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AGENCY: DNR - Departmentwide

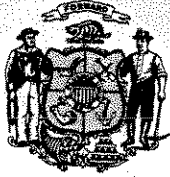
PAPER: #633

ISSUE: Stewardship Program

RECOMMENDATION: (Whatever Shibilski and/or Decker want)

SUMMARY: Not opposed to more review of appraisals, but not if it uses up too much money and/or resources.

BY: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 5, 2001

Joint Committee on Finance

Paper #633

### Warren Knowles-Gaylord Nelson Stewardship Program (DNR -- Departmentwide)

#### CURRENT LAW

DNR is authorized \$46 million in general obligation bonding authority annually through 2009-10 for the Warren Knowles-Gaylord Nelson Stewardship 2000 program, with \$34.5 million specified for land acquisition and \$11.5 million for property development and local assistance. For local assistance grants, the grant applicant (generally a local government or non-profit conservation organization) must submit two appraisals for any project estimated to be over \$200,000.

#### GOVERNOR

No provision.

#### DISCUSSION POINTS

1. In October of 2000, the Legislative Audit Bureau (LAB) released an evaluation of the Warren Knowles-Gaylord Nelson Stewardship program. Based on its findings, a number of recommendations were made to improve the program. Key amongst these was a recommendation that for grants over \$200,000, DNR should independently obtain an appraisal separate from any appraisal submitted by grant applicants. While DNR concurred with this recommendation, the Department indicated that application of this rule would be hindered by s. 23.0917 (7)(e), which requires the grant applicant to submit two appraisals for any project estimated to be over \$200,000
2. Under the Warren Knowles-Gaylord Nelson Stewardship program, DNR determines

grant amounts based on reviews of property appraisals provided by grant applicants, who typically contract with private appraisers for this service.

3. However, the need to secure sufficient grant funding in order to undertake projects may place pressure on interested applicants to secure the most favorable appraisals possible.

4. While s. 23.0917(7)(e) does require the grant applicant to submit two appraisals, there is no statutory language prohibiting DNR from seeking a third appraisal. However, as appraisals are considered an eligible grant expense, DNR would generally pay 50% of the cost for appraisals contracted for by the grant applicant, should a grant be awarded. The Department would not be responsible for appraisal costs related to unsuccessful applications. Also, should an additional appraisal be required, DNR would need to either complete the appraisal with available staff or contract for the service (paying 100% of the cost). Therefore, requiring an additional appraisal would increase costs to the Department. While costs associated with appraisals can vary based on the size and location of the property, over the last three years costs averaged \$1,200 per appraisal. Since DNR generally pays 50% of the cost of the two appraisals, one alternative would be to require the grant applicant (local government unit or NCO) to pay for the cost of one appraisal of the property, and to require DNR to pay for the second appraisal. If additional appraisals were required, the current 50% grant-eligibility cost share could be maintained.

5. Under the initial Stewardship program, DNR awarded 147 grants for \$200,000 or more between 1990 and 2000. Grant managers within the Bureau of Community Financial Assistance indicate that this number is likely to increase under Stewardship 2000 due to greater levels of available grant funding and general increases in property values.

6. The Department uses stewardship program funds to pay miscellaneous closing costs and appraisals as part of its land acquisition activities; as this is an established practice within DNR, requiring additional appraisals would not necessitate appropriation of additional funding. However, to the extent that additional funds were required for appraisals, less money would be available for land purchase. Alternatively, ensuring accurate estimates of appraised property values may affect the purchase price paid by local governments and NCOs and the grant levels paid by DNR to acquire land (DNR generally awards up to 50% of approved appraisal amounts for local assistance grants).

7. Additional recommendations made by the Legislative Audit Bureau included prohibiting local governments and NCOs from submitting appraisals commissioned or paid for by the seller of the property as part of the stewardship grant application process, and a recommendation to allow DNR staff to develop a blended appraised value when appropriate. (This approach would allow DNR staff to choose various components from different appraisals of the same property to generate a new appraised value.) The Department has concurred with these recommendations and has incorporated them into their grant review process.

**ALTERNATIVES TO BASE**

1. Require DNR to independently obtain an appraisal separate from any appraisal submitted by grant applicants for grants over \$200,000. This would be in addition to the two appraisals that applicants are currently required to submit under statute.

2. Delete the statutory requirement under s. 23.0917(7)(e) that requires applicants to submit two appraisals for grants over \$200,000. Instead, require grant applicants to pay for and submit one appraisal, and require DNR to independently obtain an additional appraisal, separate from any submitted by the applicant. Allow DNR to require more than one appraisal from the applicant. However, specify that any additional appraisals required would be considered eligible expenses under the grant program. (DNR would pay up to 50% of the cost for any additional appraisals required.)

3. Delete the statutory requirement under s. 23.0917(7)(e) that requires applicants to submit two appraisals for grants over \$200,000. Instead, require grant applicants to submit at least one appraisal, and require DNR to independently obtain an additional appraisal, separate from any submitted by the applicant (DNR would pay for its appraisal and up to 50% of the applicant's appraisal).

4. Maintain current law. (Grant applicants would be required to submit two appraisals for purchases exceeding \$200,000, and DNR would retain the option to obtain an independent appraisal.)

MO# A11 3

Pref	BURKE	<input checked="" type="radio"/>	N	A
	DECKER	<input checked="" type="radio"/>	N	A
	MOORE	<input checked="" type="radio"/>	N	A
	SHIBILSKI	<input checked="" type="radio"/>	N	A
	PLACHE	<input checked="" type="radio"/>	N	A
	WIRCH	<input checked="" type="radio"/>	N	A
	DARLING	<input checked="" type="radio"/>	N	A
	WELCH	<input checked="" type="radio"/>	N	A
	GARD	<input checked="" type="radio"/>	N	A
	KAUFERT	<input checked="" type="radio"/>	N	A
	ALBERS	<input checked="" type="radio"/>	N	A
	DUFF	<input checked="" type="radio"/>	N	A
	WARD	<input checked="" type="radio"/>	N	A
	HUEBSCH	<input checked="" type="radio"/>	N	A
	HUBER	<input checked="" type="radio"/>	N	A
	COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

AGENCY: DNR - Departmentwide

PAPER: #634

ISSUE: Conservation Fund Account Administrative Funding

RECOMMENDATION: Alternatives 1 & 3

SUMMARY: Taking no action at this time is also fine. But I suppose there's no harm in following the statutes and requiring a report.

BY: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 5, 2001

Joint Committee on Finance

Paper #634

### Conservation Fund Account Administrative Funding (DNR -- Departmentwide)

#### CURRENT LAW

Under 1999 Act 9, DNR is prohibited from expending more than 16% from the fish and wildlife account of the conservation fund for administrative purposes, including department administration and support services and division administration. The Department was further directed to submit information to the Joint Committee on Finance under s. 13.10 by April 1, 2000, detailing how the requirements would be implemented. As a result, DNR was directed to delete \$469,000 in fish and wildlife SEG and 4.5 SEG positions in 2000-01 from among the Division of Administration and Technology, Land Program Management, Water Program Management, Enforcement and Science Program Management, and CAER Program Management.

#### GOVERNOR

No provision.

#### DISCUSSION POINTS

1. The Department deleted 1.5 positions and \$46,200 from Administrative and Field Services, 1.0 position and \$43,300 from Finance, and 2.0 positions and \$139,300 from Enterprise Information, Technology, and Applications in order to meet the 16% administrative funding limit. In addition, \$240,200 was deleted from the Bureau of Finance's supplies and services appropriation. In total, this resulted in a decrease of 4.5 SEG positions and \$469,000 in fish and wildlife account SEG, bringing DNR into compliance with the 16% requirement.

2. Upon review of the Governor's budget recommendations, DNR remained in compliance with the 16% administrative spending rule. As illustrated in the table below, 15.78% in 2001-02 and 15.74% in 2002-03 of fish and wildlife account expenditures would fund DNR administrative costs.

