



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #455

### Fish and Wildlife Account Major Expenditure Items (DNR -- Fish, Wildlife, and Recreation)

[LFB 2013-15 Budget Summary: Page 325, #1, Page 336, #12, and Page 336, #13]

#### CURRENT LAW

The conservation fund is a segregated (SEG) trust fund used to finance many of the state's resource management programs administered by the Department of Natural Resources (DNR). The conservation fund is divided into nine accounts, the largest of which is the fish and wildlife account.

#### GOVERNOR

Provide \$85,500 SEG in 2013-14 and \$135,200 SEG in 2014-15 from the fish and wildlife account of the conservation fund for fish hatchery operations including increased distribution, utilities, fish food, and other fish hatchery production costs. In addition, provide the following amounts primarily from fish and wildlife SEG: (a) \$226,600 SEG each year on a one-time basis, for the last two years of a four-year master lease for computers for law enforcement wardens; and (b) \$50,000 annually to support increased costs associated with increased per mile charges for fleet vehicles used by the Bureau of Law Enforcement, as shown in the following table.

	Warden Computers <u>Annual Amount</u>	Warden Mileage <u>Annual Amount</u>
Conservation Fund		
Fish and Wildlife Account	\$172,600	\$38,100
Boat Account	26,600	5,900
ATV Account	11,400	2,500
Water Resources Account	2,800	600
Environmental Fund	<u>13,200</u>	<u>2,900</u>
Total	\$226,600	\$50,000

## DISCUSSION POINTS

1. The primary source of revenue to the fish and wildlife account is the fees charged for hunting, fishing and special licenses and stamps. 2005 Act 25 increased most resident and certain nonresident hunting and fishing license fees, effective July 27, 2005. Table 1 shows the current major hunting and fishing license fees and the number of licenses sold during license year 2012 (April, 2012, through March, 2013)

**TABLE 1**

### **Major Hunting and Fishing License Fees and License Year 2012 Sales**

	<u>Current Fee</u>	<u>Licenses Sold</u>
<b>Resident Hunting</b>		
Small Game	\$18.00	84,815
Senior Small Game	9.00	14,782
Youth Small Game	9.00	9,578
Deer	24.00	412,713
Youth Deer	20.00	49,585
10 and 11 Year Old Deer	7.00	13,556
Bonus Deer	12.00	135,063
Antlerless Herd Control	0.00	775,903
Elk	49.00	0
Class A Bear Harvest	49.00	578
Class B Bear Pursuit	14.00	7,081
Wolf	100.00	888
Archery	24.00	178,770
Youth Archery	20.00	11,252
10 and 11 Year Old Archery	7.00	1,613
Wild Turkey	15.00	111,475
Extra Turkey Tag	10.00	77,161
Trapping	20.00	5,047
Youth Trapping	10.00	187
<b>Nonresident Hunting</b>		
Annual Small Game	\$85.00	5,137
Five-day Small Game	55.00	2,128
Deer	160.00	25,666
Bonus Deer	20.00	10,131
Antlerless Herd Control	0.00	40,957
Elk	251.00	0
Class A Bear	251.00	251
Class B Bear Pursuit	110.00	259
Wolf	500.00	7
Archer	160.00	7,179
Wild Turkey	60.00	3,060
Extra Turkey Tag	15.00	2,879
Furbearing Animal	160.00	57
<b>Hunting Stamps</b>		
Pheasant	\$10.00	35,126
Waterfowl	7.00	55,302
Wild Turkey	5.25	107,743

	<u>Current Fee</u>	<u>Licenses Sold</u>
<b>Resident Fishing</b>		
One-Day	\$8.00	8,302
Annual	20.00	478,991
Senior Annual	7.00	114,096
Youth Annual	7.00	32,638
Husband and Wife	31.00	114,921
Disabled	7.00	16,160
Disabled Veteran	3.00	4,127
Sturgeon Spearing	20.00	11,427
Sturgeon Hook and Line	20.00	784
<b>Nonresident Fishing</b>		
Individual:		
One-Day	\$10.00	58,405
Annual	50.00	74,944
Fifteen-day	28.00	24,216
Four-day	24.00	57,067
Family:		
Annual	65.00	32,568
Fifteen-day	40.00	15,182
Sturgeon Spearing	65.00	185
Sturgeon Hook and Line	50.00	157
<b>Fishing Stamps</b>		
Inland Trout	\$10.00	139,220
Great Lakes Trout and Salmon	10.00	134,885
Two Day Great Lakes Fishing	14.00	27,831
Two Day Inland Lake Trout	14.00	209
<b>Resident Multiple Licenses</b>		
Conservation Patron	\$165.00	40,645
Junior Patron	75.00	3,461
Sports License	60.00	52,918
Junior Sports	35.00	2,530
Disabled Veteran Recreation Card	7.00	339
<b>Nonresident Multiple Licenses</b>		
Conservation Patron	\$600.00	85
Junior Patron	77.00	851
Sports License	275.00	494
Junior Sports	36.00	3,231

Notes: Fees shown include the issuing fee, and the wildlife damage surcharge where applicable.

