

An Evaluation

Fish and Wildlife Funding

Department of Natural Resources

2005-2006 Joint Legislative Audit Committee Members

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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

Report Highlights ■

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;

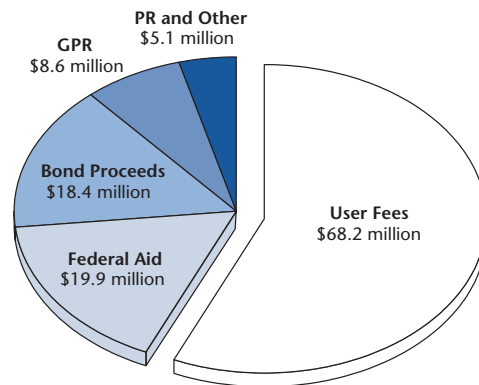
- examined five-year revenue and expenditure trends in the Fish and Wildlife Account of the Conservation Fund; and
- surveyed officials in 49 other states to determine how they fund fish and wildlife activities.

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
Total	100.0%

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*).

■ ■ ■ ■

Introduction ■

Historically, Wisconsin has relied primarily on the sale of hunting and fishing licenses to fund its fish and wildlife activities. The Fish and Wildlife Account of the Conservation Fund is the State's principal depository for hunting and fishing license fees, but it is not DNR's only source of fish and wildlife revenues.

Fish and Wildlife Revenues

User fees paid primarily by hunters and anglers generated \$65.5 million in FY 2004-05.

As shown in Table 3, fish and wildlife revenues from all sources totaled \$102.3 million in FY 2004-05. A combination of user fees that are paid primarily by hunters and anglers generated \$65.5 million. Other revenues consisted of \$17.4 million in federal aid, \$9.8 million in GPR, and \$9.6 million from program revenues and other sources. GPR included \$6.1 million for payments related to the purchase of land to expand hunting and fishing opportunities under the Warren Knowles-Gaylord Nelson Stewardship Program.

User fees are generated through:

- license and permit sales, including sales of individual resident and nonresident hunting and fishing licenses; the conservation patron license that allows individuals to hunt and fish for most species and provides entry to state parks and trails; licenses sold for commercial fishing and clamming activities, bait dealing, wild rice harvesting, and operating private game farms and fish hatcheries; and annual operating permits sold to taxidermists;

Table 3

Fish and Wildlife Revenues by Source
FY 2004-05

Funding Source	Fish and Wildlife Account	Other Accounts	Total	Percentage of Total Revenues
User Fee Revenues				
License Fees	\$ 60,891,600	–	\$ 60,891,600	59.5%
Stamp Fees	3,480,000	–	3,480,000	3.4
Wildlife Damage Surcharge	1,169,800	–	1,169,800	1.1
Subtotal	65,541,400	–	65,541,400	64.0
Federal Aid				
Sport Fish Restoration	6,682,700	\$ 180,000	6,862,700	6.7
Other Federal Grants	1,788,400	2,746,500	4,534,900	4.4
Wildlife Restoration	4,346,700	96,400	4,443,100	4.3
Environmental Protection Agency Grants	680,300	917,900	1,598,200	1.6
Subtotal	13,498,100	3,940,800	17,438,900	17.0
GPR¹	–	9,802,900	9,802,900	9.6
Program Revenues	1,487,100	2,348,200	3,835,300	3.7
Tribal Gaming Compact	3,000,000	228,900	3,228,900	3.2
Other²	175,600	1,840,600	2,016,200	2.0
Gifts and Grants	60,500	405,300	465,800	0.5
Total	\$83,762,700	\$18,566,700	\$102,329,400	100.0%

¹ Includes an estimated \$6.1 million of debt service for general obligation bonds issued under the Stewardship program; DNR received bond proceeds of \$17.5 million in FY 2004-05.

² Includes transfers from other DNR segregated accounts, investment income, other license revenues, and revenues generated through forfeitures and assessments.

- hunting and fishing stamps that are required in addition to regular licenses for certain species, including waterfowl, wild turkey, pheasant, inland water trout, and Great Lakes trout and salmon; and
- wildlife damage surcharges on all hunting licenses and the conservation patron license, which fund abatement and claims programs through which counties pay farmers for crop damage related to certain game species, including deer and geese. Since FY 2002-03, damage surcharge funding has also been used to address chronic wasting disease (CWD), which was first confirmed in Wisconsin deer in February 2002.

Most hunting and fishing license fees increased under Wisconsin's past two biennial budgets. For example, the resident annual fishing license fee increased \$3 under 2003 Wisconsin Act 33 and another \$3 under 2005 Wisconsin Act 25, while the small game hunting license fee increased \$2 in each biennium. Fees for two of the three fishing stamps increased under Act 33 but not under Act 25, while the third stamp and the fee for a resident gun deer hunting license increased only under Act 25. Act 25 also created new \$20 youth deer and archery licenses, and doubled wildlife damage assessment charges to \$2 for all hunting licenses and \$4 for the conservation patron license.

In July 2005, 21 different hunting and fishing fees increased as a result of Act 25, including:

- the resident fishing license fee, which increased from \$17 to \$20;
- the resident gun deer hunting license fee, which increased from \$20 to \$24; and
- the resident conservation patron license fee, which increased from \$140 to \$165.

Questions about DNR's spending were renewed in 2005, when user fees were increased.

All current fees are shown in Appendix 1, along with FY 2004-05 fee revenues. DNR estimates that fee increases included in Act 25 will generate an additional \$5.0 million in FY 2005-06 and \$7.8 million in FY 2006-07. However, when fees increased in 2005, questions were renewed about the extent to which DNR spends the revenues they generate to benefit hunters and anglers. Therefore, we analyzed DNR's fish and wildlife spending with a particular focus on the activities funded through user fees.

Fish and Wildlife Spending ■

***Fish and wildlife
expenditures totaled
\$120.2 million in
FY 2004-05.***

In FY 2004-05, DNR spent a total of \$120.2 million—including \$68.2 million in user fees—for fish and wildlife activities that ranged from managing game populations to capital projects such as land acquisition. Because these activities are funded through a variety of appropriations and accounts and supported by staff in 20 organizational units of DNR, we conducted a comprehensive analysis of spending for fish and wildlife activities that:

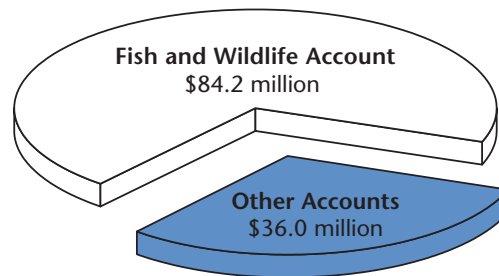
- classifies expenditures by purpose and determines the extent to which user fees fund activities that primarily benefit hunters and anglers;
- allows comparisons between expenditure data for FY 2004-05 and FY 1996-97, which we analyzed in 1998 (report 98-9); and
- shows the extent to which user fees fund administrative costs related to fish and wildlife activities.

Funding Fish and Wildlife Expenditures

As shown in Figure 2, the Fish and Wildlife Account funded approximately two-thirds of fish and wildlife expenditures in FY 2004-05.

Figure 2

Fish and Wildlife Expenditures
FY 2004-05



In FY 2004-05, user fees funded 56.7 percent of fish and wildlife expenditures.

As shown in Table 4, user fees funded 56.7 percent of the \$120.2 million DNR spent on fish and wildlife activities in FY 2004-05. In FY 1996-97, user fees funded 62.1 percent of \$81.2 million in fish and wildlife expenditures.

Table 4

**Total Fish and Wildlife Program Expenditures by Funding Source
FY 2004-05**

	Fish and Wildlife Account	Other Accounts	Total	Percentage of Total
User Fees	\$68,163,900	–	\$ 68,163,900	56.7%
Federal Aid	15,821,200	\$ 4,103,000	19,924,200	16.6
Bonding	–	18,415,700	18,415,700	15.3
GPR	–	8,553,000	8,553,000	7.1
Program Revenues	230,100	2,924,300	3,154,400	2.6
Other Segregated Funds ¹	–	1,640,900	1,640,900	1.4
Gifts and Grants	–	304,000	304,000	0.3
Total	\$84,215,200	\$35,940,900	\$120,156,100	100.0%

¹ Includes funding from the Water Resources Account for the Bureau of Fisheries Management and Habitat Protection.

In FY 2004-05, 874.4 FTE staff positions were authorized for fish and wildlife activities.

DNR was authorized 874.4 full-time equivalent (FTE) positions for fish and wildlife activities in FY 2004-05, including 789.7 FTE positions funded through the Fish and Wildlife Account. The authorized staffing levels shown in Table 5 include 90.4 FTE positions that were vacant as of June 2005, largely because of budget constraints. With 312.4 FTE positions, the Bureau of Fisheries Management and Habitat Protection had the largest number of authorized staff, but it also had 21.3 FTE vacancies as of June 2005. Since FY 1996-97, the number of authorized FTE positions funded by the Fish and Wildlife Account increased by 3.9. Appendix 2 shows DNR's organizational structure, including the recipients of fish and wildlife funding.

Table 5

**Full-Time Equivalent (FTE) Staff Authorized from All Fish and Wildlife Sources
FY 2004-05**

Organizational Unit	Funding Source		Total FTE Staff	Percentage of Total
	Fish and Wildlife Account	Other Accounts		
Bureau of Fisheries Management and Habitat Protection				
Fisheries Technicians	117.6	–	117.6	13.4%
Fisheries Biologists	49.8	2.0	51.8	5.9
Other ¹	39.9	24.9	64.8	7.5
Managers and Supervisors	37.0	3.6	40.6	4.6
Water Regulation and Zoning Specialists	–	37.6	37.6	4.4
Subtotal	244.3	68.1	312.4	35.8
Administration and Support Services Provided by Various Divisions				
Customer Service and Licensing	64.4	1.8	66.2	7.6
Technology Services	15.9	4.8	20.7	2.4
Finance	15.9	3.5	19.4	2.2
Division Administration ²	16.6	–	16.6	1.9
Department Administration ³	8.9	1.8	10.7	1.2
Other ⁴	8.4	2.3	10.7	1.2
Human Resources	10.1	0.5	10.6	1.2
Communication and Education	4.5	1.4	5.9	0.7
Community Financial Assistance	3.8	–	3.8	0.4
Subtotal	148.5	16.1	164.6	18.8
Bureau of Wildlife Management				
Wildlife Technicians	62.8	0.5	63.3	7.2
Wildlife Biologists	59.0	–	59.0	6.8
Managers and Supervisors	26.0	–	26.0	3.0
Other ¹	19.6	–	19.6	2.2
Subtotal	167.4	0.5	167.9	19.2
Bureau of Law Enforcement				
Conservation Wardens	117.4	–	117.4	13.4
Managers and Supervisors	14.9	–	14.9	1.7
Other Wardens and Enforcement Specialists	5.8	–	5.8	0.7
Other ¹	5.2	–	5.2	0.6
Subtotal	143.3	–	143.3	16.4

Organizational Unit	Funding Source		Total FTE Staff	Percentage of Total
	Fish and Wildlife Account	Other Accounts		
Bureau of Facilities and Lands	44.9	–	44.9	5.1%
Bureau of Integrated Science Services	41.3	–	41.3	4.7
Total	789.7	84.7	874.4	100.0%

¹ Includes positions such as accountants, information technology specialists, and automotive technicians.
² Includes division-level managers in the Division of Land, the Division of Water, and the Division of Enforcement and Science.
³ Includes positions in the Office of the Secretary, the Bureau of Management and Budget, and the Bureau of Legal Services.
⁴ Includes positions such as mail clerk and aircraft pilot.

Resource management and education accounted for 52.7 percent of all fish and wildlife expenditures.

Table 6 shows the purposes for which funds from all fish and wildlife sources were spent in FY 2004-05. The largest share of expenditures—52.7 percent, or \$63.3 million—was for resource management and education, which includes:

- game population management activities, such as propagating and stocking game animals, enforcing hunting and fishing laws, and managing hunting and fishing seasons;
- basic program services, which include general categories used by DNR staff for activities that cannot be categorized elsewhere, such as responding to questions from the public or giving presentations to community groups;
- licensing administration, which includes costs related to issuing permits and licenses; and
- the wildlife damage aids program, which funds payments to farmers and landowners for crop damage caused by game animals.

