

July 26, 2016

To: Waste and Materials Management Working Group
From: Amber Meyer Smith and Lynn Morgan
Subject: Topic Scope – Recycling Funding

Recycling remains one of the cornerstone achievements of environmental protection in Wisconsin. Recycling spurs economic development - a DNR study estimated the positive impact of recycling in Wisconsin at over \$6 billion. Our recycling program diverts nearly 2 million tons from landfills and incinerators each year, and prevented the need for 5 new landfills since 1990. Recycling saves natural resources, and reduces greenhouse gas emissions by providing feedstock that demands less energy than harvesting raw feedstock. Wisconsin's recycling efforts reduce greenhouse gas emissions equivalent to removing 472,000 cars from the road. The public strongly supports the program, with over 85% of people in support of Wisconsin's recycling laws, making it one of the most popular government programs.

Despite the successes of Wisconsin's recycling program, the state has steadily scaled back its investment in recycling programs, and funding cuts over the years have led to a decrease in services. The program has been cut by over 40% in the last 6 years alone. The source of funding for recycling is on users at landfills - from residents to businesses to municipalities - paying nearly \$13 per ton, with \$9.64 of that being deposited into the Environmental Management Account. While 87% of the revenue to the Environmental Management Account is generated from these tipping fees, only one-third of the account goes back to local governments in municipal recycling grants.

The Environmental Management Account has increasingly been diverted to fund efforts unrelated to recycling. While Wisconsin initially distributed about \$31 million a year in local recycling aid, today that amount has fallen to \$19 million a year. At the same time, the value of the dollar has fallen about 44%. The result is that the amount paid to local governments as a percentage of eligible costs is almost half of what it was in 2008. Moreover, recent state-imposed levy limits constrain local options for establishing user fees or other mechanisms to make up for the shortfall in state funding. As funding continues to decrease, local governments are left with the option to either reduce spending for public protection, infrastructure and other vital services to cover the funding gap, or cut back recycling services. Services are reduced through staff cuts, reduced drop-off hours, reduced curbside pickup of recycling and yard waste.

The problem is not going away – as recycling funding continues to be diverted, the deficit in the Environmental Management Account grows, and decision-makers propose even more cuts to recycling to deal with the deficit. We need to encourage a healthy recycling program with adequate funding in order to stop the continued erosion of the recycling program and services it offers.

Proposed Work Effort

- Determine optimal amount of state financial assistance for local recycling programs
- Evaluate structure of state funding, identify opportunities to create incentives for improved and expanded recycling
- Identify potential sources of state funding and means of securing long-term stability in state recycling aid

As the health of the Environmental Management Account will likely continue to be an issue into the future, recycling funding will likely continue to be subject of debate. The Study Group may want to proactively consider alternatives and positions leading into the 2017-19 state budget discussions.