2. In addition, 2011 Act 168 requires DNR to issue certain hunting, trapping, and fishing approvals at a reduced fee to persons who have not been issued that type of approval or a conservation patron or sports license, in the 10 years before the license application. The act also requires DNR to develop an incentive program for recruiting first-time hunters, trappers and anglers. For residents, the fee for the reduced fee licenses is \$5 each (including the issuing fee) and for non-residents, the fee is one-half the regular fee, rounded up to the nearest dollar. These first-time buyer licenses went on sale through the Department's automated license system on April 17, 2012. Table 2 shows the fees for licenses for non-first-time buyers, as well as the license fees for qualifying first-time buyers, and the number of licenses sold in license year 2012. The wildlife damage surcharge is not applied to the first-time licenses.

**TABLE 2****Fees for Qualifying First Time Licenses Under 2011 Act 168**

	Statutory <u>Fee</u>	Issuing <u>Fee</u>	Wildlife Damage <u>Surcharge</u>	Total Fee for Non- First-Time <u>Licenses</u>	Total Fee For First-Time <u>Licenses</u>	First Time Licenses Sold LY2012 (April 17, 2012, through <u>March 31, 2013)</u>
<b>Resident</b>						
Small Game	\$15.25	\$0.75	\$2	\$18	\$5	10,302
Senior Small Game	6.25	0.75	2	9	5	612
Youth Small Game	6.25	0.75	2	9	5	5,323
Deer	21.25	0.75	2	24	5	15,848
Youth Deer	17.25	0.75	2	20	5	9,742
Class B Bear	11.25	0.75	2	14	5	1,946
Archery	21.25	0.75	2	24	5	13,250
Youth Archery	17.25	0.75	2	20	5	21
Wild Turkey	12.25	0.75	2	15	5	4,186
Annual Fishing	19.25	0.75	0	20	5	57,021
Trapping	19.25	0.75	0	20	5	1,123
<b>Non Resident</b>						
Annual Small Game	\$82.25	\$0.75	\$2	\$83	\$42.75	2,573
Deer	157.25	0.75	2	158	79.75	3,847
Class B Bear	107.25	0.75	2	108	54.75	132
Archery	157.25	0.75	2	158	79.75	2,133
Fur-Bearing Animal	157.25	0.75	2	158	79.75	78
Wild Turkey	57.25	0.75	2	58	29.75	461
Annual Fishing	49.25	0.75	0	50	25.75	28,263
Trapping	149.25	0.75	0	150	75.75	10

3. Table 3 shows selected hunting and fishing license fees in Wisconsin and surrounding states. The table indicates that Wisconsin's resident deer hunting fees may be lower than most surrounding states, while fishing license fees are near the top. Small game and nonresident deer licenses appear to fall in the middle.

**TABLE 3****2012 Selected Hunting and Fishing Licenses**

	<u>Illinois*</u>	<u>Iowa*</u>	<u>Michigan</u>	<u>Minnesota</u>	<u>Wisconsin</u>
<b>Resident</b>					
Deer	\$25.50	\$28.50	\$15.00	\$27.00	\$24.00
Small Game	12.50	19.00	15.00	20.00	18.00
Annual Fishing	15.00	19.00	15.00	18.00	20.00
<b>Nonresident</b>					
Deer	\$300.50	\$228.00**	\$138.00	\$142.00	\$160.00
Small Game	57.75	112.00	69.00	85.50	85.00
Annual Fishing	31.50	41.00	34.00	40.50	50.00
Habitat Stamp	\$5.50	\$13.00	N/A	N/A	N/A

\* Must purchase a general (small game) hunting license, in addition to the listed deer license. Further, all hunters must purchase a habitat stamp.

\*\* Antlerless deer only. In addition, a limited number of nonresident licenses (currently 6,000) that allow for the taking of a buck (or an antlerless deer) are available to non-residents through a lottery for a fee of \$426.