Table 6

Total Fish and Wildlife Expenditures by Purpose
FY 2004-05

	Expenditures ¹	Percentage of Total Expenditures
Resource Management and Education		
Game Population Management	\$29,710,400	24.7%
Basic Program Services	10,778,800	9.0
Licensing Administration	5,610,200	4.7
Wildlife Damage Aids	4,018,500	3.3
Bureau Administration	3,645,800	3.0
Ecological Assessment and Evaluation	3,466,400	2.9
Education and Safety Programs	3,015,800	2.5
Multipurpose Projects	2,043,400	1.7
Wildlife Education	1,042,600	0.9
Subtotal	63,331,900	52.7
Habitat Development and Land Acquisition		
Land Acquisition	22,102,900	18.4
Facilities and Lands Maintenance	4,509,000	3.8
Fish Habitat Development	3,455,700	2.9
Animal Habitat Development	3,173,500	2.6
Public Access	1,926,300	1.6
Capital Development	1,339,200	1.1
Subtotal	36,506,600	30.4
Administrative Costs		
Department Administration	7,356,500	6.1
Division Administration	1,093,200	0.9
Subtotal	8,449,700	7.0
Debt Service	6,102,200	5.1
Research		
Animal and Fish Studies	2,086,400	1.7
Environmental Studies	724,600	0.6
Subtotal	2,811,000	2.3

	Expenditures ¹	Percentage of Total Expenditures
Activities That Did Not Directly Benefit Hunters or Anglers		
Endangered Species and Resources	\$ 749,600	0.6%
Assistance to Other Bureaus	679,000	0.6
Special Wildlife Activities	220,400	0.2
Recreational and Other Activities	180,400	0.1
Environmental Enforcement	92,500	0.1
Subtotal	1,921,900	1.6
Other	1,032,800	0.9
Total	\$120,156,100	100.0%

¹ Includes expenditures from the Fish and Wildlife Account and other accounts.

The purpose of 30.4 percent of fish and wildlife expenditures from all funding sources was habitat development and land acquisition, which includes maintaining DNR facilities and land; developing wetlands, grasslands, and forests as animal habitat; and improving public access to natural areas. Fish and wildlife spending from all sources for upper-level administration at the departmental and division levels—DNR’s administrative costs as defined by s. 25.29(3m)(b), Wis. Stats.—totaled \$8.4 million in FY 2004-05.

In FY 2004-05, \$2.8 million in fish and wildlife expenditures from all funding sources supported research. Spending for research was 2.3 percent of the total in FY 2004-05, compared to 5.3 percent in FY 1996-97. Spending for activities with no direct benefit to hunters or anglers, such as protecting endangered resources, was 1.6 percent of the total in FY 2004-05, compared to 2.2 percent in FY 1996-97. Details on fish and wildlife expenditures from all sources by purpose are provided in Appendix 3.

Expenditures Funded by User Fees

DNR’s accounting system does not link revenues from different types of hunting and fishing licenses to particular expenditures.

However, we could classify expenditures according to whether they were funded by user fees or other sources, and we could determine the purposes and primary beneficiaries of activities funded by user fees. To allow comparisons with FY 1996-97 spending levels, which we analyzed in 1998, we again classified expenditures funded by user fees according to whether they primarily benefited hunters and anglers, benefited others in addition to hunters and anglers, or did not directly benefit hunters and anglers. We also analyzed administrative costs funded by user fees.

***In FY 2004-05,
97.6 percent of
expenditures funded by
user fees provided some
level of benefit to hunters
and anglers.***

We found that 97.6 percent of expenditures funded by user fees provided some level of benefit to hunters and anglers. As shown in Table 7, 57.3 percent of these expenditures were for activities that primarily benefited hunters and anglers, and 29.2 percent were for activities that benefited hunters, anglers, and other users of natural resources. We found that \$1.6 million in FY 2004-05 user fee expenditures, or 2.4 percent, did not directly benefit hunters and anglers. In FY 1996-97, \$1.0 million in user fee expenditures, or 2.0 percent, did not directly benefit hunters and anglers.

It should be noted that user fees were not the only source of funding for activities that benefited hunters and anglers, and other methodologies could be used to categorize expenditures according to their beneficiaries with somewhat different results. The approach we selected allows for comparisons with data from our previous audit and is a reasonable representation of who benefited from various fish and wildlife expenditures. For example, we categorized expenditures related to the restoration of wetlands, grasslands, and other habitat as expenditures that primarily benefited hunters and anglers because these expenditures would likely not have been made except to improve hunting and fishing opportunities. However, it can be argued that these activities benefited all who enjoy the outdoors. In addition, we did not categorize \$7.5 million in administrative costs by level of benefit. More detail on expenditures funded by user fees is provided in Appendix 4.

Table 7
User Fee Expenditures
 FY 2004-05

Activity	Expenditures	Percentage of Total Expenditures
Activities That Primarily Benefited Hunters and Anglers		
Game Population Management	\$19,970,700	29.3%
Licensing Administration	5,454,600	8.0
Wildlife Damage Aids	4,017,800	5.9
Bureau Administration	3,047,700	4.5
Fish Habitat Development	2,560,300	3.7
Animal Habitat Development	1,814,500	2.6
Ecological Assessment and Evaluation	741,200	1.1
Education and Safety Programs	608,600	0.9
Research—Animal and Fish Studies	594,000	0.9
Public Access	275,500	0.4
Subtotal	39,084,900	57.3
Activities That Benefited Hunters, Anglers, and Other Users		
Basic Program Services	10,441,100	15.3
Facilities and Lands Maintenance	2,492,300	3.6
Land Acquisition	2,238,900	3.3
Multipurpose Projects	1,444,000	2.1
Wildlife Education	1,009,000	1.5
Debt Service	879,300	1.3
Other Activities	768,300	1.1
Capital Development	331,300	0.5
Environmental Studies	320,500	0.5
Subtotal	19,924,700	29.2
Administrative Costs		
Department Administration	6,447,500	9.5
Division Administration	1,079,500	1.6
Subtotal	7,527,000	11.1
Activities That Did Not Directly Benefit Hunters and Anglers		
Assistance to Other Bureaus	672,000	1.0
Endangered Species and Resources	625,700	0.9
Support of Recreational Activities	176,400	0.3
Environmental Enforcement	92,500	0.1
Special Wildlife Activities	60,700	0.1
Subtotal	1,627,300	2.4
Total	\$68,163,900	100.0%

Activities That Primarily Benefited Hunters and Anglers

In categorizing expenditures, we considered hunters and anglers the primary beneficiaries of activities that relate to the management of game species or the development of access to hunting and fishing sites. We considered all animals that individuals are allowed to hunt and fish as game species. All hatchery-related management activities were considered activities that primarily benefit hunters and anglers because the only purpose of the hatcheries is to produce game fish for stocking lakes and streams. All bureau-level administrative costs paid from fish and wildlife funds for the bureaus of Wildlife Management, Fisheries Management and Habitat Protection, Law Enforcement, Integrated Science Services, and Facilities and Lands were also included because they relate specifically to the administration of fish and wildlife programs.

\$21.0 million from sources other than user fees funded activities that primarily benefited hunters and anglers.

It is important to recognize that the \$39.1 million in expenditures funded by user fees does not represent all DNR spending for activities that primarily benefit hunters and anglers. As shown in Table 8, another \$21.0 million was spent for these activities in FY 2004-05. Funding from sources other than user fees supported 35.0 percent of all fish and wildlife expenditures that primarily benefited hunters and anglers and included \$2.8 million in GPR.

Table 8
**Expenditures from All Fish and Wildlife Sources
 for Activities That Primarily Benefited Hunters and Anglers
 FY 2004-05**

Activity	User Fees	Other Funding Sources ¹	Total
Game Population Management	\$ 19,970,700	\$ 9,739,700	\$29,710,400
Licensing Administration	5,454,600	155,600	5,610,200
Wildlife Damage Aids	4,017,800	700	4,018,500
Bureau Administration	3,047,700	598,100	3,645,800
Ecological Assessment and Evaluation	741,200	2,725,200	3,466,400
Fish Habitat Development	2,560,300	895,400	3,455,700
Animal Habitat Development	1,814,500	1,359,000	3,173,500
Education and Safety Programs	608,600	2,407,200	3,015,800
Animal and Fish Studies	594,000	1,492,400	2,086,400
Public Access	275,500	1,650,800	1,926,300
Total	\$39,084,900	\$21,024,100	\$60,109,000

¹ Includes \$14.2 million in federal aid, \$2.8 million in GPR, \$1.9 million in program revenues, \$1.5 million in segregated funds from the Water Resources Account, \$329,400 in bonding, and \$255,200 in gifts and grants.

Activities That Benefited Hunters, Anglers, and Other Users

User fees funded \$19.9 million in expenditures for activities that benefited other users as well as hunters and anglers.

Most of the \$19.9 million in user fee expenditures we classified as activities that benefited others in addition to hunters and anglers funded basic program services, which is a time-reporting category DNR staff use for general and miscellaneous activities that are not covered by other categories. Land acquisition and the construction and maintenance of roads and other facilities that provide access to wildlife areas are included in this classification, along with wildlife education for a broad audience that sometimes includes individuals who do not hunt or fish.

Again, user fees were not the only source of funding for fish and wildlife activities that benefited others in addition to hunters and anglers. In FY 2004-05, spending for these activities totaled \$49.7 million, and 59.9 percent of that amount was not funded by hunters and anglers. As shown in Table 9, other funding supported \$29.8 million in expenditures, including \$19.9 million to purchase land for the expansion of hunting and fishing opportunities. The sources of other funding for fish and wildlife activities that benefited hunters, anglers, and other users included \$5.7 million in GPR and \$18.1 million in state general obligation bonding, as well as federal aid, program revenues, segregated funds, and gifts and grants from individuals and organizations.

Table 9
Expenditures from All Fish and Wildlife Sources
for Activities That Benefited Hunters, Anglers, and Other Users
FY 2004-05

Activity	User Fees	Other Funding Sources ¹	Total
Land Acquisition	\$ 2,238,900	\$ 19,864,000	\$ 22,102,900
Basic Program Services	10,441,100	337,700	10,778,800
Debt Service	879,300	5,222,900	6,102,200
Facilities and Lands Maintenance	2,492,300	2,016,700	4,509,000
Multipurpose Projects	1,444,000	599,400	2,043,400
Capital Development	331,300	1,007,900	1,339,200
Wildlife Education	1,009,000	33,600	1,042,600
Other Activities ²	768,300	264,500	1,032,800
Environmental Studies	320,500	404,100	724,600
Total	\$19,924,700	\$29,750,800	\$49,675,500

¹ Includes \$18.1 million in bonding, \$5.7 million in GPR, \$4.5 million in federal aid, \$1.3 million in program revenues, \$159,500 in segregated funds from the Water Resources Account, and \$48,800 in gifts and grants.

² Includes marketing and staff training, as well as FEMA assistance, homeland security, and land use planning assistance.

Activities That Did Not Directly Benefit Hunters and Anglers

In this category, we included expenditures incurred when fish and wildlife staff assisted other DNR units, as well as expenditures for the management of endangered species that cannot legally be taken by hunters and anglers and expenditures for support of recreational activities, environmental enforcement, and special wildlife programs. As was shown in Table 7, we classified 2.4 percent of FY 2004-05 fish and wildlife expenditures funded with user fees, or \$1.6 million, as spending for activities that did not directly benefit hunters and anglers. However, it should be noted that some of this spending was necessary to obtain federal fish and wildlife funding. For example, to receive federal Sport Fish Restoration and Wildlife Restoration funds, DNR is required to evaluate how proposed projects will affect endangered species, threatened species, or critical habitat. Some federal fish and wildlife funding, such as the State Wildlife Grant, is designated specifically for projects that benefit non-game species.

DNR has also indicated that because its work involves dependent relationships among different environmental systems, all staff must to some extent perform activities in a number of disciplines. Nevertheless, some individuals continue to question the extent to which fish and wildlife staff perform activities that do not directly further hunting and fishing opportunities. For example, they believe that no fish and wildlife funds should be used by the Bureau of Fisheries Management and Habitat Protection for waterway permitting activities. To address these concerns, we reviewed staff time-reporting records for FY 2004-05.

Accounting for Staff Time

Every two weeks, DNR employees account for their work hours using specific activity codes created by individual bureaus during project planning. These records show that in FY 2004-05, fish and wildlife staff worked 30,600 hours on activities that did not primarily benefit hunters and anglers, such as endangered resources activities and work on state parks, trails, and forests. However, during the same period, non-fish and wildlife staff worked 43,700 hours on activities that benefited hunters and anglers, such as habitat protection. Therefore, as shown in Table 10, 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.

Table 10

Accounting for Staff Time
FY 2004-05

	Hours	Staffing Equivalent in Full-Time Positions ¹
Non-Fish and Wildlife Staff Time		
Recorded for Activities That Primarily Benefited Hunters and Anglers	43,700	23.9
Fish and Wildlife Staff Time		
Recorded for Activities That Did Not Directly Benefit Hunters and Anglers	30,600	16.7
Net Benefit to Activities Benefiting Hunters and Anglers	13,100	7.2

¹ DNR determines full-time equivalent (FTE) staff positions based on 1,830 annual hours of work related to specific projects, assuming an average of 250 hours will accrue to leave time.

In 1998, we reported that 22.0 percent of fish and wildlife staff time funded by user fees in FY 1996-97 had been charged to DNR’s time-reporting category for general and miscellaneous activities that are not covered by other categories and recommended that use of this category—basic program services—be limited to a fixed percentage of staff time and individual project costs. In response, DNR officials established a goal of limiting staff time charged to basic program services to 10.0 percent. In FY 2004-05, the percentage of staff time charged to basic program services was 14.4 percent.