**TABLE 1**  
**Fish & Wildlife**

	<u>2000-01 base</u>	<u>2001-02</u>	<u>2002-03</u>
Division of Administration and Technology	\$6,456,000	\$7,230,200	\$7,219,900
Land Program Management	1,497,800	1,691,200	1,691,200
Water Program Management	925,400	1,067,600	1,067,600
Enforcement & Science Program Management	497,900	437,300	437,300
CAER Program Management	<u>392,700</u>	<u>386,300</u>	<u>386,300</u>
Total Administrative Expenditures	\$9,769,800	\$10,812,600	\$10,802,300
Total Expenditures	\$61,881,100	\$68,532,200	\$68,613,900
Percent budgeted for administrative expenditures	15.80%	15.78%	15.74%

3. However, actions by the Joint Committee on Finance to date have decreased expenditures from the fish and wildlife account to less than the amount provided under SB 55. Consequently, the percentage budgeted for administrative expenditures has increased. As illustrated in the table below, fish and wildlife account expenditures to fund DNR administrative costs are currently estimated at 15.87% in 2001-02 and 16.11% in 2002-03.

**Fish & Wildlife**

	<u>2000-01 base</u>	<u>2001-02</u>	<u>2002-03</u>
Division of Administration and Technology	\$6,456,000	\$7,230,200	\$7,219,900
Land Program Management	1,497,800	1,691,200	1,691,200
Water Program Management	925,400	1,067,600	1,067,600
Enforcement & Science Program Management	497,900	437,300	437,300
CAER Program Management	<u>392,700</u>	<u>386,300</u>	<u>386,300</u>
Total Administrative Expenditures	\$9,769,800	\$10,812,600	\$10,802,300
Total Expenditures	\$61,881,100	\$68,136,700	\$67,045,500
Percent budgeted for administrative expenditures	15.80%	15.87%	16.11%

4. The requirement that administrative expenditures from the fish and wildlife account may not exceed 16% of total expenditures is established in statute. The Department is legally bound by this stipulation, regardless of appropriated expenditure levels. As potential adjustments in authorized expenditure authority from the fish and wildlife account may yet occur as part of the budget process, it may be reasonable to postpone corrective adjustments. For example, when the Committee considered action on funding for the Automated License Issuance System (ALIS), a decision was made to fund the first year of operation and require DNR to provide an updated funding request upon negotiation of a new contract for necessary funding in the second year of the biennium. Consequently, \$953,000 of fish and wildlife SEG expenditure authority would be deleted, but maintained in the balance of the account for potential appropriation in 2002-03. Should the Committee provide this level of funding in the second year, administrative expenditures from the fish and wildlife account would be approximately 15.89% of total expenditures in 2002-03. Without this adjustment, administrative expenditures would be estimated at 16.11% of total expenditures. As one alternative the Committee could take no action at this time and review DNR's compliance with the 16% limit at a quarterly meeting under s. 13.10 (perhaps in conjunction with the Department's ALIS request).

5. Distribution of support for administrative expenditures across all accounts of the conservation fund is uneven. With the exception of the endangered resources and Natural Resources Magazine accounts (which do not contribute to administrative appropriations), funding support for administrative costs as a percentage of total account expenditures range from 0.3% to 16.11%. These total expenditures by account appear in Attachment 1.

6. One of the arguments in support of the 16% administrative funding limit was the necessity to ensure that user fees paid into the conservation fund be used to benefit the groups contributing the funding. To the extent that other accounts receive support from user fees (through admissions fees or recreational vehicle registration revenue), it could be argued that they warrant similar consideration.

7. While it may be argued that some administrative costs are targeted towards certain accounts in recognition of services received, there appear to be inconsistencies. For example, Water Program Management receives all of its funding from the fish and wildlife account, despite benefits that the program provides to activities associated with the water resources account. Similarly, despite benefiting from the services of Enforcement and Science Program Management, the snowmobile account does not contribute to its support. In total, this account pays \$27,900 annually for administrative support, equaling 0.3% of its total budgeted expenditures for the 2001-03 biennium.

8. The Department argues that the distribution of administrative costs is based on the proportion of staff by funding source in each division. For example, funding for enforcement and science management is funded primarily from the fish and wildlife account, with additional support from the boating and ATV accounts because the majority of enforcement and science positions are funded by fish and wildlife account SEG, with some positions funded from the boat and ATV accounts. While snowmobile enforcement efforts do benefit from enforcement program



management efforts, they do not contribute to these expenses under this formula. Currently, all snowmobile enforcement wardens are funded by sources other than snowmobile account SEG (such as tribal gaming revenues).

9. It could be argued a more equitable distribution of administrative costs across conservation fund accounts may be desirable. For example, in addition to the inconsistencies across accounts described previously, both the Natural Resources Magazine account and the endangered resources account of the conservation fund are exempted from expenditures associated with administration and technology and CAER. Staff with these two programs enjoy the benefits associated with the support of the two divisions, including computer and technical support, office space, human resource services, legal services, and educational resources without contributing to the support of DNR overhead. It is anticipated that the endangered resources account would have a balance of \$145,000 on June 30, 2001. The Natural Resources Magazine account is expected to have a balance of \$267,000 at the end of the biennium.

10. The Department argues that the endangered resources account and the Natural Resources Magazine should remain exempt from requirements to contribute to administrative overhead. Revenue to the Natural Resources Magazine account is generated by subscription sales; DNR argues that these funds should be used for the production and distribution of the magazine only. However, to the extent that office space, production equipment, and information technology resources and support aid the magazine production process, they could be interpreted to be eligible expenses. From this perspective, it would be reasonable to expect this account to contribute to DNR administrative overhead expenses. Revenue to the endangered resources account is generated by voluntary charitable donations made directly or through a check-off contribution option on state tax returns, or from the sale of endangered resources license plates. From this perspective, it may be argued that the voluntary donations should be directed entirely towards the purpose for which they were solicited. Alternatively, one could consider the private sector, where charitable or volunteer organizations do commonly utilize a portion of contributions collected to cover the cost of administrative overhead, including professional staff, office space, and technical support. It may be argued that these are accepted and necessary costs associated with operating an organization, and exemption from administrative overhead costs at the expense of other user groups (such as hunters, fisherman, and recreational vehicle users) is unnecessary.

11. Actions by the Joint Committee on Finance to date have decreased expenditures from the fish and wildlife account; consequently, DNR expenditures for administrative purposes now exceed the required limit of 16%. In order to bring the percentage below 16%, program management expenditures could be decreased by \$80,000 in 2002-03. The Department has indicated that, should such a reduction be required, it would be preferable to be deleted from the Division of Administration and Technology. Alternatively, some of the balance for program management expenditures could be shifted from the fish and wildlife account to other accounts within the conservation fund.

12. If \$80,000 in 2002-03 of administrative expenditures were transferred to the Natural Resources Magazine account and the endangered resources account, administrative costs would

comprise approximately 3.8% of expenditures for each account in 2002-03 (as shown in Appendix 2).

**ALTERNATIVES TO BASE**

1. Delete \$80,000 in 2002-03 of fish and wildlife SEG from the Division of Administration and Technology general operations. This would bring the account into compliance with the statutory 16% administrative funding limit.

2. Transfer \$80,000 in 2002-03 of Division of Administration and Technology expenditures from the fish and wildlife account to the Natural Resources Magazine account and the endangered resources account. Of this total, \$43,600 would be paid by the endangered resources account in 2002-03 and \$36,400 would be paid by the Natural Resources Magazine account in 2002-03.

3. Require DNR to submit a report to the Joint Committee on Finance under s. 13.10 by March 1, 2002, detailing the rationale for its current administrative funding distribution and demonstrating the equity of its assignment of costs in terms of benefits received by individuals whose user fees support the account.

4. Take no action. (Compliance with the 16% limit could be reviewed after final budget action at a quarterly meeting of the Joint Committee on Finance under s. 13.10.)

