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Details: Audit Report 06-6, An Evaluation: Fish and Wildlife Funding, Department of Natural Resources

(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 2005-06

(session year)

## Joint

(Assembly, Senate or Joint)

## Committee on Audit...

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

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- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Stefanie Rose (LRB) (October 2012)

# SCOTT SUDER

State Representative • 69th Assembly District

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May 9, 2005

The Honorable Carol Roessler, State Senator  
Co-Chair Joint Legislative Audit Committee  
Room 8 South, State Capitol  
Madison, WI

The Honorable Susan Jeskewitz, State Representative  
Co-Chair Joint Legislative Audit Committee  
Room 314 North, State Capitol  
Madison, WI

Dear Senator Roessler and Representative Jeskewitz:

I am writing this letter to respectfully request that the Joint Legislative Audit Committee, under your leadership as Co-Chairwomen, consider performing a comprehensive audit of the Department of Natural Resources fish and wildlife accounts. Many sportsmen and legislators are deeply concerned that the DNR may not be using 100% of these monies for the purpose for which they were intended.

As I'm certain you are aware, the most recent 1998 audit of these accounts indicated that only 40 percent of the user fee expenditures (hunting and fishing fees) primarily benefit hunters and anglers. That particular audit further showed that at least \$981,000 was spent on activities not directly supporting hunting or fishing opportunities, including various endangered resources work. In fact, an incredulous \$11.6 million, or 23.0 percent of user fees, was spent on the DNR's overhead costs. Furthermore, the audit showed that meaningful spending restrictions are placed on only 6% of revenue generated through hunting and fishing fees.

As you may also know, Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

The last audit of these accounts was undertaken 7 years ago and the DNR has yet to provide to the Legislature or the public accurate accounting data regarding these accounts. Meanwhile, Governor Doyle and the DNR have undertaken an unprecedented public relations campaign trying to convince our constituents of the supposed need for a record increase in hunting and fishing license fees. I believe it is important for us as policy makers to have up to date, accurate information as to how the monies sportsmen are asked to pay for these important programs are being spent by the department.

**Assembly Committee Assignments:**

Criminal Justice, Chairman • Rural Development, Vice Chairman • Corrections and the Courts  
Transportation • Agriculture • Law Revision • Rural Economic Development Board

Since the DNR refuses to reform its own accounting procedures with regard to these important programs (which was strongly recommended by the Audit Bureau in 1998), I believe it is important for sportsmen and taxpayers to have confidence that the fees they pay for hunting and fishing are being used by the DNR for their intended purposes. The 1998 audit clearly indicated a lack of oversight and accountability with regard to the DNR's management of these funds. It appears that the reforms suggested in the last audit have been thus far ignored by the department.

I believe a comprehensive audit of these accounts is important for a number of reasons. First, to ensure sportsmen that their hard-earned money is indeed being used for the programs they were intended. Secondly, an audit of these programs will assist both legislators and the public in understanding exactly how these fees are being used by this agency. Such an audit will also help ensure the integrity and solvency of these programs in the future.

If indeed the department is using hunting and fishing fees for purposes other than what they were intended for, as some allege, an independent audit will shine the light of truth on such practices. Unfortunately, as it stands, we simply don't know. That's unacceptable for both taxpayers and their elected leaders.

I respectfully urge you to take these facts into account and initiate an audit of the DNR's fish and wildlife accounts this year. Sportsmen and women statewide have a right to know how their hard earned money is being spent.

Thank you in advance for considering my request and I remain hopeful that with your assistance we will force the DNR to reform its confusing and loose accounting practices with regard to hunting and fishing funds. Please feel free to contact me should you have any questions or need any additional information. I look forward to your reply.

Sincerely,



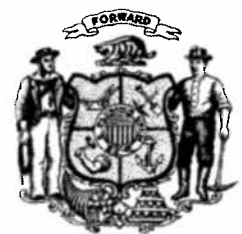
**Scott Suder**

*State Representative*

*Wisconsin's 69<sup>th</sup> Assembly District*



# WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

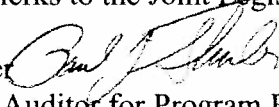
Legislative Audit Bureau

22 E. Mifflin St., Ste. 500  
Madison, Wisconsin 53703  
(608) 266-2818  
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Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

DATE: June 2, 2006

TO: Karen Asbjornson and Pamela Matthews  
Committee Clerks to the Joint Legislative Audit Committee

FROM: Paul J. Stuibler   
Deputy State Auditor for Program Evaluation

SUBJECT: Report 06-6: An Evaluation: Fish and Wildlife Funding

Enclosed is an evaluation of fiscal year (FY) 2004-05 expenditures made by the Department of Natural Resources (DNR) using fish and wildlife funding sources. DNR spent \$120.2 million from all funding sources on fish and wildlife activities in FY 2004-05, including \$68.2 million in user fees paid primarily by hunters and anglers. Other funding sources included federal aid, general purpose revenues (GPR), and program revenues. DNR was authorized a total of 874.4 full-time equivalent (FTE) staff positions in FY 2004-05.

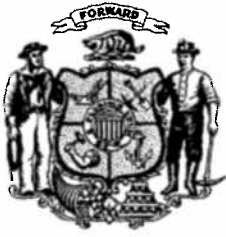
When DNR proposed fee increases in 2005, concerns were renewed about expenditures it funds with user fees. We found that 97.6 percent of DNR's FY 2004-05 user fee expenditures provided some level of benefit to hunters and anglers, including 57.3 percent that were made primarily for their benefit. In FY 2004-05, DNR's user fee-funded administrative costs totaled \$7.5 million and represented 11.1 percent of all user fee expenditures. While these costs were within a 16.0 percent statutory limit, they would exceed the limit under an alternative definition of administration twice proposed by the Legislature.