Although it is impractical to expect all staff time to be coded in extensive detail, it seems likely that many who are concerned about the use of particular funding sources will continue to be dissatisfied with a system that does not provide more specific information about the nature of activities that accounted for more than \$10.4 million, or 15.3 percent, of user fee expenditures in FY 2004-05.

Recommendation

We recommend the Department of Natural Resources renew its efforts to limit the use of the basic program services time-reporting category and report to the Joint Legislative Audit Committee on the result of its efforts by January 1, 2007.

Accounting for Administrative Costs

After we released our 1998 report, 1999 Wisconsin Act 9, the 1999-2001 Biennial Budget Act, limited the amount DNR could spend on fish and wildlife administrative costs to 16.0 percent of all annual expenditures from the Fish and Wildlife Account. Although statutes do not explicitly state that the 16.0 percent limit applies only to user fee expenditures, bill drafting files indicate this was the Legislature's intent. To comply with that intent, DNR has made user fees the basis for determining its compliance with the administrative expenditure limit since Act 9 took effect. As was shown in Table 7, administrative costs funded with user fees totaled \$7.5 million in FY 2004-05, or 11.1 percent of all user fee expenditures, which is well below the statutory limit.

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

However, the Legislature's definition of administrative costs in 1999 Assembly Bill 133, which became Act 9, included not only department and division administrative costs, but also bureau administration and administrative costs related to issuing licenses. When a gubernatorial veto revised the definition to include only department and division administration, the 16.0 percent limit was not changed. In 2003 Assembly Bill 4, as amended, the Legislature attempted for a second time to define DNR's administrative costs more broadly by including bureau and licensing administration when calculating compliance with the administrative cost limit. However, the Governor also vetoed this bill, and the statutory definition of administrative costs remains unchanged. As shown in Table 11, under the alternative definition of administrative costs proposed twice by the Legislature, DNR's administrative costs exceeded the 16.0 percent limit in both FY 1996-97 and FY 2004-05.

We note that while costs for departmental and division administration declined between FY 1996-97 and FY 2004-05, costs for bureau and licensing administration, which are currently excluded from the statutory limit, have both increased considerably. Bureau administrative costs increased from \$1.2 million to \$3.0 million following a reorganization in FY 2001-02 under which certain DNR management positions were required to report directly to managers in the Bureau of Wildlife Management. As a result of this change, division administrative costs decreased and bureau administrative costs increased.

Table 11

Alternative Calculation of Administrative Costs¹

	FY 1996-97	FY 2004-05	Percentage Change
Department Administration	\$ 7,903,200	\$ 6,447,500	(18.4%)
Licensing Administration	1,213,100	5,454,600	349.6
Bureau Administration	1,212,800	3,047,700	151.3
Division Administration	2,500,300	1,079,500	(56.8)
Total	\$12,829,400	\$16,029,300	24.9
Total User Fee Expenditures	\$50,426,200	\$68,163,900	35.2
Percentage of User Fee Expenditures Funding Administrative Costs	25.4%	23.5%	

¹ Presents administrative costs using the definition proposed by the Legislature in 1999 Wisconsin Act 9 and 2003 Assembly Bill 4, but not enacted.

Licensing administration costs funded from user fees increased from \$1.2 million in FY 1996-97 to \$5.5 million in FY 2004-05. According to DNR officials, the increase was primarily due to DNR's 1999 purchase and implementation of the Automated License Issuance System that allows licenses and permits to be purchased through the Internet or by telephone.

The Fish and Wildlife Account funded 64.2 percent of licensing costs in FY 2004-05, compared to 46.3 percent in FY 1996-97.

To implement the automated licensing system, DNR purchased computer equipment and contracts with a software vendor for technical support to DNR service stations, county offices, bait shops, and other retailers who sell licenses and permits. However, DNR's reorganization in the late 1990s also increased both the number of licensing staff and the number funded from the Fish and Wildlife Account. As a result of both the new licensing system and the reorganization, the Fish and Wildlife Account funded 64.2 percent of licensing costs in FY 2004-05, compared to 46.3 percent in FY 1996-97.



Managing Fish and Wildlife Funding ■

We found that DNR generally spends fish and wildlife funds in a manner consistent with the purpose for which they were appropriated. However, financial accounting and other records that may meet the agency's own needs do not always provide the level of detail desired by the Legislature and the public. Therefore, we:

- analyzed revenue and expenditure trends in the Fish and Wildlife Account, including activity related to CWD and recent fee increases;
- examined the extent to which DNR ensures that gifts will be used for purposes specified by their donors; and
- followed up on DNR's efforts to improve project planning.

Fish and Wildlife Account Activity

Because user fees are the primary source of funding for the Fish and Wildlife Account, that account's balance historically has fluctuated based on the timing of fee increases and the number of hunting, fishing, and other licenses sold in a given year. For example, after a fee increase, a balance will generally accrue because revenues—which are budgeted to fund future projects and staffing costs—will exceed current expenditures.

However, during the period shown in Table 12, expenditures exceeded revenues each year, and the account’s balance decreased substantially. Revenues declined significantly after CWD was confirmed in Wisconsin’s deer herd in February 2002. With declining revenues, the Fish and Wildlife Account’s ending balance dropped from \$28.3 million in FY 2000-01 to \$1.0 million in FY 2004-05. FY 2004-05 revenues reflect fishing and small game hunting license fee increases that took effect under 2003 Wisconsin Act 33, but the effect of increases under 2005 Wisconsin Act 25—including increases in resident fishing and gun deer hunting license fees—took effect in July 2005 and are not reflected in Table 12.

Table 12

Fish and Wildlife Account Activity

Fiscal Year	Beginning Balance	Revenues	Expenditures	Ending Balance	Percentage Change
2000-01	\$29,575,300	\$82,060,500	\$83,294,700	\$28,341,100	–
2001-02	28,341,100	78,735,100	86,516,400	20,559,800	(27.5%)
2002-03 ¹	21,257,900	77,942,600	92,508,300	6,692,200	(67.5)
2003-04	6,692,200	77,182,700	82,441,300	1,433,600	(78.6)
2004-05	1,407,100	83,762,700	84,215,200	954,600	(33.4)

¹ Beginning balance reflects transfer of certain appropriations to the Endangered Resources Account.

Fish and Wildlife Account expenditures have exceeded revenues in each year since FY 2000-01.

With the exception of FY 2002-03, expenditure levels have been fairly consistent, but they exceeded revenues in each year. The spike in FY 2002-03 expenditures was largely the result of CWD spending and the effect of back pay issued to fish and wildlife staff whose collective bargaining agreements for the 2001-03 biennium were not approved until that year. The decline in revenues from FY 2000-01 to FY 2001-02 reflects, in part, a 9.5 percent decline in the number of resident deer hunting licenses sold. Deer hunting license sales did not rebound quickly following confirmation of CWD in February 2002.

DNR officials indicate declines in the Fish and Wildlife Account’s balance are primarily related to expected cyclical fluctuations. However, we believe close monitoring of the account’s balance is warranted. First, if not for transfers from other funds authorized by 2005 Act 25, the 2005-07 Biennial Budget Act, the Fish and Wildlife

Account would likely have a negative fund balance by June 30, 2006. Act 25 authorized the transfer of \$4.3 million to the Fish and Wildlife Account for FY 2005-06, including \$3.3 million from the Recycling Fund and \$1.0 million from the Environmental Management Account of the Environmental Fund.

Second, we note two trends that 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 has reduced license sales, and a decline in the sale of deer hunting licenses because of concerns about the prevalence and effects of CWD, coupled with increasing program costs to combat it.

Effects of License Fee Increases

The full effect of fee increases that took effect in July 2005 cannot be determined before the end of FY 2005-06. However, in the first six months these increases were in effect, Fish and Wildlife Account revenues increased 17.5 percent, as shown in Table 13. The periods shown include the majority of hunting seasons but fewer fishing seasons. However, revenues increased for each type of license sold: hunting, fishing, and combined.

Table 13

Fee Revenue Increases

License Types	July–December 2004	July–December 2005	Percentage Change
Hunting	\$21,166,700	\$25,206,400	19.1%
Fishing	5,083,000	5,539,300	9.0
Combined	1,069,300	1,352,200	26.5
Total	\$27,319,000	\$32,097,900	17.5

Concerns have been raised about whether fee increases will reduce the number of licenses sold.

As noted, when fee increases were proposed, concerns were raised about whether they would reduce the number of licenses sold. While sales have increased for combination license packages, such as the sportsman package that includes a gun deer license and an annual fishing license, other license sales have declined. For example, after fees for resident fishing licenses increased from \$17 to \$20, sales declined 9.7 percent compared to the same period in the

previous year. More significantly, after resident gun deer hunting license fees increased from \$20 to \$24 in July 2005, sales declined 10.3 percent: they were 401,099 from July through December 2004, and 359,975 for the same period in 2005. The decline, however, may be related in part to the introduction of a separate gun license for juniors during this period. Resident fishing licenses and resident gun deer hunting licenses typically generate more revenue than any other user fees.

Additional revenues generated from fee increases will be used primarily to fill vacant fish and wildlife positions.

DNR will use additional revenues generated from fee increases primarily to fill fish and wildlife positions that have been held vacant. DNR expects to fill 19 conservation warden positions, 3 fish biologist positions, 10 fisheries technician positions, 6 wildlife biologist positions, and 3 wildlife technician positions by the end of 2006. In addition, officials have indicated the agency will:

- increase captive pheasant production and release 55,000 adult pheasants on public hunting grounds in 2006, compared to 19,000 pheasants in 2005; and
- actively manage an additional 6,000 acres of public hunting grounds in 2006, compared to 2005.

Expenditures to Manage Chronic Wasting Disease

DNR spent \$5.3 million in FY 2004-05 to control the spread of CWD.

DNR has primary responsibility for coordinating CWD management efforts in Wisconsin. Because a dedicated funding source for CWD expenditures does not exist, funding and staff time have been redirected from other DNR wildlife management responsibilities to support CWD management. In FY 2004-05, DNR spent \$5.3 million in fish and wildlife funds—including \$3.5 million in user fees deposited to the Fish and Wildlife Account—to monitor and control the spread of CWD. As shown in Table 14, the most common CWD-related expenditures were for herd reduction efforts, such as registering deer in the disease eradication zones and collecting samples for testing.

Table 14

Expenditures Related to Chronic Wasting Disease (CWD)
FY 2004-05

Activity	User Fee Expenditures	Expenditures From Other Sources	Total Expenditures	Percentage of Total Expenditures
Herd Reduction	\$1,007,100	\$ 307,900	\$1,315,000	24.9%
Carcass Disposal	252,200	830,500	1,082,700	20.5
Testing	737,300	306,500	1,043,800	19.8
Planning, Research, and Policy Development	669,400	236,600	906,000	17.2
General Management	725,800	42,900	768,700	14.5
Technical Support	104,800	60,000	164,800	3.1
Total	\$3,496,600	\$1,784,400	\$5,281,000	100.0%

DNR's CWD-related efforts involved the equivalent of 56.7 full-time positions in FY 2004-05.

2003 Wisconsin Act 33 authorized the creation of 1.0 FTE veterinary specialist position to support CWD testing efforts. Other CWD work is performed by DNR staff who previously had or continue to have other responsibilities, and who devote only a portion of their time to CWD efforts. The hours that all DNR staff, including permanent, project, and limited-term employees, devoted to CWD-related activities were equivalent to 56.7 full-time staff positions in FY 2004-05. In April 2006, the Joint Legislative Audit Committee directed us to conduct a separate, comprehensive review of DNR's CWD management efforts, which is in progress.

Accounting for Donations

Interest has been expressed in how DNR manages the donations it receives each year from sporting groups and individuals to support fish and wildlife activities such as the restoration of a particular trout stream or waterfowl habitat. In FY 2004-05, DNR received \$465,800 to help fund specified fish and wildlife projects. Of this amount, 52.5 percent was intended for wildlife habitat projects, 44.1 percent was for fish habitat projects, and 3.4 percent was for DNR's law enforcement and education efforts. We examined the extent to which DNR ensures that gifts will be spent for the purposes specified by donors.

As shown in Table 15, the largest donation DNR received in FY 2004-05 was \$35,000 from a fishing group in Oshkosh for the purchase of a boat used to conduct fish surveys. Others included funding for projects that maintain or improve state wildlife areas, wetland and grassland restoration, trout stream restoration, and fish hatchery improvements.

Table 15

**Largest Donations from Sporting Groups
FY 2004-05**

Group	Amount	Project
Otter Street Fishing Club (Oshkosh)	\$35,000	Equipment Purchase
Whitetails Unlimited, Inc. ¹	17,300	Wildlife Habitat Maintenance
Ruffed Grouse Society, Inc.	16,000	Wildlife Habitat Improvement
Ducks Unlimited ¹ Kettle Moraine	15,600	Wetland and Grassland Restoration
Natural History Alliance	15,000	Trout Stream Restoration
Friends of the Crex Wildlife Area (Burnett County)	13,300	Wildlife Habitat Development
Lake Koshkonong Recreational Association	13,000	Fish Hatchery Improvements; Wildlife Habitat Maintenance
Salmon Unlimited, Inc. ¹	12,000	Fish Hatchery Improvements
Walleye for Tomorrow ¹	11,500	Fish Hatchery Improvements
Great Lakes Sportfishing ¹	7,300	Fish Hatchery Improvements

¹ Donations were provided by more than one local chapter of the organization.

