



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #470

Fish and Wildlife Account Condition (DNR -- Fish, Wildlife, and Recreation)

FISH AND WILDLIFE ACCOUNT CONDITION

The primary source of revenue to the fish and wildlife account of the segregated conservation fund is the fees charged for hunting, fishing and special licenses and stamps. There are a wide variety of licenses authorizing residents and nonresidents to hunt, trap, and fish. Hunting and fishing licenses vary according to the type of species that may be pursued, the method of pursuit, the number of people for whom the license is valid and the time period for which the license is valid. To hunt or fish certain species (such as wild turkey or trout), a stamp must be purchased in addition to the license.

DISCUSSION POINTS

1. Approximately 88% (\$65.6 million) of revenue to the fish and wildlife account of the segregated conservation fund in 2013-14 was from the fees charged for hunting, fishing, and special licenses and stamps. Certain resident and nonresident hunting and fishing license fees were last raised under the 2005-07 biennial budget effective July 27, 2005. A few new licenses, and several discounted licenses have been approved since 2005. Table 1 shows selected hunting and fishing license fees in Wisconsin and surrounding states.

TABLE 1**2015 Selected Hunting and Fishing Licenses**

	<u>Illinois*</u>	<u>Iowa*</u>	<u>Michigan*</u>	<u>Minnesota</u>	<u>Wisconsin</u>
Resident:					
Deer	\$25.50	\$28.50	\$20	\$30	\$24
Small Game	12.50	19.00	11	22	18
Annual fishing	15.00	19.00	26	22	20
Nonresident:					
Deer	300.50	228**	20	165	160
Small Game	57.75	112	151	102	85
Annual Fishing	31.50	41	76	45	50
Habitat Stamp	5.50	13	N/A	N/A	N/A

*Must purchase a general (small game) hunting license, in addition to the listed deer license. For example, a nonresident in Michigan would pay \$171 (\$20 deer + \$151 general/small game) to hunt deer, while a resident would pay \$31. Further, in Illinois and Iowa, 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.

2. Currently, authorized positions supported by revenues from the fish and wildlife account include approximately 588 staff positions in the Department of Natural Resources (DNR). The bill would delete a number of positions which are fully or partially funded by the fish and wildlife account, leaving approximately 566 fish and wildlife account supported positions. Fish and wildlife account revenues that are not statutorily designated for specific purposes (such as designated stamp revenues) are used to support the conservation 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; (b) fish management activities related to monitoring, maintaining, and enhancing aquatic ecosystems and sport and commercial fisheries; (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; and (d) grants to counties and tribal governing bodies for up to 50% of the costs of certain county fish and game management projects. Some fish and wildlife account revenues are dedicated to supporting specific activities, such as the wildlife damage claims and abatement program and stamp funded programs for the management of habitat and monitoring of specific species (including pheasant, salmon, trout, waterfowl, and wild turkey). DNR also contracts with a third party to operate the statewide automated license issuance system (ALIS).

3. Although the fish and wildlife account has had a structural imbalance for years (FY14 revenues of \$74.3 million were \$3.3 million lower than authorized expenditures of \$77.6 million), DNR has limited expenditures to maintain a positive account balance. For example, actual fish and wildlife expenditures came in below authorized (budgeted) levels by approximately \$5 million in both fiscal years 2012-13 and 2013-14. A large portion of the reductions can be attributed

to salary, fringe benefit, and related cost savings due to staff vacancies. However, the Department has recently filled some positions. Fish and wildlife account revenues that are not statutorily designated for specific purposes support approximately 434 authorized permanent staff that carry out the direct management and law enforcement functions of the Department. Currently, of these 434 authorized positions 38, or approximately 8.7%, are vacant (compared to approximately 13% in April, 2013). The bill would delete 14.44 of these vacant positions (the bill would also delete 1.0 communications specialist position and 0.25 natural resources educator position from these appropriations). Table 2 shows current vacancy rates by program area, and the percent remaining vacant under the bill. In addition, the DNR Division of Administrations' main conservation fund appropriation has a vacancy rate of approximately 16.7% and the Division of Customer Assistance and Employee Services has a vacancy rate of approximately 5.8%. Including approximately 9.0 in administrative and customer assistance and employee services appropriations, the fish and wildlife account would be expected to have approximately 32 vacancies remaining beyond those eliminated under the bill. Current vacancy rates would be expected to significantly reduce 2014-15 expenditures (by at least \$2.5 million).