We also assessed the overall financial condition of the Fish and Wildlife Account for the period from FY 2000-01 through FY 2004-05. We found that expenditures exceeded revenues in each year, and the account's balance has declined significantly, from \$28.3 million at the end of FY 2000-01 to \$1.0 million at the end of FY 2004-05. We believe close monitoring of the account's balance is warranted because without \$4.3 million in transfers that were authorized under the 2005-07 Biennial Budget Act, the Fish and Wildlife Account would likely have had a negative balance by June 30, 2006.

The report will be released on Monday, June 5, at 9:00 a.m. Please let us know if you have any questions regarding this report.

PS/bm

Enclosures

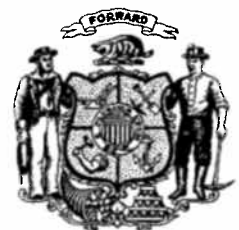


**The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.**

**Most large publications have been added to the Theoblad Legislative Library's collections. Search LRBCat (<http://lrbeat.legis.wisconsin.gov/>) for availability.**

**For further assistance, contact the reference desk at (608) 266-0341 or [lrb.reference@legis.wisconsin.gov](mailto:lrb.reference@legis.wisconsin.gov).**

State of Wisconsin - Legislative Reference Bureau  
1 East Main Street, Suite 200  
Madison, WI 53703



An Evaluation

# **Fish and Wildlife Funding**

*Department of Natural Resources*

## **2005-2006 Joint Legislative Audit Committee Members**

Senate Members:

Carol A. Roessler, Co-chairperson  
Robert Cowles  
Scott Fitzgerald  
Mark Miller  
Julie Lassa

Assembly Members:

Suzanne Jeskewitz, Co-chairperson  
Samantha Kerkman  
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David Cullen

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State Auditor - Janice Mueller

### Audit Prepared by

Paul Stuibler, Deputy State Auditor and Contact Person  
Conor H. Smyth  
Ben Monty  
Robert Sommerfeld  
Natalie Walleser



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STATE OF WISCONSIN  
Legislative Audit Bureau

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Janice Mueller  
State Auditor

June 5, 2006

Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

As requested by the Joint Legislative Audit Committee, we have completed an evaluation of expenditures made by the Department of Natural Resources (DNR) to support fish and wildlife activities. In fiscal year (FY) 2004-05, these expenditures totaled \$120.2 million. Of this amount, \$68.2 million was generated through the sale of hunting and fishing licenses and other user fees. Fish and wildlife activities were also funded with federal aid, general purpose revenue, and program revenues.

For a number of years, some hunters and anglers have raised concerns about the extent to which the fees they pay are spent on activities related to hunting and fishing. We found that 97.6 percent of DNR's user fee-funded expenditures in FY 2004-05 provided some benefit to hunters and anglers, including 57.3 percent spent primarily for their benefit. User fees also funded \$1.6 million in expenditures that did not directly benefit hunters and anglers.

In FY 2004-05, DNR spent \$7.5 million in user fees for administrative costs at the department and division level. These costs represented 11.1 percent of all user fee expenditures, which is below the 16.0 percent limit established in statutes.

When we reviewed the financial condition of the Fish and Wildlife Account, we found that expenditures exceeded revenues in each year and the account's balance declined significantly, from \$28.3 million in FY 2000-01 to \$1.0 million in FY 2004-05. Fee increases that took effect in July 2005 will increase revenues, but preliminary information for FY 2005-06 indicates that sales of some types of licenses declined from 2004 to 2005. These trends will have to be monitored closely.

We appreciate the courtesy and cooperation extended to us by staff of DNR and by the interest groups with which we spoke. DNR's response follows the appendices.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/PS/ss

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## Report Highlights ■

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***In FY 2004-05, DNR spent \$120.2 million for fish and wildlife activities, including \$68.2 million in user fees.***

***Hunters and anglers received some benefit from 97.6 percent of DNR's user fee expenditures in FY 2004-05.***

***Administrative costs were below the statutory limit of 16.0 percent but exceeded the Legislature's intent for these expenditures.***

***Fish and Wildlife Account expenditures have exceeded revenues in each of the past five fiscal years.***

To support hunting and fishing opportunities for Wisconsin residents and nonresidents, the Department of Natural Resources (DNR) develops, maintains, and enhances fish and game habitat, propagates and stocks some species, studies and monitors fish and game populations, promotes the safe use of natural resources through enforcement and education efforts, and purchases land to provide additional hunting and fishing opportunities. In fiscal year (FY) 2004-05, DNR spent a total of \$120.2 million for these and other fish and wildlife activities, including \$68.2 million generated from the sale of hunting and fishing licenses and stamps and from other user fees paid primarily by hunters and anglers.

For a number of years, some hunters and anglers have raised concerns about the extent to which the license and other fees they pay are spent on activities related to hunting and fishing. Legislators and others have also questioned how DNR funds its administrative costs and whether there are alternative sources of funding for fish and wildlife activities. To address these concerns, and at the direction of the Joint Legislative Audit Committee, we:

- analyzed revenues, expenditures, and staffing levels for DNR's fish and wildlife activities in FY 2004-05;
- classified expenditures by purpose and analyzed time-reporting records to determine the extent to which user fees fund activities that primarily benefit hunters and anglers;

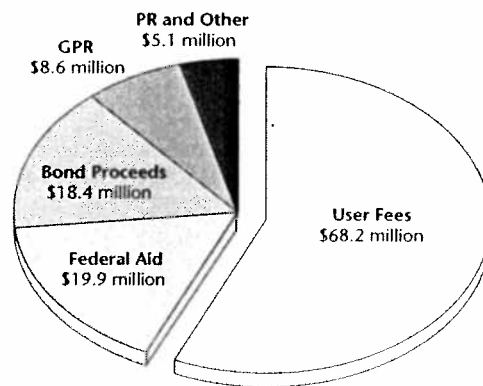
- examined five-year revenue and expenditure trends in the Fish and Wildlife Account of the Conservation Fund; and
- surveyed officials in 49 other states to determine how they fund fish and wildlife activities.

