



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #461

### **Eliminate Natural Resources Magazine (Natural Resources -- Departmentwide)**

[LFB 2017-19 Budget Summary: Page 320, #2]

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#### **CURRENT LAW**

Under current law, the Department of Natural Resources (DNR) may periodically produce, issue, or reprint magazines or other periodicals containing information on resource management and related subjects. The Department currently produces a bi-monthly publication, the *Wisconsin Natural Resources* magazine. Direct costs of the magazine are entirely funded from subscription, single copy, and insert sales. The magazine carries no advertisements. Conservation patron license holders receive an annual subscription to the magazine as part of the patron license.

#### **GOVERNOR**

Eliminate the *Wisconsin Natural Resources* magazine effective after publication of the February, 2018, issue. Delete \$136,200 SEG in 2017-18 and \$544,800 SEG in 2018-19 and 2.0 vacant positions (1.0 natural resources program specialist and 1.0 natural resources magazine editor). In addition, delete the natural resources magazine appropriation, effective July 1, 2018. Require DNR to, no later than June 30, 2018, refund to each subscriber of the magazine a prorated amount of the cost of any issues after February, 2018, for which the subscriber paid but will not receive. Remove references to the magazine in the Department's general promotional activities and publications appropriation and relating to conservation patron privileges, effective July 1, 2018. In addition, effective April 1, 2018, reduce the fee for a conservation patron license by \$8.95, from \$161 to \$152.05 for residents (including 75¢ issuing fee), and \$596 to \$587.05 for nonresidents.

## DISCUSSION POINTS

1. The *Wisconsin Natural Resources* magazine began in 1919 as *The Wisconsin Conservationist*. The magazine is published six times annually in February, April, June, August, October, and December. According to the Department, magazine stories promote the appreciation of a healthy outdoor environment and encourage participation in outdoor recreational activities.

2. The magazine is supported by subscriptions and inserts sales; single copies of back issues of the magazine are available upon request. Traditionally one-year, two-year, and three-year subscriptions have been offered. Beginning February 22, 2017, only single-year subscriptions are available for purchase. For the February, 2017, issue, approximately 83,700 copies of the magazine were issued as of March 6, 2017, including copies provided to approximately 45,000 conservation patrons. Table 1 shows the average bimonthly circulation of the magazine from calendar year 2000 through 2016. The magazine carries no advertisements but does include paid informational inserts. Typically, these inserts provide a mechanism for a program within the Department to provide educational information to the public about a topic. For example, the February, 2017, issue included an insert called, "Groundwater: Powering Wisconsin's Economy." These inserts are paid for by chargebacks to the contributing programs.

**TABLE 1**

**Wisconsin Natural Resources Average Bimonthly Circulation  
Calendar Year 2000 through 2016**

<u>Calendar Year</u>	<u>Average Circulation</u>
2000	122,409
2001	129,994
2002	126,939
2003	120,720
2004	114,066
2005	107,749
2006	96,970
2007	92,887
2008	88,058
2009	81,436
2010	79,041
2011	78,025
2012	78,726
2013	83,591
2014	85,873
2015	88,160
2016	84,513

3. All magazine subscription revenues are deposited in a continuing appropriation, referred to as the natural resources magazine account of the conservation fund, which currently

supports 2.0 positions within the agency's Office of Communication, as well as the costs of printing and distributing *Wisconsin Natural Resources*. The current revenues to the account are sufficient to support 2.0 positions. However, these positions are currently vacant and would be deleted under the bill. For the last several months, one limited-term employee (LTE) has been responsible for magazine production and operations. In March, 2017, DNR hired a second LTE to assist with magazine duties. 2015 Act 55 deleted 1.0 natural resources magazine specialist (business manager) position. The position was filled at the time of deletion. In addition, 2013 Act 20 deleted a vacant 0.5 position. Under the bill, current statutory language allowing the Department to produce, issue, or reprint periodicals containing information on resource management and related subjects would remain, with all revenues from such materials deposited in the Department's general promotional activities and publications appropriation.

4. For several years, the Department has had an agreement for magazine circulation fulfillment and promotion with other state conservation and natural resources agencies that publish natural resources magazines. According to DNR, participation in the "co-op" has allowed Wisconsin and the other 13 state agencies to contract with a nationally recognized subscription fulfillment vendor, currently CDS Global (CDS), and receive volume discounts normally available only to large circulation magazines. The participating state agencies are provided the promotion and marketing services of Infonet Systems Inc. (Infonet), who serves as the liaison between these agencies and CDS Global. CDS provides customer service for magazine subscribers by phone and online, maintains credit card reporting, manages the subscriber database, submits the current address information to the printer for distribution, and mails renewal notifications to subscribers. Mailing of the magazine is done under a separate contract with a printer, and graphic design is done under a separate contract as well.

