



Wisconsin Legislature's Joint Finance Committee
Proposed 2015-17 Department Biennial Budget
DNR Secretary Cathy Stepp
March 3, 2015

Thank you Committee Co-Chairs Darling and Nygren and committee members for providing the Department of Natural Resources (DNR) the opportunity to share with you information regarding Governor Walker's 2015-17 biennial budget.

The Governor's budget proposal provides the Department with the necessary resources to continue our important mission of protecting and enhancing our state's environment, while working with people. Working with people is so fundamental to what we do at the DNR that it is in our department's mission statement. So, over the past four years, we have emphasized providing good customer service to our "customers;" every man, woman, and child who lives here, works here, or plays here. When you wake up in the morning and brush your teeth with clean water, when your constituents go to work in a factory, requiring an air permit, or when you enjoy Wisconsin's abundant natural resources; that is your DNR.

Providing good customer service means responding to our customer's needs. It means returning phone calls in a timely fashion and fully explaining permitting decisions. It means approaching permit applications with the mindset of being a "permitting agency," not a "prohibiting agency." While that does not mean we say "yes" to every application, it does mean we help permit applicants understand the rules that are in place in a manner that is easy to digest—and not appearing as though we change the rules mid-stream. It means following the **law**, using **sound science**, and **common sense** in all of our decisions.

Bringing Private Sector Business Practices into State Government

DNR was the first state agency to embrace Lean principles and establish a culture of continuous improvement. We are systematically looking at all of our processes to reduce workload, improve customer service, increase efficiencies, and improve environmental performance. The Department has fully implemented 34 process improvement projects, making our processes work better for DNR staff and our customers. We also have another 23 projects currently ongoing, which includes 7 new projects that started in January 2015.

We are implementing a culture of accountability to the public we serve by updating our Performance Review process to include metrics and goals providing staff a pathway to success in achieving quality customer service while enhancing the environment and natural resources. We have established clear lines of authority within our workforce, to eliminate the instability and uncertainty that would result

when the same question would yield different answers; depending where your project was located. These clearer lines of communication and expectations have allowed more effective supervision of field staff all the way up to Madison.

Growing Wisconsin's Economy

The Department is committed to working with Governor Walker and the Legislature to help grow Wisconsin's economy and assist the private sector in its job creation efforts. I believe we have just as important a role to play in economic development as any other state agency. We are helping private sector job creators understand the myriad of regulations in order to improve environmental outcomes. Equally important, our staff is working hard to learn and understand the real-life challenges that are sometimes presented when the words in the regulations do not work on the ground. We have had different industry sectors host our staff on field visits to build relationships and understanding. We created the Office of Business Support, which is the agency's one-stop shop for business assistance. The office's mission is to work across programs in an integrated and coordinated manner to create a business climate that yields better environmental **and** economic performance. There are Sector Specialists now, who help permit applicants navigate through the labyrinth of rules—especially important to small and mid-size businesses who do not have the means to pay high priced consultants and attorneys to understand what is expected of them to open the doors of their new business.

At the Wisconsin DNR, we believe a strong economy is necessary to improve environmental quality and outdoor recreation opportunities for our state. The ability of our citizens and businesses to comply with environmental regulations is directly tied to their economic opportunity to grow. We approach our role in economic growth with the same energy as we approach our role to protect and enhance our natural resources. In the very near future, we are committed to creating an electronic permitting portal that will increase efficiency and environmental compliance. Imagine a system like Turbo Tax that actually walks a permit applicant through all of the potential environmental permits and reviews necessary for their project. We are pursuing this idea now.

We are also looking for new and innovative ways to enhance and expand permitting flexibility for participants in our Green Tier Program. As you know, Green Tier companies must meet superior environmental performance standards for additional permitting flexibility. It is because of this program that companies like 3M have added new manufacturing processes to their facilities in Wisconsin.

Infrastructure Investment

Governor Walker understands the importance of investing in our state's infrastructure. Wisconsin has a fish propagation system admired by many, but critical investments must be made to meet future stocking needs. Recognizing that need for reinvestment, the last budget created the Wisconsin Walleye Initiative, a historic effort by the Governor, the Legislature, the DNR, and partners statewide to maintain the strength of the state's walleye lakes while developing a more productive sport fishery. Through collaboration with state, private and tribal fish hatcheries, the DNR has stocked 240 lakes with nearly

1.2 million “extended growth” walleye fingerlings. Extended growth walleye fingerlings are young fish 6-inches or larger, and prior to the initiative, only 40,000 large fingerlings were budgeted to be stocked annually. The exciting part is we are still expecting additional production as some of the private and tribal hatcheries have not completed their infrastructure and capacity improvement projects.