TABLE 2

Fish and Wildlife Account Authorized and Vacant Positions as of April, 2013 and Vacancies Under Governor's Bill

	<u>Under Current Law</u>			<u>Under Bill</u>				
	<u>Authorized Positions</u>	<u>Vacant</u>	<u>Percent</u>	<u>Vacancies Deleted</u>	<u>Other Positions Deleted</u>	<u>Positions Authorized</u>	<u>Remaining Vacancies</u>	<u>Percent</u>
Law Enforcement	133.13	5.58	4.2%	-0.50	-1.00	131.63	5.08	3.9%
Fisheries Management	175.83	22.97	13.1	-8.44	-0.25	167.14	14.53	8.7
Wildlife Management	<u>125.07</u>	<u>9.07</u>	7.3	<u>-5.50</u>	<u>0.00</u>	<u>119.57</u>	<u>3.57</u>	3.0
Total	434.03	37.62	8.7%	-14.44	-1.25	418.34	23.18	5.5%

4. The Department plans to continue to hold vacancies at approximately their current level (5.5% after the reductions included in the bill) to limit salary and related costs through most of the 2015-17 biennium in order to maintain a 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. Without these substantial planned reductions, the fish and wildlife account would be projected to have a deficit of approximately \$3.5 million on June 30, 2017, as shown in Table 3. DNR indicates they would reduce expenditures below authorized levels as needed (approximately \$4 million for the biennium) in order to maintain a positive balance.

TABLE 3**Estimated Fish and Wildlife Account Condition**

	<u>Actual</u> <u>2013-14</u>	<u>Estimated</u> <u>2014-15</u>	<u>Governor</u> <u>2015-16</u>	<u>Governor</u> <u>2016-17</u>	<u>2016-17</u> <u>Staff</u>
Opening Balance	\$20,751,800	\$22,401,400	\$19,717,100	\$16,178,000	
Revenue:					
Hunting Licenses	\$29,229,400	\$28,370,000	\$28,370,000	\$28,270,000	
Fishing Licenses	27,206,400	27,000,000	27,000,000	26,950,000	
Combination Licenses	9,180,700	9,200,000	9,100,000	9,000,000	
Timber Sales	3,895,900	4,000,000	4,000,000	4,000,000	
Tribal Gaming Transfer	3,000,000	3,000,000	3,000,000	3,000,000	
All Other Revenue	<u>1,782,100</u>	<u>1,780,000</u>	<u>1,780,000</u>	<u>1,780,000</u>	
Total Revenue	\$74,294,500	\$73,350,000	\$73,250,000	\$73,000,000	
Total Available	\$95,046,300	\$95,751,400	\$92,967,100	\$89,178,000	
Expenditures:					
Law Enforcement and Division Management	\$21,902,100	\$23,296,400	\$23,370,700	\$23,370,700	184.00
Fisheries Management	15,057,400	16,364,300	16,044,500	16,044,500	167.00
Wildlife Management	11,093,000	12,451,300	12,204,500	12,204,500	119.57
Designated Revenue Administration, Licensing, Debt and Development	7,652,400	8,969,800	8,754,500	8,754,500	16.59
	12,779,000	13,525,400	12,954,100	13,194,600	78.75
ALIS Contract Fees	3,022,100	2,863,100	2,863,100	2,863,100	0.00
All Other	<u>1,138,900</u>	<u>1,064,000</u>	<u>597,700</u>	<u>597,700</u>	<u>0.00</u>
Authorized Expenditures	\$77,583,300*	\$78,534,300	\$76,789,100	\$77,029,600	566.05
Lapses	-4,938,400	-2,500,000	See Below	See Below	
Total Expenditures	\$72,644,900*	\$76,034,300	\$76,789,100	\$77,029,600	
Cash Balance	22,401,400	19,717,100	16,178,000	12,148,400	
Encumbrances/ Continuing Balance**	<u>15,155,400</u>	<u>15,650,000</u>	<u>15,650,000</u>	<u>15,650,000</u>	
Available Balance	\$7,246,000	\$4,067,100	\$528,000	-\$3,501,600	
2015-17 Expenditure Reductions				<u>4,000,000</u>	
Expected Balance				\$498,400	

* In 2013-14, \$77.6 million of expenditures were authorized, but only \$72.6 million was actually spent (a reduction of almost \$5 million).

