

Game & Fish Fund Budgetary Oversight Committee

—Authorized under Minnesota Statutes Section 97A.055 Subd. 4b—

CITIZEN OVERSIGHT REPORT ON GAME & FISH FUND EXPENDITURES FISCAL YEAR 2003

May 2004

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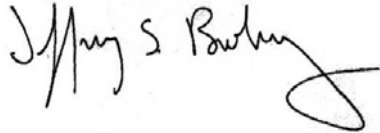
Report approved by the Game & Fish Fund Budgetary Oversight Committee on May 20, 2004.



Joe Duggan, BOC Chair



Lee Borash, Enforcement & Operations Support Subcommittee



Jeff Broberg, Trout & Salmon Subcommittee



Brad Cobb, Pheasant Stamp Subcommittee



John Curry, Ecological Services Subcommittee



Michael Dosch, Fisheries Operations Subcommittee



Rick Horton, Wildlife Operations Subcommittee



Scott Nagel, Big Game Subcommittee



Dean Potter, Turkey Stamp Subcommittee



Jon Schneider, Waterfowl Stamp Subcommittee

Game & Fish Fund Budgetary Oversight Committee

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Joe Duggan, Chair

Subcommittee Chairs

Michael Dosch—Fisheries Operations

Jeff Broberg—Trout & Salmon Stamp

Rick Horton—Wildlife Operations

Scott Nagel—Big Game

Dean Potter—Turkey Stamp

Brad Cobb—Pheasant Stamp

Tom Jes—Waterfowl Stamp

John Curry—Ecological Services

Lee Borash—Enforcement, Support

Services, & Administration

June 29, 2004

Gene Merriam, Commissioner
Minnesota Department of Natural Resources
500 Lafayette Road, Box 47
St. Paul, MN 55155

Dear Commissioner Merriam:

The Budgetary Oversight Committee (BOC) would like to express its appreciation to the Department of Natural Resources' (Department) staff for providing information and assistance in understanding the Game and Fish Fund budget expenditure reports and supporting documents.

The BOC found the expenditures complied with the overall requirements and intention of the Game and Fish Fund. During the review process the separate sub-committees made several recommendations for improving accounting and activities pertinent to their respective accounts (see attached). In addition to those recommendations, the BOC would like to highlight certain efforts made by the Department in support of Game and Fish activities.

The BOC applauds the Department's response to sportsmen's calls for more emphasis upon hunter retention and recruitment, particularly their success in securing outside funding to launch this effort.

We compliment the Wildlife Section for the new accomplishments report format. It addresses our past concerns that reports did not adequately communicate the reasoning, scope and detail of important Section activities.

The public does not always fully consider the impact of events and factors beyond the Department's control when reviewing and judging its effectiveness. This past year the Wildlife section instituted a major sampling effort in response to chronic wasting disease appearing in a game farm in Minnesota. This disease has the potential for significant negative impacts on wild deer, elk and moose populations. The Department's decisive action, flexibility and professionalism are important in reducing the risk to these wild herds and generating confidence in Departmental procedures.

Hunting, fishing and wildlife-related activities generated 2.7 billion dollars of economic activity in the State of Minnesota in 2001, and provided recreational enjoyment for over 2.9 million people (U.S. Fish and Wildlife Service). The Game and Fish Fund, derived from fishing and hunting license sales, almost entirely underwrites the state's fish and wildlife management activities. The Committee has long been calling for the State to develop additional long-term funding to maintain Minnesota's

critically important fish and wildlife resource. Failure to do so will ultimately have a very negative effect on this resource, the environment, our hunting and fishing heritage, and the economy.

Minnesota has set the Nation's standard for Wildlife Management Area (WMA) acquisition and management, beginning with the Save the Wetlands program in the 1950's. However, urbanization, expanding populations and intensive land use have increased the pressure on wildlife and wild lands. We ask the Department to make every effort to secure funding to purchase and manage additional WMAs, allowing us to reach the goals set by the 2002 WMA Citizen's Advisory Committee.

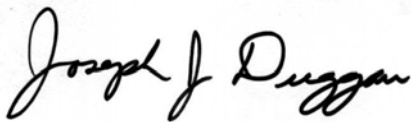
The BOC recommends the Department continue to actively pursue outside funding and partnerships from other entities, such as non-government organizations, business, federal agencies and others, in order to leverage game and fish funds. The Department has historically been successful at securing outside funding. We feel these efforts could be increased.

The Department has done much to coordinate with the federal farm bill conservation programs. It is critical these efforts be continued and increased.

Finally, in light of the new operational structure of the Division of Fish and Wildlife, it is most important for the Department to maintain effectiveness and efficiency. Management styles and organizational structures may change, but on-the-ground results must continue to be the key measure of performance. To that point, the Committee recommends that the Department establish and maintain performance measure trend lines within the Game and Fish Fund report in order to demonstrate how administrative changes affect those measures over time.

Again, on behalf of the citizens of Minnesota, we thank you and your staff for their diligence and fish and wildlife conservation efforts. The Budgetary Oversight Committee members are available to discuss any of these recommendations as needed.

Yours truly,

A handwritten signature in black ink that reads "Joseph J. Duggan". The signature is written in a cursive style with a large initial "J".

Joe Duggan
Budgetary Oversight Committee Chair

Fisheries Operations Subcommittee Report

SUBCOMMITTEE MEMBERS

Jeff Bergeron, Andover, MN

Michael Dosch, Waconia, MN (Chair)

Terry Peltier, Women Anglers of MN, Forest Lake, MN

Dr. John Schneider, MN Sportfishing Congress, Roseville, MN

Dave Thompson, Congress of MN Resorts, Battle Lake, MN

FINDINGS AND RECOMMENDATIONS

Summary

The Fisheries Citizens' Oversight Committee has worked closely with the Section throughout the past year to monitor Game and Fish Fund expenditures and program/operating results. Most of our major questions, issues and inquiries have been discussed and clarified through these ongoing detailed discussions. The work performed by Steve Hirsch and Ron Payer to communicate budget information has been exemplary and their willingness to listen and seriously consider COC input has been positive, honest and constructive. As a result we do not see any major problems or surprises in the Expenditure report. We do have four major highlights to report at this time and many forward-looking open issues and opportunities for future work.

Highlights

1. “Carryover” of funds from one budget year to the next.
We support the use of fund carryover as needed to effectively implement multi-year projects and to allow for flexibility and the ability to capitalize on emerging opportunities.
2. Administration costs both as a standalone item and as a percentage of the overall budget.
We understand the allocation of overhead expenses to the Section from other agencies and that the roles of many staff positions have become increasingly administrative in nature due to reporting requirements, accounting procedures and information requests. We nonetheless challenge the Section to maintain the most effective and efficient business processes it can including effective use of the best available technologies.
3. Stocking
 - a) We acknowledge the Accelerated Walleye Stocking program will not continue as a separate and distinct budget line item but that continued strong funding for walleye stocking is included in the overall budget and operating plan. We nonetheless encourage the Section to continue utilizing an “Accelerated Walleye Stocking” account name to maintain the visibility of the significant time, money and other resources required by this effort.
 - b) We support continuing comprehensive review of the Section’s stocking programs for all fish including the purpose, objectives, methodologies, measurements, results, benefits and costs. Such review should include a critical assessment of the role non-DNR parties play in developing both biological and social arguments for various stocking initiatives and priorities.
4. Aquatic plant management and shoreline habitat
Although these initiatives tend to be funded by General Fund and Heritage Fund dollars we strongly encourage the Fisheries Section and the DNR as a whole to increase funding for these efforts including appropriate use of Game and Fish Fund dollars. The program goals for DNR Fisheries are to restore 10,000 – 15,000 feet of shoreline. Although this would be good progress

it is quite a small impact across Minnesota's 5,000 plus fishable lakes. We challenge the Section and the DNR to raise expectations for restoration and to place additional emphasis upon prevention of shoreline damage and habitat loss, not just restoration. We also strongly encourage the DNR to support legislation, rules and regulations that significantly strengthen the State's control over shoreline, wetland and aquatic habitat. We are very cautious about supporting increased regulation but it is clear that the existing body of law and multi-jurisdictional issues are failing both the public and the resource.