MO# Alt 3

	2	BURKE	<input checked="" type="checkbox"/>	N	A	
		DECKER	<input checked="" type="checkbox"/>	N	A	
		MOORE	<input checked="" type="checkbox"/>	N	A	
		SHIBILSKI	<input checked="" type="checkbox"/>	N	A	
	1	PLACHE	<input checked="" type="checkbox"/>	N	A	
P:		WIRCH	<input checked="" type="checkbox"/>	N	A	i
A		DARLING	<input checked="" type="checkbox"/>	N	A	
		WELCH	<input checked="" type="checkbox"/>	N	A	
	2	GARD	<input checked="" type="checkbox"/>	N	A	
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		DUFF	<input checked="" type="checkbox"/>	N	A	
		WARD	<input checked="" type="checkbox"/>	N	A	
		HUEBSCH	<input checked="" type="checkbox"/>	N	A	
		HUBER	<input checked="" type="checkbox"/>	N	A	
		COGGS	<input checked="" type="checkbox"/>	N	A	

AYE 16 NO 0 ABS \_\_\_\_\_

APPENDIX 1

Administrative Funding Under Budget Bill to Date

2001-02

	Fish and Wildlife	Forestry	Parks	Water Resources	Snowmobile	ATV	Boating	Motorcycle	Endangered Resources	Natural Resources Magazine	Total Conservation Fund
Division of Administration and Technology	\$7,230,230	\$7,097,717	\$1,406,292	\$390,913	\$26,503	\$33,128	\$362,754	\$16,564	\$0	\$0	\$16,564,101
Land Program Management	1,691,201	2,617,007	274,992	0	0	0	0	0	0	0	4,583,200
Water Program Management	1,067,600	0	0	0	0	0	0	0	0	0	1,067,600
Enforcement & Science Program Management	437,325	0	0	0	0	5,145	72,030	0	0	0	514,500
CAER Program Management	386,346	379,265	50,545	20,888	1,416	1,770	19,384	885	0	0	860,499
Total Administrative Expenditures by Account	\$10,812,702	\$10,093,989	\$1,731,829	\$411,801	\$27,919	\$40,043	\$454,168	\$17,449	\$0	\$0	\$23,589,900
Total Expenditures by Account	\$68,136,700	\$73,540,900	\$11,205,800	\$12,228,600	\$9,572,700	\$2,452,400	\$5,308,700	\$135,700	\$1,137,800	\$953,200	\$181,712,500
Percent budgeted for administrative expenditures	15.87%	13.73%	15.45%	3.37%	0.29%	1.63%	8.56%	12.86%	0.00%	0.00%	12.98%

2002-03

	Fish and Wildlife	Forestry	Parks	Water Resources	Snowmobile	ATV	Boating	Motorcycle	Endangered Resources	Natural Resources Magazine	Total Conservation Fund
Division of Administration and Technology	\$7,219,885	\$7,087,561	\$1,404,280	\$390,353	\$26,465	\$33,081	\$362,235	\$16,540	\$0	\$0	\$16,540,400
Land Program Management	1,691,201	2,617,007	274,992	0	0	0	0	0	0	0	4,583,200
Water Program Management	1,067,600	0	0	0	0	0	0	0	0	0	1,067,600
Enforcement & Science Program Management	437,325	0	0	0	0	5,145	72,030	0	0	0	514,500
CAER Program Management	386,346	379,265	54,645	20,888	1,416	1,770	19,384	885	0	0	864,599
Total Administrative Expenditures by Account	\$10,802,357	\$10,083,833	\$1,733,917	\$411,241	\$27,881	\$39,996	\$453,649	\$17,425	\$0	\$0	\$23,570,299
Total Expenditures by Account	\$67,045,500	\$69,122,800	\$11,418,800	\$12,292,000	\$9,838,800	\$2,589,000	\$5,313,200	\$135,900	\$1,137,800	\$953,200	\$176,975,600
Percent budgeted for administrative expenditures	16.11%	14.59%	15.18%	3.35%	0.28%	1.54%	8.54%	12.82%	0.00%	0.00%	13.32%

## APPENDIX 2

### Administrative Funding (Alternative #2)

2001-02

	Fish and Wildlife	Forestry	Parks	Water Resources	Snowmobile	ATV	Boating	Motorcycle	Endangered Resources	Natural Resources Magazine	Total Conservation Fund
Division of Administration and Technology	\$7,202,300	\$7,097,717	\$1,406,292	\$390,913	\$26,503	\$33,128	\$362,754	\$16,564	\$0	\$0	\$16,564,101
Land Program Management	1,691,201	2,617,007	274,992	0	0	0	0	0	0	0	4,583,200
Water Program Management	1,067,600	0	0	0	0	0	0	0	0	0	1,067,600
Enforcement & Science Program Management	437,325	0	0	0	0	5,145	72,030	0	0	0	514,500
CAER Program Management	386,346	379,265	50,545	20,888	1,416	1,770	19,384	885	0	0	860,499
<b>Total Administrative Expenditures by Account</b>	<b>\$10,812,702</b>	<b>\$10,093,989</b>	<b>\$1,731,829</b>	<b>\$411,801</b>	<b>\$27,919</b>	<b>\$40,043</b>	<b>\$454,168</b>	<b>\$17,449</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,589,900</b>
<b>Total Expenditures by Account</b>	<b>\$68,136,700</b>	<b>\$73,540,900</b>	<b>\$11,205,800</b>	<b>\$12,228,600</b>	<b>\$9,572,700</b>	<b>\$2,452,400</b>	<b>\$5,308,700</b>	<b>\$135,700</b>	<b>\$1,137,800</b>	<b>\$953,200</b>	<b>\$181,712,500</b>
Percent budgeted for administrative expenditures	15.87%	13.73%	15.45%	3.37%	0.29%	1.63%	8.56%	12.86%	0.00%	0.00%	12.98%

2002-03

	Fish and Wildlife	Forestry	Parks	Water Resources	Snowmobile	ATV	Boating	Motorcycle	Endangered Resources	Natural Resources Magazine	Total Conservation Fund
Division of Administration and Technology	\$7,139,885	\$7,087,561	\$1,404,280	\$390,353	\$26,465	\$33,081	\$362,235	\$16,540	\$43,600	\$36,400	\$16,540,400
Land Program Management	1,691,201	2,617,007	274,992	0	0	0	0	0	0	0	4,583,200
Water Program Management	1,067,600	0	0	0	0	0	0	0	0	0	1,067,600
Enforcement & Science Program Management	437,325	0	0	0	0	5,145	72,030	0	0	0	514,500
CAER Program Management	386,346	379,265	54,645	20,888	1,416	1,770	19,384	885	0	0	864,599
<b>Total Administrative Expenditures by Account</b>	<b>\$10,722,357</b>	<b>\$10,083,833</b>	<b>\$1,733,917</b>	<b>\$411,241</b>	<b>\$27,881</b>	<b>\$39,996</b>	<b>\$453,649</b>	<b>\$17,425</b>	<b>\$43,600</b>	<b>\$36,400</b>	<b>\$23,570,299</b>
<b>Total Expenditures by Account</b>	<b>\$67,045,500</b>	<b>\$69,122,800</b>	<b>\$11,418,800</b>	<b>\$12,292,000</b>	<b>\$9,838,800</b>	<b>\$2,589,000</b>	<b>\$5,313,200</b>	<b>\$135,900</b>	<b>\$1,137,800</b>	<b>\$953,200</b>	<b>\$176,975,600</b>
Percent budgeted for administrative expenditures	15.99%	14.59%	15.18%	3.35%	0.28%	1.54%	8.54%	12.82%	3.83%	3.82%	13.32%

AGENCY: DNR - Departmentwide

PAPER: #635

ISSUE: Splitting the DNR

RECOMMENDATION: Alternative 2 (maintain current law)

SUMMARY:

History -

Wisconsin was largely regarded as a leader in conservation work at the time (late 1960's), and was one of the first state's to undertake a major environmental agency reorganization. It occurred in a two-step process. In 1966 (Water Resources Act), the state consolidated water quality and water quantity regulatory programs in a new Division of Water Resources within the existing Dept. of Resource Development. One year later (1967 Reorganization Act) this agency merged with the entire Conservation Department to form the new Department of Natural Resources (DNR). Shortly after 1967, the state's first programs to combat air pollution and regulate solid waste were enacted and assigned to the new DNR.

The major purpose of the first phase of reorganization was to create a strong, consolidated water pollution control effort. The main reason for the second phase, the creation of the DNR in 1967, was that it would make the administrative process more efficient and reduce bureaucracy. The creation of the new DNR was based largely on "good government" principles.

The reorganization process of the late 1960's was a largely deliberate and open-ended process in which the executive branch and the legislative branch and special interests and management experts all took an active part.

Both the 1966 and 1967 reorganizations were preceded by studies of special administrative task forces set up by Republican Governor Warren Knowles, and cosponsored by state officials, legislators and outside experts. This government reorganization commission was led by retired Kimberly-Clark Paper Company Executive William Kellett, from Neenah. It was commonly known as the "Kellett Commission."