Because fish and wildlife projects may take more than one year to plan and complete, donations are not always fully spent in the year they are received. For example, DNR spent only \$306,000 of the \$465,800 in donated funds it received for fish and wildlife activities in FY 2004-05. DNR policy requires staff to review donations of more than \$1,000 and send donors acknowledgment letters that specify how the gifts will be spent. Donations of more than \$5,000 must be reviewed by the Natural Resources Board and their purpose must be documented in board minutes. DNR then establishes detailed project codes that direct donations into financial accounts intended to limit discretionary spending and identify the donation's purpose.

DNR adequately accounts for expenditures of gifts and donations.

Although the identity of donors is sometimes noted only on paper forms that are not always centrally available, we found that DNR's project management system allows it to adequately monitor and account for the use of gifts and donations. We did not find any instances of inappropriate use of donated funds.

Spending Flexibility

Although DNR is authorized to spend most of its funding from user fees on projects of its choosing, specific spending restrictions apply when revenues have been generated by fees for two-day Great Lakes fishing licenses and by the sale of stamps that must be purchased in addition to hunting or fishing licenses for certain species. In FY 2004-05, restricted revenues from these sources totaled \$3.5 million and represented 5.3 percent of the fee-based revenues that were shown in Table 3.

We found that in FY 2004-05, DNR spending that was funded by restricted revenues was consistent with statutory requirements that:

- 50.0 percent of revenues from the sale of two-day Great Lakes licenses must be used for rearing and stocking trout and salmon in the Great Lakes;
- 67.0 percent of revenues from the Waterfowl Hunting Stamp must be used to manage, preserve, restore, and maintain wetland habitat for producing waterfowl and related species, while 33.0 percent must be used to develop waterfowl propagation areas in Canada;
- revenues from the Wild Turkey Hunting Stamp must be used for resource acquisition and turkey habitat restoration;
- revenues from the Pheasant Hunting Stamp must be used for resource acquisition and pheasant habitat restoration;
- revenues from the Great Lakes Trout and Salmon Stamp must be used to supplement and enhance the existing trout and salmon rearing and stocking program for the Great Lakes; and
- revenues from the Inland Waters Trout Stamp must be used to conduct surveys and to improve and maintain trout habitat in inland trout waters.

Detailed information about funding sources and staffing costs is not readily available from DNR's records.

However, information about the sources of revenue used for many other fish and wildlife activities is not readily available in DNR's accounting records. Similarly, significant portions of staff salary costs are initially recorded in a general way that makes it difficult to readily determine how DNR spends its funds. We took significant audit steps to provide additional detail on program expenditures in compiling information for this report.

While DNR's current practices are not inappropriate from an accounting perspective, they are complex and can limit its own, the Legislature's, and the public's ability to readily obtain complete information about which funds were used to pay for particular activities and to determine how actual expenditure amounts compared to budgets. Specifically, we found that DNR makes more year-end accounting adjustments to finalize its funding sources for various activities than other state agencies do. Because of this practice, some activities that should be supported by non-fish and wildlife revenue sources could be charged to the Fish and Wildlife Account when funding is otherwise insufficient.

Measuring Project Outcomes

To establish funding priorities and remain eligible for certain federal grants, DNR develops long-term strategic plans that are generally effective for six to ten years. These plans outline department-wide priorities and goals and provide guidance to fish and wildlife staff for designing specific projects that help DNR to meet these broader goals. Fish and wildlife managers review the project proposals submitted by staff and determine project priorities based on relative importance and available funding.

To better understand how particular projects complement DNR goals, we reviewed project-planning documents provided by the bureaus of Wildlife Management, Fisheries Management, and Law Enforcement, as well as DNR's most recent annual report.

Since FY 1997-98, DNR's annual reports have included detailed information on fish and wildlife spending and accomplishments, such as the number of pheasants stocked and the number of fish propagated in state hatcheries in the previous fiscal year. However, neither accomplishments nor expenditure data are compared to the original project proposals approved by DNR staff. Similarly, DNR's planning documents do not always provide information on project timetables, completion dates, or the methods by which performance will be measured. Performance measures that are included often reflect outputs, such as the number of hours spent on an activity, rather than results. For example, Bureau of Law Enforcement work

plans outline the number of hours each warden is expected to work in particular program areas, such as fish and game education and enforcement efforts, but neither they nor DNR's annual reports link work activities to particular outcomes. Consequently, the ability of DNR officials, the Legislature, and other interested parties to determine program success is hindered.

Moreover, the documents used to select projects do not always include estimated time lines for completion. While many projects, such as fish stocking, are completed each biennium, projects such as the restoration of a trout stream can take several years to complete. Establishing clearer project timelines could help DNR better determine which sources are available to fund an approved project, especially if the project is expected to extend beyond a single biennium.

Outputs could also be reported in the context of goals and objectives. DNR's strategic plans typically identify specific objectives to meet its broader goals, such as identifying critical habitat for preservation to meet goals for sustaining ecosystems. However, specific projects that DNR approves with the intention of meeting broad goals are seldom linked back to its strategic plan. Reviewing completed projects every two years and linking them to the strategic plan could help DNR and policymakers determine whether particular goals and objectives have received adequate funding or are practical. Biennial review could also help DNR determine whether particular goals and objectives need to be amended during the six to ten years in which its strategic plans are generally in effect.

Recommendation

We recommend the Department of Natural Resources:

- *incorporate clearer time lines in its project planning documents, annually compare initial project budgets to actual expenditures, and tie project outcomes to specific goals and objectives included in its strategic plans; and*
- *report to the Joint Legislative Audit Committee on its progress in improving project-planning by January 1, 2007.*

■ ■ ■ ■

Future Funding Considerations ■

Most states rely to some extent on user fees to fund their fish and wildlife activities.

Like Wisconsin, other states fund their fish and wildlife activities at least in part through user fees. However, most states have much smaller budgets and generally rely to a greater extent on federal aid, general fund appropriations, and funding sources such as transportation-related fees, grants and donations, and individual and corporate fines and mitigation payments. To compare fish and wildlife funding levels and gather information on alternative funding sources, we conducted a telephone survey of all 49 other states. Whenever possible, revenues generated from commercial fisheries, saltwater fisheries, state parks, and capital building projects and land acquisition were excluded from our survey results.

State Funding Comparisons

Wisconsin ranked fifth nationally and first among seven midwestern states in funding for fish and wildlife activities FY 2004-05.

As shown in Table 16, Wisconsin ranked fifth nationally and first among seven midwestern states in funding for fish and wildlife activities in FY 2004-05. When funding for debt service related to capital projects is excluded, Wisconsin's fish and wildlife revenues total \$96.2 million, which is nearly double the national average of \$49.9 million. Additional information on each state's revenue sources is provided in Appendix 5.

While Wisconsin's spending is higher than most other states', its residents also participate in hunting and fishing activities at a higher rate. According to the United States Fish and Wildlife Service, Wisconsin ranked fifth nationally in the number of individual hunting license holders in 2004, and fourth in the number of individual fishing license holders. That is the most recent year for which data are available.

Table 16

Funding for Fish and Wildlife Activities¹
FY 2004-05 Revenues

Rank		Revenues (in millions)	Rank		Revenues (in millions)
1	Missouri	\$157.1	26	Louisiana	43.5
2	Texas	124.6	27	North Carolina	43.2
3	Oregon	110.6	28	Iowa	40.2
4	Pennsylvania	101.6	29	Illinois	39.3
5	Wisconsin²	96.2	30	Indiana	34.9
6	Minnesota	87.5	31	South Dakota	34.2
7	Colorado	87.0	32	Mississippi	33.9
8	California	86.9	33	Oklahoma	32.8
9	Washington	86.4	34	Kansas	31.3
10	Florida	83.3	35	New Mexico	28.7
11	Michigan	72.9	36	Alabama	27.0
12	Georgia	68.6	37	West Virginia	24.2
13	Idaho	63.6	38	Maryland	24.2
14	Arizona	62.7	39	New Hampshire	23.4
15	Alaska	62.0	40	Nebraska	22.4
16	New York	59.5	41	Nevada	21.8
17	Tennessee	57.9	42	North Dakota	21.4
18	South Carolina	55.9	43	Maine	19.3
19	Arkansas	55.8	44	New Jersey	16.6
20	Ohio	54.4	45	Vermont	15.6
21	Montana	51.2	46	Delaware	12.7
	<i>Average</i>	49.9	47	Massachusetts	12.2
22	Utah	45.9	48	Connecticut	11.4
23	Wyoming	44.1	49	Rhode Island	8.7
24	Virginia	43.7	50	Hawaii	8.1
25	Kentucky	43.7			

¹ Based on each state's reported revenues for FY 2004-05, excluding revenues for capital building projects and land acquisition, commercial fisheries, saltwater fisheries, and state parks.

² Excludes \$6.1 million in GPR for debt service related to capital projects.

Primary Funding Sources

Wisconsin's reliance on user fees and federal aid exceeds the national average.

As shown in Table 17, a combination of user fees and federal aid funded an average of 75.1 percent of all states' fish and wildlife budgets and 86.2 percent of Wisconsin's fish and wildlife budget in FY 2004-05.

However, Wisconsin’s reliance on this funding combination has declined since FY 1996-97, when a combination of user fees and federal aid provided 98.3 percent of funding for DNR fish and wildlife activities.

Table 17

States’ Reliance on User Fees and Federal Aid¹

Rank		Percentage of Fish and Wildlife Budget Supported by User Fees and Federal Aid	Rank		Percentage of Fish and Wildlife Budget Supported by User Fees and Federal Aid
1	Alaska	99.0%	27	Alabama	79.9%
2	Montana	97.6	28	Washington	77.8
3	Michigan	96.4	29	Connecticut	77.1
4	North Dakota	96.0		<i>Average</i>	<i>75.1</i>
5	California	96.0	30	Pennsylvania	74.2
6	New Jersey	95.8	31	Maine	73.6
7	West Virginia	94.8	32	Nevada	73.1
8	Colorado	93.5	33	Maryland	72.2
9	Texas	93.5	34	Arizona	71.3
10	South Dakota	93.3	35	Kentucky	71.1
11	New Mexico	92.3	36	New Hampshire	71.1
12	Louisiana	91.9	37	Tennessee	69.5
13	Wyoming	91.4	38	Delaware	69.4
14	Massachusetts	89.9	39	Indiana	67.0
15	Ohio	89.8	40	Idaho	64.2
16	Iowa	89.6	41	Virginia	63.0
17	Kansas	89.4	42	Vermont	62.6
18	Oregon	89.1	43	Hawaii	59.4
19	Rhode Island	89.1	44	Mississippi	54.5
20	New York	87.7	45	North Carolina	53.3
21	Wisconsin	86.2	46	Arkansas	49.0
22	Minnesota	85.5	47	Georgia	38.7
23	Utah	85.3	48	South Carolina	34.3
24	Oklahoma	85.3	49	Missouri	31.7
25	Illinois	82.3	50	Florida	23.9
26	Nebraska	81.4			

¹ Based on each state’s reported revenues for FY 2004-05, excluding revenues for capital building projects and land acquisition, commercial fisheries, saltwater fisheries, and state parks.

Wisconsin ranked 12th among all states in federal aid received for fish and wildlife activities.

Wisconsin received \$17.4 million in federal fish and wildlife aid in FY 2004-05 and ranked 12th among all states in aid received. However, federal aid funded an average of 26.2 percent of other states' fish and wildlife activities in FY 2004-05, compared to 18.1 percent of Wisconsin's. In contrast, user fees funded 68.1 percent of Wisconsin's fish and wildlife budget in FY 2004-05, when the national average was 48.9 percent.

As shown in Table 18, Wisconsin ranked seventh among all states in reliance on user fees in FY 2004-05, and first among midwestern states. In FY 1996-97, user fees funded 77.2 percent of DNR's fish and wildlife budget, and Wisconsin ranked third.

Table 18

**States' Reliance on User Fees
FY 2004-05 Revenues**

Rank		User Fee Revenues (in millions)	Percentage of Fish and Wildlife Budget ¹
1	California	\$73.4	84.5%
2	Montana	38.0	74.2
3	South Dakota	24.9	72.8
4	New Jersey	11.6	69.9
5	Colorado	60.7	69.7
6	Wyoming	30.5	69.2
7	Wisconsin	65.5	68.1
8	Michigan	49.4	67.8
9	Ohio	36.6	67.4
10	Texas	81.4	65.4
11	Minnesota	56.5	64.6
12	Illinois	25.4	64.5
13	Iowa	25.8	64.2
14	West Virginia	15.1	62.4
15	New York	36.0	60.6
	<i>Average</i>	24.4	48.9
46	South Carolina	13.2	23.6
47	Rhode Island	1.8	20.1
48	Missouri	30.7	19.5
49	Florida	12.1	14.5
50	Hawaii	0.7	8.5

¹ Based on each state's reported revenues for FY 2004-05, excluding revenues for capital building projects and land acquisition, commercial fisheries, saltwater fisheries, and state parks.