5. Forward-looking issues and opportunities

- Fully account for the time and money spent on tribal treaty issues and projects and fund these expenses through the General Fund not Game and Fish or Heritage funds.
- We support continuation of the Lake Superior Chinook salmon and Kamloops programs.
- We support continuation and expansion of the FiN (Fishing in Neighborhoods) program. Double the total number of program lakes by 2008.
- Resolve jurisdictional and funding issues regarding public water accesses to assure safe, clean and well-maintained ramps, parking areas and associated grounds by year-end 2006. Support an increase in DNR funding or watercraft registration fees to generate the budget dollars necessary to achieve this goal.
- Convene a Bag Limits Advisory group no later than year-end 2005 to produce recommendations no later than June 30, 2006.
- We support, in conjunction with the Enforcement COC, aggressive investment in technology to better leverage communication, surveillance and related Conservation Officer duties.
- We strongly encourage Fisheries and other involved DNR Sections to act carefully with due diligence and caution regarding reopening Red Lake to walleye angling; firmly considering the long-term health of the fishery as the top priority in setting seasons, limits and other regulations and fully funding the anticipated costs of enforcement.
- We encourage the DNR to maintain a careful, steady approach in managing the Rainy River sturgeon fishery.
- We are concerned about the proposed restructuring of the Sections of Fisheries and Wildlife specifically as it relates to clear, controllable budget planning and documentation for Game and Fish Fund dollars. We encourage the Commissioner to develop and maintain clear accountability and budget communication processes within this structure to maintain the integrity of the Budget Oversight Committee and Citizens' Oversight Committee statutes.

OUTCOME GOALS RECOMMENDATIONS

Summary

The Section of Fisheries recently released a review draft of the Long Range Plan covering fiscal years 2004–2010. We support the Mission Statement, Broad Goals and High-level indicators included in the Long Range Plan and attach the review draft as part of our Outcome Goal recommendations. We look forward to ongoing discussion, debate and feedback regarding the specific content and direction of the Long Range Plan.

These are the “Broad Goals” as stated on page 1 of the Plan:

1. To make recreational fishing as good as it can be in the state of Minnesota for the present and future.

2. To conserve, maintain, enhance or rehabilitate Minnesota's aquatic resources to serve environmental, social and economic purposes.
3. To foster an ethic of natural resource stewardship among all Minnesotans.

OUTCOME GOAL RECOMMENDATIONS

1. Assure full implementation of the Section of Fisheries Long Range Plan through full funding, staffing and use of the best available methods and technologies. Full funding includes but is not limited to ongoing Game and Fish fund commitments and General Fund commitments. We are concerned about the impacts resulting from loss of General Funds and erosion of future General Fund commitments especially those reductions that could lead to loss of personnel in the Commissioner's office. We appreciate this Commissioner's efforts to reduce administrative costs.
2. It is not enough to observe that issues of multiple jurisdiction exist within and throughout Minnesota as regards shoreland development, aquatic vegetation management, habitat management and the corresponding impacts on fisheries.

We challenge the Commissioner and staff to assure rigorous joint work planning and implementation between and among DNR Sections, private citizens and groups, State agencies and appropriate units of Federal and local government. Lead the way in securing commitments from other government entities.

3. Assure timely review and revision of the Long Range Plan.

Trout & Salmon Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Dave Bennett, Lake Superior Steelhead Association, Burnsville, MN
Jeffrey S. Broberg, Minnesota Trout Association, St. Charles, MN (Chair)
Jane Clark, Wading Women, Columbia Heights, MN
John Eaton, unaffiliated, Two Harbors, MN
Jim Franczyk, Minnesota Trout Unlimited, St. Paul, MN

INTRODUCTION

The Trout and Salmon Stamp Committee (TSS) has reviewed the FY03 spending report and have found that the TSS spending as been limited to the categories specified by Statute. The TSS funds are a continuing benefit to our cold-water trout and salmon resources and a benefit to Minnesota's anglers. The continued strong interest in trout and salmon fishing coupled with a \$1.50 fee increase and the fund level increase approved by the Legislature will allow annual TSS stamp fund expenditures approaching \$1,000,000/yr continuing Minnesota's efforts to sustain and improve coldwater fisheries for anglers.

In addition to the solid revenues and budget forecasts the Section of Fisheries completed and adopted substantial strategic and long range planning efforts in FY03 that are supported and endorsed by the TSS Committee. The newly adopted Rainbow Trout Management Plan for the Lake Superior Waters of Minnesota in 2003, the 2003 Fisheries Strategic Plan for the Coldwater Resources Management in Southeastern Minnesota and the 2003 Division of Fisheries Long-Range Plan for Trout Stream Resource Management in Southeastern Minnesota 2004-2009 provide detailed analysis, measurable outcome oriented goals and action plans that should be used to guide the budget and staffing for the next six to ten years. The TSS Committee strongly endorses the newly adopted plans for Lake Superior and SE Minnesota and recommends that Trout Stamp money be used to fund the action items to realize the goals and outcomes.

FINDINGS AND RECOMMENDATIONS

1. The FY03 expenditures were applied for the intended purposes.
2. 10% of the stamp revenues were spent for administration in accordance with the statutes.
3. The large amount of "Roll Forward" revenues disappeared in FY03 falling to \$15,294. Only 1.7% of the annual expenditure was canceled and returned unspent to the account balance. Fisheries has continued to monitor the spending and keep the committee apprised of efforts to spend the revenues within the biennium and the Committee stands by their earlier recommendation to keep the roll forward amount to less than 10% of the annual appropriation. Trout and salmon dollars should be spent for the intended purposes in the year that the funds are available.
4. In FY03 approximately 40% of the TSS fund was used for fish culture and stocking, a decline from 71% in FY02. The amount of money spent for fish culture and stocking once again is a continuing source of debate drawing support or opposition in different parts of the state. There is no consensus among the Committee Members. On one hand the DNR Plan for SE Minnesota has placed an emphasis on wild trout management reducing the reliance on hatcheries in favor of managing stream for natural reproduction. On the other hand, the DNR Steelhead management plan identifies hatcheries as the critical link in restoring and creating diverse fishing opportunities in Lake Superior and the Arrowhead. The Committee members agree with both the SE and Lake

Superior Long Range Plans and continue to recommend that the DNR target reductions in stocking in the lakes and streams where naturally spawning wild trout populations can be sustained. We also continue to support the efforts to restore or enhance sport fisheries through culture and stocking.