### Funding Sources

Although \$68.2 million in user fees funded the largest share of DNR's \$120.2 million in spending for fish and wildlife activities, funding was also provided from other sources, including federal aid and general purpose revenue (GPR). As shown in Figure 1, proceeds from general obligation bonds totaled \$18.4 million and were used to purchase land for additional hunting and fishing opportunities. Program revenues (PR) came primarily from renting facilities or equipment.

Figure 1

**Expenditures by Funding Source**  
FY 2004-05



Of total funds spent for fish and wildlife activities in FY 2004-05, \$63.3 million, or 52.7 percent, supported resource management and education. Habitat development and land acquisition activities represented another 30.4 percent of total expenditures, or \$36.5 million.

## User Fee Expenditures

DNR's accounting system does not link revenues from user fees, including the different types of hunting and fishing licenses, to particular expenditures. Therefore we undertook significant audit steps to categorize expenditures according to their purpose and primary beneficiaries.

We found that 97.6 percent of user fee-funded expenditures in FY 2004-05 provided some level of benefit to hunters and anglers, including 57.3 percent spent primarily for their benefit. As shown in Table 1, we also found that 2.4 percent of the \$68.2 million in user fees expended in that year, or \$1.6 million, did not directly benefit hunters and anglers.

Table 1

### User Fee Expenditures FY 2004-05

	Percentage of Total
Primarily Benefited Hunters and Anglers	57.3%
Benefited Hunters, Anglers, and Other Users	29.2
Administrative Costs	11.1
Did Not Directly Benefit Hunters and Anglers	2.4
<b>Total</b>	<b>100.0%</b>

It is important to note that expenditures funded by user fees do not represent all DNR spending for activities that primarily benefit hunters and anglers. In FY 2004-05, DNR also spent \$21.0 million from other sources for these activities.

User fees funded \$7.5 million of DNR's administrative costs at the department and division levels in FY 2004-05 and represented 11.1 percent of all user fee-funded expenditures. DNR's administrative costs were below a 16.0 percent limit established by statute. However, under an alternative definition of administrative costs twice proposed by the Legislature, which includes bureau-level administration and administrative costs related to issuing licenses, administrative costs would have represented 23.5 percent of all user fee expenditures in FY 2004-05.

## Accounting for Staff Time

In FY 2004-05, DNR was authorized 874.4 FTE positions for fish and wildlife activities. Every two weeks, DNR staff account for their work hours using specific activity codes. These records show that in FY 2004-05, fish and wildlife staff worked 30,600 hours on activities that did not directly benefit hunters and anglers, such as endangered resources activities and work on state parks, trails, and forests.

During the same period, however, non-fish and wildlife staff worked 43,700 hours on activities that benefited hunters and anglers, such as habitat protection. Therefore hunters and anglers benefited from work performed by the equivalent of 7.2 full-time staff whose positions were not funded by user fees or other sources of fish and wildlife funding.

## Managing Funding Resources

To assess the financial condition of the Fish and Wildlife Account, we examined its year-end balance from FY 2000-01 through FY 2004-05. We found that expenditures exceeded revenues each year, and the account's ending balance declined significantly, as shown in Table 2.

Table 2

### Fish and Wildlife Account (in millions)

Fiscal Year	Ending Balance
2000-01	\$28.3
2001-02	20.6
2002-03	6.7
2003-04	1.4
2004-05	1.0

DNR officials indicate these changes are related primarily to cyclical fluctuations in the timing of fee increases and large program expenditures. However, we believe close monitoring of the account's balance is warranted, because without \$4.3 million in transfers that were authorized under the 2005-07 Biennial Budget Act, the Fish and Wildlife Account would likely have a negative balance by June 30, 2006.

Furthermore, two trends are likely to continue to put financial pressure on the account's resources: a declining interest in both hunting and fishing among children and young adults, which reduces license sales, and a decline in the sale of deer hunting licenses related to concerns about chronic wasting disease (CWD), coupled with increasing program costs to combat it. In FY 2004-05, DNR spent \$5.3 million—including \$3.5 million in user fees—on CWD management efforts that included registering deer in the disease eradication zones and collecting tissue samples for testing. These funds were therefore not available for other program purposes.

We also reviewed gifts and donations DNR received from private groups for fish and wildlife projects. It is the agency's policy that donations of more than \$1,000 be reviewed by DNR staff, who send donors acknowledgment letters specifying how their gifts will be spent. Donations of more than \$5,000 must be reviewed by the Natural Resources Board, and the purpose of the donation must be documented in board minutes. We found that DNR has adequate procedures to monitor the use of gifts, and we found no instances in which donations were spent inappropriately.

DNR does not regularly review either how fish and wildlife project outcomes fit within its broader strategic plan or how initial project budgets compare to actual expenditures. We noted that when performance measures are considered, they often reflect inputs such as the number of hours spent on an activity, rather than the measurable result of an activity. As a result, the ability of DNR officials, the Legislature, and other interested parties to determine the success of individual fish and wildlife activities or programs is limited.

## **Comparisons with Other States**

To compare fish and wildlife funding levels and gather information on alternative funding sources, we surveyed all 49 other states. We found that, like Wisconsin, other states fund their fish and wildlife activities at least in part through user fees. However, other states rely to a greater extent on federal aid, general fund appropriations, and other funding sources not associated with hunting and fishing license fees.

In FY 2004-05, Wisconsin ranked fifth nationally and first among seven midwestern states in funding for fish and wildlife activities, with total revenues nearly double the national average of \$49.9 million. While Wisconsin's spending is higher than most other states', residents also participate in hunting and fishing activities at a higher rate.

Although Wisconsin relies more heavily than most states on a combination of user fees and federal aid to fund fish and wildlife activities, the proportion of total revenues DNR generated from these sources declined from 98.3 percent in FY 1996-97 to 86.2 percent in FY 2004-05. Wisconsin ranked seventh among all states in reliance on user fees in FY 2004-05. In FY 1996-97, it ranked third.

In addition to user fees and federal aid, most states rely on general fund appropriations and one or more other revenue sources to support their fish and wildlife activities, such as the sale of timber, gravel, minerals, natural resources magazines, art, and advertising.

