

January 24, 2012

TO: John Hunt, BOC Chair
Members of GFF Budgetary Oversight Committee

SUBJECT: DNR Response to BOC Report FY 2010

Dear Members:

The DNR received the oversight review of DNR's Game and Fish Fund Report for Fiscal Year 2010 in mid October 2011. We have prepared the following responses to the five topics of greatest concern highlighted in the cover letter of the BOC Report.

1. **BOC Statement:** We support the current efforts underway to modify the structure and increase **hunting and fishing license fees**. The structural modifications and inflationary increase proposed will make the Game and Fish Fund solvent for the next several years. The changes will also correct the imbalance between angling license sale revenue and fisheries expenditures.

DNR Response: DNR appreciates the perspective and leadership of the Budgetary Oversight Committee on this issue. We know that for more than four years the BOC has been an advocate for improved efficiencies and increased revenues from user fees to assure the health of the game and fish fund. The BOC has also been an advocate for addressing the imbalance in revenues and expenditures between fishing and hunting license revenues and respective fisheries and wildlife related expenditures. As previous BOC members are aware, DNR did produce a legislative initiative for the 2011 biennial budget session that would have restructured licenses to increase revenue, provide fish and wildlife conservation services, and sustain the health of the game and fish fund – while maintaining lower cost licensing options for less avid participants. That initiative was included in the Governor's budget, but ultimately did not pass in 2011. The November budget forecast for the Game and Fish Fund now indicates that the fund is projected to be insolvent by the beginning of July 2013, a year earlier than was projected last February. The primary reasons for this change are revenue reductions of \$4.3 million from projected reduced Wildlife and Sport Fish Restoration federal excise tax apportionments to Minnesota, \$1.1 million decline in fishing license revenue, and a one-time loss of \$2.2 million from the suspension of fishing license sales during the July 2011 state shutdown. With this increased urgency, it is imperative that there be action this session or there will be major cuts in programs and services beginning later this year.

2. **BOC Statement:** The habitat found within a lake's **shoreland** is both critical to its health and under increasing developmental pressure for more intensive use. Updated shoreland rules were developed as part of a comprehensive, multi-stakeholder process, but were not finalized. Progress in preserving and protecting the vital habitat found within a lake's shoreland is needed.

DNR Response: In 2007, the Minnesota Legislature directed the Department of Natural Resources (DNR) to commence rulemaking to update the Statewide Shoreland Management Standards. After a highly participatory public process, the DNR prepared and submitted draft standards to Governor Pawlenty for approval to proceed to formal rulemaking. In August 2010, Governor Pawlenty returned the draft standards to the DNR for further revision. Under the guidance of Commissioner Landwehr, the DNR has refined the draft standards into a balanced package that addresses the needs and interests of all who live on and enjoy the lakes, ponds, rivers, and streams of our state and protects these incredible public water resources. In order for the DNR to move forward efficiently, the Legislature needs to renew the DNR's rulemaking authority for shoreland areas.

- BOC Statement:** The expanding presence of terrestrial and aquatic **invasive species** on state-owned lands and waters is creating negative ecological and economic impacts. Invasive species displace native plants, disrupt fish and wildlife habitat, compete for food sources, and interrupt the food chain, leading to shifts in both game and fish populations. New dedicated funds and effort are required to improve Minnesota's mitigation efforts.

DNR Response: Legislation aimed at strengthening Minnesota's ability to prevent the spread of aquatic invasive species was signed into law by Gov. Mark Dayton on May 27, 2011. The new law is the product of a year-long effort by the DNR to gather input and receive support from stakeholders, including lake associations, cabin owners, angler groups, conservation organizations, counties, and local units of government. The legislation included more authority for watercraft inspections and decontamination; authority for enforcement check stations; stronger regulations to prohibit the transportation of invasive species, especially water; required training and permitting of lake service providers; and a new required aquatic invasive species rules decal for all watercraft. To support these efforts, the budget for aquatic invasive species was increased significantly from \$3.8 million last fiscal year (FY11) to \$7.2 million for this fiscal year (FY12) and \$8.5 million in next year (FY13). Nearly half of the increase is a one-time appropriation (primarily from Environmental Trust Fund). The DNR will continue to pursue a long-term funding source for invasive species prevention and management efforts.

- BOC Statement: Wildlife Management Areas (WMAs)** provide many substantial benefits. WMAs improve the quality of life for our citizens by providing an area to enjoy nature be it bird watching, hiking or hunting. WMAs also provide substantial environmental benefits including reduced erosion, improved water quality and flood reduction. The development and management of WMAs often include wetland restorations providing basins and vegetative areas preventing sediment and chemical runoff into the watersheds. Finally, WMA lands in agricultural areas are typically marginally productive cropland. The BOC supports the continuation of WMA acquisitions in strategic ways that will maximize the benefits for soil, water, and wildlife that will ensure Minnesota's Outdoor Heritage.

DNR Response: We agree. We have developed more strategic approaches to WMA acquisition and have developed a scoring tool to help rank the highest priority acquisitions. Those rankings take into consideration strategic considerations such as development of habitat complexes, "rounding out" existing WMAs, and proximity to population centers. We are also looking at developing more strategic linkages to leverage and enhance benefits of WMA acquisition with other efforts such as prairie preservation and clean water initiatives.

5. **BOC Statement:** The Game and Fish Fund Report should be enhanced to better reflect how expenditures and effort are tied to the Fund's **strategic objectives**.

DNR Response: DNR supports the FY 2010 Game and Fish Fund Report recommendation that DNR better connect the outcomes achieved through the Game and Fish Fund to the department's strategic objectives. DNR currently administers a performance management system that connects the department's mission and goals to its strategic objectives and budgets, using performance indicators and targets to measure conservation results. This system continues to evolve and improve. DNR will work to better incorporate this model of performance management into Game and Fish Fund reporting.

Many other specific topics of concern and accompanying recommendations were outlined in the subcommittee sections of the BOC Report for FY 2010. They are duly noted and I expect division managers to review those matters directly with the new Fisheries and Wildlife Oversight Committees.

I look forward to a renewed and frank dialogue with the oversight committees about the present and future of the Game and Fish Fund.

If you have questions about this letter, please contact Dennis Simon, Wildlife Chief (651-259-5237), Dirk Peterson, Fisheries Chief (651-259-5229), or Beth Carlson, BOC Facilitator (651-259-5531).

Sincerely,

/s/ Tom Landwehr, Commissioner
Department of Natural Resources

- c: Dave Schad, Deputy Commissioner
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