4. Revenues from the fish and wildlife account support approximately 594 full time equivalent staff positions in the Department of Natural Resources and are used to fund a variety of activities. Fish and wildlife account revenues that are not statutorily designated for specific purposes (such as designated stamp revenues) are used to support the law enforcement and fish and wildlife management functions of the Department. These include: (a) law enforcement activities performed primarily by conservation wardens who are responsible for the investigation and enforcement of laws relating to fish and wildlife (DNR wardens recorded approximately 221,100 hours for enforcement work related to public safety and fish and game in 2011-12 and issued 5,093 citations); (b) fish management activities related to monitoring, maintaining and enhancing aquatic ecosystems and sport and commercial fisheries [in fiscal year 2011-12 DNR stocked inland lakes with approximately 8.6 million cool or warm-water fish and stocked inland streams and the Great Lakes with approximately four million cold water fish (trout and salmon)]; (c) wildlife management activities including managing and regulating various species including deer, bear, geese, turkey and waterfowl, as well as handling urban wildlife, captive wildlife, and wildlife rehabilitation issues, and operating the state game farm at Poynette where pheasants are raised for stocking on public hunting grounds (DNR raised approximately 54,000 pheasants for stocking on public hunting grounds and provided approximately 35,100 day-old pheasants to conservation and sports clubs in 2012); and (d) grants to counties and tribal governing bodies for up to 50% of the costs of county fish and game management projects.

5. In addition, some fish and wildlife account revenues are dedicated to supporting specific activities, such as the wildlife damage claims and abatement program. The program provides landowners in participating counties with financial assistance to implement projects to reduce crop damage (abatement) and partially reimburse losses incurred from crop damage. Funding is provided by two dedicated revenue sources within the fish and wildlife account of the

conservation fund: (a) revenue from a \$2 surcharge on most resident and nonresident hunting licenses and a \$4 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit and recently introduced \$5 bonus deer permit for 10 and 11-year olds. Together, these revenue sources generated approximately \$3 million in 2011-12.

6. In addition, dedicated revenues also include stamp funded programs for the management of habitat and monitoring of specific species (including pheasant, salmon, trout, waterfowl, and wild turkey). The Department also collects fees for hunter and trapper safety education programs, a portion of which may be retained by course instructors to cover expenses, and the remainder is deposited in the fish and wildlife account for operation of the courses. DNR also contracts with a third party to operate the statewide automated license issuance system (ALIS); the 83¢ fee for each license issued is deposited in the fish and wildlife account for payment under the contract. Sales agents also receive 50¢ for each license or 15¢ for each stamp sold and a 50¢ transaction fee. Expenditures from the fish and wildlife account totaled approximately \$72.5 million in 2011-12.

7. Actual fish and wildlife expenditures came in below authorized (budgeted) levels by approximately \$2 million in 2009-10, nearly \$3 million in 2010-11, and by over \$5 million in 2011-12. A large portion of the reductions can be attributed to salary, fringe benefit, and related cost savings due to staff vacancies. The overall DNR vacancy rate is currently approximately 15%. Fish and wildlife account revenues that are not statutorily designated for specific purposes support approximately 441 authorized permanent staff that carry out the direct fish and wildlife management and law enforcement functions of the Department. Currently, of these 441 authorized positions 57, or approximately 13%, are vacant (compared to approximately 11% in 2010). Table 4 shows current vacancy rates by program area. In addition, the Division of Administration's main conservation fund appropriation has a vacancy rate of nearly 12% and the Division of Customer Assistance and Employee Services has a vacancy rate of approximately 6.5%. Current vacancy rates would be expected to significantly reduce 2012-13 expenditures (by approximately \$3.5 million).

**TABLE 4**

**Fish and Wildlife Account Authorized and Vacant Positions as of April, 2013**

	<u>Authorized</u>	<u>Vacant</u>	<u>Percent</u>
Law Enforcement	136.13	9.50	7.0%
Fisheries Management	178.93	24.68	13.8
Wildlife Management	<u>126.07</u>	<u>22.90</u>	<u>18.2</u>
Total	441.13	57.09	12.9%