### **Recommendations**

Our report includes recommendations for DNR to:

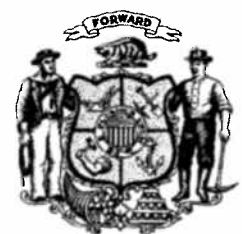
- renew its efforts to limit the use of generalized time accounting codes (*p. 25*); and
- enhance its project-planning efforts (*p. 37*).

■ ■ ■ ■





# WISCONSIN STATE LEGISLATURE



**Matthews, Pam**

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**From:** Matthews, Pam  
**Sent:** Tuesday, June 13, 2006 8:36 AM  
**To:** Matthews, Pam  
**Subject:** FW: DNR audit  
**Follow Up Flag:** Follow up  
**Flag Status:** Yellow

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**From:** steven [mailto:saltland.wi@worldnet.att.net]  
**Sent:** Monday, June 12, 2006 7:07 PM  
**To:** Rep.Suder; Wasserman, Sheldon; Darling, Alberta  
**Cc:** Sen.Roessler; Sen.Cowles; Sen.Fitzgerald; Sen.Miller; Sen.Lassa; Rep.Jeskewitz; Rep.Kerkman; Rep.Kaufert; Rep.Travis; Rep.Cullen; Denman, Heather (Sen. Schultz)  
**Subject:** DNR audit

Sir,

I see that the audit of the DNR came out, I found it on the internet and was wondering about a possible conflict. In 1999 the audit stated that 'commercial catch monitoring' had expenditures of \$94,226, in 2004 it increased to \$275,000 and just one year later in 2005 it was \$393,554. That from the current online audit. From 1999 to 2005 'commercial catch monitoring' was the fourth fastest growing expense. This cost is for just 78 commercial fishers, paying so little into the system that the sportsmen of this state wind up subsidizing them. Yet commercial fishing competes with sport fishing, with lake trout, smelt and yellow perch, three of the highest value species, money wise. In fact per Dr. Wilberg, illegal harvesting of yellow perch by commercials resulted in current perch crisis. An estimated 7 million perch were taken illegally in just 4 years and only 4 fishers pleaded guilty to taking 1.6 million perch, so who got the other 5.4 million perch. The cost of enforcement of the commercial fleet is lumped in with enforcement of sportsmen, but in 2004 it was put at \$250,000. The Quota system doesn't work, leads to overfishing, costs too much and doesn't return any real scientific value. And for all that, the sportsmen of the state have since at least 1992 and are still supporting a private industry, and we don't even have a choice. If this state wants a commercial fishing fleet then let the public vote on it and support it with their tax dollars, but don't stick it to the sportsmen by hiding the costs within the price of a fishing license.

Thank you,

Steven Alt

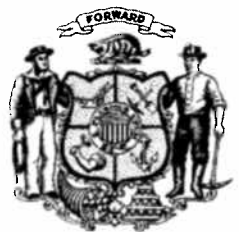
2342 W. Daphne Rd.

Glendale, WI 53209

[www.Lmyellowperch.com](http://www.Lmyellowperch.com)



# WISCONSIN STATE LEGISLATURE





## Joe Leibham

STATE SENATOR

July 5, 2005

Senator Carol Roessler, Co-Chair  
Joint Committee on Audit  
Room 8 South, State Capitol  
Madison, WI 53708

Representative Suzanne Jeskewitz, Co-Chair  
Joint Committee on Audit  
Room 314 North, State Capitol  
Madison, WI 53708

Dear Senator Roessler and Representative Jeskewitz,

On behalf of the sportsmen and women of Wisconsin, I am writing to request approval from the Legislative Joint Audit Committee for an audit of the Department of Natural Resources' (DNR) Fish & Wildlife Account.

Every year, thousands of sportsmen and women across Wisconsin pay millions of dollars to obtain hunting and fishing licenses. When a hunting or fishing license is purchased there is an understanding that the fees paid will be used to protect our state's fish and wildlife for future generations of sportsmen and women and all outdoor enthusiasts.

Wisconsin's sporting community has now been asked in two successive biennia to make a greater investment in the stewardship of our natural resources. This has generated a great deal of question and debate across our state. Many constituents who hunt, fish and enjoy Wisconsin's outdoors are interested in better understanding how the dollars that they invest on hunting and fishing licenses fees are being used by the DNR.

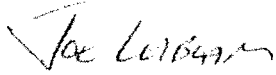
In light of the questions and interest raised, I would like to request that the Joint Legislative Audit Committee approve an audit of the DNR Fish & Wildlife Account. The audit could focus on the following:

- A review of DNR accounting procedures used in regard to the receipt and allocation of hunting and fishing license fees;
- A review of the funds raised from the sale of hunting and fishing licenses and the extent in which the Department appropriates these funds to fish and wildlife programs;
- A review of how the funds received from the sale of hunting and fishing license fees are used for other expenditures.

- An examination of how Wisconsin fares against neighboring states in expending percentage of funding for fish & wildlife activities versus administrative costs.

I appreciate your consideration of this request. Please contact me if you have any questions. This audit will provide valuable information to the legislature for future budget considerations and answers to the important questions asked by the sportsmen and women of our state.

Sincerely,

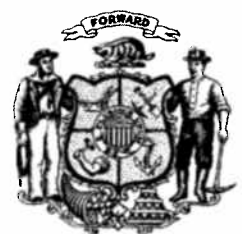
A handwritten signature in black ink, appearing to read "Joe Leibham". The signature is written in a cursive style with a large initial "J".

**Joe Leibham**

*State Senator  
9th District*



# WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

**Joint Legislative Audit Committee**

Committee Co-Chairs:  
State Senator Carol Roessler  
State Representative Suzanne Jeskewitz

July 11, 2005

Mr. Scott Hassett, Secretary  
Department of Natural Resources  
101 South Webster Street, 5<sup>th</sup> Floor  
Madison, Wisconsin 53703

Dear Mr. Hassett:

The Joint Legislative Audit Committee will hold a public hearing at 10:00 a.m. on Tuesday, July 19, 2005, in Room 411 South of the State Capitol. At that time, the Committee will consider a proposed audit of the Fish and Wildlife Account administered by the Department of Natural Resources.