5. The current contract with CDS expires June 30, 2022, and, under the terms of the agreement, DNR would be required to notify CDS of its intention to terminate the agreement by 90 days prior to that date. The bill would require DNR to, no later than June 30, 2018, refund to each subscriber of the magazine a prorated amount of the cost of any issues after February, 2018, for which the subscriber paid but will not receive. According to DNR staff, once the magazine ceases publication, there will likely be additional staff time needed to handle returned items, complaints, uncashed checks, subsequent requests for refunds, and coordination with Infonet and CDS. For example, CDS's services will be needed to provide names, addresses, and refund amounts for the subscribers who are owed refunds. Therefore, some fiscal year 2017-18 expenditures would be incurred. Under the bill, expenditure authority of \$408,600 would remain in the natural resources appropriation in 2017-18, with the appropriation deleted in fiscal year 2018-19.

6. According to data provided to the Department by CDS, the current subscription liability, less the value of the copies that would be mailed from April, 2017, through February, 2018, is approximately \$200,000. In addition, approximately \$50,000 in refunds would be owed to conservation patron subscribers. Additionally, CDS estimates that subscriptions submitted between March, 2017, and February, 2018, would generate revenue of approximately \$150,000. Under the bill, DNR would be required to refund any subscription revenues for issues each subscriber would not receive after February, 2018. This would depend on when the subscriptions were received. For the purposes of this estimate, it is assumed that approximately half the subscription revenue

(\$75,000) would be refunded. The following tables show estimated refund and magazine closing costs and the estimated condition of the natural resources magazine account under the bill.

**TABLE 2**

**Estimated Magazine Refund Costs\***

Refunds to Current Subscribers	\$200,000
Refunds to Patron Subscribers	50,000
Refunds to New Subscribers	75,000
Refund Printing and Mailing Costs	<u>45,000</u>
Total Refund Costs	\$370,000

\*Does not include staffing costs associated with refunds. These costs are shown under publication expenditures in Table 3.

**TABLE 3**

**Natural Resources Magazine Account Condition**

	2014-15 <u>Actual</u>	2015-16 <u>Actual</u>	2016-17 <u>Estimate</u>	2017-18 <u>Estimate</u>	2018-19	2017-18 <u>Staff</u>	2018-19 <u>Staff</u>
Opening Balance	\$523,100	\$507,000	\$659,500	\$812,700	--		
Revenue							
Magazine Subscriptions	\$336,200	\$280,500	\$295,000	\$150,000	--		
Conservation Patron Allocation	384,200	407,600	395,000	0	--		
Insert Sales and Other Revenue	<u>52,500</u>	<u>35,200</u>	<u>45,000</u>	<u>0</u>	<u>--</u>		
Total Revenues	\$772,900	\$723,300	\$735,000	\$150,000	--		
Publication Expenditures	\$789,000	\$570,800	\$581,800	\$408,600	--	2.00	0.00
Refund Costs				\$370,000			
Total				\$778,600			
Closing Balance	\$507,000	\$659,500	\$812,700	\$184,100			

7. As shown in Table 3, the natural resources magazine account would be expected to have a closing balance of approximately \$184,000 as of June 30, 2018, under the bill. Presumably, as the magazine account is part of the conservation fund, any remaining funds in the appropriation/account would lapse to the balance of the conservation fund. To clarify this, the Committee could consider a modification to specify that these funds be deposited in the Department's conservation fund general program operations appropriation or general promotional activities and publications appropriation [20.370(1)(mu) or 8(ir)].

8. According to the administration, the bill would eliminate the magazine because it is not central to the Department's mission of protecting and managing natural resources. However, some would argue that the magazine provides valuable educational information about natural resources

and highlights the Department's work toward achieving its mission. Additionally, a Department spokesperson stated the magazine would be shut down to eliminate duplication of privately owned publications. However, according to a Wisconsin State Journal article published February 21, 2017, representatives of three Wisconsin-based magazines that provide content related to outdoor recreation (*On Wisconsin Outdoors*, *Silent Sports*, and *Our Wisconsin*) said they would not consider the *Wisconsin Natural Resources* magazine a competitor. The article cited these operators as saying that their publications varied in scope from the DNR magazine and that the DNR magazine provided more in-depth coverage of recreational activities, such as cross-country skiing and paddling, and comprehensive information about scientific research that these entities do not provide.

9. In addition to deleting the magazine, the bill would reduce conservation patron license fees by \$8.95. At nearly the cost of a single-year subscription (\$8.97) this reduction was intended to reflect the deletion of the magazine as a conservation patron license privilege. A 2014-15 survey of conservation patron license holders by the DNR Bureau of Science Services found that, "similar to prior findings, patron holders continue to be readers of the *Wisconsin Natural Resources* magazine." Out of 792 randomly selected patron license holders, 660 (83%) responded to the survey. The survey had a margin of error of 3.7%. According to the survey, approximately 23% of respondents reported that they read the magazine "cover to cover," while 65% of respondents were cited as reading "most" (40%) or "some" (25%) of the magazine. Approximately 13% of respondents reported that they did not read the magazine at all or read "very little of it." These survey results suggest that most patron holders value the magazine as part of their license privileges.