5. Since FY01 the TSS Committee has recommended forming a working group of interested parties to review the habitat improvement (HI) program. In FY03 the SE MN Long-Range Plan has adopted the TSS Committee recommendations and has taken the issue a step farther by identifying 5 action items addressing in stream habitat restoration. The action items include the use of a working group to develop HI guidelines, improve the design and quality of HI projects and increase inspection and maintenance of HI projects. In addition the DNR has restructured the Habitat Restoration Crew and is exploring the use of DNR Waters General Permitting system to streamline permitting. The planning process has already identified the need for larger, more effective construction equipment for use by the Habitat Crew. The TSS Committee endorses the use of Trout Stamp funding for HI equipment and to implement the action items identified in the Long Range Plan.
6. Easement identification and acquisition continues to be a top funding priority for all potential funding sources including the Trout and Salmon Stamp, State Bonding, General Revenue Expenditures, LCMR funding and private donations.
7. Lake Superior research and special project funding is a continuing necessity, especially to address forage base research and the rehabilitation of the steelhead fishery. The TSS believes more research is needed to address these concerns and efforts should be made by Fishery professional to more effectively communicate the scientific and biological basis for management decisions concerning smelt and the Lake Superior forage base. The TSS supports the efforts of the rainbow Trout Management plan and believes that TSS Stamp funding should continue to be used in support of the goals and outcomes detailed in the plan.
8. The Lake Superior Steelhead Association has supplemented funding for the Steelhead smolt program for many years but due to declines in revenues may not be able to sustain the historic levels of funding. The TSS Committee has recommended that TSS Stamp revenues be made available to continue the smolt program and to make up any funding shortfalls if necessary.
9. Partnerships and Cooperative Agreements between angler groups and the DNR have been an important element in Habitat Restoration and Improvement projects. Funding cooperative projects from the Game and Fish Fund and TSS Stamp Fund can provide substantial leveraging of funds. The TSS Committee has recommended that up to \$20,000/yr of TSS Stamp revenues be used to provide funding to eligible cooperative habitat improvement projects.
10. The committee has adopted a resolution requesting that the Commissioner enlarge the size of the TSS Committee from five members to seven members. We believe that broader participation will benefit both the DNR and anglers. We recommend that one appointment be made to represent the interests of Lake Superior anglers and the second appointment be a representative from Central Minnesota or from one of the other established organizations like the Fly Fishers Federation that focus on coldwater resources

BACKGROUND

TSS fund expenditures are limited to four categories: fish culture and stocking, habitat improvement, easement acquisition and identification and Lake Superior Special Projects. FY02 and FY03 expenditures are summarized below:

	<u>FY02</u>	<u>FY03</u>
1. Fish culture and stocking	\$336,496	\$349,401
2. Habitat Improvement	\$114,608	\$461,260
3. Easement Acquisition and ID	\$4,040	\$43,765
4. Lake Superior Research and Special Projects	\$14,068	-0-

In FY03 Trout and Salmon stamp receipts totaled \$722,342 from the sale of approximately 85,000 stamps and the balance forward from FY02 and prior year adjustments created a total of \$878,793 in available funds making a total of \$1,601,134 available for program sending. The total fund balance available for FY04 is \$746,709.

Total FY02 appropriations of \$671,000 plus the \$198,720 carry forward spending authority from FY02 allowed expenditures of \$854,426 in FY03 with an unused spending authority of \$15,294 (1.7% of expenditures) that was canceled to the account balance.

Total Fund resources have grown to \$1,601,135, approximately twice the annual appropriation and current annual expenditure. In FY04 the fund balance will fall slightly to \$1,536,729. The steady level of available resources is in large part due to the strong revenue stream from selling over 85,000 Trout Stamps. Because the TSS fund balance has been growing while expenditures remained stable additional funds have been made available for FY04 after the DNR received Legislative approval for a \$200,000 Fund level increase, providing a 25% annual increase in expenditures without jeopardizing the safety net. In addition the Legislature approved an increase in the Trout Stamp fee from \$8.50 to \$10.00 for the 2004 fishing season. Based on recent history we expect a one or two year decline in the number of trout stamp sales due to the higher fees, however, if history is a guide the fee increase will make up for the lost stamp sales.

ISSUES AND TRENDS

The itemized categories of allowable expenditures for the TSS Fund address the main issues that require DNR attention, however, committee members have occasionally identified funding needs that do not fit neatly into the statutory funding categories. Recent examples include the need for accurate surveys of angler attitudes or landowner concerns, the costs related to developing usable Strategic and Long-Range Plans for other regions or other elements of the coldwater resource, beaver control, the purchase and/or lease of construction equipment and supplies, maps and website development and updates, and funding for new and emerging technologies useful for coldwater fisheries management. Committee members have discussed ways to provide flexibility while maintaining effectiveness and accountability and focusing on the new goals and action items identified in the new Steelhead and SE Stream Management Plans. At this time we have no firm recommendations to revise the spending categories but we will continue to work with DNR staff while exploring potential changes that would benefit the resource and meet the funding requirements of the new trout and salmon management plans.

1. Stocking and Culture

It is agreed that future stocking needs are difficult to predict due to changing conditions of the coldwater resource. All the committee members still do not necessarily agree that it is prudent to maintain and utilize the five existing coldwater hatcheries. It should be noted, however, that we agree that hatcheries are, and will continue to be, an effective but expensive coldwater management tool. Some fishery goals, like the restoration of steelheads, simply cannot be realized without well run hatcheries. But, the costs are high. The Game and Fish Funding report shows that trout and salmon fish propagation costs almost \$2 million/year, 41% of Minnesota's total fish propagation expenditures. The \$2 million expended allowed the stocking of 2.9 million trout and salmon (60% fingerlings, 7% fry and 33% yearlings), an average cost of \$0.69/fish.

In light of the high costs, changing demands and unpredictable nature of future stream conditions we accept the current DNR position that the five hatcheries should be maintained. We recommend that trout and salmon culture and production efforts place the highest priority on addressing and satisfying the action items identified in the most current Lake Superior rainbow trout and southeastern stream management plans. In addition we recommend that the fish culture and stocking mission and goals

should be re-defined in new Long-Range Management Plans for two-story and reclaimed lakes, urban fisheries, and the lakes, rivers and streams of Central Minnesota, the coldwater areas that have not been addressed in current long-range management plans.

2. Habitat Improvement

By adopting the Long-Range Plan and by funding and completing the following five action items for HI projects identified in of the TSS Committee recommendations can be satisfied.

- Develop MNDNR Fisheries trout stream habitat management guidelines no later than December 31, 2005
- Restructure the SE MN Trout Stream Habitat Rehabilitation Crew before the 2004 field season
- Improve the design and quality of trout stream habitat projects on an ongoing basis.
- Increase trout stream habitat rehabilitation project inspections and Maintenance completing a GPS database and schedule by March 1, 2005
- Use the DNR Division of Waters General Permitting system for DNR Fisheries stream habitat projects by developing standard guidelines by December 1, 2005

3. Beaver Control

Beaver control is one of the foundations of stream maintenance and Habitat Improvement throughout the state. Both the lake Superior rainbow plan and the SE Stream Long range plan identify beaver control as a continuing problem with maintaining fish passage on North Shore Streams and a problem on preserving free running riffles and gravel bottom spawning habitat on the high gradient inland streams. The cost of beaver control efforts should be partially funded with TSS Stamp funds.