In each phase of the environmental agency reorganization there were lengthy discussions of the pros and cons attached to a long list of alternative organizational and leadership arrangements.

Wisconsin's two-phase reorganizational process of the late 1960's reflects the state's tradition and long-standing interest in the administrative conduct of public affairs. Wisconsin is a state where public and private citizens have always displayed a high level of concern for proper governmental relationships, including the insurance of adequate checks and balances on administrative decisions.

Both the 1966 Water Resources Act and the 1967 Reorganization Act were pioneering state laws that reflected the varied traditions in Wisconsin's environmental heritage.

Democratic Governor Gaylord Nelson initiated the first real reforms in Wisconsin's conservation administration during the early 1960's, and

Republican Governor Warren Knowles followed up with some big changes of his own.

Combining varied, unfocused environmental efforts in the new DNR was designed to promote a "total effort in conservation" involving everyone who enjoys and uses the outdoors. The agency reorganization was modeled after corporate management patterns to deliver goods and services to the environmental field in the most efficient and productive way possible.

Comments -

There is a populist tradition here that seeks to insure an appropriate level of competition and citizen participation in the process of making large public policy changes.

Wisconsin's efforts to make a major public institutional change in the 1960's led many other states to follow suit. Wisconsin's new DNR stood as the archetype of this type of change at the state level.

Adherence to principles of efficient management and responsible government are essential. This is a good government state.

One person may be too apt to make hasty decisions, or base decisions on a limited point of view. By contrast, a committee leader is expected to incorporate many points of view and develop a result that is more balanced, deliberative and realistic.

The new DNR of the 1960's was really created to keep our water clean, protect public health and cut redundant bureaucracy.

In the early years after the reorganization, DNR was criticized as being too focused on traditional conservation efforts aimed at supporting hunting and fishing primarily - and for not doing enough to protect public health and the environment generally.

Today, hunters and anglers are joining forces with environmentalists and health professionals to work on issues of common interest. This powerful coalition that is forming must scare some folks who are now attempting to divide and conquer. They want to squelch public input into "total conservation" management.

If a split were to occur, there will likely be an effort to slowly starve the agency working to produce clean air and water and improve public health. In addition, the hunting and fishing agency could be endangered if a large enough group of legislators wants to trim that department.

Groups Officially Opposed:

Wisconsin Wildlife Federation

River Alliance of Wisconsin

AFSME Council #24

Trout Unlimited

Environmental Decade

Headwaters Partner Team

Geneva Lake Environmental Agency

Green Lake Preservation Society

(I have at least 20 editorials against the idea).

BY: Barry



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 5, 2001

Joint Committee on Finance

Paper #635

### Organization of the Department of Natural Resources (DNR -- Departmentwide)

#### CURRENT LAW

Currently, DNR is organized into seven divisions: (1) land, (2) forestry, (3) air and waste, (4) enforcement and science, (5) water, (6) administration and technology and (7) customer assistance and external relations (CAER). In addition, there are three other budgetary programs in the agency that are administered within those seven divisions for payment of conservation aids, environmental aids and debt service. The organizational structure of the Wisconsin DNR is similar to that of the Iowa Department of Natural Resources in that responsibilities for conservation and environmental policy are generally vested in the same agency. The other three states that border on Wisconsin, however, place general responsibility for conservation policy in a Department of Natural Resources and for environmental policy in a separate agency (Illinois Environmental Protection Agency, Michigan Department of Environmental Quality, Minnesota Pollution Control Agency). Michigan recently had a structure similar to Wisconsin's, but the Department of Environmental Quality was split from the Department of Natural Resources in October, 1995. DNR has a base budget of \$462.5 million and 3,000.5 positions annually.

#### DISCUSSION POINTS

1. The Department of Natural Resources was created in 1967 by the Legislature and Governor Warren Knowles based on the recommendations of the Kellet Commission. The reorganization combined the former Wisconsin Conservation Department (whose functions included fish, wildlife, forestry, parks, law enforcement, and other conservation functions) with the former Department of Resource Development (whose responsibilities included water pollution, drinking water, solid waste and air pollution programs).

2. The organization of the state's Natural Resource agency has been the subject of considerable debate in recent years. In 1995, the agency underwent a major internal reorganization. In addition, the 1995-97 budget gave the Governor, rather than the Natural Resources Board, the authority to appoint and dismiss the DNR Secretary. In 1999, the Assembly Natural Resources Committee established a special subcommittee to review the possibility of creating two agencies from the current Department of Natural Resources. In the spring of 2001, the Assembly Natural Resources Committee again held hearings on a proposal to create separate conservation and environmental agencies out of the current DNR. This paper discusses this most recent proposal.

### **Division of Responsibilities**

3. As drafted in LRB 2147/3, the current Department of Natural Resources would be divided into two separate agencies (a conservation agency and an environmental agency) on July 1, 2002. A Department of Fish, Wildlife, Parks and Forestry (DFWP&F) would be responsible for state parks, forests and trails, fish and wildlife programs, and outdoor recreation (including recreational boat, snowmobile and ATV programs and enforcement activities). A Department of Environmental Management (DEM) would have authority for environmental protection, pollution control and environmental regulatory functions (such as navigable waters, dams, wetlands, shoreland zoning, wharves, piers, boathouses, ski ramps, fishing rafts, fill, construction and dredging permits).

4. The core of the conservation agency would consist of the current DNR Division of Land (which includes the Bureaus of Wildlife Management, Parks and Recreation, Endangered Resources and Facilities and Lands), the Division of Forestry, the part of the Bureau of Fisheries Management and Habitat Protection relating to fisheries and the Mississippi/Lower St. Croix subprogram in the Division of Water. Also included would be fish, wildlife and recreational vehicle enforcement. In addition, the conservation aids distributed by DNR (such as snowmobile and all-terrain vehicle trail aids, recreational boating project aids, aids in lieu of taxes and wildlife damage aids) and natural resource-related debt service (such as that paid for the stewardship program) and resource acquisition and development funding would also be placed in the conservation agency. Further, current DNR responsibilities relating to the Lower Wisconsin State Riverway (subchapter IV of chapter 30 of the statutes) and the Lake Winnebago comprehensive project would be assigned to this agency.

5. All current DNR funding from 9 of the 10 conservation fund accounts would be provided to the conservation agency, as would recreational boating project aids, boat access and aquatic and terrestrial inventory funding from the water resources account (motorboat gas tax revenues).

6. LRB 2147/3 would also include the provisions of 1999 AB 490 relating to the Joint Legislative Council's Special Committee on Conservation Laws Enforcement recommendations for chief warden authority (as modified to create an unclassified chief warden position). The Secretary of the conservation agency would designate a chief warden and may designate one or more deputy chief wardens. The chief warden would have the duty to direct, supervise and control conservation



wardens in the performance of their duties. The chief warden would designate an internal affairs officer to investigate complaints against conservation wardens when the chief warden determines an investigation is necessary and would designate a complaint officer to resolve complaints against conservation wardens.

7. The conservation agency would have three divisions. The Division of State Parks and Trails would be responsible for maintenance and operations of approximately 44 state parks, 14 state trails and five recreational areas. This Division would also have primary responsibility for seven state forests generally referred to as the "southern forests" (Point Beach, Havenwoods and five units of the Kettle Moraine State Forest). In addition, the DNR owns a number of state parks and trails that are operated and maintained by local governments. The Division of Forestry would be responsible for the operation of six major state forests and several smaller forest properties; three tree nurseries; local governmental and private forestry assistance; forest health and fire management; and grants, loans and payments to certain towns, counties and private forest owners. The Division of Fish, Wildlife and Recreation would be responsible for state fishing, hunting and recreational lands and programs (including the stewardship program); wildlife damage; invasive species; habitat management; endangered resources; recreational and conservation law enforcement; and recreational vehicle programs.