10. It could be argued that as the magazine is subscriber-supported and popular among conservation patron holders and others, funding and staffing for the magazine should be restored (Alternative 2). News reports indicate subscription purchases increased after the budget proposal to eliminate the magazine was made public. According to the Department, during December 2016, and January, 2017, DNR added 2,257 subscriptions, compared to 697 added during that period the prior year. On the other hand, figures in Table 1 demonstrate average annual circulation has declined by 30% overall since 2000, although recent subscriptions have surpassed 80,000 annually after having fallen below that level from 2010 to 2012.

11. As magazine operations have been, until recently, managed by 1.0 LTE position, an alternative could be to retain the magazine, but authorize 1.0 FTE position rather than the currently authorized 2.0 FTE [Alternative 3]. Limited-term employees currently are being utilized due to the Department's anticipation that the magazine would shut down production under the Governor's proposal. However, LTEs are generally used for limited periods of time, often work less than full-time, and are not generally intended to replace full-time employees engaged in ongoing work. If the magazine is continued, arguably some full-time staff should be provided. The alternative would provide a full-time editor position to maintain continuity of production efforts. Additional support for business management and other magazine functions could be provided by LTE staff.

12. The Department Secretary noted in testimony to the Joint Committee on Finance on March 30, 2017, that non-magazine staff "take time away from their core work to research and write those (magazine) stories." The Secretary suggested significant staffing resources are required, aside from dedicated magazine staff, to produce the magazine, and that the magazine should not be considered a totally self-sustaining publication. According to the Department, during the past two

years, half of the 228 articles published in the magazine were written by DNR staff. However, the Department does not have an activity code for tracking time spent by non-magazine staff on magazine work, and DNR staff indicate the amount of time spent per article varies. Generally, DNR estimates writing a feature story would take a minimum of 16 hours of staff time, if all the information is on hand and the writer does not need to make further outside source contacts. The Secretary also argued that DNR's public information time and effort could be more effectively utilized by focusing on other communication tools that are "more immediate in this digital age" and have the potential to reach a broader audience than the magazine. This suggests that even if the magazine were discontinued, DNR staff would still spend significant time on communication efforts, albeit through a different medium than the magazine.

13. All magazine content is available free of charge on the Department's website and has been since the website was launched in 1996. However, the Department does not attribute a drop in subscription sales to electronic availability. Further, it is not clear a focus on digital content would reach the same populations as a print magazine. For instance, the conservation patron survey examined usership of web-based resources and found that while 81% of respondents visited DNR's website, only 17% of patron holders used the DNR mobile-device application to obtain information and only 5% indicated they obtained their outdoor information from DNR's web-based email service, Facebook page, or Twitter feed. Based on conservation patron readership habits previously discerned by the survey, and the low incidence of use of certain web-based outlets, arguably the magazine serves as a more significant source of information about DNR programming and outdoor issues for conservation patrons and other interested persons than certain electronic communications. Additionally, media such as Facebook or Twitter may not lend themselves to the type of in-depth articles presented in the magazine, although there may be room for these different media to work in tandem. For example, the Department may provide a link to a magazine article on its weekly news page or in other social media postings while the web-published magazine article would provide more detailed information.

14. Also, data from the U.S. Department of Commerce suggests that while a majority of Wisconsin residents have broadband or other internet access, adoption gaps in internet usage and home broadband availability exist between rural residents and urban or suburban residents, with smaller percentages of rural residents having adopted internet usage or having broadband availability. Surveys also show gaps nationally and in Wisconsin in internet usage by age groups, with older persons relatively less likely to have access to computers or to the internet. The conservation patron survey found 64% of the conservation patron license holders surveyed were age 50 or older, with a mean age of 53.

## **ALTERNATIVES**

1. Adopt the Governor's recommendation to eliminate the *Wisconsin Natural Resources* magazine effective after publication of the February, 2018, issue, as modified to clarify that any remaining balance in the natural resources magazine account be deposited in: (a) 20.370(1)(mu) or (b) 20.370(8)(ir).

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
SEG	- \$681,000	- 2.00	\$0	00.0

2. Delete provision. Magazine funding and positions would be restored.

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
SEG	\$0	0.00	\$681,000	2.00

3. Maintain production of the magazine and restore 1.0 position. Reduce funding by \$17,100 each year for differential fringe benefit rates between full-time authorized positions and LTEs. (Expenditure authority associated with the second position would be moved to fund limited-term employee costs.)

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
SEG	- \$34,200	- 1.00	\$646,800	1.00

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