4. Easement Acquisition and Identification

The DNR should set a goal of acquiring easements on 50% of the designated trout streams in Minnesota within the next 5 to 10 years. The recent SE MN Long Range plan identifies four approaches to increasing angler access. Funding from the TSS Stamp funds should be used to satisfy these goals:

- Annually request \$300,00-\$400,000 for easements
- Target acquisition on challenging parcels using private land trusts.
- Investigate the feasibility of developing a voluntary private-lands access program.
- Work with concerned groups to identify, acquire and develop special fishing areas designed for families and persons with limited mobility.

5. Easement Identification and Maps

The identification of easements through web-based information and printed maps is an important element in angler satisfaction. The current stream maps have not been updated and are nearly out of print. Expenditures will be needed within the next year or two to update and re-print the maps. The TSS Committee recommends using TSS Stamp funds for new maps and periodic updates.

6. Lake Superior Research and Projects

Forage base and steelhead top the list of priorities.

OUTCOME GOALS RECOMMENDATIONS

Last year the TSS Subcommittee spent considerable time discussing the idea that resource management can be hampered by the failure to develop a vision based on long-term goals and strategies. The DNR has largely addressed our comments by completing comprehensive management plans for Lake Superior rainbows and stream trout in the SE. We recommend that similar planning efforts be undertaken for the other significant cold-water resources including reclaimed and two-story lakes, urban trout fisheries and the rivers and streams in Central Minnesota.

Wildlife Operations Subcommittee Report

SUBCOMMITTEE MEMBERS

Rick Horton, Ruffed Grouse Society, Grand Rapids, MN (Chair)

Michael Hunziker, Lakeville, MN

Rob Theobald, Waseca, MN

FINDINGS AND RECOMMENDATIONS

The Wildlife Operations Committee would like to acknowledge and commend DNR Wildlife Staff for their time and valuable input in the preparation of this report. We appreciate the fact that many of our FY02 recommendations have been implemented. Unimplemented past recommendations will be repeated in this report as well as new recommendations. Most new recommendations simply refine our desire to make the report format more reader-friendly.

Continuing Recommendations

- 1) Provide a trend analysis of the historical distribution of Game and Fish Funds between Divisions. In the past, 60% of these funds went to the Wildlife Division (now Section).
- 2) The committee recommends pursuing a long-term funding initiative to address increasing fish, wildlife and natural resource conservation needs.

New Recommendations

- 1) Restructure small game license fees in order to do away with physical habitat stamps, simplify license requirements, increase dedicated funds, and create stable dedicated funding for pheasant, waterfowl and grouse accounts. This committee prefers an option that eradicates the small game surcharge and creates a "habitat permit" that must be purchased by all sportsmen, thus spreading the cost of WMA acquisition to all hunters.
- 2) Revise the Game and Fish Fund Report format as follows:
 - a. Use an outline format of some other header design to better delineate the report sections, headings and subheadings so that it is more readable.
 - b. Remove extraneous text provided after long-range goals. Present long-range goals, followed immediately by short-term goals, then the annual accomplishments.
- 3) Revise the Wildlife Operations section of the report as follows:
 - a. See recommendation 2b above.
 - b. Remove references to 1837 Treaty harvest allocations from the Wildlife Population Management Outcomes on pages 19 and 20. These funds have been rolled into the O&M account and are no longer a separate allocation.
 - c. Change the Wildlife Population Management Outcomes Short-Term Result #1 from "Expand prairie chicken leks by 10% each year", to "Increase the pre-season population from the current estimate of 5,000 to 6,000. Maintain average annual harvest of 300 birds". Provide data on the prairie chicken permits and harvest success.
 - d. Provide a pie chart or other graphic that shows the distribution of the Resource Revenue Account by activity, so that we can see the benefits of these funds on the ground. Simply display it as a percent of the annual appropriation.

ISSUES AND TRENDS

Habitat loss and development pressure continues to be a significant issue throughout Minnesota. The Committee recommends the Department and the Legislature continue to seek ways to mitigate the effects of development through easements, land purchase, development planning and other means to ensure that much of the state remains available for the enjoyment of the sporting public and maintains the quality of life Minnesotans have come to expect.

The issues surrounding wildlife habitat management are intertwined with many often times competing interests. Dedicated funding for wildlife is also apparently entwined with competing interests. We encourage the administration to continue the pursuit of dedicated natural resources funding that is not watered down by these competing interests. While we sportsmen and women are happy to continue funding our share of natural resources management, we are becoming increasingly interested in seeing the public at large share the burden of paying for benefits all citizens enjoy.

OUTCOME GOALS RECOMMENDATIONS

Habitat Management

Activities supported by Game & Fish Fund expenditures

- Burn grassland, brushland, forest, (ac.)
- Develop & improve grasslands (ac.)
- Improve forest stands & openings (ac)
- Restore & improve wetlands (ac)
- Shear brushlands (ac)
- Manage wild rice water levels (ac)
- Acquire land (ac) and develop habitat (ac) for small game

Short term objectives

- a) 60% of all annual planned habitat management activities are completed each year.
- b) At least 6,000 acres of land will be acquired each year.

Long term goals

- A) All Habitats on State WMAs are maintained at optimum condition for wildlife populations and wildlife related public recreation.
- B) All acquisition goals of the long range WMA Acquisition Plan are completed.

Wildlife Population Management

Activities supported by Game & Fish Fund expenditures

- Prairie Chicken Reintroductions
- Wolf Management Program
- Survey harvestable wildlife populations for 1837 Treaty allocation

Short term objectives

- a) Expand Prairie Chicken leks by 10% each year.
- b) Allocate harvestable surplus of wildlife species to Indian bands and the State within the 1837 treaty area.

Long term goals

- A) Establish a self-sustaining prairie chicken population capable of supporting limited annual hunting seasons.

- B) Maintain wolf populations according to the approved wolf management plan.
- C) Maintain treaty harvest allocation according to treaty agreements while maintaining viable population goals.

Wildlife Programs Management

Activities supported by Game & Fish Fund expenditures

- Provide 2 FTEs for technical assistance to Area staff & materials for Cooperative Damage Management Agreement.
- Conduct applied research for management issues.
- Select and award 30 grants to local outdoors clubs.
- Provide salary and support for technical assistance to private landowners.
- Provide cost share grant to Ducks Unlimited Canada for waterfowl habitat projects.

Short term objectives

- a) Provide technical assistance and materials so that all Cooperative Damage Management Agreements are properly executed.
- b) Complete two applied research projects per year.
- c) Award 30 grants to local outdoors clubs per year.
- d) Hire 6 private land specialists to provide technical assistance to private landowners statewide.
- e) Award one grant each year to Ducks Unlimited for appropriate habitat projects.

Long term goals

- A) All animal damage issues are addressed to landowner satisfaction so wildlife population goals may be maintained.
- B) Area Wildlife Managers are provided current research results so that they may use state of the art techniques for addressing wildlife management issues.
- C) Habitats on State WMAs are maintained at optimum condition for wildlife populations and wildlife related public recreation.
- D) Private land habitat development technical assistance is available to all landowners who seek help.
- E) DNR meets its commitment to Ducks Unlimited for \$50,000 annually in cost share for waterfowl habitat development projects in Canada.

Wildlife Administration

Activities supported by Game & Fish Fund expenditures

Basic salaries, operating expenses and fleet support.

Short term objectives

- a) All existing positions within the Division of Wildlife are filled and support costs identified in spending plans are provided for.