As this proposed audit relates to the activities of your Department, we ask that you, or appropriate members of your staff, be present at the hearing to offer comments on the proposed audit and to respond to questions from committee members. The Legislative Audit Bureau will forward a memorandum outlining the scope of the proposed audit for your review in advance of the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation at the hearing. Thank you for your cooperation and we look forward to seeing you on July 19<sup>th</sup>.

Sincerely,

Senator Carol A. Roessler, Co-chair  
Joint Legislative Audit Committee

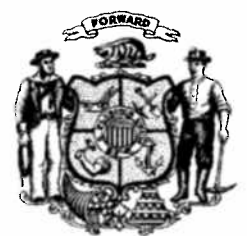
Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

Enclosure

cc: Ms. Janice Mueller  
State Auditor



# WISCONSIN STATE LEGISLATURE







STATE OF WISCONSIN

Legislative Audit Bureau

22 E. Mifflin St., Ste. 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

DATE: July 11, 2005

TO: Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*  
State Auditor

SUBJECT: Proposed Audit of the Fish and Wildlife Account—Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering separate requests from Senator Leibham and Representative Suder regarding the use of funds from the Fish and Wildlife Account of the Conservation Fund. In fiscal year (FY) 2004-05, the Fish and Wildlife Account received an estimated \$68.0 million in revenues, primarily from hunting and fishing license fees. These funds are used to support various activities associated with hunting and fishing, such as habitat development, fish and wildlife management, law enforcement, land acquisition, research, and administration.

The 2005-07 biennial budget bill approved by the Legislature includes fee increases for several types of licenses and creates a \$20 youth deer gun and archery license for residents age 17 and younger. These fee changes are estimated to generate an additional \$5.0 million in FY 2005-06 and \$7.8 million in FY 2006-07.

Concerns have been raised about the extent to which fees collected for hunting and fishing activities are being used for the purposes for which they were intended and the amount of overhead costs the Department of Natural Resources (DNR) charges to the Fish and Wildlife Account. We last conducted an audit of the Fish and Wildlife Account in 1998. In that audit (report 98-9), we found that from \$50.4 million in FY 1996-97 user fee expenditures, \$981,000 was spent on activities that did not directly support hunting or fishing opportunities and \$11.6 million was spent on DNR's overhead costs. In response to our audit, the Legislature subsequently capped the amount DNR may spend on administration at 16.0 percent of annual Fish and Wildlife Account expenditures.

There is substantial interest in how DNR continues to use fish and wildlife funds, especially in how the fees paid by hunters and anglers are spent and whether fish and wildlife expenditure patterns have changed since our 1998 audit. These concerns result, in part, from DNR's accounting practices, which make it difficult to identify the ultimate source of funds used to finance various programs.

An audit of the Fish and Wildlife Account could examine:

- the extent to which revenue generated from user fees is spent on activities that primarily benefit hunters and anglers;
- the extent to which revenue generated from user fees is spent on activities that benefit multiple users and on activities that do not directly support hunting or fishing;
- the extent to which DNR exercises flexibility in spending Fish and Wildlife Account funds;
- compliance with the legislative restriction on the amount of administrative costs that DNR may charge to the Fish and Wildlife Account;
- how the level and source of fish and wildlife funding in Wisconsin compares to that of other states; and
- options for enhancing DNR's accountability for its use of fish and wildlife funds.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/km

cc: Senator Robert Cowles  
Senator Scott Fitzgerald  
Senator Mark Miller  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Travis  
Representative David Cullen

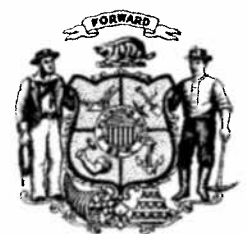
Senator Joseph Leibham

Representative Scott Suder

Scott Hassett, Secretary  
Department of Natural Resources



# WISCONSIN STATE LEGISLATURE





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- compliance with the legislative restriction on the amount of administrative costs that DNR may charge to the Fish and Wildlife Account;
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Senator Scott Fitzgerald  
Senator Mark Miller  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Travis  
Representative David Cullen

Senator Joseph Leibham

Representative Scott Suder

Scott Hassett, Secretary  
Department of Natural Resources

*Complete  
late Winter 2006*

*Federal Audit  
under way -  
to sit interview  
Internal Controls -  
Fed. funds -*

**WISCONSIN LEGISLATIVE AUDIT BUREAU  
AUDIT SUMMARY**

Report 98-9

July 1998

**FUNDING FISH AND WILDLIFE PROGRAMS**

In fiscal year (FY) 1996-97, the Department of Natural Resources spent \$81.2 million in state and federal funds, including debt service, for fish and wildlife-related programs. The majority of expenditures, \$50.4 million, were funded by hunting and fishing licenses and other user fees. Federal aid and general purpose revenue (GPR) also support fish and wildlife programs.

Hunters and anglers have long raised questions about how the license fees they pay are spent, and in recent years the Legislature and the public have become increasingly concerned about how the Department makes funding allocations. For example, the Department had intended to use hunting and fishing fees to fund a 1996 agreement that will pay an average of \$154,000 annually for 10 years to 11 individuals who agreed to retire their Lake Superior commercial fishing licenses. That decision was reversed in the face of public and legislative opposition, and the buyout is now being funded with GPR.

**Approximately 40 percent of User Fee Expenditures Primarily Benefit Hunters and Anglers**

The Department's accounting systems pool various user fees and do not track how revenue from individual types of licenses, such as deer hunting and fishing licenses, is spent. Nevertheless, we were able to categorize total user fee expenditures by their primary beneficiaries. We found that in FY 1996-97, \$20.0 million, or 39.7 percent of user fees, was spent for activities that primarily benefited hunters and anglers, such as game population management and habitat conservation. An additional \$17.8 million, or 35.3 percent of user fees, was spent on activities that benefited multiple users, who include but are not limited to hunters and anglers; \$981,000, or 2.0 percent, was spent on activities that did not directly support hunting or fishing opportunities, including recreational boating enforcement and endangered resources work. The remainder, \$11.6 million, or 23.0 percent of user fees, was spent on the Department's overhead costs.