8. The Department indicates they plan to begin filling some needed vacancies in 2013-14 but will continue to hold some vacancies in order to limit salary and related costs through most of the 2013-15 biennium and maintain a positive available balance in the fish and wildlife account. These reductions have limited and will continue to limit the Department's activities in most aspects

of fish and wildlife management programs and conservation law enforcement. With these substantial planned reductions, the fish and wildlife account would be projected to have an available balance of approximately \$150,000 on June 30, 2015, as shown in Table 5. The estimate assumes that DNR will make an effort to fill existing vacancies (improving from a vacancy rate of approximately 13% currently to approximately 6.5% by January, 2014). As some sources of revenue to the account are dedicated to specific purposes, the Department is unable to utilize them for general fish and wildlife account expenditures. Therefore, these dedicated revenues (such as bonus deer hunting permit revenues, and trout stamp or waterfowl stamp revenues) are shown in the table as part of the fish and wildlife account continuing balance. Further, authorized (appropriated) expenditures under the bill would exceed anticipated revenues to the fish and wildlife account by over \$3 million annually (\$75 million in revenue with over \$78 million in budgeted expenditures). Therefore, either fee increases, expenditure reductions, or a combination of the two will likely be required again in the 2015-17 biennium to address this continuing structural imbalance in the account.

**TABLE 5****Estimated Fish and Wildlife Account Condition**

	Actual <u>2011-12</u>	Act 32 <u>2012-13</u>	Governor <u>2013-14</u> <u>2014-15</u>	
Opening Balance	\$16,723,700	\$20,194,900	\$20,333,700	\$18,149,400
<b>Revenue:</b>				
Hunting Licenses and Stamps	29,497,900	29,670,000	29,345,000	29,345,000
Fishing Licenses and Stamps	29,626,100	29,230,000	29,030,000	28,955,000
Combination Licenses	9,403,800	9,200,000	9,100,000	9,000,000
Timber Sales	2,751,700	3,000,000	3,000,000	3,000,000
Tribal Gaming Transfer	3,000,000	3,000,000	3,000,000	3,000,000
All Other Revenue	<u>1,755,600</u>	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,700,000</u>
Total Revenue	\$76,035,100	\$75,800,000	\$75,175,000	\$75,000,000
Total Available	\$92,758,800	\$95,994,900	\$95,508,700	\$93,149,400
<b>Expenditures:</b>				
Law Enforcement and Division Management	22,091,400	23,769,900	23,377,100	23,385,200
Fish Management	15,302,200	16,387,100	16,314,600	16,364,300
Wildlife Management and Division Management	11,888,400	12,653,100	12,451,300	12,451,300
Wildlife Damage Programs	2,975,500	4,507,100	4,415,500	4,415,500
Stamp Funded Programs	5,068,100	5,196,200	5,149,300	5,149,300
Administration and Technology	4,690,600	5,472,200	5,406,600	5,427,600
Customer Assistance and Licensing	3,761,300	4,019,600	3,964,200	3,957,200
Debt Service, Maintenance and Development	2,457,500	2,882,100	2,953,700	2,989,400
Taxes and Assessments	375,100	458,500	458,500	458,500
ALIS Contract Fees	3,069,900	2,863,100	2,863,100	2,863,100
All Other	883,900	952,300	980,400	980,400
Authorized Expenditures	\$77,674,800	\$79,161,200	\$78,334,300	\$78,441,800
Compensation and Health Reserves			1,025,000	2,050,000
Vacancies/Reductions	<u>-5,110,900</u>	<u>-3,500,000</u>	<u>-2,000,000</u>	<u>-2,000,000</u>
Total Expenditures	\$72,563,900	\$75,661,200	\$77,359,300	\$78,491,800
Cash Balance	20,194,900	20,333,700	18,149,400	14,657,600
Encumbrances/Continuing Balance*	<u>12,641,200</u>	<u>13,500,000</u>	<u>14,000,000</u>	<u>14,500,000</u>
Available Balance	\$7,553,700	\$6,833,700	\$4,149,400	\$157,600

\*Includes amounts encumbered (committed, but not yet paid) as well as continuing balances from certain appropriations (such as trout, waterfowl, or wild turkey stamp, or wildlife damage programs) that are not available for general appropriation.

9. Although significant expenditure reductions will be necessary to maintain a positive balance in the fish and wildlife account, the bill includes several increases in authorized expenditures from the fish and wildlife account totaling \$642,100 over the 2013-15 biennium. Table 6 shows three major fish and wildlife account expenditure increases by budget item.