Long term goals

- A) Wildlife offices are fully staffed according to an optimal staffing plan and geographically located to provide efficient client support.

Big Game Subcommittee Report

SUBCOMMITTEE MEMBERS

Brian Bachman, North American Bear Foundation, Ft. Ripley, MN
Chris Kolbert, Bluffland Whitetail Association, St. Charles, MN
Scott Nagel, MN Deer Hunters Association, Little Falls, MN (Chair)
Dan Splittstoser, MN Deer Hunters Association, North Branch, MN
Doug Strecker, Pope & Young Club, Hackensack, MN

FINDINGS AND RECOMMENDATIONS

The Big Game Subcommittee would like to commend DNR Wildlife Staff for their time and assistance to this subcommittee. After review of the FY03 expenditures we find that all monies have been used for their intended purposes.

ISSUES AND TRENDS

With record population levels afield, we are concerned with the annual decline of big game hunters. Recruitment and retention must be the trend of our future.

OUTCOME GOALS RECOMMENDATIONS

Core Function

The Big Game Subcommittee has been assigned the task of overseeing three accounts operated by the Minnesota Department of Natural Resources (MN DNR). The accounts are funded solely by money collected from hunting license fees. Minnesota Statutes Section 97A.075, Subdivision 1 (a-c) provides that the following amounts be taken from each deer and/or bear license fee and be placed into the appropriate account.

Table 1. Amount of money used from each hunting license to fund Big Game-related accounts.

Account	Minimum Amount (\$)	License
Deer Habitat Improvement	2.00	Deer
Deer/Bear Management	1.00	Deer/bear (annual and validated lifetime)
Emergency Deer Feeding/Wild Cervid Health Management	0.50	Deer

Annually, some big game-related expenses are also funded by the Game and Fish fund. Additional responsibilities of the Big Game Subcommittee are to provide a report on the state of the account-specific finances to the legislature and to provide to the Budgetary Oversight Committee and the legislature, recommendations on policy, departmental activities, and funding.

Activities supported by Game and Fish Fund Expenditures

- A. Deer Habitat Improvement Account
 - 1. Facility Development
 - 2. Facility Improvement and Maintenance
 - 3. Farmland Habitat Program
 - 4. Forest Habitat Program

5. Habitat Assessment
 6. Operations
 7. Population Management
 8. Private Land Habitat Program
 9. Research and Evaluation
 10. Technical Guidance
- B. Deer/Bear Management Account
1. Census
 2. Surveys
 3. Data Management
 4. Deer/Bear Hunting Season Management
 5. Animal Management Maintenance
 6. Urban Deer Projects
 7. General Costs
 - a. Coordination
 - b. Personnel
 - c. Support
- C. Emergency Deer Feeding/Wild Cervid Health Management Account
1. Emergency Deer Feeding
 2. Chronic Wasting Disease Surveillance and Management

Objectives

- I. Short Term Objectives:
- A. Create and make available to the Big Game Subcommittee short, intermediate, and long range goals for management of deer, bear, moose, and elk.
 1. Design population models for each species
 - a. Define assumptions and objectives for population, harvest ratios, sex ratios, and age structure within each permit area (based on habitat limitations and mortality within each permit area)
 2. Deadline for establishment of management goals is September 1, 2004.
 - B. Wildlife Management Area (WMA) acquisition and maintenance should continue to be a foremost objective.
 1. Increase level of maintenance for current WMAs.
 - a. Level of maintenance should be consistent with usage.
 - b. Increase number of habitat projects.
 - c. Increase number of wildlife food plots.
 2. Make use of nonprofit conservation organizations for work and/or funding where possible.
 - a. Adopt a WMA Program for local conservation groups
 3. Increase funding for the purchase of new WMA lands with the intent that they remain open to public hunting, fishing, and trapping according to state regulations. Funds may come from, but are not limited to, the following sources:
 - a. State funds from conservation programs or state mandate.
 - b. Donations from private individuals.
 - c. Donations from conservation organizations.
 - C. Continue annual surveillance of wild cervid populations for CWD.
 1. Define strategic plan for containing CWD outbreaks, should the disease be detected within the state.

II. Long Term Objectives:

- A. Increase funding for forest stewardship program
 - 1. Private landowners are willing to manage their properties for wildlife, but lack the support needed to do this.

- B. Expand Adult Hunter Education programs
 - 1. Provide incentive for hunters to take the course (access to special hunts, raffles, etc.)
 - 2. Expand/Create special youth and adult hunts
 - a. Metro/Urban wildlife management
 - b. County and city lands
 - 3. Develop guidelines for Bear Guide License
 - a. Standardized educational training to include
 - Basic First Aid
 - CPR
 - Hunter Safety
 - Rules & Regulations

SUPPLEMENTAL COMMENTS

The Big Game Subcommittee recognizes that MN DNR personnel exercised fiscal responsibility with regard to the Deer Habitat Improvement, Deer/Bear Management, and Emergency Deer Feeding/Wild Cervid Health Management Accounts. Efforts to expand the number of conservation officers in the field should also be applauded, as should the new focus on hunter recruitment and retention. Chronic Wasting Disease surveillance was expanded considerably during the 2003 hunting season. Due to the efforts of the MN DNR and volunteers, testing goals for many of the permit areas were met. Those involved in this project are to be commended for their work. We appreciate the efforts of the DNR to provide adequate information to the subcommittee members so that this report could be presented.

This subcommittee has recommended in the text above that the goals for management of big game species be clearly defined and that the objectives for population modeling be established in the context of population, harvest ratios, sex ratios, and age structure within each permit area. WMA maintenance and acquisition should continue to be a high priority and should be expanded. Annual surveillance for CWD should continue until the threat of infection to the Minnesota deer herd from domestic or wild cervid populations is no longer apparent. Programs that enhance the relationship between the MN DNR and the public, such as the forest stewardship program and Adult Hunter Education, are extremely important and should be expanded.

The Big Game Subcommittee supports strongly the passage of PERMANENT dedicated funds for natural resources purposes. Passage of these bills would enhance the ability of the MN DNR to manage our natural resources.

Pheasant Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS.

Kevin Ausland, Dove Sportsman's Society, Eden Prairie, MN
Brad Cobb, Stearns County Pheasants Forever, St. Cloud, MN (Chair)
Loran Kaardal, Waukon RIM, Inc., Redwood Falls, MN
Aaron K. Kuehl, Pheasants Forever, Janesville, MN
Brian Smith, Eagan, MN

FINDINGS AND RECOMMENDATIONS

Pheasant Stamp Account expenditures for fiscal year 2003, and reconciliation of that account by the DNR were approved by the Pheasant Stamp Oversight Committee (“PSOC”) by a vote of 3 yes and 2 absent on 01/05/04. Prior to approval, the DNR answered several inquiries related to fleet expenses and coding of these expenses within the account. This issue was raised during a meeting held on 12/08/03.

The PSOC approved, by a vote of 3 yes and 2 absent on 01/05/04, to recommend that the DNR appropriate a higher portion of the carry over (the category called Fund Balance in the Pheasant Habitat Improvement – Fund 235) fund balance from year to year. It is projected in FY05 the carry over will be \$214,342 and increases every year after until FY07, which is the last year of the forecast. The PSOC feels that carry-over Fund Balances should be utilized to improve the resource.