**The Department Has Substantial Flexibility in Spending Fish and Wildlife Funds**

The Department faces few statutory restrictions on the use of hunting and fishing license fees, and in FY 1996-97 its legislatively approved budget contained most of these funds in a single appropriation. Meaningful spending restrictions are placed on only 6 percent of revenue generated through hunting and fishing fees.

Understanding the Department's spending flexibility provides useful context for assessing the level of funding currently allocated to individual activities. For example, in February 1998, the Department reported that Wisconsin ranked 49th among the 50 states in the number of conservation wardens based on the state's population. In response, the Legislature authorized 18 additional conservation warden positions, funding 17 with GPR and 1 with segregated revenue. However, even though the number of wardens in Wisconsin is lower than in other states, our survey of other states indicates that Wisconsin's budget for fish and wildlife activities is larger than those of most other states, ranking sixth nationally

and first among midwestern states. Further, at \$2.60 per hunter and angler per day, Wisconsin's FY 1997-98 budget is comparable with national averages.

### **Spending Flexibility Has Raised Concerns About Accountability**

The extent of the Department's discretion in spending revenue generated through user fees, coupled with past legislative and public concern about its funding allocation process, has raised questions about accountability for fish and wildlife spending. Current accounting practices limit the Department's, the Legislature's, and the public's ability to obtain accurate information about which funds were used to pay for particular activities and to determine how actual expenditure amounts compare to budgets. To enhance its ability to provide the Legislature and its constituent groups with better information about how it spends fish and wildlife funds, the Department needs to improve its procedures for managing financial information and to develop procedures for reporting program expenditures in the context of progress toward meeting performance goals.

### **Some Other States Use Alternative Funding Strategies**

States rely on user fees and federal aid to fund most fish and wildlife program costs. However, Wisconsin relies on user fees to a greater extent than do most other states. Excluding large capital expenditures, user fees represent 77.2 percent of Wisconsin's FY 1997-98 fish and wildlife budget, compared to a national average of 56.1 percent.

Although most states use other revenue sources to support fish and wildlife programs, only nine states use secondary sources of revenue to support more than one-third of their fish and wildlife budgets. The most common and significant types of secondary revenue are transportation-related fees, such as boat registrations; state lottery profits; and miscellaneous fees and taxes, such as public document recording fees, hotel room taxes, and cigarette taxes.

\*\*\*\*

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# WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

**FOR IMMEDIATE RELEASE**

July 11, 2005

For further information, please contact:  
State Representative Scott Suder

Toll Free at 1-(888)-534-0069

## **JOINT LEGISLATIVE AUDIT COMMITTEE TO MOVE FORWARD WITH REP. SUDER'S DNR AUDIT REQUEST**

### **Lawmaker Says DNR Will Finally Have to Account for Massive Spending Sprees**

**MADISON...** Prompted by continued requests from State Representative Scott Suder (R-Abbotsford) for an updated accounting of how the DNR is spending millions of dollars in hunting and fishing fees paid by sportsman each year, the Joint Legislative Audit Committee announced today that it will move forward with a comprehensive audit of the DNR's hunting and fishing accounts early next week. In a letter to the Legislature's Joint Audit Committee in March of this year, Suder said sportsmen and taxpayers deserve to know exactly how their hunting and fishing fees are being spent by the DNR. The lawmaker, a constant critic of the DNR's mismanagement of these funds, said that state hunters, fishers, and trappers will finally know if these monies are being used for their intended purposes, and not to finance unrelated programs within the department.

*"Sportsmen throughout this state expect the DNR to be using 100% of their hunting and fishing fees for programs related to these activities," Suder said. "With today's audit announcement the DNR will be forced to come clean and show how these funds are being spent."*

A 1998 independent audit indicated that only a portion of hunting and fishing fees are actually used to fund hunting and fishing programs by the department. The audit further showed that \$981,000 of sportsmen fees was spent on activities that did not directly support hunting and fishing opportunities. Auditors also discovered that 23 percent of sportsmen fees (\$11.6 million) were spent on DNR overhead costs. Suder said sportsmen and taxpayers have a right to know exactly how these fees are being used.

*"This independent audit of the DNR will help sportsmen know once and for all how these fees are being spent," Suder stated. "The last audit 7 years ago raised serious questions about the DNR management of these funds and it appears those problems still exist today."*

Suder, an avid outdoorsman, said serious questions remain about the accountability for fish and wildlife spending which will hopefully be answered by the oncoming audit. Recent figures indicate Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

*"The DNR is one agency in dire need of accounting reform," Suder stated. "This long-awaited audit will help ensure the integrity and solvency of Wisconsin's hunting and fishing programs for the future," Suder commented.*

For more information on Rep. Suder's DNR Audit and other legislative issues feel free to contact Representative Suder at (888) 534-0069 or email him at [Rep.Suder@legis.state.wi.us](mailto:Rep.Suder@legis.state.wi.us).





# WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

**FOR IMMEDIATE RELEASE**

For further information, please contact:  
State Representative Scott Suder

May 16, 2005

Toll Free at 1-(888)-534-0069

## **REP. SUDER CALLS FOR AUDIT OF DNR HUNTING AND FISHING ACCOUNTS**

### **Northern Lawmaker Wants To Know if Sportsmen Fees Are Being Used For Unrelated DNR Activities**

**ABBOTSFORD...** State Representative Scott Suder (R-Abbotsford) has called for a comprehensive Legislative audit of the DNR's hunting and fishing accounts. In a letter to the Legislature's Joint Audit Committee, Suder said sportsmen and taxpayers deserve to know exactly how their hunting and fishing fees are being spent by the DNR. The lawmaker says the DNR needs to prove to the public these monies are being used for their intended purposes, and not to finance unrelated programs within the department. Suder sent an official request to the Joint Audit Committee for the audit to be conducted this year.

