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FUNDING FISH AND WILDLIFE PROGRAMS

In fiscal year (FY) 1996-97, the Department of Natural Resources spent \$81.2 million in state and federal funds, including debt service, for fish and wildlife-related programs. The majority of expenditures, \$50.4 million, were funded by hunting and fishing licenses and other user fees. Federal aid and general purpose revenue (GPR) also support fish and wildlife programs.

Hunters and anglers have long raised questions about how the license fees they pay are spent, and in recent years the Legislature and the public have become increasingly concerned about how the Department makes funding allocations. For example, the Department had intended to use hunting and fishing fees to fund a 1996 agreement that will pay an average of \$154,000 annually for 10 years to 11 individuals who agreed to retire their Lake Superior commercial fishing licenses. That decision was reversed in the face of public and legislative opposition, and the buyout is now being funded with GPR.

Approximately 40 percent of User Fee Expenditures Primarily Benefit Hunters and Anglers

The Department's accounting systems pool various user fees and do not track how revenue from individual types of licenses, such as deer hunting and fishing licenses, is spent. Nevertheless, we were able to categorize total user fee expenditures by their primary beneficiaries. We found that in FY 1996-97, \$20.0 million, or 39.7 percent of user fees, was spent for activities that primarily benefited hunters and anglers, such as game population management and habitat conservation. An additional \$17.8 million, or 35.3 percent of user fees, was spent on activities that benefited multiple users, who include but are not limited to hunters and anglers; \$981,000, or 2.0 percent, was spent on activities that did not directly support hunting or fishing opportunities, including recreational boating enforcement and endangered resources work. The remainder, \$11.6 million, or 23.0 percent of user fees, was spent on the Department's overhead costs.

The Department Has Substantial Flexibility in Spending Fish and Wildlife Funds

The Department faces few statutory restrictions on the use of hunting and fishing license fees, and in FY 1996-97 its legislatively approved budget contained most of these funds in a single appropriation. Meaningful spending restrictions are placed on only 6 percent of revenue generated through hunting and fishing fees.

Understanding the Department's spending flexibility provides useful context for assessing the level of funding currently allocated to individual activities. For example, in February 1998, the Department reported that Wisconsin ranked 49th among the 50 states in the number of conservation wardens based on the state's population. In response, the Legislature authorized 18 additional conservation warden positions, funding 17 with GPR and 1 with segregated revenue. However, even though the number of wardens in Wisconsin is lower than in other states, our survey of other states indicates that Wisconsin's budget for fish and wildlife activities is larger than those of most other states, ranking sixth nationally and first among midwestern states. Further, at \$2.60 per hunter and angler per day, Wisconsin's FY 1997-98 budget is comparable with national averages.

Spending Flexibility Has Raised Concerns About Accountability

The extent of the Department's discretion in spending revenue generated through user fees, coupled with past legislative and public concern about its funding allocation process, has raised questions about accountability for fish and wildlife

spending. Current accounting practices limit the Department's, the Legislature's, and the public's ability to obtain accurate information about which funds were used to pay for particular activities and to determine how actual expenditure amounts compare to budgets. To enhance its ability to provide the Legislature and its constituent groups with better information about how it spends fish and wildlife funds, the Department needs to improve its procedures for managing financial information and to develop procedures for reporting program expenditures in the context of progress toward meeting performance goals.

Some Other States Use Alternative Funding Strategies

States rely on user fees and federal aid to fund most fish and wildlife program costs. However, Wisconsin relies on user fees to a greater extent than do most other states. Excluding large capital expenditures, user fees represent 77.2 percent of Wisconsin's FY 1997-98 fish and wildlife budget, compared to a national average of 56.1 percent.

Although most states use other revenue sources to support fish and wildlife programs, only nine states use secondary sources of revenue to support more than one-third of their fish and wildlife budgets. The most common and significant types of secondary revenue are transportation-related fees, such as boat registrations; state lottery profits; and miscellaneous fees and taxes, such as public document recording fees, hotel room taxes, and cigarette taxes.

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