The committee voted 4 yes and 1 no (via email polling) to recommend that the DNR create/offer an “Extended Pheasant Season Optional License” with the following parameters:

Extended Pheasant Season Details:

- The Extended Pheasant Season Optional License will start at the end of regular season and conclude on December 31st
- The cost of the Extended Pheasant Season Optional License would be \$5 if purchased simultaneously with the Minnesota DNR Pheasant Stamp. If the Extended Pheasant Season Option is purchased at a later time, the cost will be \$7.50. The Minnesota Pheasant Habitat Stamp and Small Game license are still a requirement when those situations apply. This season is open to both public and private land hunting.
- The MN DNR Commissioner will have the authority to close, cancel, and/or modify the Extended Pheasant Season Option if the winter severity index, or other conditions having an adverse impact on pheasant populations, as determined at the sole discretion of the Commissioner, warrant such an action. No refund of the Extended Pheasant Season Optional License will be allowed if such actions are mandated.
- The daily and possession limits remain the same. The “regular” Minnesota Pheasant Season Option remains as is.

Purpose of the Extended Pheasant Season Option and Associated License Fee(s)

The Extended Pheasant Season Optional License is intended to provide Minnesota pheasant hunters with an option to extend their Minnesota pheasant hunting opportunities, to more closely match neighboring state’s pheasant seasons, and to generate additional funding to promote “winter survival strategies.”

Fee’s generated from the sale of the Extended Pheasant Season Optional License will be maintained in the existing Pheasant Stamp account as a separate PHIP Sub-Account for Winter Survival Strategies. Oversight responsibility and authority will be provided by the Pheasant Stamp Oversight Committee.

The MN DNR shall develop a list of acceptable winter survival strategies that qualify for funding from the PHIP sub-account, which will include the following:

Approved PHIP Sub-Account Expenditures:

- I. Continuing DNR research on the impact of core wintering areas within 9 square mile grids where there is a presence of at least 10% of nesting habitat.
- II. Mapping to identify high potential reproduction areas (in 9 square mile grids) that have a substantial nesting habitat component (minimum of 10%), but are lacking core wintering areas.
- III. Funding for the local wildlife districts (within the pheasant range) existing core wintering areas and then development of new core wintering areas, as determined by the assessment of the local area DNR wildlife manager.
- IV. No more than 10% of PHIP sub-account funds can be used for food plots, which are already covered in the “general” PHIP approved funding strategies.
- V. Other winter survival strategies as recommended by the DNR.

Special Recognition

The Pheasant Stamp Oversight Committee (PSOC) wants to recognize recently retired DNR Farmland Coordinator Mr. Lloyd Knudson for his years of service to pheasant management in Minnesota and we wish him well in his retirement years. The Committee also wants to acknowledge the DNR staff assigned to the Pheasant Stamp Committee for their continuing support of this Committee and for making the annual Pheasant Stamp Oversight Committee Fall Retreats both successful and informative. This Committee plans to continue these Retreats.

BACKGROUND

The Pheasant Stamp Act requires that no more than 10% of the funds derived from the sale of the pheasant stamp may be used for personnel and other administrative costs by the DNR. The Pheasant Stamp Improvement Programs (PHIP) was established in 1983 for the betterment of pheasant populations in Minnesota with an established goal of a one-million per year bird harvest.

Primary activities of the PHIP include:

- 1.) Habitat Improvement Programs:
 - a) Private land cost share programs available through Area Wildlife Managers.
 - b) Public land habitat improvements programs available through Area Wildlife Managers.
- 2.) Roadsides for Wildlife Programs.
- 3.) Promotion of habitat conservation through federal farm programs.
- 4.) Research and evaluation of federal farm program conservation.

ISSUES AND TRENDS

In last year’s FY02 committee report it was mentioned that the 2002 Federal Farm Bill would present a tremendous opportunity to realize many of our habitat strategies (nesting habitat increases). The 26th CRP signup, which concluded in May/June of 2003, saw a net increase of 18,380 acres of CRP from the previous year. Of those acres, 15,726 acres are in the 63 county pheasant range. Over the course of the next several years, thousands of acres of CRP associated with the 1995 Farm Bill are due to expire. The USDA authorized –nation wide – in 2003 approximately 50% of the submitted contract proposals under the 26th CRP signup period. The Minnesota average of accepted contracts was similar to the national average.

The committee and other conservation groups were disappointed by this low percentage of approved contracts and last year's PSOC comments on the Farm Bill opportunity were not fully achieved. To reach our goal of a one-million bird harvest, we will need full funding of all federal farm programs, especially those acres provided by CRP, CCRP, and other state/federal conservation programs, that provide undisturbed nesting cover in the 63 counties of the Minnesota pheasant range.

The current CREP II proposal for the Southwestern, Southeastern, and Northwestern portions of Minnesota, if approved and fully funded, will provide 100,000 additional long term and/or permanent habitat acres. The Southwestern & Southeastern CREP II proposals will benefit those pheasant populations while the Northwestern portion of the states CREP II will benefit that region's growing prairie chicken populations. This is an important program that we hope is fully funded and supported.

Table 1. Conservation Lands Summary by the MN Board of Water & Soil Resources

	CRP	CCRP	CREP	RIM	RIM/WRP	WRP	TOTAL
Total Acres	679,680	187,153	100,465	54,452	6,465	23,664	1,051,880

** Note: These figures are total acres in the respective conservation programs in the 63-county pheasant range of Minnesota as compiled by the MN Board of Water & Soil Resources (BWSR) on 02/17/04. In the same 63 counties there are: 341,799 acres of WMAs, 8,038,442 acres of natural areas, 212,101 acres of USFW Easements/WPAs. All these and the above list conservation program acres total 27,578,328 acres or 34.97% of the total acres in the 63 county pheasant range of Minnesota**

The committee understands that to meet the needs of the state's wildlife plans, programs, and WMA acquisition goals that a more permanent legislative funding source is needed. The committee supports the DNR Budget Oversight Committee (BOC) recommendation regarding permanent funding proposals. We applaud the DNR's 2004 legislative bonding requests for WMA acquisitions.

OUTCOME GOALS RECOMMENDATIONS

1. Short and long term achievements

In March of 2004 the new Pheasant Stamp Fee of \$7.50 will take effect. The \$2.50 increase will be primarily used for federal farm program promotions and WMA acquisitions. Future committees will need to address the effectiveness of these programs and the use of the additional funding for these strategies over the next several years.

The long-term goal is to improve pheasant populations in Minnesota so hunters can achieve a one million annual bird harvest as recommended by the 1983 Pheasant Stamp goals.

The PSOC wants the Minnesota DNR to finalize and approve the "October 22, 2003 Draft Long Range Ring-neck Pheasant Plan". In part the plan envisions by the year 2025 annual average harvest of 750,000 roosters (range 400,000 – 1.1 million). This vision would provide 175,000 pheasant hunters more than 1 million days in the field in the pursuit of this popular game bird and help to funnel approximately \$45 million per year into the states rural economy. To accomplish this harvest goal would require 1.56 million acres of additional habitat (based on year 2003 current habitat acres) at a cost of \$1.6 billion over the course of the next 21 years. Although the price tag seems daunting, it is achievable with an increased emphasis on conservation within future farm programs plus a significant source of new conservation funding from a portion of dedicated sales taxes.

Continue the annual fall Retreats of the PSOC as a valuable educational and resource opportunity for the members of the PSOC, DNR staff, state/federal legislative personnel, and private business support personnel.