*"Sportsmen throughout this state expect the DNR to be using 100% of their hunting and fishing fees for programs related to these activities," Suder said. "The fact is, the DNR's accounting practices are so loose, we don't know exactly how these funds are being spent."*

A 1998 independent audit indicated that only a portion of hunting and fishing fees are actually used to fund hunting and fishing programs by the department. The audit further showed that \$981,000 of sportsmen fees was spent on activities that did not directly support hunting and fishing opportunities. Auditors also discovered that 23 percent of sportsmen fees (\$11.6 million) were spent on DNR overhead costs. Suder said sportsmen and taxpayers have a right to know exactly how these fees are being used.

*"An independent audit of the DNR is the only way we will know once and for all how these fees are being spent," Suder stated. "The last audit 7 years ago raised serious questions about the DNR management of these funds and it appears those problems still exist today."*

Often an outspoken critic of the DNR, Suder has been reluctant to support increases in hunting and fishing fees and has repeatedly questioned the agency's spending practices. Suder said serious questions remain about the accountability for fish and wildlife spending which can only be answered through an independent audit of the agency. Recent figures indicate Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

*"The DNR is one agency in dire need of accounting reform," Suder stated. "An audit will help ensure the integrity and solvency of Wisconsin's hunting and fishing programs for the future," Suder commented.*

For more information on the license fee increase proposal and other legislative issues feel free to contact Representative Suder at (888) 534-0069 or email him at [Rep.Suder@legis.state.wi.us](mailto:Rep.Suder@legis.state.wi.us).

May 9, 2005

The Honorable Susan Jeskewitz, State Representative  
Co-Chair Joint Legislative Audit Committee  
Room 314 North, State Capitol  
Madison, WI

Dear Representative Jeskewitz:

I am writing this letter to respectfully request that the Joint Legislative Audit Committee, under your leadership as Co-Chairwomen, consider performing a comprehensive audit of the Department of Natural Resources fish and wildlife accounts. Many sportsmen and legislators are deeply concerned that the DNR may not be using 100% of these monies for the purpose for which they were intended.

As I'm certain you are aware, the most recent 1998 audit of these accounts indicated that only 40 percent of the user fee expenditures (hunting and fishing fees) primarily benefit hunters and anglers. That particular audit further showed that at least \$981,000 was spent on activities not directly supporting hunting or fishing opportunities, including various endangered resources work. In fact, an incredulous \$11.6 million, or 23.0 percent of user fees, was spent on the DNR's overhead costs. Furthermore, the audit showed that meaningful spending restrictions are placed on only 6% of revenue generated through hunting and fishing fees.

As you may also know, Wisconsin's budget for fish and wildlife activities is larger than those of most states, ranking sixth nationally and first among Midwestern states.

The last audit of these accounts was undertaken 7 years ago and the DNR has yet to provide to the Legislature or the public accurate accounting data regarding these accounts. Meanwhile, Governor Doyle and the DNR have undertaken an unprecedented public relations campaign trying to convince our constituents of the supposed need for a record increase in hunting and fishing license fees. I believe it is important for us as policy makers to have up to date, accurate information as to how the monies sportsmen are asked to pay for these important programs are being spent by the department.

Since the DNR refuses to reform its own accounting procedures with regard to these important programs (which was strongly recommended by the Audit Bureau in 1998), I believe it is important for sportsmen and taxpayers to have confidence that the fees they pay for hunting and fishing are being used by the DNR for their intended purposes. The 1998 audit clearly indicated a lack of oversight and accountability with regard to the DNR's management of these funds. It appears that the reforms suggested in the last audit have been thus far ignored by the department.

I believe a comprehensive audit of these accounts is important for a number of reasons. First, to ensure sportsmen that their hard-earned money is indeed being used for the programs they were intended. Secondly, an audit of these programs will assist both legislators and the public in understanding exactly how these fees are being used by this agency. Such an audit will also help ensure the integrity and solvency of these programs in the future.

If indeed the department is using hunting and fishing fees for purposes other than what they were intended for, as some allege, an independent audit will shine the light of truth on such practices. Unfortunately, as it stands, we simply don't know. That's should be unacceptable for both taxpayers and their elected leaders.

I respectfully urge you take these facts into account and initiate an audit of the DNR's fish and wildlife accounts this year. Sportsmen statewide have a right to know how their hard earned money is being spent.

Thank you in advance for considering my request and I remain hopeful that with your assistance we will force the DNR to reform its confusing and loose accounting practices with regard to hunting and fishing funds. Please feel free to contact me should you have any questions or need any additional information. I look forward to your reply.

Sincerely,

**Scott Suder**  
*State Representative*  
*Wisconsin's 69<sup>th</sup> Assembly District*



March 14, 2005

Senate Majority Leader Dale Schultz  
Room 211 South  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Assembly Speaker John Gard  
Room 211 West  
State Capitol  
P.O. Box 8952  
Madison, WI 53708

Dear Senator Schultz and Representative Gard:

On behalf of over one million hunters and fishermen in Wisconsin, we request your assistance in assuring that our money is properly utilized by the Department of Natural Resources (DNR). Wisconsin sportsmen and women are among the most generous in the nation. We pay higher license fees than most states, in addition to consistently leading the nation in fundraising for a variety of conservation and habitat improvement efforts from waterfowl to whitetails.

We are firm believers in conservation of resources and protection of our environment. But, environmental enforcement is our responsibility as citizens and should be treated that way. Hunting and fishing licenses are user fees related to game management, habitat conservation and citizen access to hunting and fishing opportunities.

