



February 1, 2021

RE: Testimony-LAB Audit of Recycling Program

Dear Honorable Members of the Joint Legislative Audit Committee:

Wisconsin has always valued recycling. We are the birthplace of newspaper recycling, Gaylord Nelson, and a long tradition of caring for our natural environment. Statewide recycling laws were passed in the late 1980s and early 1990s and fully implemented in the mid-1990s. Since then, our citizens, towns, and cities have diverted millions of tons of material from landfills through locally run recycling programs. In the process, we have created feedstock for paper mills and other local industry and protected the environment. Wisconsin can be proud of its recycling history, but, as with any good program, we should step back every so often and evaluate where improvements can be made.

Our organizations supported the recycling program audit because we believe in continuous improvement. We believe Wisconsin should be rewarding efficient and effective programs. Under the current funding formula, this is not possible. Therefore, a legislative solution is needed to improve the recycling program.

Our organizations would like to tell you a tale of two cities and their state funding for recycling programs. First a little background. When statewide landfill bans and recycling laws were created, State Statute directed that there must be Responsible Units (RUs), which are local units of government responsible for implementing and running effective recycling programs. Since recycling was never intended to be free (like every other service governments provide their citizens), statute also directed that RUs would be eligible for state recycling grants each year to help offset some of the cost of running the state mandated recycling programs. To determine how much funding each RU received, a formula was created based on the actual costs of each RU's recycling program in 1999. This formula has not been updated since then.

Now on with our story of the two Wisconsin cities and their situation in 2020. These two cities are located, immediately adjacent to each other. In fact, the two cities share a border for much of their boundaries, they have similar populations, and they both run their own recycling programs per State Statute. In 2020, City A recycled 167 lbs of material per person and received \$4.00 per person in state recycling grants to help offset some of the cost of the program. City B recycled 159 lbs of material per person and received \$7.64 per person in state funds.

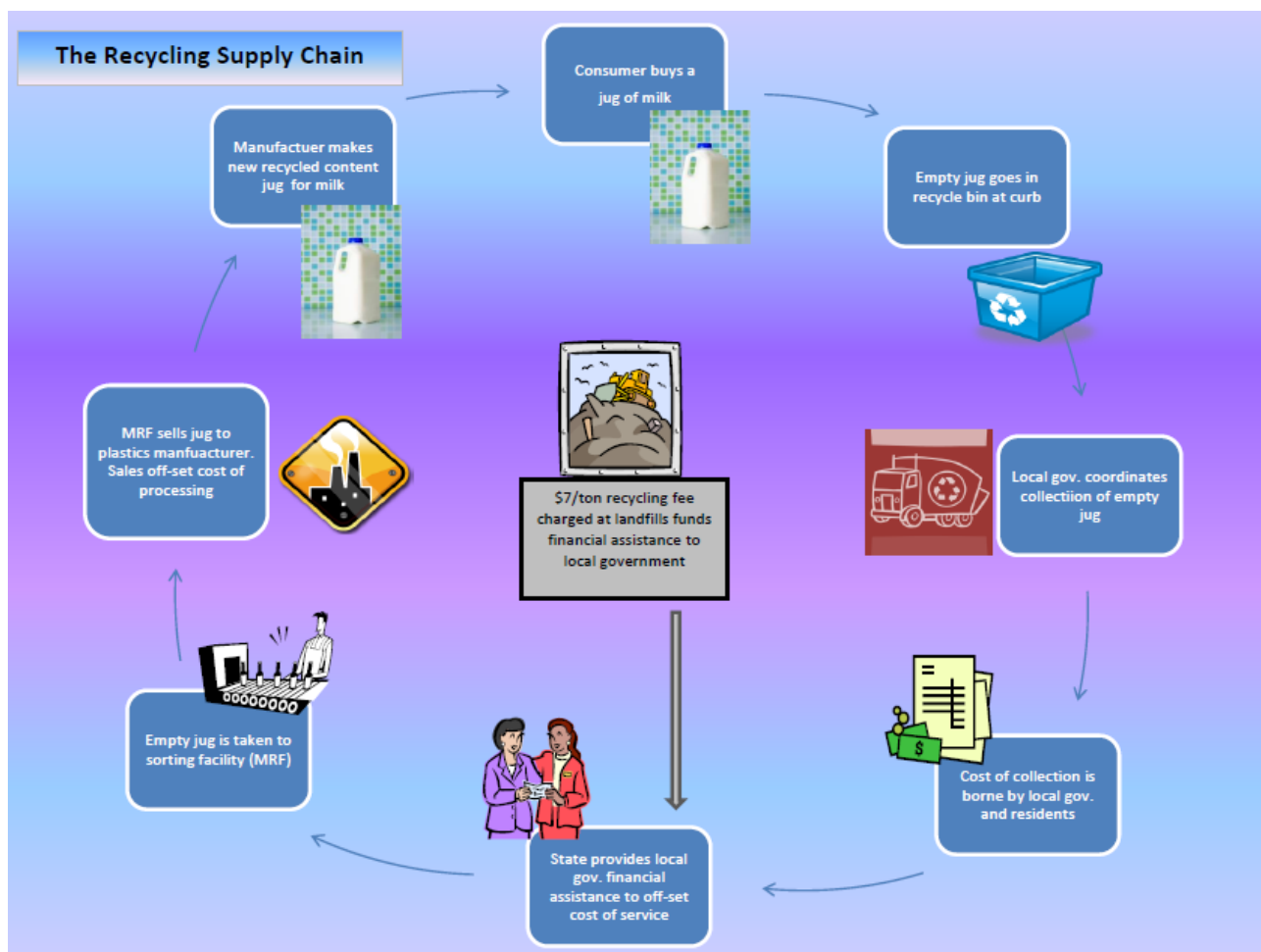
The next year and for every year after that, City B will once again receive 91% more state funding per resident than City A, regardless of how well each City runs its recycling program. In fact, some municipalities in Wisconsin receive as little as \$0.23 per resident each year, and some receive as much as \$32.63 per resident. Why is this? It is the direct result of an antiquated recycling funding formula.