It is unlikely Wisconsin can significantly augment federal aid for fish and wildlife activities.

Most federal aid is awarded through two formula grants: the Sport Fish Restoration Program and the Wildlife Restoration Program, which are supported by federal excise taxes on hunting and fishing equipment, firearms, and fuel for motorboats. Fifty percent of state allocations under the Wildlife Restoration Program and 40 percent of state allocations under the Sport Fish Restoration Program are based on a state's geographic size. Because 28 states have more land and water area, Wisconsin could not significantly augment the amount of federal aid it receives without substantially increasing the number of individuals who purchase hunting and fishing licenses.

The United States Fish and Wildlife Service is completing a periodic audit of DNR's use of federal aid for fish and wildlife activities. We did not duplicate these efforts, but we noted that in FY 2004-05, DNR used funds from federal Sport Fish Restoration and Wildlife Restoration grants to:

- monitor sport fish populations in 474 lakes statewide;
- propagate warm water fish species, such as bass and muskellunge, at state fish hatcheries;
- conduct special programs to regulate and evaluate walleye fishing;
- maintain DNR wildlife facilities, such as mowing access trails in public hunting grounds;
- improve wetland habitat to increase waterfowl production and hunting opportunities; and
- staff deer, bear, and turkey hunting registration stations.

Secondary Funding Sources

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. Twenty-eight states, including Wisconsin, appropriated general funds for these activities in FY 2004-05. General fund appropriations represented more than one-third of fish and wildlife funding in eight states: Arkansas, Florida, Georgia, Hawaii, Missouri, North Carolina, South Carolina, and Virginia. In FY 2004-05, \$3.7 million in GPR—excluding \$6.1 million related to debt service for capital projects—represented 3.6 percent of Wisconsin's fish and wildlife revenues.

Eleven states used secondary funding sources to generate more than one-third of fish and wildlife revenues.

States also supplement fish and wildlife funding with other revenue sources. For example, a total of \$9.6 million—including \$3.8 million in program revenues and \$3.2 million from Indian tribes—supported DNR’s fish and wildlife activities in FY 2004-05 and generated 9.3 percent of Wisconsin’s fish and wildlife revenues. Nationally, secondary sources:

- funded more than one-third of fish and wildlife activities in 11 states;
- funded between 5 and 33 percent of fish and wildlife activities in 33 states, including Wisconsin; and
- funded less than 5 percent of fish and wildlife activities in 6 states.

Our survey results indicate that other states support fish and wildlife activities with 51 secondary funding sources other than general fund appropriations. They are summarized in Appendix 6 in the following categories:

- revenues from sales that are not associated with hunting and fishing license fees, including sales of timber, gravel, minerals, natural resources magazines, art, and advertising;
- fees related to transportation, such as boat and off-road vehicle registration fees, fees for conservation license plates, and fuel taxes;
- grants and donations, including income tax check-offs;
- fines and payments by individuals and corporations to mitigate damages to natural resources; and
- other funding sources, including interest income, surplus sales, hunter education fees, and hotel room taxes.

Forty states funded a portion of their fish and wildlife activities with revenues from non–license fee sales in FY 2004-05. Pennsylvania generated the most funding from this source: \$13.0 million, including \$10.8 million from timber sales. Wisconsin generated \$4.1 million, primarily from fees for property and equipment rentals.

Revenues from eight different transportation-related fees—including fuel taxes, vehicle registration fees, and conservation license plate fees—contributed an average of \$2.2 million to each of 40 states' fish and wildlife budgets in FY 2004-05. Pennsylvania received the largest amount, \$8.6 million, which represented 8.5 percent of its fish and wildlife funding. Wisconsin collects transportation-related fees, but they typically support activities such as boating enforcement and trail development for all-terrain vehicles.

***Wisconsin received
\$396,400 in fine
payments in FY 2004-05.***

Grants and donations generated an average of \$1.2 million in 37 states, including 14 states that have a voluntary income tax check-off. Wisconsin collected \$465,800 in private grants and donations. In 38 states, fines and mitigation costs imposed to address the illegal destruction of natural habitat or violation of hunting and fishing laws generated an average of \$1.4 million for fish and wildlife activities. Two states—Idaho and Florida—received more than \$11.0 million in mitigation funds for significant past damage to species and habitats. Wisconsin did not receive revenues specifically for mitigation but did receive \$396,400 in fine payments in FY 2004-05.

Finally, 34 states used 25 other miscellaneous funding sources to supplement their fish and wildlife program funding. These varied widely in terms of sources and amount received. For example, Arizona collected \$1.8 million in hunter education fees, while Texas collected \$100,000 from the sale of confiscated goods. In addition, five states—Arizona, Iowa, Nebraska, Oregon, and Wyoming—received an average of \$3.5 million in state lottery profits for fish and wildlife activities. In most cases, these funds were awarded at least in part through competitive grants for conservation programs, so that fish and wildlife program managers competed with natural resource programs such as state parks for project funding.

Policymakers in other states have also considered a variety of alternative funding strategies to supplement traditional funding for fish and wildlife activities. For example:

- Maine is considering implementing a fee for outdoor recreation users, such as a canoe and kayak user fee;
- Pennsylvania has considered allocating a portion of its landfill tipping fees to fish and wildlife programs;
- South Carolina is considering requiring an additional permit for taking certain bass and trout species; and

- Vermont has considered earmarking revenues from its state lottery or a portion of its room and meal taxes.

In Arkansas and Missouri, general fund revenues are generated through a dedicated sales tax. Voters in these states have approved general state sales tax increases of 0.125 percent that are earmarked exclusively for conservation programs, including fish and wildlife activities. This funding strategy has generated interest among some other states seeking to increase revenues for conservation efforts. For example, a 2005 proposed bill in Minnesota would dedicate 0.25 percent of statewide sales and use taxes for natural resources, one-half of which would be spent primarily to benefit hunters and anglers.

■ ■ ■ ■

Appendix 1

Wisconsin License and Stamp Fees and Revenues¹

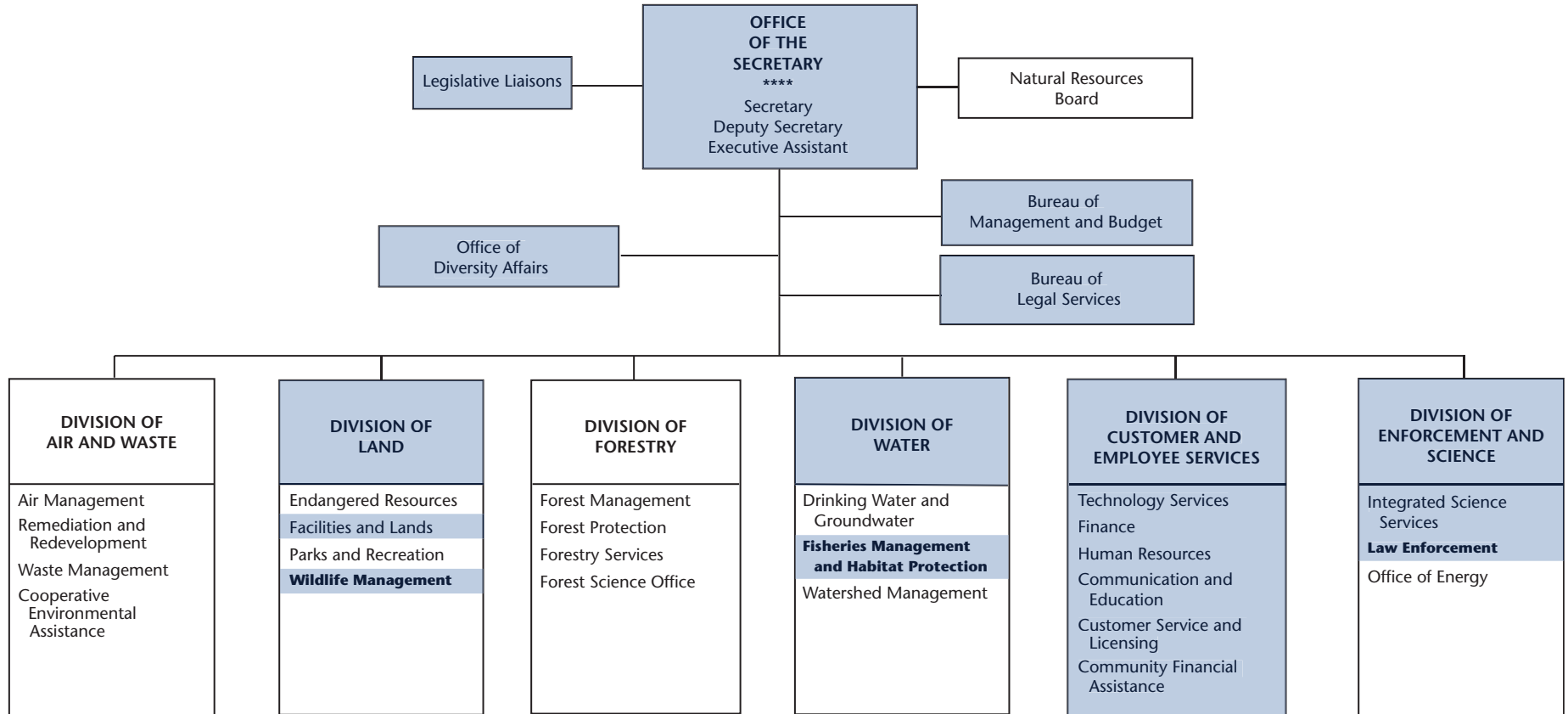
User Fee Type	License	FY 2004-05 Revenues	Percentage of Total Revenue	Fee as of July 2005
Hunting Applications	Turkey	\$ 478,800	0.7%	\$ 3.00
	Bear	213,500	0.3	3.00
	Goose	177,500	0.3	3.00
	Hunter's Choice	140,100	0.2	3.00
	Bobcat	27,800	<0.1	3.00
	Otter	7,100	<0.1	3.00
	Fisher	6,500	<0.1	3.00
	Sharp-tailed Grouse	1,500	<0.1	3.00
Resident Hunting	Deer	8,911,200	13.6	24.00
	Conservation Patron	7,171,700	10.9	165.00
	Sports	3,676,500	5.6	60.00
	Archer	3,384,500	5.2	24.00
	Bonus Deer	1,434,000	2.2	12.00
	Small Game	1,357,100	2.1	18.00
	Wild Turkey	1,357,000	2.1	15.00
	Youth Conservation Patron	228,200	0.3	75.00
	Youth Small Game	163,300	0.2	9.00
	Bear (Harvest)	154,200	0.2	49.00
	Youth Sports	152,600	0.2	35.00
	Bear (Pursuit)	125,600	0.2	14.00
	Senior Small Game	80,400	0.1	9.00
	Trapping	75,300	0.1	20.00
Nonresident Hunting	Deer	5,315,100	8.1	160.00
	Archer	1,192,400	1.8	160.00
	Annual Small Game	513,300	0.8	85.00
	Turkey License	236,700	0.4	60.00
	Five-Day Small Game	191,400	0.3	55.00
	Bonus Deer Tags	170,600	0.3	20.00
	Sports	107,100	0.2	275.00
	Bear (Pursuit)	46,100	0.1	110.00
	Conservation Patron	27,200	<0.1	600.00
	Bear (Harvest)	23,100	<0.1	251.00
	Youth Conservation Patron	22,400	<0.1	77.00
	Furbearing Animal	7,300	<0.1	160.00
	Youth Sports	3,000	<0.1	36.00

User Fee Type	License	FY 2004-05 Revenues	Percentage of Total Revenue	Fee as of July 2005
Hunting Stamps	Wild Turkey	\$ 500,000	0.8%	\$ 5.25
	Waterfowl	395,600	0.6	7.00
	Pheasants	243,200	0.4	10.00
Other Hunting	Reserve Deer Back Tag Number Fee	13,200	<0.1	5.00
Commercial Hunting	Game Farm	129,300	0.2	Varies
Hunting Subtotal		38,461,400	58.7	
Resident Fishing	Annual	9,158,500	14.0	20.00
	Husband and Wife	3,291,300	5.0	31.00
	Senior or Youth	1,014,600	1.5	7.00
	Sturgeon Spearing	201,200	0.3	20.00
	Disabled	85,400	0.1	7.00
Nonresident Fishing	Annual	4,350,700	6.6	50.00
	Four-Day	2,456,900	3.7	24.00
	Annual Family	2,103,100	3.2	65.00
	Fifteen-Day	779,700	1.2	28.00
	Fifteen-Day Family	570,400	0.9	40.00
	Sturgeon Spearing	9,800	<0.1	65.00
Fishing Stamps	Great Lakes Trout and Salmon	1,344,800	2.1	10.00
	Inland Waters Trout	996,800	1.5	10.00
Other Fishing	Two-Day Great Lakes	580,600	0.9	14.00
	Set Line	5,200	<0.1	11.00
	Set or Bank Pole	1,300	<0.1	3.00
Commercial Fishing	Fishing	129,700	0.2	Varies
Fishing Subtotal		27,080,000	41.3	
Total FY 2004-05 License and Stamp Revenues		\$65,541,400	100.0%	

¹ The fees shown include the wildlife damage surcharge. The number of licenses sold in FY 2004-05 cannot be determined from these data because FY 2004-05 revenues reflect an earlier fee structure and exclude the portion of fees retained by vendors to cover the cost of selling licenses.