**The DNR is proposing hunting and fishing license fee increases of up to 60% without adequately addressing where the money will go.**

We are concerned about several developments that have not been adequately addressed by the Department that have shaken the trust of sportsmen across Wisconsin, including:

- The non-partisan Legislative Audit Bureau audited of Fish and Wildlife programs in 1998 (Audit # 98-9). This audit showed that, ***"20.0 million, or 39.7% of expenditures funded by user fees, supported activities that primarily benefited hunters and anglers, such as managing game populations, preserving fish***

**habitat, and conducting ecological assessments and evaluations of game species.”** The DNR has not shown they have fixed a system that spends 60% of user fee dollars on other programs.

- The same audit found that an incredible \$18.8 million dollars paid by Wisconsin sportsmen went to fund programs that do not benefit sportsmen over others. We are not critical of the usefulness of these programs for Wisconsin. **But, when a user fee is not spent directly for the benefit of the user, it becomes a tax.** Sportsmen and women provide a valuable service to our state in balancing wildlife populations, voluntarily funding restoration of wetland and other habitat, funding the tourism industry and passing on an honored heritage. The DNR has neither shown they have eliminated nor justified this tax on sportsmen. Now they want to raise the tax.
- The audit also found the department took 23% of the Fish and Wildlife account to spend on the bureaucratic hierarchy of the DNR. One-in-four dollars spent on bureaucracy is either a sign of gross mismanagement, another grab of our user fees or both. The Secretary now says the DNR only takes 10% of the Fish and Wildlife Account for administration (Green Bay News Chronicle, March 11, 2005). Just using the audit numbers would show that cutting administration from 23% to 10% of the \$11.6 million expenditure at that time for administration would have resulted in over \$6 million more per year available for programs benefiting sportsmen without fee increases.
- The DNR has increased use of Conservation Wardens for environmental enforcement at the expense of their game management and conservation responsibilities. If Conservation wardens were freed from all but emergency environmental work or if this work was paid for by the proper non-wildlife accounts, how much more conservation enforcement could we have? The DNR is now calling some Wardens “Environmental Wardens” instead of “Conservation Wardens.” Were these “Environmental Wardens” created and funded at the expense of “Conservation Wardens” and is any portion of their cost associated with the Fish and Wildlife Account?
- Adequate funding and fee increases were approved for the current budget to maintain programs including stocking of fish and game birds. Apparently, the Department was unable to maintain programs that the non-partisan Legislative Fiscal Bureau said were adequately funded. Sportsmen and the Legislature deserve to know if reduced management and conservation by the Department was the result of mismanagement of our user fee dollars or diversion of those dollars from their budgeted purpose.

If we are going to maintain our traditions and provide the wildlife management services that are critical to maintaining a safe and balanced environment, we must assure sportsmen their dollars are wisely and properly spent. Hunters and fishermen have always paid our own way. Diverting the money we pay for the sport to other programs is a violation of the trust of every sportsman and woman. If this violation is not corrected, we will lose sportsmen, damaging our environment and our heritage.

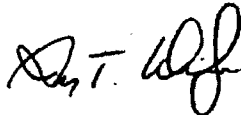
Please investigate these issues to restore confidence in the DNR and end the unfair taxation of sportsmen.

We request an audit of the DNR on the above topics to be completed prior to completion of the state budget. We further ask that more forceful steps be taken, if necessary, to ensure the Hunting and Fishing Tax is ended completely and permanently. When you have guaranteed our money is being properly spent, please set fees at the level necessary to maintain the greatest hunting and fishing opportunities in the United States.

Please do not approve any funding for the DNR until you can guarantee these issues have been addressed.

Allow us to pay for hunting and fishing as sportsmen and **ALL citizens** to pay equally for environmental enforcement which benefits **ALL citizens** of Wisconsin. We will pay our fair share for environmental enforcement and the other necessary programs offered by the DNR along with everyone else in the state. Please don't allow the DNR and the Governor to balance the budget of the backs of sportsmen.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Dzedzic". The signature is stylized and cursive.

Greg Dzedzic, President  
Sporting Heritage, Inc



**Sportsmen's Group Requests DNR Audit  
For Immediate Release**

**March 14, 2005**

**Contact: Greg Dzedzic  
715-479-7141**

**Madison** – A non-profit organization representing Wisconsin sportsmen and women is requesting an audit of the DNR's use of the Fish and Wildlife Account to prove DNR is actually spending it on programs to benefit hunters and anglers, the group's president announced today. In a letter to legislative leadership, Greg Dzedzic, President of Sporting Heritage, Inc. requested that the Legislative Audit Bureau perform a follow up audit to a 1998 study that found that *less than 40% of the expenditures funded by user fees, supported activities that primarily benefited hunters and anglers, such as managing game populations, preserving fish habitat and conducting ecological assessments and evaluations of game species.*

"The DNR is proposing hunting and fishing license fee increases of up to 60% without adequately addressing where the money will go," Dzedzic said. "We are concerned that the DNR has not shown they have fixed a system that spends 60% of user fee dollars on other programs".

Among other things, Dzedzic requested that the audit be completed prior to approval of the state budget, to "ensure that our money is being properly spent, and to set fees at the level necessary to maintain the greatest hunting and fishing opportunities in the United States". Dzedzic said that "when a user fee is not spent directly for the benefit of the user, it becomes a tax", noting that it is the sportsmen who voluntarily fund restoration of wetland and other habitat.

"DNR has neither shown that they have eliminated nor justified this tax on sportsmen. Now they want to raise the tax," Dzedzic said. If we are going to maintain our traditions and provide the wildlife management services that are critical to maintaining a safe and balanced environment, we must assure sportsmen that their dollars are wisely and properly spent." Dzedzic noted that Sporting Heritage is the only organization to question the wisdom of increasing license fees up to 60%. "We hope that our fellow sportsmen and women consider this fee increase request very critically before signing on to support it. In light of the last audit, there are many unanswered questions.

Sporting Heritage Inc. is a non-profit organization that represents Wisconsin sportsmen and women before the Legislature and state agencies. Formed in 1998 as the Sporting Heritage Coalition, Sporting Heritage ran the campaigns to add the Right to Keep and Bear Arms and the Right to Hunt, Fish and Trap to the Wisconsin Constitution, and works to provide more hunting and fishing opportunities for sportsmen and women.

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