** 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.

5. 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 \$3.5 million in 2015-16 (\$73.3 million in revenue with \$76.8 million in budgeted expenditures) and \$4 million in 2016-17 (\$73 million in revenue with \$77 million in budgeted expenditures). As noted, DNR would be expected to reduce expenditures by \$4 million below the levels authorized in the bill to maintain a balance in the account. However, either expenditure reductions, fee increases, or a combination of the two will likely be required again in the 2017-19 biennium to address this continuing structural imbalance in the account.

6. In addition, license sales revenue has been on a modestly declining trend for the past several years. As the Department has indicated they plan to maintain vacancies at approximately current levels, one alternative could be to delete approximately \$2.0 million in fish and wildlife account SEG annually and most of the vacant positions remaining under the bill (26.67 positions out of approximately 32 total remaining vacancies) to bring authorized expenditures closer to anticipated revenues. If the Committee wanted to give the Department greater flexibility with regard to where expenditures were reduced, an alternative could be to delete approximately \$1.0 million SEG annually (and a corresponding 13.35 positions), as shown in the following table. Even with these reductions, an imbalance in the account would remain in 2017-19, although at a significantly reduced level. The attachment shows the currently vacant positions the calculations are based on by program, however, DNR would have some discretion in determining which positions were ultimately deleted after passage of the budget.

TABLE 4
Alternative Expenditure Reductions and Position Deletions

	<u>Alternative 1.a.</u>		<u>Alternative 1.b.</u>	
	<u>Funding</u>	<u>FTE</u>	<u>Funding</u>	<u>FTE</u>
Law Enforcement	\$327,500	4.50	\$163,900	2.25
Fisheries Management	851,800	11.47	426,100	5.75
Wildlife Management	256,100	3.50	128,100	1.75
Administration	518,100	6.20	259,300	3.10
Customer Assistance and Employee Services	<u>55,400</u>	<u>1.00</u>	<u>27,700</u>	<u>0.50</u>
Total	\$2,008,900	26.67	\$1,005,100	13.35

7. Although significant expenditure reductions will be necessary to maintain a positive balance in the fish and wildlife account, the bill includes two law enforcement items (computers and overtime) with increases in authorized expenditures from the fish and wildlife account totaling \$361,600 over the 2015-17 biennium. If the Committee wished to allow DNR to fill some vacancies, to operate existing programs nearer to budgeted levels, and/or to provide additional expenditure authority for certain programs (such as law enforcement), additional revenue would be needed. The following table identifies the amount that would be generated if the regular resident

and nonresident gun, crossbow, and archer deer hunting license fees and annual resident fishing licenses fee were increased by \$2. As shown in Table 1, these license fees would remain competitive with surrounding states even with a \$2 increase. For example, the resulting Wisconsin resident fishing license fee of \$22 would be consistent with Minnesota and less than Michigan's \$26 annual fishing license. A Wisconsin resident deer hunting license (\$26) would be lower than the Minnesota fee (\$30), or that of Michigan cost (\$31 with the required general small game license fee). On the other hand, the nonresident annual fishing license fee (\$50) currently falls between Minnesota and Michigan (\$5 more than Minnesota but \$26 less than Michigan). Increases of this nature would raise approximately \$2.1 million annually beginning in 2016-17. (Just over \$4 million for the biennium.) Under this scenario, fee increases would be effective on the day after publication of the bill.