Appendix 2

Department of Natural Resources Organization Chart



= Recipients of fish and wildlife funds

Bold = Primary recipient of fish and wildlife funds

Appendix 3

Wisconsin Fish and Wildlife Expenditures by Purpose
FY 2004-05

Activity	Description	Funding Source								Total
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp	Other Accounts	
Resource Management and Education										
<i>Game Population Management</i>	Chronic wasting disease	-	\$1,783,211	\$ 1,178	-	-	\$3,496,577	-	-	\$5,280,966
	Propagation and stocking of sport fish	-	1,018,087	20,332	-	\$ 16,591	3,400,958	\$773,210	-	5,229,178
	Habitat protection	-	-	-	\$1,768,074	1,064,503	372,440	-	\$ 330,379	3,535,396
	Hunting enforcement	-	23	-	-	-	3,491,981	-	-	3,492,004
	Fishing enforcement	-	860,472	-	-	-	2,536,612	-	-	3,397,084
	Treaty management	-	304,132	-	23,591	128,300	816,535	-	-	1,272,558
	Deer program	-	424,109	-	-	-	573,490	-	-	997,599
	Turkey program	-	926	10,452	-	967	270,308	606,014	-	888,667
	Bird hunting programs	-	8,374	11,271	-	18,369	573,474	185,067	-	796,555
	Car kill deer	-	-	-	375,495	-	417,026	-	-	792,521
	Hunting and fishing enforcement	-	-	5,472	-	-	763,378	-	-	768,850
	Developing and managing hunting regulations	-	116,581	-	24,160	17,514	598,959	-	-	757,214
	Animal health issues	-	296,449	62	13,862	7,296	222,375	-	687	540,731
	Commercial catch monitoring	-	8,625	-	140,173	-	244,756	-	-	393,554
	Waterfowl program	-	97,151	12,253	-	33,234	227,124	8,646	-	378,408
	Regulation evaluation	-	287,147	-	-	-	48,458	-	-	335,605
	Stocking evaluation	-	205,145	2,100	-	-	40,232	21,769	-	269,246
	Elk program	-	-	3,762	-	99,400	75,637	-	-	178,799
	Invasive species control	-	5,189	4,881	16,435	-	41,148	-	90,767	158,420
	Trapping program	-	24,346	4,571	-	36,780	61,600	-	-	127,297
	Conservation patrons	-	1,039	-	-	1,086	75,464	-	-	77,589
	Bear program	-	14,534	-	-	170	27,494	-	-	42,198
	Subtotal	-	5,455,540	76,334	2,361,790	1,424,210	18,376,026	1,594,706	421,833	29,710,439

Activity	Description	Funding Source								Total
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp	Other Accounts	
Resource Management and Education <i>(continued)</i>										
<i>Basic Program Services</i>	Law enforcement	–	–	–	–	–	\$5,652,554	–	–	\$ 5,652,554
	Fisheries management	–	\$ 66,063	\$ 693	\$ 43,068	\$ 506	4,453,956	\$ 69,254	\$ 7,255	4,640,795
	Wildlife management	–	220,195	–	–	–	265,305	–	–	485,500
	Subtotal	–	286,258	693	43,068	506	10,371,815	69,254	7,255	10,778,849
<i>Licensing Administration</i>	Customer service and license processing	–	76,073	–	54	79,490	5,454,593	–	–	5,610,210
<i>Wildlife Damage Aids</i>	Payments to farmers and landowners	–	–	–	–	–	3,310,982	–	–	3,310,982
	Wildlife nuisance response	–	–	680	–	–	706,820	–	–	707,500
	Subtotal	–	–	680	–	–	4,017,802	–	–	4,018,482
<i>Bureau Administration</i>	Bureau administration	–	599,940	–	(4,789)	3,013	3,047,637	–	–	3,645,801
<i>Ecological Assessment and Evaluation</i>	Population surveys	–	2,249,279	3,970	92,591	–	506,772	198,851	10,357	3,061,820
	Habitat studies	–	364,368	–	1,982	–	35,608	–	2,633	404,591
	Subtotal	–	2,613,647	3,970	94,573	–	542,380	198,851	12,990	3,466,411
<i>Education and Safety Programs</i>	Hunter education	–	953,520	24,658	–	–	252,180	–	–	1,230,358
	Public outreach	–	94,177	15,475	1,957	–	292,335	–	653,792	1,057,736
	Aquatic education	–	359,784	296	30,531	11,168	62,440	1,585	261,930	727,734
	Subtotal	–	1,407,481	40,429	32,488	11,168	606,955	1,585	915,722	3,015,828
<i>Multipurpose Projects</i>	Integrated ecosystems and other similar projects	–	342,302	–	11,256	73,946	1,017,879	–	44,448	1,489,831
	Payments to counties in lieu of property taxes	–	–	–	–	–	302,720	–	–	302,720
	Public safety enforcement	–	–	5,003	122,438	–	31,715	–	–	159,156
	Grants to communities and organizations	–	–	–	–	–	91,699	–	–	91,699
	Subtotal	–	342,302	5,003	133,694	73,946	1,444,013	–	44,448	2,043,406

Activity	Description	Funding Source								Total
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp	Other Accounts	
Resource Management and Education <i>(continued)</i>										
<i>Wildlife Education</i>	Education programs for youth and adults	–	\$ 22,372	\$ 11,197	–	–	\$1,008,975	–	–	\$ 1,042,544
Habitat Development and Land Acquisition										
<i>Land Acquisition</i>	Wildlife management	\$ 8,473,190	973,800	–	\$ 59	\$ 990,439	1,352,290	–	–	11,789,778
	Fisheries management	8,161,709	1,064,756	–	–	121,193	396,070	–	–	9,743,728
	Related to both wildlife and fisheries	57,875	–	–	–	–	355,657	–	–	413,532
	Other	–	20,908	–	–	–	134,895	–	–	155,803
	Subtotal	16,692,774	2,059,464	–	59	1,111,632	2,238,912	–	–	22,102,841
<i>Facilities and Land Maintenance</i>	General facilities and land maintenance	–	1,095,107	866	134,703	23,676	1,296,897	\$146,556	–	2,697,805
	Fish hatcheries	197,504	68,429	11,139	7,935	25,535	500,195	4,752	\$ 4	815,493
	Water-related	88,799	61,834	–	9,241	6,292	409,746	–	106,756	682,668
	Land-related	99,359	64,340	–	450	14,765	134,148	–	–	313,062
	Subtotal	385,662	1,289,710	12,005	152,329	70,268	2,340,986	151,308	106,760	4,509,028
<i>Fish Habitat Development</i>	Creating and restoring fish habitat	–	557,744	79,366	69,974	178,942	1,305,436	1,254,901	9,344	3,455,707
<i>Animal Habitat Development</i>	Wetlands restoration and maintenance	–	587,618	334	253,675	137,870	646,319	157,356	121,552	1,904,724
	Wetlands and grasslands restoration and maintenance	–	35,382	5,091	–	30,817	354,796	190,514	–	616,600
	Grasslands restoration and maintenance	–	79,438	11,317	–	24,181	362,943	–	–	477,879
	Forest restoration and maintenance	–	56,035	13,778	–	1,941	102,543	–	–	174,297
	Subtotal	–	758,473	30,520	253,675	194,809	1,466,601	347,870	121,552	3,173,500

Activity	Description	Funding Source							Total	
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp		Other Accounts
Habitat Development and Land Acquisition <i>(continued)</i>										
<i>Public Access</i>	Boating access	\$ 329,409	\$ 1,173,635	\$ 954	\$ 3,693	–	\$213,891	–	–	\$1,721,582
	Hunting-related public access	–	–	22,736	–	\$ 9,758	55,073	–	–	87,567
	Fishing piers	–	58,628	192	–	–	6,157	–	–	64,977
	Other fishing-related public access	–	51,784	–	–	–	405	–	–	52,189
	Subtotal	329,409	1,284,047	23,882	3,693	9,758	275,526	–	–	1,926,315
<i>Capital Development</i>	Facilities development projects	1,007,874	–	–	–	–	307,712	–	–	1,315,586
	Grants to communities and organizations	–	–	–	–	–	19,411	–	–	19,411
	Road and parking lot construction	–	–	–	–	–	4,159	–	–	4,159
	Subtotal	1,007,874	–	–	–	–	331,282	–	–	1,339,156
Administrative Costs— Department Administration	Department administration and support services	–	905,095	–	25,121	(21,218)	6,447,479	–	–	7,356,477
Administrative Costs— Division Administration	Division administration	–	–	–	13,701	–	1,079,541	–	–	1,093,242
Debt Service	Repayment of principal on bonds	–	–	–	3,608,133	–	483,624	–	–	4,091,757
	Payment of interest on bonds	–	–	–	1,614,697	–	395,739	–	–	2,010,436
	Subtotal	–	–	–	5,222,830	–	879,363	–	–	6,102,193
Research										
<i>Animal and Fish Studies</i>	Game assessments	–	927,361	–	–	–	399,915	–	–	1,327,276
	Other wildlife evaluations	–	565,110	–	–	–	194,067	–	–	759,177
	Subtotal	–	1,492,471	–	–	–	593,982	–	–	2,086,453

Activity	Description	Funding Source							Total	
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp		Other Accounts
Research (continued)										
<i>Environmental Studies</i>	Environmental assessments and evaluations	–	\$ 402,301	\$ 1,490	\$ 221	–	\$ 320,528	–	\$ 25	\$ 724,565
Activities That Did Not Directly Benefit Hunters and Anglers										
<i>Endangered Species</i>	Other endangered species and resources	–	108,523	–	–	\$ 15,367	286,522	–	–	410,412
	Prairie chicken	–	–	–	–	–	224,257	–	–	224,257
	Crane	–	–	–	–	–	49,392	–	–	49,393
	Eagle	–	–	–	–	–	23,064	–	–	23,064
	Wolf	–	–	–	–	–	17,855	–	–	17,855
	Swan	–	–	–	–	–	13,994	–	–	13,994
	Butterfly	–	–	–	–	–	10,597	–	–	10,597
	Subtotal	–	108,523	–	–	15,367	625,682	–	–	749,572
<i>Assistance to Other Bureaus</i>	Forestry	–	720	–	–	139	433,482	–	–	434,341
	Other bureaus	–	–	–	–	–	67,518	–	–	67,518
	Office of Energy	–	–	–	–	–	58,314	–	–	58,314
	Watershed management	–	–	–	–	–	46,102	–	–	46,102
	Parks and recreation	–	2,378	–	–	–	37,410	–	–	39,788
	Waste management	–	3,693	–	–	–	15,774	–	–	19,467
	Air management	–	–	–	–	–	7,279	–	–	7,279
	Drinking water and groundwater	–	–	–	–	–	6,156	–	–	6,156
	Subtotal	–	6,791	–	–	139	672,035	–	–	678,965
<i>Special Wildlife Activities</i>	Watchable wildlife	–	\$ 159,619	–	–	123	57,465	–	–	217,207
	Relocation, pollution, and other special projects	–	–	–	–	–	3,243	–	–	3,243
	Subtotal	–	159,619	–	–	123	60,708	–	–	220,450

Activity	Description	Funding Source								Total
		Bonding	Federal Aid	Gifts and Grants	GPR	PR ¹	SEG ²	Stamp	Other Accounts	
Activities That Did Not Directly Benefit Hunters and Anglers <i>(continued)</i>										
<i>Recreational activities</i>	ATV	-	\$ 2,253	-	-	\$ 1,810	\$ 98,298	-	-	\$ 102,361
	Snowmobiling	-	-	-	-	-	78,069	-	-	78,069
	Subtotal	-	2,253	-	-	1,810	176,367	-	-	180,430
<i>Environmental Enforcement</i>	Investigating environmental complaints	-	-	-	-	-	92,462	-	-	92,462
Other										
<i>Staff Training</i>	Costs for training and similar activities	-	86,108	\$ 18,450	\$ 13,658	472	494,446	-	\$ 970	614,104
<i>Homeland Security</i>	Homeland security assistance	-	7,743	-	135,858	-	25,595	-	-	169,196
<i>FEMA Assistance</i>	Federal Emergency Management Assistance	-	-	-	1,017	-	140,257	-	-	141,274
<i>Comprehensive Planning Assistance</i>	Land use planning assistance to communities	-	218	-	-	-	108,008	-	-	108,226
	Subtotal	-	94,069	18,450	150,533	472	768,306	-	970	1,032,800
Total Expenditures by Activity Type		\$18,415,719	\$19,924,173	\$304,019	\$8,553,014	\$3,154,435	\$64,545,392	\$3,618,475	\$1,640,899	\$120,156,126

¹ Expenditures funded with revenue generated by equipment rental and sale of goods and services.