AROW, SWANA-Badger Chapter and WCSWMA are strong supporters of the DNR in their efforts to administer not only Wisconsin's Recycling Law, but also the many other diversion and beneficial use programs. The structure of the current recycling program, and the funding available for DNR program staffing, does not recognize the additional responsibilities that have accrued to DNR staff as positions have been reduced for administering this program. Wisconsin's Recycling Program has evolved beyond curbside/drop-off collection of recyclables as Wisconsin's residents, businesses and municipalities have demanded more resource recovery options. DNR staff now provide oversight of a wide variety of other diversion efforts including electronic waste (e-cycle), sand mining, commercial recycling, scrap metal recycling, used oil recovery, sharps and pharmaceutical disposal, construction and demolition recycling, textile recycling and more.

In the 2019-2020 budget year, the Wisconsin Department of Natural Resources provided \$20 million in grants to local units of government, a \$9 million reduction from 2009. The funding came from landfill users across the state in the form of a \$7/ton recycling fee assessed on disposal. With just over 5.5 million ton of waste assessed through this fee, the sum collected for recycling was nearly \$39 million, though \$19 million of the assessed fee is diverted for other purposes.

To build on the successes of the past 30 years, additional funding is needed. Funding to individual Responsible Units is needed to support the growing expense of local programs. And funds are needed to support innovative and local solutions to global market issues.

Recycling is a waste management strategy that has successfully kept manufacturing feedstock (recyclable material) in the production loop and away from landfill disposal. The “recycling supply chain” is multi-faceted and starts with each of us. According to a 2020 EPA report, recycling in the United States accounts for 681,000 jobs, \$37.8 billion in wages and \$5.5 billion in tax revenues.ⁱ In the European Union nations, recyclable materials are viewed as “secondary raw materials” and a vital part of not only their economy, but also their national security.ⁱⁱ



However, recycling is not free, nor was it ever meant to be free. While there is value in the various recyclable materials, their values fluctuate with global markets of supply and demand. Recycling is not provided tax credits, as is often the case for virgin feedstock, such as timber, ores and oil. This leave municipalities, on behalf of their taxpayers, developing programs to manage recyclables and waste, both of which can be expensive.

The original goal of Wisconsin’s Recycling Law, as articulated in Wisconsin Statute §287.05(1), was to maximize “solid waste reduction, reuse, recycling, composting and resource recovery is in the best interest of the state in order to protect public health, to protect the quality of the natural environment and to conserve resources and energy.” Wisconsin’s

recycling and waste management professionals have worked in earnest, alongside our regulatory partners at the Department of Natural Resources (DNR), to achieve that lofty goal since those words were put to print.

We all know that Wisconsin has a long history of leading on environmental issues. As a part of that leadership, solid waste and recycling industry leaders came together to author the *FOWRD Report (Future of Wisconsin Recycling Development)*. The work on the report began because industry leaders recognized the challenges of the recycling law, the shortcomings of the grant formula and the disparate range of local programs. The group worked for over a year to fully evaluate ways to improve the quantity and quality of recyclable materials, suggest options for the grant formula and redesign how we think about recycling success. From statutory review to regulatory evaluation, the FORWARD Report lays out a comprehensive appraisal of recycling, waste reduction, waste avoidance and waste disposal diversion. It suggested revisions to statutes, regulations, and guidance. It posits that success metrics should reflect waste generation trends and successful programs, and their funding, should be based on their performance through accountability measures and maximize the amount of materials diverted to productive use.

As the members of this committee, and others in the legislature, evaluate the audit reports we, the leadership and members of our organizations (as listed on this document), offer to you our collective expertise. We are the boots on the ground. Our goal has, and always will be, to build a robust, sustainable recycling program for today, tomorrow and for generations to come. As the industry leaders in the state, we stand ready to work collaboratively with the legislature and DNR to create shared and sustainable solutions for Wisconsin's recycling and recovery future.

For more information about recycling and industry insights visit www.recyclemorewisconsin.org/arow, swana-wi.org or wscswma.org.

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Associated Recyclers of Wisconsin is a professional association, with members from local government, businesses and non-profit groups, which provides statewide proactive leadership on waste reduction and recycling through education, advocacy, collaboration, programs and services. Contact: President Meleesa Johnson, (Marathon Co. Solid Waste Director), meleesa.johnson@co.marathon.wi.us 715-573-3165

Solid Waste Association of North America- Badger Chapter has more than 200 members in Wisconsin, providing information, training programs, and networking opportunities to solid waste professionals and sharing ideas and solutions to better manage municipal waste. Contact: President John Welch, (Dane Co. Waste & Renewables Dept. Director), 608-267-8815 Welch@countyofdane.com

Wisconsin Counties Solid Waste Management Association works with all counties to promote effective and environmentally sound waste management systems and resource recovery efforts. Contact: Chair Gerry Neuser, (Manitowoc County Public Works Director), 920-683-4307 GerryNeuser@co.manitowoc.wi.us

ⁱ <https://www.epa.gov/smm/recycling-economic-information-rei-report>

ⁱⁱ <https://ensqm.weebly.com/useful-documents/germany-demand-for-primary-secondary-raw-materials>