- DNR did not establish written policies for reviewing the statutorily required annual reports of responsible units or document its reviews of these annual reports; and
- DNR did not fully comply with its administrative rules pertaining to effective recycling programs, and provisions in these rules are outdated.

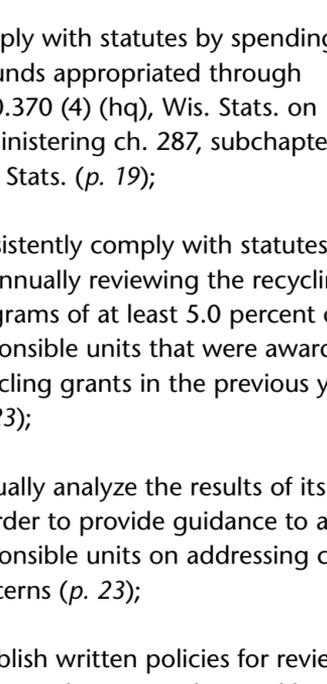
## Recycling Grants

Since 2001, statutes have required DNR to annually award recycling grants in amounts that are determined according to provisions established in 1999 Wisconsin Act 9, the 1999-2001 Biennial Budget Act. Grants are to reflect the proportions of total available grant funding that each responsible unit had received in 1999. These proportions were determined, in part, by the population or the eligible expenditures of responsible units in 1999. Eligible expenditures are those incurred to operate an effective recycling program.

Recycling and consolidation grants covered 16.4 percent of the eligible recycling expenditures reported by responsible units in 2018. The grants have never covered all eligible expenditures since they were first awarded in 1992. In 1994, they covered 52.7 percent of eligible expenditures, which was the highest proportion covered in any given year. To have covered 30.0 percent of eligible expenditures in 2018 would have required \$36.6 million in grants, and to have covered 50.0 percent of eligible expenditures would have required \$61.0 million in grants.

The grants covered considerably different proportions among responsible units in 2018. The grants covered less than 10.0 percent of eligible recycling expenditures for 281 responsible units and 40.0 percent or more for 94 responsible units.

### Proportions of Eligible Recycling Expenditures Covered by Grants in 2018<sup>1</sup>



<sup>1</sup> Includes recycling and consolidation grants.

## DATCP's Program Administration

DATCP's expenditures for its Clean Sweep program totaled \$791,600 in FY 2018-19, including \$744,500 for grants to local governments and \$47,100 for program administration.

In 2019, DATCP awarded grants to 57 recipients in amounts that ranged from \$800 to \$58,200 and averaged \$13,200. Total program grants equaled 52.7 percent of the total amount requested by the applicants. All but 3 of the 57 recipients received at least 50.0 percent of the amounts they had requested.

We found that DATCP did not require grant recipients to submit documentation to verify all expenditures for which they request reimbursement.

## Opinions of Responsible Units

In January 2020, we surveyed all 1,077 responsible units on their opinions about DNR's recycling grant programs and DATCP's Clean Sweep program. A total of 585 responsible units (54.3 percent) responded, although not all respondents answered each question. Respondents represented 66.8 percent of Wisconsin's population.

Most respondents indicated that they were satisfied with the recycling program-related assistance that DNR and DATCP provided them. Respondents indicated that they were less satisfied with their grant amounts.

## Best Practices

In report 20-22, we identify 15 best practices that responsible units can use to comply with state recycling laws and improve the administration of their recycling programs. We grouped these best practices into five categories: outreach and education, containers, collection, drop-off sites, and program administration and oversight.

## Recommendations

In report 20-21, we recommend DNR report to the Joint Legislative Audit Committee by April 1, 2021, on improving its administration of its recycling programs through its efforts to:

- comply with statutes by spending all funds appropriated through s. 20.370 (4) (hq), Wis. Stats. on administering ch. 287, subchapter II, Wis. Stats. (p. 19);
- consistently comply with statutes by annually reviewing the recycling programs of at least 5.0 percent of responsible units that were awarded recycling grants in the previous year (p. 23);
- annually analyze the results of its reviews in order to provide guidance to all responsible units on addressing common concerns (p. 23);
- establish written policies for reviewing the annual reports submitted by responsible units (p. 24);
- document its reviews of the annual reports submitted by responsible units (p. 24); and
- update provisions in its administrative rules pertaining to effective recycling programs (p. 25).

We also include a recommendation for DATCP to report to the Joint Legislative Committee by April 1, 2021, on its efforts to require recipients of Clean Sweep program grants to submit documentation to verify all expenditures for which they request reimbursement (p. 37).

## Issue for Legislative Consideration

The Legislature could consider modifying the statutorily required method for awarding recycling grants to responsible units (p. 27).

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