² Expenditures funded by fishing and hunting license fees, investment income, and other revenue deposited to the Fish and Wildlife Account.

Appendix 4

Wisconsin Fish and Wildlife Expenditures Funded by User Fees
FY 2004-05

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Primarily Benefiting Hunters and Anglers					
<i>Game Population Management</i>	Propagation and stocking of sport fish	\$ 3,400,958	\$ 773,210	\$ 4,174,168	6.1%
	Chronic wasting disease	3,496,577	–	3,496,577	5.1
	Hunting enforcement	3,491,981	–	3,491,981	5.1
	Fishing enforcement	2,536,612	–	2,536,612	3.7
	Turkey program	270,308	606,014	876,322	1.3
	Treaty management	816,535	–	816,535	1.2
	Hunting and fishing enforcement	763,378	–	763,378	1.1
	Bird hunting programs	573,474	185,067	758,541	1.1
	Developing and managing hunting regulations	598,959	–	598,959	0.9
	Deer program	573,490	–	573,490	0.8
	Car kill deer	417,026	–	417,026	0.6
	Habitat protection	372,440	–	372,440	0.5
	Commercial catch monitoring	244,756	–	244,756	0.4
	Waterfowl program	227,124	8,646	235,770	0.3
	Animal health issues	222,375	–	222,375	0.3
	Elk program	75,637	–	75,637	0.1
	Conservation patrons	75,464	–	75,464	0.1
	Stocking evaluation	40,232	21,769	62,001	0.1
	Trapping program	61,600	–	61,600	0.1
	Regulation evaluation	48,458	–	48,458	0.1
	Invasive species control	41,148	–	41,148	0.1
	Bear program	27,494	–	27,494	<0.1
	Subtotal	18,376,026	1,594,706	19,970,732	29.3

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Primarily Benefiting Hunters and Anglers					
<i>(continued)</i>					
<i>Licensing Administration</i>	Customer service and license processing	\$ 5,454,593	–	\$ 5,454,593	8.0%
<i>Wildlife Damage Aids</i>	Payments to farmers and landowners	3,310,982	–	3,310,982	4.9
	Wildlife nuisance response	706,820	–	706,820	1.0
	Subtotal	4,017,802	–	4,017,802	5.9
<i>Bureau Administration</i>	Bureau administration	3,047,637	–	3,047,637	4.5
<i>Fish Habitat Development</i>	Creating and restoring fish habitat	1,305,436	\$1,254,901	2,560,337	3.7
<i>Animal Habitat Development</i>	Wetlands restoration and maintenance	646,319	157,356	803,675	1.2
	Wetlands and grasslands restoration and maintenance	354,796	190,514	545,310	0.8
	Grasslands restoration and maintenance	362,943	–	362,943	0.5
	Forest restoration and maintenance	102,543	–	102,543	0.1
	Subtotal	1,466,601	347,870	1,814,471	2.6
<i>Ecological Assessment and Evaluation</i>	Population surveys	506,772	198,851	705,623	1.0
	Habitat studies	35,608	–	35,608	0.1
	Subtotal	542,380	198,851	741,231	1.1
<i>Education and Safety Programs</i>	Public outreach	292,335	–	292,335	0.4
	Hunter education	252,180	–	252,180	0.4
	Aquatic education	62,440	1,585	64,025	0.1
	Subtotal	606,955	1,585	608,540	0.9
<i>Research—Animal and Fish Studies</i>	Game assessments	399,915	–	399,915	0.6
	Other wildlife evaluations	194,067	–	194,067	0.3
	Subtotal	593,982	–	593,982	0.9

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Primarily Benefiting Hunters and Anglers					
<i>(continued)</i>					
<i>Public Access</i>	Boating access	\$ 213,891	–	\$ 213,891	0.3%
	Hunting-related public access	55,073	–	55,073	0.1
	Fishing piers	6,157	–	6,157	<0.1
	Other fishing-related public access	405	–	405	<0.1
	Subtotal	275,526	–	275,526	0.4
Benefiting Hunters, Anglers, and Other Users					
<i>Basic Program Services</i>	Law enforcement	5,652,554	–	5,652,554	8.3
	Fisheries management	4,453,956	\$ 69,254	4,523,210	6.6
	Wildlife management	265,306	–	265,306	0.4
	Subtotal	10,371,816	69,254	10,441,070	15.3
<i>Facilities and Land Maintenance</i>	General facilities and land maintenance	1,296,897	146,556	1,443,453	2.1
	Fish hatcheries	500,195	4,752	504,947	0.7
	Water-related	409,746	–	409,746	0.6
	Land-related	134,148	–	134,148	0.2
	Subtotal	2,340,986	151,308	2,492,294	3.6
<i>Land Acquisition</i>	Wildlife management	1,352,290	–	1,352,290	2.0
	Fisheries management	396,070	–	396,070	0.6
	Related to both wildlife and fisheries	355,657	–	355,657	0.5
	Other	134,895	–	134,895	0.2
	Subtotal	2,238,912	–	2,238,912	3.3

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Benefiting Hunters, Anglers, and Other Users <i>(continued)</i>					
<i>Multipurpose Projects</i>	Integrated ecosystems and other similar projects	\$1,017,879	–	\$1,017,879	1.5%
	Payments to counties in lieu of property taxes	302,720	–	302,720	0.4
	Grants to communities and organizations	91,699	–	91,699	0.1
	Public safety enforcement	31,715	–	31,715	<0.1
	Subtotal	1,444,013	–	1,444,013	2.1
<i>Wildlife Education</i>	Education programs for youth and adults	1,008,975	–	1,008,975	1.5
<i>Debt Service</i>	Repayment of principal on bonds	483,624	–	483,624	0.7
	Payment of interest on bonds	395,739	–	395,739	0.6
	Subtotal	879,363	–	879,363	1.3
<i>Other</i>	Staff training and similar activities	494,446	–	494,446	0.7
	FEMA assistance	140,257	–	140,257	0.2
	Comprehensive planning assistance	108,008	–	108,008	0.2
	Homeland security	25,595	–	25,595	<0.1
	Subtotal	768,306	–	768,306	1.1
<i>Capital Development</i>	Facilities development projects	307,712	–	307,712	0.5
	Grants to communities and organizations	19,411	–	19,411	<0.1
	Road and parking lot construction	4,159	–	4,159	<0.1
	Subtotal	331,282	–	331,282	0.5
<i>Research</i>	Environmental studies	320,528	–	320,528	0.5

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Administrative Costs					
<i>Department Administration</i>	Department administration and support services	\$6,447,479	–	\$6,447,479	9.5%
<i>Division Administration</i>	Division administration	1,079,541	–	1,079,541	1.6
	Subtotal	7,527,020	–	7,527,020	11.1
Did Not Directly Benefit Hunters and Anglers					
<i>Assistance to Other Bureaus</i>	Forestry	433,482	–	433,482	0.6
	Other bureaus	67,518	–	67,518	0.1
	Office of Energy	58,314	–	58,314	0.1
	Watershed management	46,102	–	46,102	0.1
	Parks and recreation	37,410	–	37,410	0.1
	Waste management	15,774	–	15,774	<0.1
	Air management	7,279	–	7,279	<0.1
	Drinking water and groundwater	6,156	–	6,156	<0.1
	Subtotal	672,035	–	672,035	1.0
<i>Endangered Species</i>	Other endangered species and resources	286,522	–	286,522	0.4
	Prairie chicken	224,257	–	224,257	0.3
	Crane	49,393	–	49,393	0.1
	Eagle	23,064	–	23,064	<0.1
	Wolf	17,855	–	17,855	<0.1
	Swan	13,994	–	13,994	<0.1
	Butterfly	10,597	–	10,597	<0.1
	Subtotal	625,682	–	625,682	0.9
<i>Recreational Activities</i>	ATV	98,298	–	98,298	0.2
	Snowmobiling	78,069	–	78,069	0.1
	Subtotal	176,367	–	176,367	0.3

Activity	Description	SEG ¹	Stamp	Total Expenditures	Percentage of Total Expenditures
Did Not Directly Benefit Hunters and Anglers					
<i>(continued)</i>					
<i>Environmental Enforcement</i>	Investigating environmental complaints	\$ 92,462	–	\$ 92,462	0.1%
<i>Special Wildlife Activities</i>	Watchable wildlife	57,465	–	57,465	0.1
	Relocation, pollution, and other special projects	3,243	–	3,243	<0.1
	Subtotal	60,708	–	60,708	0.1
Total Expenditures Funded by User Fees		\$64,545,392	\$3,618,475	\$68,163,867	100.0%

¹ Expenditures funded by fishing and hunting license fees, investment income, and other revenue deposited to the Fish and Wildlife Account.

Appendix 5

All States' Funding Sources for Fish and Wildlife Activities¹
 FY 2004-05

	Total Revenue	User Fees	Percentage of Total	Federal Aid	Percentage of Total	General Revenue	Percentage of Total	Other Revenue	Percentage of Total
Alabama	\$26,971,000	\$12,800,000	47.5%	\$ 8,738,000	32.4%	–	–	\$ 5,433,000	20.1%
Alaska	61,965,500	23,715,700	38.3	37,585,300	60.7	\$ 316,300	0.5%	348,200	0.5
Arizona	62,700,100	20,570,200	32.8	24,142,300	38.5	–	–	17,987,600	28.7
Arkansas	55,769,000	17,700,000	31.7	9,653,000	17.3	23,862,000	42.8	4,554,000	8.2
California	86,892,000	73,400,000	84.5	10,000,000	11.5	1,700,000	1.9	1,792,000	2.1
Colorado	86,978,700	60,654,400	69.7	20,735,400	23.9	–	–	5,588,900	6.4
Connecticut	11,407,200	4,500,000	39.4	4,300,000	37.7	–	–	2,607,200	22.9
Delaware	12,670,000	4,500,000	35.5	4,300,000	34.0	1,800,000	14.2	2,070,000	16.3
Florida	83,345,000	12,100,000	14.5	7,800,000	9.4	28,400,000	34.1	35,045,000	42.0
Georgia	68,555,000	17,000,000	24.8	9,500,000	13.9	38,000,000	55.4	4,055,000	5.9
Hawaii	8,066,500	684,000	8.5	4,103,000	50.8	3,200,000	39.7	79,500	1.0
Idaho	63,600,000	30,000,000	47.2	10,800,000	17.0	–	–	22,800,000	35.8
Illinois	39,320,000	25,370,000	64.5	6,998,500	17.8	–	–	6,951,500	17.7
Indiana	34,944,500	15,900,000	45.5	7,500,000	21.5	8,563,200	24.5	2,981,300	8.5
Iowa	40,200,000	25,800,000	64.2	10,195,000	25.4	–	–	4,205,000	10.4
Kansas	31,307,600	17,545,000	56.0	10,472,200	33.5	–	–	3,290,400	10.5
Kentucky	43,659,600	21,685,800	49.7	9,337,400	21.4	–	–	12,636,400	28.9
Louisiana	43,491,300	17,185,100	39.5	22,797,000	52.4	–	–	3,509,200	8.1
Maine	19,300,000	10,000,000	51.8	4,200,000	21.8	1,000,000	5.2	4,100,000	21.2
Maryland	24,175,300	9,095,600	37.6	8,374,900	34.6	3,425,500	14.2	3,279,300	13.6
Massachusetts	12,168,000	6,800,000	55.9	4,140,000	34.0	–	–	1,228,000	10.1
Michigan	72,850,600	49,420,600	67.8	20,840,500	28.6	1,891,100	2.6	698,400	1.0
Minnesota	87,489,000	56,469,000	64.6	18,400,000	21.0	1,956,000	2.2	10,664,000	12.2
Mississippi	33,893,000	9,000,000	26.5	9,451,000	27.9	8,700,000	25.7	6,742,000	19.9
Missouri	157,119,600	30,682,400	19.5	19,198,700	12.2	96,524,700	61.5	10,713,800	6.8