8. The core of the environmental agency would be formed by the current Division of Air and Waste (which includes the DNR Bureaus of Air Management, Waste Management, and Remediation and Redevelopment), as well as the Bureaus of Watershed Management and Drinking Water and Groundwater. It would also include the part of the Bureau of Fisheries Management and Habitat Protection that relates to dam, lake, river and wetland regulation under the Division of Water, and the Bureau of Cooperative Environmental Assistance (which provides a contact point for businesses on pollution prevention, waste minimization and small business assistance) in the CAER Division. In addition, the environmental aids administered by DNR (such as grants for nonpoint source water pollution abatement, lake and river protection, drycleaner environmental response reimbursement, recycling, well compensation, clean water fund, safe drinking water, land recycling and brownfields) and all environmental and water quality-related debt service would be placed in the environmental agency (such as nonpoint source, environmental remediation, wastewater treatment programs that preceded the clean water fund and former drinking water programs).

9. Segregated funding from the environmental, recycling, petroleum inspection, drycleaner environmental response and environmental improvement funds would be transferred to the environmental agency. In addition, funding from the water resources account of the conservation fund related to dam safety, water regulation, and lake and river grants and associated administration would be transferred. Program revenue and general purpose revenue funding that is identifiable as being for an environmental purpose, such as fees for air management, solid and hazardous waste, storm water management and wastewater discharge would be transferred to the environmental agency. Federal grants related to environmental purposes would also be transferred to this agency, including those for air management, hazardous waste administration, Superfund, wastewater and drinking water.

10. The Division of Air and Waste under the environmental agency would include programs such as air management, solid and hazardous waste management, landfill licensing, recycling, mining, contaminated site cleanup, brownfields, hazardous substances spills response, federal Superfund and federal Resources Conservation and Recovery Act corrective action. The Division of Water would include programs related to nonpoint source and runoff management; surface and groundwater quality standards; wastewater facility and discharge permits; public sewer system plan review; water quality modeling; dam safety; water regulation and zoning; wetland, floodplain and shoreland management; watershed planning; and public and private drinking water system plan review.

#### **Governance Issues**

11. Currently, the Governor, with the advice and consent of the Senate, appoints the DNR Secretary. Prior to 1995 Act 27, the DNR Secretary was appointed by the Natural Resources Board and served solely at the Board's pleasure.

12. As proposed, the Governor would appoint a seven-member Fish, Wildlife, Parks and Forestry Board with Senate confirmation for staggered six-year terms. At least three members would be from the territory north, and at least three from the territory south, of a line running east and west through the southern limits of Stevens Point (similar to the current DNR Board). A Secretary appointed by the Board with the approval of the Governor would head the conservation agency. The Secretary would appoint three unclassified Division administrators and an unclassified chief warden (in addition to a Deputy Secretary and an executive assistant).

13. The Governor would appoint a seven-member Environmental Management Board as well, with Senate confirmation for six-year terms. A Board member could not be the holder of a permit issued by the environmental agency (similar to the current DNR Board). The Board would appoint the Secretary, subject to the Governor's approval, to administer the environmental agency. The Secretary would appoint an unclassified Deputy Secretary, executive assistant and two unclassified Division administrators. Under the bill, the Governor could appoint, and the Senate could confirm, members to each of the Boards beginning on January 1, 2002. Once constituted, each Board could appoint a Secretary, subject to the Governor's approval, who could take office beginning on July 1, 2002.

14. The presence of a Board may be viewed as allowing an open discussion of policies and citizen involvement in the decision-making process. Board members publicly discuss issues and vote on their recommendations. Since they do not all live in Madison, they are personally accessible to more of the state's population. Further, the staggered six-year tenure of Board members would provide continuity in the operations of the Department despite changes in the individuals occupying the positions of Governor and Secretary.

#### **Conservation and Environmental Agency Funding**

15. The Divisions of Enforcement and Science, Administration and Technology and

Customer Assistance and External Relations all contain functions that would be necessary for both an environmental and a conservation agency. All of the funding appropriated and positions authorized for these purposes from the conservation fund would be assigned to the conservation agency (except that a portion of water resources account funding relating to lake and river management, dam safety and wetland mapping, and associated administrative expenses would be provided to the environmental agency), while segregated funding for environmental purposes (including the environmental, recycling, petroleum inspection and drycleaner environmental response funds) would be assigned to the environmental agency. To the extent that federal, program revenue and general purpose revenue funding are identifiable as being for either an environmental purpose (such as program revenue funding from air management fees) or a conservation purpose (federal funding providing for boating law enforcement), the funding and positions would be assigned to the respective agencies.

16. With respect to the current DNR Division of Enforcement and Science, the funding and positions in the GPR and PR general program operations appropriations would be divided between the proposed agencies based on the proportion of positions in the GPR or PR general program operations appropriation more closely identifiable with a conservation purpose (such as a conservation warden or a natural resources research scientist) or with an environmental purpose (such as an environmental enforcement specialist or environmental analysis and review specialist). Functions in the Division of Enforcement and Science that would be transferred to the environmental agency include (a) environmental enforcement, (b) laboratory certification, (c) certification of operators of wastewater treatment systems, water supply systems, incinerators, sanitary landfills and septage servicing operators, and (d) collection of environmental fees.

17. Federal funding in the Division of Administration and Technology and the Division of Customer Service and External Relations would be primarily divided between the proposed agencies based on past expenditure patterns (under current law an agency may seek DOA approval to adjust staffing levels and spend the amounts actually received by that agency from federal grants). GPR general program operations funding and positions in these two divisions would be divided based either on the proportion of GPR staff in each of the proposed agencies or on past expenditure patterns where available. PR general program operations funding and positions that were not readily identifiable with a single agency would be divided based on the proportion of all funding in each of the proposed agencies.

18. Under the proposal, on July 1, 2002, the staff, assets, liabilities and obligations primarily associated with each agency would vest in that agency. If the agencies were unable to agree on an equitable division, the Joint Committee on Finance would settle the dispute at a meeting of the Committee under s. 13.10. The DNR employees who would be transferred to one of the new agencies would maintain all their civil service and other employee rights held prior to transfer. In addition, some minor transfers in appropriations may be necessary as the agencies determine the actual division of staff, facilities and duties. Such transfers, if necessary, could be accomplished either by the Joint Committee on Finance under s. 13.10, separate legislation or in the 2003-05 biennial budget.

## Fiscal Effect

19. Dividing DNR into two agencies, as proposed, would have no direct fiscal effect in 2002-03, as current appropriations and positions would be allocated to one agency or another. Any move-related costs that may arise as a result of splitting DNR into two agencies would be absorbed in the agencies' base budgets. The resulting split between the conservation and environmental agencies is shown in the attachment. The attachment demonstrates how the 2002-03 funding under the Governor's biennial budget recommendations (SB 55) for DNR (\$469.5 million and 2,959 positions) would be allocated between the two agencies on July 1, 2002 (fiscal year 2002-03). The operational budget of the conservation agency (excluding aids and debt service appropriations) would be almost \$181 million and 1,900 positions (64% of operations staff and funding of the current DNR), while the operational budget of the environmental agency would be over \$100 million and almost 1,060 positions (36%). When aids and debt service appropriations are included, the total budget of the conservation agency would be \$257.3 million (55% of the current DNR), while the total budget of the environmental agency would be \$212.2 million (45%).

20. While the proposed division would have no direct fiscal effect, it is likely that dividing the agency could make it desirable to reallocate some bureaus within the two new agencies in a structure different than that under a single natural resources agency, based on the resulting staffing and funding in each of the two separate agencies. This could create either efficiencies or inefficiencies between or within the operations of the two separate agencies, as compared to a single agency. Further, while this proposal would have no net fiscal impact, future impacts may occur based on agency, gubernatorial or legislative directives and future funding initiatives of the two agencies.

21. According to DNR officials, splitting the Department could cause some financial inefficiency. Separating Department networks (internet and intranet) may result in one-time costs. DNR officials believe there could be some moving, remodeling and accounting/payroll system costs to separate staff into two distinct agencies in each of the agencies' shared buildings (including regional offices) as well. The same could hold true for equipment, such as fax machines, where a regional office may now only have one machine, as each Department may desire their own technology and communications devices. Further, there would be the costs of supporting the additional Board that would be created in the new agency. As no new funds would be provided under the proposal, Department officials have indicated that any costs that came out of splitting the agency (such as reallocating a position to an additional secretary position or other costs) would be taken from field staff allocations and equipment. However, the Legislature and the Governor control the types of positions provided to any agency. In addition, it could be argued that splitting the agency may create other efficiencies from which to allocate any additional costs incurred. For example, under the proposal, the DNR would be split from a seven-division agency to two agencies totaling five divisions, eliminating two division administrator positions.