Turkey Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Tom Glines, National Wild Turkey Federation, Coon Rapids, MN
Doug Grann, Wildlife Forever, Brooklyn Center, MN
Tom Kalahar, Renville SWCD, Olivia, MN
Tara Olson, Women in the Outdoors, Marine on St. Croix, MN
Dean Potter, National Wild Turkey Federation, Cottage Grove, MN (Chair)

FINDINGS AND RECOMMENDATIONS

Findings

Expenditures of the Wild Turkey Stamp Account have been along the guidelines of the written legislation. The monies have been spent on their intended purposes.

Recommendations

1. Continue the trap and transplant program.
2. Continue to look for critical pieces of land important to wild turkeys for purchase to create public hunting opportunities.
3. Continue research and population modeling to maximize hunting opportunities. *Concern here is that even though we have the population model, wildlife managers don't necessarily use the information to increase permit levels where the population will allow for it.*
4. Expand habitat work and education in the wild turkey range through private land workshops to increase and maintain wild turkey habitat.
5. Support of Change Level request to increase the Appropriation into the account to "spend down" the balance.
6. Address "nuisance bird" reports to proactively deal with the situation and head off a Urban deer or Canada goose scenario.
7. Re-examine "hunter assist" regulations to mirror neighboring states regulations.

BACKGROUND

Carry forward spending authority from FY02	\$21,345
FY03 Direct Appropriation	<u>95,000</u>
	\$116,345

Habitat Improvement

Land Acquisition	\$38,673	
Habitat Improvement, Restoration, Development	9,056	
Reimbursement for Habitat Improvement	5,525	
Trap and Transportation	25,028	
Promotion	<u>26,188</u>	
Total FY03 Expenditures		\$104,470
Roll Forward of unspent monies to FY04		\$11,875

By statute money in the account may be only used for:

- 1) The development, restoration, and maintenance of suitable habitat for wild turkeys on public and private land including forest stand improvement and establishment of nesting cover, winter roost areas, and reliable food sources; *examples include prairie and grassland management and forest stand improvements.*
- 2) Acquisition of or easements on critical wild turkey habitat; *examples include land acquisition and related costs.*
- 3) Reimbursement of expenditures to provide wild turkey habitat on public and private land; *examples include food plots on private land.*
- 4) Trapping and transplantation of wild turkeys; *examples include wild turkey capture and release.*
- 5) The promotion of wild turkey habitat development and maintenance, population surveys and monitoring, and research. *Examples include population trend monitoring.*

Money in the account may not be used for:

- 1) Costs unless they are directly related to a specific parcel of land under clause (1) to (3) [clauses listed above], a specific trap and transplant project under clause (4), or to specific promotional or evaluative activities under clause (5).
- 2) Or any permanent personnel costs.

The Wild Turkey Oversight Committee reviewed the expenses reported for 2003 and see no objections to the report. The funds were spent appropriately for work to promote the Wild Turkey in Minnesota.

OUTCOME GOALS RECOMMENDATIONS

Core Function

Expand wild turkey populations into all viable habitats within Minnesota to provide the citizens of Minnesota a game bird for viewing and sporting activities within the state.

Activities supported by Game & Fish Fund expenditures:

Habitat Management

- Woody cover/shrub plantings with emphasis on winter fruit bearing species, Oak Savannah management, Oak forest management, Forest openings/ prescribed burning, streamside corridors (woody vegetation), Food plots. The above projects are aimed at improving, maintaining, or increasing turkey habitats in Minnesota All above projects are eligible for turkey stamp funding.
..... (Plan calls for \$26,000 in FY05)

Acquisition/Easements

- Acquire important wild turkey habitat using acquisition, perpetual easements, and donations to ensure population viability into the future. (\$42,000 in FY05)

Hunting Season Management

- Population Model/Harvest Data (\$2,500 in FY05)
- Spring Hunter Survey..... (\$5,000 in FY05)
- Landowner Survey (\$5,000 in FY05)
- Electronic Licensing System (\$8,500 in FY05)

Population Management

- Trap and Transplant (\$20,000 in FY05)
- Turkey Population Survey..... (\$9,500 in FY05)

Information and Education

- Develop information and education materials promoting wild turkey management programs and hunting opportunities..... (\$1,500 in FY05)
- Landowner Workshops (\$1,000 in FY05)

Total Dollars derived from Wild Turkey Stamp Fund (\$121,000 in FY05)

Short term objectives

- a) Trap and transplant 175 birds to new habitat within the State per year. (minimum)
- b) Maintain a safe hunting environment during the Spring and Fall turkey hunting seasons.
- c) Increase the number of hunters afield as modeling and surveys predict the feasibility to do so

Long term goals

- 1) Increase wild turkey population in Minnesota from a current level of 55,000 birds to 80,000 birds by 2013
- 2) Increase wild turkey harvest from 5800 birds to 10,000 birds in 2013.
- 3) Maintain hunter interference rate at or below 40 percent during each hunting season.
- 4) Maintain hunter success rate at or above 20 percent during each hunting season.

Supplemental comments

- 1) The committee members feel there is an urgent need for the MN DNR Wildlife Group to address the perceived notion that MN has a wild turkey nuisance problem in certain areas of the State. The committee does not want to see a problem similar to the Canada geese and deer situations facing several municipalities within the State come to the forefront concerning the wild turkey. Being proactive in this issue can provide many appealing outcomes. Opening parks to disabled and or youth hunts could curb the increasing numbers of birds in areas that will not sustain them naturally and at the same time increase hunting opportunities for wild turkeys in the state. Allowing the taking of either sex birds in a Fall hunt scenario would more quickly bring down the number of birds in unwanted or problem areas. Another option would be to trap and transplant these problem birds. Action in FY04 on a procedure or process would be a good first step.
- 2) This committee realizes some areas may have “farm-raised” birds released by the public and that these birds must be eliminated so as to not spread disease in the wild population of birds in or close to the above problem areas. The MN DNR and the MN NWTf should partner to educate the public of the hazards associated with releasing “pen raised” birds to the wild.
- 3) The “hunter-assist” regulations need to be revisited as they exist today for turkey hunting. The committee feels that the DNR should consider other neighboring state regulations regarding “hunter-assist”. There should be no regulation allowing “guiding for a fee” or other type of compensation for services. We do not want to see “leasing” of hunting land be a prominent way of life in Minnesota outdoor activities as it is in many other states. Allowing hunters to assist family members or friends pursue turkeys is a natural part of the sport and encouraged where it is wanted by a novice hunter. This activity can add to hunter recruitment by allowing the novice hunter be successful in at least seeing and hearing birds in the wild.

Waterfowl Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Tom Jes, Plymouth, MN (Chair)

Jon Schneider, Ducks Unlimited, Alexandria, MN

Phillip Zins, Nicollet Conservation Club, Golden Valley, MN

FINDINGS AND RECOMMENDATIONS

The Waterfowl Stamp Oversight Subcommittee reviewed and approved Waterfowl Stamp Account expenditures for Fiscal Year 2003 and the DNR's reconciliation of that account. The subcommittee notes that according to the data provided, \$737,235 from the duck stamp fund was spent in FY03. These funds were used to maintain 238 sites, develop 3 sites, and enhance 916 sites. Of this amount, \$473,601 was specifically spent on wetland habitat management. The subcommittee congratulates and thanks the DNR for the effort made to focus the use of duck stamp funds on important waterfowl projects, and for accomplishing such a large number of projects in FY03 through wise allocation and management of these funds.