	Total Revenue	User Fees	Percentage of Total	Federal Aid	Percentage of Total	General Revenue	Percentage of Total	Other Revenue	Percentage of Total
Montana	\$51,195,000	\$ 38,000,000	74.2%	\$12,000,000	23.5%	–	–	\$1,195,000	2.3%
Nebraska	22,369,500	9,800,000	43.8	8,400,000	37.6	\$ 1,077,000	4.8%	3,092,500	13.8
Nevada	21,781,400	6,888,700	31.6	9,028,400	41.5	698,600	3.2	5,165,700	23.7
New Hampshire	23,351,200	9,895,100	42.4	6,701,200	28.7	–	–	6,754,900	28.9
New Jersey	16,600,000	11,600,000	69.9	4,300,000	25.9	–	–	700,000	4.2
New Mexico	28,705,000	17,000,000	59.2	9,500,000	33.1	180,000	0.6	2,025,000	7.1
New York	59,457,800	35,998,200	60.6	16,179,100	27.2	5,778,700	9.7	1,501,800	2.5
North Carolina	43,167,500	14,500,000	33.6	8,500,000	19.7	15,000,000	34.7	5,167,500	12.0
North Dakota	21,350,000	11,400,000	53.4	9,100,000	42.6	–	–	850,000	4.0
Ohio	54,420,900	36,648,500	67.4	12,256,300	22.5	–	–	5,516,100	10.1
Oklahoma	32,787,300	16,421,600	50.1	11,530,800	35.2	–	–	4,834,900	14.7
Oregon	110,560,000	50,000,000	45.2	48,590,000	43.9	5,360,000	4.8	6,610,000	6.1
Pennsylvania	101,619,500	54,865,000	54.0	20,499,800	20.2	–	–	26,254,700	25.8
Rhode Island	8,700,000	1,750,000	20.1	6,000,000	69.0	675,000	7.8	275,000	3.1
South Carolina	55,880,400	13,178,700	23.6	5,986,200	10.7	22,003,400	39.4	14,712,100	26.3
South Dakota	34,200,000	24,900,000	72.8	7,000,000	20.5	–	–	2,300,000	6.7
Tennessee	57,949,400	25,718,700	44.4	14,573,500	25.1	–	–	17,657,200	30.5
Texas	124,615,100	81,447,800	65.4	35,034,800	28.1	–	–	8,132,500	6.5
Utah	45,856,900	24,011,800	52.3	15,083,600	32.9	3,656,100	8.0	3,105,400	6.8
Vermont	15,550,000	5,400,000	34.7	4,341,000	27.9	1,982,000	12.8	3,827,000	24.6
Virginia	43,700,000	17,200,000	39.4	10,300,000	23.6	15,000,000	34.3	1,200,000	2.7
Washington	86,372,400	28,673,700	33.2	38,535,700	44.6	507,100	0.6	18,655,900	21.6
West Virginia	24,228,300	15,119,600	62.4	7,853,800	32.4	200,000	0.8	1,054,900	4.4
Wisconsin ²	96,229,400	65,541,400	68.1	17,438,900	18.1	3,702,900	3.9	9,546,200	9.9
Wyoming	44,078,400	30,512,100	69.2	9,782,900	22.2	–	–	3,783,400	8.6
Average	49,871,300	24,381,000	48.9	13,041,600	26.2	5,903,100	11.8	6,545,600	13.1

¹ Based on reported revenues for FY 2004-05, excluding revenues for capital building projects and land acquisition, commercial fisheries, saltwater fisheries, and state parks. Because states' fiscal years may begin in April, July, September, or October, the information shown does not represent identical 12-month periods.

² Excludes \$6.1 million in GPR for debt service related to capital projects.

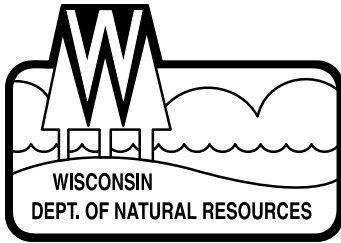
Appendix 6

All States' Secondary Funding Sources for Fish and Wildlife Activities¹
 FY 2004-05

	Non-License Fee Sales Revenues	Transportation- Related Revenues	Grants and Donations	Revenues from Fines, Damages, and Mitigation Requirements	Other Sources
Alabama	■	■	■	■	■
Alaska	■		■		
Arizona	■	■	■		■
Arkansas	■	■	■	■	■
California	■		■	■	
Colorado	■		■		■
Connecticut	■	■	■	■	
Delaware	■	■	■	■	■
Florida	■	■	■	■	■
Georgia	■	■			■
Hawaii	■		■	■	■
Idaho		■	■	■	
Illinois	■	■		■	■
Indiana		■			■
Iowa	■	■	■	■	■
Kansas	■	■	■	■	■
Kentucky	■	■	■	■	■
Louisiana		■		■	
Maine	■	■	■	■	
Maryland	■	■	■		
Massachusetts	■	■	■	■	■
Michigan				■	
Minnesota	■	■	■	■	■
Mississippi	■	■		■	
Missouri	■		■	■	■
Montana	■	■	■	■	■
Nebraska	■	■	■	■	■
Nevada	■	■	■	■	■
New Hampshire	■	■			
New Jersey		■	■	■	

	Non-License Fee Sales Revenues	Transportation- Related Revenues	Grants and Donations	Revenues from Fines, Damages, and Mitigation Requirements	Other Sources
New Mexico	■	■		■	■
New York			■	■	■
North Carolina	■	■		■	■
North Dakota		■	■		
Ohio		■		■	■
Oklahoma	■	■	■	■	■
Oregon			■	■	■
Pennsylvania	■	■		■	■
Rhode Island	■		■		
South Carolina	■	■	■	■	
South Dakota	■	■		■	■
Tennessee	■	■	■	■	■
Texas	■	■	■	■	■
Utah		■	■		
Vermont	■	■	■	■	■
Virginia	■	■	■		
Washington	■	■	■	■	■
West Virginia	■	■		■	■
Wisconsin	■		■	■	■
Wyoming	■	■	■		■
Average Percentage of Revenue	2.7%	5.5%	2.0%	2.2%	5.4%
Wisconsin Percentage of Revenue	4.2	0.0	0.5	0.4	4.7

¹ Based on revenues reported by each state for its most recently completed fiscal year at the time of our January 2006 survey.



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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May 30, 2006

Janice Mueller, State Auditor
22 E. Mifflin St., Ste. 500
Madison, WI 53703

Subject: Legislative Audit Bureau Audit of the Fish and Wildlife Account of the Conservation Fund

Dear Ms. Mueller:

Thank you for the opportunity to comment on the audit report addressing the Fish and Wildlife Account of the Conservation Fund. We believe the audit furthers our mutual goal of increased understanding of the funding of fish and wildlife programs and related policy issues.

We felt the audit was thoughtful and well done. We found a number of items of interest in the audit, such as the following:

- 97.6% of fish and wildlife user fee expenditures benefited hunters and anglers in 2004-05. The 2.4% portion of spending that did not “directly benefit hunters and anglers” was spent on things such as endangered resources surveys necessary to be eligible for federal fish and wildlife funding and cooperative efforts with Forestry to fight forest fires.
- Overall administrative spending, at 11.1% was 31% below the statutorily established 16% cap. In FY 1996-97 expenditures for the category of Department Administration at \$7.9 million represented 15.7% of user fee expenditures. 2004-05 spending in this category at \$6.4 million represents 9.5% of all user fee expenditures.
- \$21.0 million in non-license revenues contributed toward activities that primarily benefit hunters and anglers.
- The audit found that Wisconsin relies more heavily on user fees to fund fish and wildlife activities than other states, where state General Fund revenues and alternate revenue sources fund a larger proportion of these expenditures.
- The audit found that DNR adequately accounts for expenditures of gifts and donations and that restricted funds, such as stamps, were spent consistent with statutory requirements.

Fish and Wildlife Account Revenues Produce a Variety of Opportunities for Hunters and Anglers

- Wisconsin ranks fifth nationally in individual hunting license holders and fourth in the number of individual fishing license holders.
- 1.4 million anglers enjoy 22 million days fishing in Wisconsin and catch 69 million fish, 31 million of them keepers.
- 3/4 of a million hunters enjoy 9 million days of hunting in Wisconsin hunting 55 different species.
- Wisconsin's habitats support an annual harvest of more than 55,000 turkeys, a species DNR reintroduced a few short decades ago.
- Wisconsin's habitats support an annual harvest of more than 400,000 white-tailed deer, consistently in the top two or three harvests in the nation.
- DNR manages more than 1.5 million acres for hunting and outdoor recreation. Annually DNR also acquires, builds and maintains boat landings for anglers.

Report Recommendations

We agree with the recommendations included in the report and offer the following comments on each:

1. In regard to the use of basic program services as a time reporting category, the audit indicates that the percentage of staff time coded to the basic program services category has declined from 22% in 1998 to 14% in 2005. The Department maintains its goal of reducing this category to 10% and will continue efforts toward achieving this goal. We can report to the Committee by January 1, 2007 with the results of our efforts in this regard. However it may be more useful to provide this report by July 31, 2007 to allow one full year's experience for reporting purposes.
2. In regards to the use of project planning, project budgets and project outcomes, each of our Fish and Wildlife bureaus currently have project/workplanning systems in place which annually distribute resources for specific priority projects. We track those expenditures through our accounting system.

However, we understand the concerns of the Legislative Audit Bureau and would like to work with LAB to gain a better understanding of their experiences with effective systems currently in place in other state agencies, and build an improved system. We will report to the Committee by January 1, 2007 with the results of our efforts in this regard.

Clarification of Certain Topical Areas In the Audit

There are a few topical areas within the audit on which the Department would like to take this opportunity to provide additional information.

Accounting for Administrative costs-- The audit points out that total administrative costs were at 11.1% of fish and wildlife user fee expenditures in 2004-05. This is well below the 16% statutory limit. Expenditures for the specific category of Department Administration, which includes things such as

accounting, human resources, information technology and rent fell from \$7.9 million in FY 1996-97 to \$6.4 million in 2004-05. That represents about a 19% decrease in spending despite increased salary costs. This reduction was associated with the original implementation of the 16% administrative cap in FY 2001 (\$320,000) and a 2004-05 budget reduction of \$2.0 million as part of a Fish and Wildlife fee package.

In FY 1996-97 expenditures for the category of Department Administration at \$7.9 million represented 15.7% of user fee expenditures. 2004-05 spending in this category at \$6.4 million represents 9.5% of all user fee expenditures.

The audit describes two failed Legislative attempts to establish a different definition of “administrative spending” within the current 16% cap. In addition to the two current administrative categories of “Department Administration and Division Administration” the proposed modification would have added “Bureau Administration and Licensing Administration”. These two categories were not added in the past because they were not viewed as administrative in nature. Functions performed by these categories include:

Bureau Administration-- represents costs associated with direct program supervisors in the fish, wildlife and enforcement bureaus. Examples would include: warden field supervisors, supervisors of field wildlife biologists and technicians, and similar supervisors in fisheries. These are all working supervisors and clearly not support or administrative in nature. These expenditures have been categorized by the audit as primarily benefiting hunters and anglers.

Licensing Administration-- represents costs associated with delivering licenses and permits to hunters and anglers. These costs include basic operation of the Automated License Issuance System (ALIS). This system is used to gather information which is directly used in all of our enforcement and resource management activities. Staff in this program also works directly with hunters and anglers to answer questions and provide needed information ranging from explaining regulations to helping them locate information on public hunting grounds. Staff responded to more than 58,025 telephone calls throughout the month of November with 20,065 calls received the week prior to the 9-day deer season. These expenditures have been categorized by the audit as primarily benefiting hunters and anglers.

Fish and Wildlife Account Activity-- The audit describes the balance in the Fish and Wildlife Account declining from \$28.3 million in 2000-01 to \$954,000 in 2004-05. A variety of factors contributed to establishing this balance and to the drawdown of the balance. However, the overriding explanation is that account balances have a normal life cycle. Balances in accounts are higher in the early years after a fee increase to cover projected expenditures over a period of years and then decline as that fee cycle reaches its end and a new fee increase must be sought. **The balance identified in the audit allowed the Department to go seven years without a fee increase. That is almost double the length of the normal fee cycle.** Other contributing factors included:

Factors that increased the opening balance:

- 1998-99 was the first year of ALIS so the account did experience a one-time bump of \$10-\$12 million in revenues due to expedited revenue collections.
- 1997 was a fee increase year
- The 1999-01 Budget was the first to include a \$5.0 million transfer of Tribal Gaming Funds to the Account.

Factors that contributed to drawing down the balance:

- \$5.0 million of the reduced balance was increased spending of stamp/dedicated revenues demanded by organizations and dictated by funding for CWD.
- Investment income dropped by \$1.2 million, from \$1.9 million in 2000-01 to \$700,000 in 2001-02. It continued to drop to about \$53,000 in FY 2004.
- The 2001-03 Biennial Budget increased licensing agent transaction fees by \$0.50 at an annual cost of \$1.0 million, with no new revenue source to cover that cost.
- A total of 17.0 GPR Wardens were converted to the F&W Account—annual cost of \$1.3 million in the 2001-03 Biennial Budget (4.0) and 2001 Wisconsin Act 109 Budget Adjustment Bill (13.0).

As indicated in the audit, the Legislature did transfer \$4.3 million from the Recycling Fund and the Environmental Fund to the Fish and Wildlife Account in the 2005-07 Biennial Budget. Of this amount \$2.9 million was allocated to cover costs associated with wildlife damage payments to farmers, a venison donation program and CWD costs. The remaining \$1.4 million was rolled in as part of the fee increase package in an attempt to hold down some of the fee increases.

Once again, thank you for this opportunity to comment on the final audit draft. My compliments to you and your staff for their conscientiousness and level of effort on this audit.

Sincerely,

A handwritten signature in cursive script that reads "P. Scott Hassett". The signature is written in black ink and is positioned below the word "Sincerely,".

Scott Hassett
Secretary