22. Further, other state agencies have been split or reorganized without being provided additional funding. For example, DNR itself was reorganized in 1995 with the goals of reducing managerial and administrative staff and to decentralize the agency. This reorganization included

cost-savings and associated staff reductions as directed by the Legislature. The Department of Corrections was created out of the Department of Health and Social Services in the 1989-91 budget act and ensuing legislation and no additional revenues were provided at that time for the new department.

### **Other Issues for Consideration**

23. The 1995 internal reorganization of the DNR was intended to (a) increase efficiency and effectiveness; (b) manage resources on a geographic basis; (c) better integrate environmental and conservation programs; and (d) provide better customer service. DNR indicated the benefits of restructuring would include more staff in field offices for faster local response to questions and needs; and fewer internal layers and fewer positions allocated to supervisory duties, thus making more staff available for "front-line" activities. As a result of the reorganization, six new divisions were formed from the prior four (a seventh, the forestry division, was created in 1999 Act 9). A Division of Customer Assistance and External Relations (CAER) was created to focus on the customer service improvements under the plan. Further, an Administration and Technology Division was created to elevate technology and support functions and to allow for better access and priority setting to assist internal programs. Some argue that the reorganization has advanced the goal of integrated resource management, improved consistency and made the agency more responsive to interested groups and regulated parties. Others express frustration that rather than increasing field staff (such as fishery, wildlife and forest managers) to implement agency programs, field staff have been reallocated to other duties in the Department. Some have also expressed concern that due to reorganization, some staff no longer report to a supervisor with expertise in their particular field. Further, some believe the administrative, technology, customer service and overhead functions of the agency have grown at the expense of field staff.

24. It also has been suggested that certain fees charged by DNR (such as for hunting and fishing) have been used for activities outside the core purpose for which the fees are collected. Splitting DNR would ensure that funds appropriated for an environmental management purpose in one Department would not be used for a conservation purpose in the other agency, and vice versa. Further, dividing DNR may facilitate the tracking of funds used in each agency, in particular, funds used for administration. However, while splitting an agency would keep funds provided to that Department within the Department, it would not guarantee that these funds would not be used for other purposes within the agency. In addition, to the extent that recreational activities under the proposed conservation department may be related to environmental regulations under the planned environmental protection agency, some believe using a portion of recreational fees for pollution-reduction activities may be appropriate. From this view, using fish and wildlife funds (hunting and fishing license fees) for example, for nonpoint water pollution reduction to improve, protect or maintain fish and wildlife habitat on a stream may be acceptable. Further, while it may be difficult to track funds in a larger agency such as DNR, the Department also has more funding sources from which to allocate monies to meet unexpected emergencies or agency priorities. A split agency may have less flexibility in this regard.

25. In addition to displaying how current DNR resources would be divided between the

two new agencies under the proposal, the attachment compares the percentage of the staff and dollars that are currently budgeted in DNR for the five direct program divisions ("Program") and from the two divisions that provide agency-wide services ("Overhead"). The attachment excludes amounts appropriated for debt service from the Department-wide calculations. While the overhead divisions (Administration & Technology and Customer Assistance & External Relations) provide a number of services that are arguably of a direct benefit to field programs (such as registration and license sales, regional office rent and maintenance, and some information technology services), the attachment indicates that the conservation functions of DNR generally support a higher level of these functions (approximately 22% of staff or 423 of 1,900 staff and 21% of dollars or \$44 million of \$213.2 million) than do the environmental functions (16% of staff or 165 of 1,060 staff and 17% of dollars or \$21.3 million of \$125.9 million). A portion of this difference may be attributed to service intensive functions of the conservation agency (such as the sale of hunting and fishing licenses at DNR service centers or the registration of recreational vehicles). Further, DNR notes that many of the environmental permitting functions of the agency are done in each program (such as air permits by the Air Management Bureau or water pollution or regulation permits by the Water Division) while arguably similar conservation functions such as licensing and registration are generally performed by the CAER Division. If two agencies were created, the actual staff and funding levels allocated to administration and overhead may increase or decrease as efficiencies or inefficiencies due to the split are realized. The Governor and Legislature would review and determine any such allocations in future budgets.

26. Some have argued that the current DNR has too many responsibilities to operate efficiently as a single agency. The Secretary and other higher level management staff are required to stay abreast of a large range of issues as one agency, which necessarily reduces the amount of specialization those individuals may have in their management areas. Dividing DNR could more clearly define the roles and specialization of each Department, allowing one to focus on environmental management and the other to focus on the state's wildlife, parks, forests and recreation. In addition, with a larger Department, it may be more difficult for top management officials to be familiar with the array of issues within the Department. Further, splitting DNR into two separate agencies could be viewed as increasing the public and governmental profile of the activities performed by each of the two new agencies.

27. However, others would counter that conservation and environmental regulation are interrelated subjects, and that management staff necessarily need to understand the broader context of how the actions that occur under their jurisdiction affect the state's natural resources as a whole. In addition, some staff persons perform duties that would be split into different agencies. While the current workload and position authority would be transferred to each agency, the incumbent in each of these positions would remain in one agency or the other (potentially requiring additional training). However, to the extent that agencies currently train new employees as a result of promotion, reassignment and standard turnover, these transfers may not be onerous.

28. Due to the size of the DNR, some have claimed it is difficult for customers to find the correct person in the agency to address a given topic. Further, personnel within a large agency presumably have less access to the Secretary than staff would have in two smaller agencies. Thus,

decisions that require input from the Secretarial level may be expedited if DNR were split. Conversely, with two agencies, decisions that would require input from both agencies could be delayed.

29. Some have suggested that the Department struggles with maintaining internal consistency due to the number of people involved in a given project. On the other hand, having one Secretary responsible for a broad range of issues makes that one person responsible for specifying the agency's position, after taking into consideration the different viewpoints from within the agency. With two agencies working on sometimes-related issues, it may be more difficult to find a plan of action that is agreeable to both departments. Further, staff in each of the proposed agencies may not communicate with each other as readily as they may in the same Department. However, staff from different state agencies currently work on related issues, such as DNR and the Department of Commerce on brownfields and PECFA issues and DNR and the Department of Agriculture, Trade and Consumer Protection on nonpoint water pollution abatement activities.

30. According to DNR officials, some businesses, such as the pulp and paper industry, may appreciate the benefits of dealing with one agency. If the Department were split in two, these industries would need to work with both agencies (for the pulp and paper industry, DEM on regulatory issues and DFWP&F on the forestry side). However, many industries currently work with multiple state governmental agencies.

31. Some view the recent experience of the state of Michigan as a reason to support or oppose splitting DNR into two agencies. In August, 1995, Michigan Governor John Engler issued an executive order to split the Department of Environmental Quality from the Department of Natural Resources. The environmental regulatory functions were moved from the DNR and other agencies to the new Department of Environmental Quality. In subsequent executive orders issued in 1996 and 1997, the Michigan Governor transferred the following additional functions to DEQ: (a) environmental health programs related to drinking water and radiological protection from the Department of Public Health; (b) the Low Level Radioactive Waste Authority from the Department of Commerce; (c) the above ground storage tank program and the inspection of dry cleaning establishments from the Department of State Police; and (d) the Environmental Science Board and Environmental Administration Division from the Department of Management and Budget.

32. Some argue that the Michigan split is an example of how a split agency increases the politicization of environmental regulatory decisions. Others view the new Michigan Department of Environmental Quality as a more responsive regulator of environmental matters than under the previous structure. Some would argue that the Michigan split has strengthened program administration by having separate agencies focus on issues. Others argue that concerns that may have existed about intra-departmental communication prior to the split are still valid related to communication between the two agencies. The split of the Michigan DNR into two agencies continues to be a topic of disagreement among people in that state.

33. Prior to the Michigan split, the Michigan DNR was under the policy direction of a Natural Resources Commission appointed by the Governor. After the split, the Michigan DNR

continued to have the same structure. However, policy direction in the new Michigan Department of Environmental Quality is provided by a Director appointed by the Governor. Some argue that the Michigan example does not apply in the Wisconsin case because under LRB 2147/3, each of the DEM and DFWP&F would be directed by a seven-member Board appointed by the Governor with Senate confirmation, and each Board would appoint a Secretary with the approval of the Governor. The Wisconsin DNR is currently directed by a Secretary appointed by the Governor, with cabinet-level status and with a Natural Resources Board providing policy advice. Prior to 1995, the Wisconsin DNR was lead by a Secretary appointed by, and serving solely at the pleasure of, the DNR Board, and the Governor appointed the Board.