TABLE 5

Selected Hunting and Fishing Fee Increases

	<u>Current Fee</u>	<u>Alternative Fee</u>	<u>Change to Prior Fee</u>	<u>2015-16 Increase</u>	<u>Annualized Revenue Increase</u>
Hunting					
Resident Gun, Archer, and Crossbow Deer	\$24	\$26	\$2	\$1,080,000	\$1,115,000
Nonresident Gun, Archer, and Crossbow Deer	160	162	2	55,000	60,000
Fishing					
Resident Annual	20	22	2	<u>835,000</u>	<u>910,000</u>
Total Annual Revenue Increase				\$1,970,000	\$2,085,000

8. A combination of reduced expenditures [Alternative 1.a.] and increased revenues [Alternative 2.a. through c.] would be expected to approximately balance ongoing revenue and expenditure levels in 2016-17.

ALTERNATIVES

1. Delete the following:
 - a. \$2,008,900 annually and 26.67 vacant positions

ALT 1a	Change to Bill	
	Funding	Positions
SEG	- \$4,017,800	- 26.67

- b. \$1,005,100 annually and 13.35 vacant positions

ALT 1b	Change to Bill	
	Funding	Positions
SEG	- \$2,010,200	- 13.35

2. Increase the following fees by \$2:

- a. Resident Gun, Crossbow and Archer Deer

ALT 2a	Change to Bill
SEG-REV	\$2,195,000

- b. Nonresident Gun, Crossbow and Archer Deer

ALT 2b	Change to Bill
SEG-REV	\$115,000

- c. Resident Annual Fishing

ALT 2c	Change to Bill
SEG-REV	\$1,745,000

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Attachment

ATTACHMENT

Potential Vacant Position Reductions

<u>Title</u>	<u>Alternative 1.a.</u>		<u>Alternative 1.b.</u>	
	<u>Annual Reduction</u>	<u>FTE</u>	<u>Annual Reduction</u>	<u>FTE</u>
Law Enforcement				
Natural Resources Enforcement Supervisor	\$109,800	1.50	\$54,900	0.75
Conservation Warden	107,900	1.50	54,000	0.75
Special Investigative Warden	80,100	1.00	40,100	0.50
Natural Resources Customer Service Representative- Lead	<u>29,700</u>	<u>0.50</u>	<u>14,900</u>	<u>0.25</u>
Subtotal	\$327,500	4.50	\$163,900	2.25
Fisheries Management				
Natural Resources Manager	\$186,800	2.00	\$93,400	1.00
Natural Resources Program Manager	170,000	2.00	85,000	1.00
Heavy Equipment Operator	110,200	2.00	55,100	1.00
Natural Resources Operations Supervisor	122,100	1.67	61,100	0.84
Natural Resources Region Program Manager	85,000	1.00	42,500	0.50
Fisheries Biologist Senior	73,100	1.00	36,600	0.50
Facilities Maintenance Specialist- Advanced	54,900	1.00	27,500	0.50
Training Officer	31,400	0.55	15,700	0.28
Wildlife Biologist Senior	<u>18,300</u>	<u>0.25</u>	<u>9,200</u>	<u>0.13</u>
Subtotal	\$851,800	11.47	\$426,100	5.75
Wildlife Management				
Natural Resources Program Manager	\$170,000	2.00	\$85,000	1.00
Wildlife Technician- Advanced	55,100	1.00	27,600	0.50
Natural Resources staff Specialist	<u>31,000</u>	<u>0.50</u>	<u>15,500</u>	<u>0.25</u>
Subtotal	\$256,100	3.50	\$128,100	1.75
Administration				
Management Information Chief	\$104,500	1.00	\$52,300	0.50
Financial Management Supervisor	85,000	1.00	42,500	0.50
Human Resources Manager	93,400	1.00	46,700	0.50
Accountant- Senior	73,100	1.00	36,600	0.50
Natural Resources Training Director	73,100	1.00	36,600	0.50
Natural Resources Liaison Specialist	73,100	1.00	36,600	0.50
Information Services Development Services	<u>15,900</u>	<u>0.20</u>	<u>8,000</u>	<u>0.10</u>
Subtotal	\$518,100	6.20	\$259,300	3.10
Customer Assistance and Employee Services (CAES)				
Natural Resources Customer Services Representative - Senior	\$55,400	1.00	\$27,700	0.50
Total	\$2,008,900	26.67	\$1,005,100	13.35