The Governor recognizes the fishing industry is responsible for \$2.75 billion in economic impact, 30,000 jobs, and \$196 million in local and state tax revenues annually in Wisconsin. This investment is necessary to ensure Wisconsin’s fishing industry remains vibrant and healthy. The proposed budget provides \$7 million each year of the biennium in bonding authority for improvements and modernization of the Kettle Moraine Springs Fish Hatchery. The Kettle Moraine Hatchery improvements are critical for the long-term viability and sustainability of the Great Lakes fishery because it is there that we raise Chinook salmon and rainbow trout for stocking.

Reforming Government

We are committed to helping reform government to ensure efficient and timely service. This includes strategic partnerships and consolidations with other state agencies. This proposed budget creates such efficiencies through the transfer of Private Onsite Wastewater Treatment System staff from the Department of Safety and Professional Services to DNR.

The budget proposal is an opportunity to continue developing Wisconsin’s private sector forester workforce by creating regulatory incentives for private foresters to become DNR cooperating foresters. Cooperating foresters meet education and experience requirements. In exchange they receive DNR references to private landowners seeking help managing their land. This budget proposal makes cooperating foresters eligible for expedited DNR cutting plan reviews on managed forest law parcels. The professionalization of private foresters allows DNR to continue right-sizing our workforce while continuing to meet environmental standards.

I want to take just a moment to address a few issues that have received a great deal of attention. First, some have mischaracterized the proposed staff reductions within the Science Services Bureau, which is actually where our researchers are primarily located, as the Department of Natural Resources is somehow walking away from science. Nothing could be further from the truth. Science is a part of *everything* we do at the DNR. There are wildlife biologists, fisheries biologists, hydro-geologists, and the list goes on... all throughout the agency in many different areas. This proposal will allow us to “right-size” our *research project* efforts in order to be better integrated and more closely aligned with the priorities of our Divisions, and allow us to respond to the issues your constituents are concerned about in a more timely fashion.

We rely heavily on advisory councils and committees made up of your constituents who volunteer their time and expertise to help us at DNR. A great example is the Governor’s Council on Forestry. Before we embark upon substantial changes in forestry practices, we make sure to have the Council give us their

professional opinions so we can understand the real-world implications of the idea. Under the proposal to make the Natural Resources Board an Advisory Council, we would likewise seek the members' advice and counsel. This change would not reduce the opportunities for the public to provide their input to the department. There would be less bureaucratic red tape in the rule making process. The Governor believes that since rules have the same binding effect as law, the power to create the rules belongs in the hands of accountable, elected officials.

There is no doubt that the Knowles-Nelson Stewardship program has been a bi-partisan success over the last 20+ years. In fact, to date the state of Wisconsin has acquired through fee title purchase and easement more 625,000 acres of land throughout the state. That number does not include the partnerships DNR has entered with local governments and non-profit groups for their acquisitions. We have put processes in place over the last 4 years that have created transparency with a fair scoring system, and we have geared our acquisitions to favor conservation easements vs. fee-simple purchases in order to maintain public access and timber supply, while still keeping the lands on the tax rolls. The Governor believes that now is the time to slow the purchasing of land by the state due to the substantial \$1.6 million dollars per week that DNR pays on our existing stewardship debt. In fact, nearly 70 percent of the GPR that the DNR receives goes toward paying for the debt service on bonding. Any family that would be using 70 percent of their income to pay off their credit card would quickly see how unsustainable that formula would be.

Conclusion

Governor Walker's proposed budget presents DNR and the legislature a great opportunity to align the department's priorities to meet the constant and changing needs of our customers. I am committed to working with each of you throughout the budget process, just as I am committed to working with every member of the state legislature to address issues large and small that impact your constituents. We are a customer service agency that regulates its customers—a daunting daily challenge. We will continue to make decisions within the confines of the law, using sound science and common sense. While we've come a long way in four years, we have many improvements that are still needed.

To each of you as lawmakers, taxpayers, license buyers, and park visitors; I want you to know that the DNR has the utmost respect for each dollar we receive from taxpayers and outdoor recreationists. We will continue to provide exceptional customer service and innovative ways that exceed expectations. We will continue working hard for you and for all the citizens of Wisconsin; today, tomorrow and for the generations that follow.