34. The Michigan Senate Fiscal Agency found that first-year implementation of the split of the Michigan DNR required transitional administrative costs of approximately \$2 million, which were funded by an internal reallocation of natural resources and environmental program budgets from program functions. In 1996-97, in the first budget approved by the Legislature after the split, administration comprised 1% more of the combined Department of Natural Resources and Department of Environmental Quality budgets than in the year before the split (1994-95). This represented an increase of approximately 15% in administrative funding, or over \$4.2 million (of a combined \$630 million budget for the two agencies). The 1996-97 budget included the requests made by the two Michigan agencies, advanced by the Governor and ultimately provided by the Michigan Legislature. It should be noted that the 1996-97 budget includes functions moved into DEQ that were not previously in DNR and that it is difficult to make year-to-year cost comparisons in Michigan because of the many organizational changes that have occurred. Michigan continues to review the administrative costs in the two agencies, and this effort includes a review currently underway by the Michigan Auditor General. In Wisconsin both the executive and legislative branches would review any shifts in the funding allocated to administration, overhead and programs either in DNR or under separate agencies.

### ALTERNATIVES TO BASE

1. Divide DNR into two separate agencies (a conservation agency and an environmental agency) on July 1, 2002, as provided in LRB 2147/3.
2. Maintain current law.

MO#	A A A A A A A A							A A A A A A A A						
	N	N	N	N	N	N	N	N	N	N	N	N	N	N
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Schug and Kendra Bonderud



## ATTACHMENT 1

	<u>Conservation Agency</u>		<u>Environmental Agency</u>		<u>Division Totals</u>	<u>Staff</u>	<u>Dollars</u>
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>			
State Parks and Trails	\$15,033,800	165.50					
Southern Forests	4,372,900	46.75			Program	82%	80%
Parks Administration and Technology	3,511,300	27.10					
Parks Customer Service and Education	<u>1,276,800</u>	<u>18.33</u>			Overhead	18%	20%
Division Total	\$24,194,800	257.68					
<b>Division of Forestry</b>							
Forestry	\$34,640,300	412.44			Program	79%	76%
Forestry Administration and Technology	8,167,200	78.02					
Forestry Customer Service and Education	<u>2,767,600</u>	<u>29.91</u>			Overhead	21%	24%
Division Total	\$45,755,100	520.58					
<b>Division of Fish, Wildlife, and Recreation</b>							
Facilities and Lands Management	\$14,239,100	144.70					
Fisheries Management	20,539,100	266.82					
Wildlife Management	15,455,500	147.50					
Endangered Resources	2,436,400	21.50					
Conservation Law Enforcement & Integrated Science Services	30,127,000	271.67			Program	76%	75%
Administration and Technology	14,656,900	128.46					
Customer Service and Licensing	<u>13,582,500</u>	<u>140.80</u>			Overhead	24%	25%
Division Total	\$111,036,500	1,121.46					
<b>Conservation Aids &amp; Development</b>							
Debt Service and Development	44,164,500				<u>Conservation Agency</u>		
Conservation Aids	32,366,600				Program	78%	79%
					Overhead	22%	21%
<b>Dept. of Environmental Management</b>							
<b>Division of Air and Waste</b>							
Air Management	-	-	\$15,931,300	175.50			
Waste Management	-	-	7,060,700	100.61			
Remediation and Redevelopment	-	-	12,265,100	105.00			
Air and Waste Program Management	-	-	815,900	7.00			
Environmental Law Enforcement and Integrated Science Services			5,824,700	67.83	Program	86%	80%
Air & Waste Administration and Technology			7,951,200	41.29			
Air & Waste Customer Service and External Relations			<u>2,595,800</u>	<u>30.64</u>	Overhead	14%	20%
Division Total			\$52,444,700	527.87			
<b>Division of Water</b>							
Watershed Management and Regulation			\$27,376,500	332.96			
Drinking Water and Groundwater			9,794,600	105.75	Program	83%	77%
Water Administration and Technology			7,726,600	54.18			
Water Customer Service and External relations			<u>3,068,100</u>	<u>38.74</u>	Overhead	17%	23%
Division Total			\$47,965,800	531.63			
<b>Environmental Aids &amp; Development</b>							
Debt Service and Development			86,330,800		<u>Environmental Agency</u>		
Environmental Aids			25,445,700		Program	84%	83%
					Overhead	16%	17%
<b>TOTAL</b>	257,337,500	1,899.52	212,187,000	1,059.50			
<b>Total by Fund Source:</b>							
GPR	51,246,700	149.00	122,091,700	377.28			
FED	23,560,500	173.53	21,433,600	275.43			
PR	10,182,300	36.12	23,240,100	237.51			
SEG	172,348,000	1,540.87	45,421,600	169.27			
Total--All Funds	\$257,337,500	1,899.52	\$212,187,000	1,059.50			
	55%	64%	45%	36%			

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship – Use of Appraisals

Motion:

Move to require DNR to provide the appraisals of any property acquired under the Warren Knowles-Gaylord Nelson Stewardship 2000 program to the clerk or clerks of the local unit of government where the property is located within 30 days of acquiring the property. Further, direct that these appraisals be provided to the assessor for the local unit of government, and that the assessor would be required to include the information in the appraisal (including comparable sales) when setting land values.

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Note:

The Department, local governments, and non-profit conservation organizations hire private real estate appraisers to determine the fair market value of prospective land purchases. A large disparity between assessed and appraised value may result from use value assessment of farmland, local assessors significantly undervaluing all property, not having updated assessments, or as a result of local land use policies.

~~The motion would require municipalities to reassess property in the year after certain stewardship acquisitions. Based on information from contract assessment firms, DOR indicates that these firms' charges for reassessment services average \$10 per parcel for vacant land, \$30 per parcel for improved parcels and \$60 per parcel for agricultural land. Based on 2000 property tax information reported by local officials, on average, towns contain 1,777 parcels (568 vacant, 791 improved and 418 agricultural). Based on this information, a reassessment in a town would cost \$54,490, on average. Considerable variation exists between towns, since the number of parcels ranges from 169 to 10,344. The resulting reassessment charges would range from \$3,600 to \$322,840, based on the preceding data. Although the motion would require reassessments, it should be noted that some municipalities would undertake reassessments regardless of a stewardship purchase. State law requires that the ratio of assessed value to full value for each locally assessed major class of property, except agricultural land, must be within 10% of full value at least once every four years.~~

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 0 ABS \_\_\_\_\_

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship – Aids in Lieu of Taxes

Motion:

Move to require DNR to use the average of the appraised and assessed value of property purchased under the Warren Knowles-Gaylord Nelson Stewardship 2000 program when determining aids in lieu of taxes payments to local units of government. Specify that this provision would only apply to purchases of property where the appraised value exceeded the assessed value of the property by 300% or more.

Note:

In 1999-00, DNR paid aids in lieu of property taxes from state general purpose revenue of \$2,537,900 on land that it owns.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
2 GARD	Y	N	A
KAUFERT	Y	N	A
1 ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

Motion #1417

AYE 8 NO 8 ABS

NATURAL RESOURCES – DEPARTMENTWIDE

Conservation Warden Supervisors

Motion:

Move to require DNR to redefine the job description of all conservation warden supervisors to specify that 50% of each position's hours be devoted to field enforcement activities and 50% to supervisory activities. Further, require DNR to assign each conservation warden supervisor to a specific geographical area, with priority given to those areas with the greatest demand for enforcement activity.