**TABLE 6**

**Major Items Increasing Fish and Wildlife Account Expenditures**

<u>Budget Item</u>	Fish and Wildlife Expenditures		<u>Total</u>
	<u>2011-12</u>	<u>2012-13</u>	
Fish Hatchery Operations	\$85,500	\$135,200	\$220,700
Conservation Warden Computers	172,600	172,600	345,200
Conservation Warden Mileage Increase	<u>38,100</u>	<u>38,100</u>	<u>76,200</u>
Total	\$296,200	\$345,900	\$642,100

10. If the proposed expenditure authority is not provided, DNR indicates that the fish hatchery operations is a priority and the Department will still make the payments on the master lease for conservation warden computers. In order to provide for these initiatives, the Department would further reduce other base-level expenditures. The Department expects that the warden mileage increase would not go forward without the increased expenditure authority provided under the bill. However, as revenues in the fish and wildlife account of the conservation fund are expected to fall well short of authorized expenditures in the 2013-15 biennium, even if the expenditure authority were provided, the lack of available revenues would necessitate corresponding expenditure reductions in other areas. An alternative could be to eliminate one or more of the items with increased fish and wildlife expenditures shown in Table 6 (Alternative 2). Deleting increased expenditures under Alternatives 2(a) and (c) will maintain base-level funding in the 2015-17 biennium and would not increase the structural imbalance in the fish and wildlife account.

11. To provide some increased expenditure authority for these items, another option would be to delete the fish and wildlife account expenditure authority under one or both of the split-funded items but maintain the expenditure authority from the other segregated sources (boat account, ATV account, water resources account, and environmental fund). The draws on these other segregated accounts are more limited and would not be expected to result in significant structural imbalances (Alternative 3).

**ALTERNATIVES**

1. Adopt the Governor's recommendation to provide the funding listed in the following table: (a) for fish hatchery operations including increased distribution, utilities, fish food, and other fish hatchery production costs; (b) one-time funding, for the last two years of a four-year master lease for computers for law enforcement wardens; and (c) for costs associated with increased per mile charges for fleet vehicles by the Bureau of Law Enforcement.

	<u>2013-14</u>	<u>2014-15</u>
<b>Fish Hatchery Operations</b>		
Fish and Wildlife Account	\$85,500	\$135,200
<b>Warden Computers</b>		
Fish and Wildlife Account	\$172,600	\$172,600
Boat Account	26,600	26,600
ATV Account	11,400	11,400
Water Resources Account	2,800	2,800
Environmental Fund	<u>13,200</u>	<u>13,200</u>
Subtotal	\$226,600	\$226,600
<b>Warden Mileage Increase</b>		
Fish and Wildlife Account	\$38,100	\$38,100
Boat Account	5,900	5,900
ATV Account	2,500	2,500
Water Resources Account	600	600
Environmental Fund	<u>2,900</u>	<u>2,900</u>
Subtotal	\$50,000	\$50,000
Total	\$362,100	\$411,800

2. Delete any of the following:

a. Fish Hatchery Operations: \$85,500 in 2013-14 and \$135,200 in 2014-15 in fish and wildlife SEG (no additional funding would remain).

ALT 2a	Change to Bill Funding
SEG	- \$220,700

b. Conservation Warden Computers: \$226,600 SEG in 2013-14 and \$226,600 SEG in 2014-15 in one-time funding as follows:

	<u>Annual Amount</u>
Conservation Fund	
Fish and Wildlife Account	\$172,600
Boat Account	26,600
ATV Account	11,400
Water Resources Account	2,800
Environmental Fund	<u>13,200</u>
Total	\$226,600

ALT 2b	Change to Bill Funding
SEG	- \$453,200

c. Conservation Warden Mileage: \$50,000 SEG annually as follows:

	<u>Annual Amount</u>
Conservation Fund	
Fish and Wildlife Account	\$38,100
Boat Account	5,900
ATV Account	2,500
Water Resources Account	600
Environmental Fund	<u>2,900</u>
Total	\$50,000

<b>ALT 2c</b>	<b>Change to Bill Funding</b>
SEG	- \$100,000

3. Delete the fish and wildlife account expenditure authority provided for any of the following items but maintain the other SEG funding:

a. Fish Hatchery Operations: \$85,500 in 2013-14 and \$135,200 in 2014-15 in fish and wildlife SEG (no additional funding would remain).

<b>ALT 3a</b>	<b>Change to Bill Funding</b>
SEG	- \$220,700

b. Conservation Warden Computers: \$172,600 fish and wildlife SEG in each year in one-time funding (\$54,000 in SEG funding from other sources would remain).

<b>ALT 3b</b>	<b>Change to Bill Funding</b>
SEG	- \$345,200

c. Conservation Warden Mileage: \$38,100 fish and wildlife SEG annually (\$11,900 in SEG funding from other sources would remain).

<b>ALT 3c</b>	<b>Change to Bill Funding</b>
SEG	- \$76,200

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