Note:

The Department of Natural Resources currently employs 14 conservation warden supervisors

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

NATURAL RESOURCES – DEPARTMENTWIDE

United States Fish and Wildlife Service Projects

Motion:

Move to prohibit DNR from working with or providing assistance to the U.S. Fish and Wildlife Service (USFWS) on federally proposed land acquisition projects, development rights acquisition projects, or the acquisition of conservation easements unless a resolution of support has been obtained from the city, village, or township where the proposed project would be located. Further, direct that the DNR Secretary maintain a listing of projects in which DNR is working cooperatively with USFWS and where USFWS is the lead agency. Specify that this provision would not affect initiatives where DNR was the lead agency in collaborative efforts with USFWS. Further, specify that if DNR provides assistance to the U.S. Fish and Wildlife Service on federally proposed land acquisition projects, development rights acquisition projects, or the acquisition of conservation easements without obtaining a resolution of support from the city, village, or township where the proposed project would be located, the use of additional funds under the Warren Knowles-Gaylord Nelson Stewardship 2000 program in that local unit of government would be prohibited for the remainder of the biennium in which it occurred.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS \_\_\_\_\_

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship – Plover River

Motion:

Move to require DNR to provide \$135,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 to acquire conservation easements along the Plover River in Marathon and Portage Counties.

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Note:

Under current law, \$46 million in general obligation bonding authority is available annually under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, \$7.25 million of the \$34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving \$19 million available for DNR land acquisition (after \$8.3 million is set aside to account for the \$25 million Great Addition purchase in 1999). Of the \$11.5 million available for property development and local assistance, \$4.5 million would be allocated for property development, and \$7 million for local assistance grants.

In statute, priorities for land acquisition under Stewardship 2000 are: (a) acquisition of land that preserves or enhances the state's water resources, including land in and for the Lower Wisconsin State Riverway and land abutting wild rivers, wild lakes and land along the shores of the Great Lakes; (b) acquisition of land for the stream bank protection program; (c) acquisition of land for habitat areas and fisheries; (d) acquisition of land for natural areas; and (e) acquisition of land in the middle Kettle Moraine.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 14 NO 2 ABS \_\_\_\_\_



NATURAL RESOURCES -- DEPARTMENTWIDE

Urban Outdoor Recreation

Motion:

Move to create an urban stewardship fund, with the goal of increasing development of public parks and open spaces within communities. Provide \$48 million in general-obligation bonding authority, and authorize expenditure of \$6 million annually through 2009-10. Earmark \$3 million in available funding for projects related to the Madison East Rail corridor. Direct that DNR provide grants of up to 50% of the costs to cities, counties, and non-profit organizations for the acquisition and development of parcels for open space development. Specify that eligible acquisitions would include parcels designated as brownfields, lands for athletic and recreational use, and historic sites. Include the development of support facilities as eligible expenditures under the grant program. Support facilities would include (but are not limited to) parking areas, sanitary and shelter buildings, beaches, boat launches, and walkways.

Direct that grants would be awarded to projects addressing the following priorities (listed in order of importance):

- (1) Projects designed to support a multi-seasonal and multi-recreational diversity of uses and user groups;
- (2) Projects that incorporate public-private sector partnerships in site design and development;
- (3) Madison East Rail corridor;
- (4) Proposals incorporating long-term citizen-based stewardship plans;
- (5) Projects that are water-based, include connections to recreational trails, or preserve and restore wetlands.

Define the East Rail corridor as the area bounded by East Washington Avenue, the Yahara River, East Wilson Street, and South Blair Street in the City of Madison.

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Note:

Total debt service on \$48 million with repayment over 20 years is estimated at \$80.3 million.

[Change to Base: \$48,000,000 BR]

[Change to Bill: \$48,000,000 BR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 7 NO 9 ABS

NATURAL RESOURCES – DEPARTMENTWIDE

Natural Resources Board

Motion:

Move to include the provisions of 1999 AB 776 as passed by the Assembly (LRB 4456/1 as modified by AA1, LRBA 1580/1) relating to Natural Resources Board membership and conflicts of interest.

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Note:

The motion would prohibit an individual from being a member of the Natural Resources Board if the person receives, or has during the previous two years received, a significant portion of his or her income directly or indirectly from holders of or applicants for water pollution discharge permits issued by DNR, other than storm water permits. Further, prohibit the appointment of an individual to the Natural Resources Board if after the appointment of that person, a majority of board members would derive a significant portion of their incomes from holders of air pollution permits. A board member would be required to inform the Governor in the event that there was a significant change in the income that he or she derived from persons subject to air pollution permits. In addition, if a member of the Natural Resources Board holds a permit or a license issued by DNR under environmental law, currently receives or has received during the two previous years a significant portion of his or her income directly or indirectly from a holder of or an applicant for a permit or license issued by DNR under environmental laws, the board member may not engage in a discussion at a board meeting or participate in board decisions on any matter that substantially relates to the permit or license.

The motion is intended to make state law conform more closely to federal law requirements for DNR administration of air and water pollution programs under federal delegation. In addition, the motion would make two other modifications. It would exclude storm water permit holders from the conflict of interest provision and it would require a board member to excuse themselves from certain board actions where they may have a conflict of interest.

However, it should be noted that federal law does not include the storm water permit exclusion in its conflict of interest criteria. Storm water permits are generally required for a variety of businesses which may or may not deal with water management issues as a central focus of their operations. (An example of this might be a large store which could require a storm water permit to control run off from its parking lot.) Legislative Council staff indicate that altering this language would provide grounds for EPA to invoke a process whereby the state's ability to administer water permits under the Clean Water Act could be revoked. However, Legislative Council staff also indicated that there was a possibility that EPA may choose to take no action, or could choose to make changes to federal law that would exempt storm water permits from the conflict of interest criteria.

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

NATURAL RESOURCES – DEPARTMENTWIDE

Open Records

Motion:

Move to include the provisions of LRB 2670/P1 that would limit the effect of 1999 Act 88 provisions that allow an individual to elect to keep certain personal information obtained by DNR from being released to only apply to computerized lists, including those generated through the automated license issuance system (ALIS) and the boat, ATV, and snowmobile registration system (BATS). Further, clarify that DNR is not required to restrict access to lists comprised of individuals or property listings involved in or related to violations of environmental regulations.

Note:

As enacted under 1999 Act 88, DNR is required to allow anyone providing personal information to the Department the opportunity to opt out of any list that the Department furnishes to another person. As enacted, this would include property listed for environmental violations as well as lists maintained by individual DNR employees.

MO#			
BURKE	(Y)	N	A
DECKER	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
WIRCH	(Y)	N	A
DARLING	(Y)	N	A
WELCH	(Y)	N	A
GARD	(Y)	N	A
KAUFERT	(Y)	N	A
ALBERS	Y	(N)	A
DUFF	(Y)	N	A
WARD	(Y)	N	A
HUEBSCH	(Y)	N	A
HUBER	(Y)	N	A
COGGS	(Y)	N	A

Motion #1357

AYE 15 NO 1 ABS \_\_\_\_\_

NATURAL RESOURCES – DEPARTMENTWIDE

Stewardship – Menasha Skateboard Park

Motion:

Move to require DNR to provide \$25,000 from the Warren Knowles-Gaylord Nelson Stewardship 2000 land acquisition subprogram to the City of Menasha for the purchase of land for a skateboard park facility in Winnebago County.

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Note:

Under current law, \$46 million in general obligation bonding authority is available annually under the Warren Knowles-Gaylord Nelson Stewardship 2000 program. Under the stewardship biennial spending plan approved by the Natural Resources Board, \$7.25 million of the \$34.5 million for general land acquisition would be earmarked for grants to non-profit conservation organizations, leaving \$19 million available for DNR land acquisition (after \$8.3 million is set aside to account for the \$25 million Great Addition purchase in 1999). Of the \$11.5 million available for property development and local assistance, \$4.5 million would be allocated for property development, and \$7 million for local assistance grants.

Under 1999 Act 9, moneys obligated under the local assistance subprogram may only be used for nature-based outdoor recreation. The Department has defined "nature-based outdoor recreation" in emergency administrative rule to mean: "Activities where the primary focus or purpose is the appreciation or enjoyment of nature." These activities may include but are not limited to hiking, bicycling, wildlife or nature observation, camping, nature study, fishing, hunting picnicking, cross-country skiing, canoeing, and multi-use trail activities. Support facilities for these activities may include but are not limited to access roads, parking areas, utility and sanitation systems, sanitary and shelter buildings, signs, interpretive items, and other features that enhance nature-based outdoor recreation or improve disabled accessibility. Ineligible activities include but are not limited to sports that require extensively developed open space such as dedicated sports fields, swimming pools, and tennis courts. The motion would require DNR to use \$25,000 in land acquisition funds for the skateboard park.

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 9 NO 7 ABS