The subcommittee continues to recommend and support the DNR's efforts to improve "accomplishment reporting" as well as current cost coding. Accomplishment reporting should include references to the categories of "restoration," "development," "enhancement," "maintenance," and "management," as descriptions of projects. The subcommittee recognizes that as the number of completed projects grows, the required investment in maintenance and management will grow proportionately and it is important to begin to track these changes to keep partners and the public informed of efforts and improvements. With that in mind, the subcommittee recommends that DNR:

- 1) Annually compile and distribute a list of shallow lake and wetland restoration, development/enhancement (e.g., structural improvements), and management (e.g., water level, fish removal, etc.) projects undertaken by DNR within each calendar or fiscal year and the partners involved.**

The recent changes in the governing statute allowing waterfowl stamp funds to be allocated to farm bill implementation have raised two concerns. First, the statutory changes do not reflect the recommendations made by the subcommittee in 2003. While the subcommittee recommended "specific statutory language be pursued to permit expenditure of duck stamp revenues (not to exceed 4% of annual revenues) for contract lobbying efforts to influence federal and state wetlands legislation to benefit Minnesota," the actual language enacted reads "the promotion of waterfowl habitat development and maintenance, including promotion and evaluation of government farm program benefits for waterfowl habitat."

As a result, waterfowl stamp funds now will be used to help fund private lands specialists to promote and evaluate farm programs on private land. While the subcommittee understands and appreciates the need for this type of general conservation work, this was not the intent of our specific 2003 recommendation calling for contract lobbying to influence legislation. The use of some duck stamp funds for targeted lobbying is especially urgent now in light of recent legal challenges that may weaken federal wetland protection, and the ongoing need for stronger support of federal wetland program budgets in these times of fiscal constraint. Thus, the subcommittee recommends that DNR reconsider our 2003 recommendation on this topic, and:

- 2) Pursue specific statutory language to permit expenditure of duck stamp revenues (not to exceed 4% of annual revenues) for contract lobbying efforts to influence federal wetlands legislation to benefit Minnesota.**

Further, the subcommittee is concerned that the use of duck stamp revenues for promotion in Minnesota may not be targeted to specific practices and geographic areas which present the greatest opportunities to benefit breeding and migrating waterfowl. These opportunities are even greater now due to recent advances in remote sensing techniques that allow the specific targeting of biologically-based waterfowl habitat management treatments to discrete landscapes (e.g., GIS layers and prioritization maps developed by the US Fish & Wildlife Service's Habitat and Population Evaluation Team in Fergus Falls). Therefore, the subcommittee recommends that DNR:

- 3) **Conduct a review of the private land program, to evaluate how well promotional efforts funded by duck stamp revenues are targeted to areas of greatest import for breeding and migrating waterfowl, and provide a more detailed description of private land program promotion and evaluation activities to the subcommittee with reference to specific practices and geographic areas (townships and counties).**

To aid this effort, the subcommittee also recognizes the need for better strategic planning within DNR to address the habitat needs of waterfowl throughout their life cycle in Minnesota. Therefore, the subcommittee again recommends that DNR:

- 4) **Work with the US Fish & Wildlife Service, DU, MWA, and other partners to build upon and/or combine with the "Fall Duck Use Plan" (a fall migration habitat plan) with a breeding habitat plan to create a comprehensive waterfowl habitat plan for the state that defines and addresses critical waterfowl habitat needs and lays out a process to help assure expenditures are optimized.**

The subcommittee recognizes that the initial impetus for passage of the state waterfowl stamp was to provide stable funding for the management of Minnesota's shallow lakes as waterfowl habitat. These lakes, some 5,500 statewide, provide the critical base of wetland habitat for both breeding (largely as brood-rearing habitat) and migrating waterfowl in both spring and fall.

However, historically shallow lakes have generally been ignored or abused, and recent increases in precipitation combined with past and ongoing hydrologic alterations to the landscape have exacerbated the problem. While the subcommittee is pleased with the increase in recognition of the importance of shallow lakes by the public and DNR, it remains concerned that the pressure to manage these lakes for recreational boating, angling and commercial aquaculture has also increased dramatically. Therefore, the subcommittee recommends that the DNR:

- 5) **Focus staff effort and financial resources on the protection and active management of our critical shallow lake resources to provide clean water, abundant natural aquatic vegetation and invertebrates, and wetland wildlife habitat, and maintain or increase support for the shallow lakes program.**

Recently, quality wetland habitat with abundant aquatic invertebrates has been identified as the likely limiting biological factor for lesser scaup and other species during spring migration. However, DNR has focused its efforts on improving fall migration habitat. Therefore, the subcommittee recommends that DNR:

- 6) **Work with the US Fish & Wildlife Service, DU, MWA, and other partners to build upon and/or combine with the "Fall Duck Use Plan" (a fall migration habitat plan) with a spring migration habitat plan to create a comprehensive waterfowl habitat plan for the state that defines and addresses critical waterfowl habitat needs and lays out a process to help assure expenditures are optimized.**

In March of 2004 the new Waterfowl Stamp Fee of \$7.50 will take effect. While this increase will provide additional management funds, it must be remembered the price of the stamp has not kept pace with inflation. The subcommittee recognizes that this increase was a stopgap measure providing time for discussion to continue within the Budget Oversight Committee on the potential implementation of an entirely new license fee structure. **Unless implementation of a different structure is achieved, the subcommittee recommends that the:**

7) Waterfowl stamp fee be increased to \$10 in 2005.

The subcommittee recognizes that the Section Of Wildlife is challenged by the increasing number of aging water level control structures and fish barriers. These structures are critical to ongoing waterfowl habitat management activities, and their improvement or replacement is critical to successful waterfowl habitat management. The DNR's current list of existing structures is incomplete and outdated. Therefore, the subcommittee recommends that:

8) Minnesota Waterfowl Stamp funds or alternative funding be provided to fully fund a complete review and documentation of existing structures as an important first step to developing the long-range capital investment plan recommended by this subcommittee in 2003.

Finally, the DNR's Section of Wildlife and partners have made great strides over the last year in accelerating the management of shallow lakes for waterfowl habitat. Much of the credit goes to dedicated field personnel in the shallow lakes program that were hired specifically to conduct habitat evaluations, meet with landowners, maintain fish barriers and outlet structures, solicit easements and permits for the placement of new structures, and assist in management activities. Therefore, the subcommittee recommends that:

9) Active monitoring, evaluation, and implementation or replacement of structural improvements must continue for shallow lake management to be successful, and waterfowl stamps proceeds are an appropriate source of funds to support these efforts and the shallow lakes program in general.

Ecological Services Subcommittee Report

SUBCOMMITTEE MEMBERS

Char Brooker, Izaak Walton League, Maplewood, MN

John Curry, Minnesota Center for Environmental Advocacy, St. Paul, MN (Chair)

Gabrielle Horner, Minnesota Nature Conservancy, Minneapolis, MN

John Hunt, Trout Unlimited, Big Lake, MN

Frank Schneider, Muskies Inc., St. Paul, MN

Paula West, Minnesota Lakes Association, Brainerd, MN

FINDINGS AND RECOMMENDATIONS

The Citizen's Oversight Committee's (COC) subcommittee on Ecological Services reviewed the FY03 expenditures of the Division of Ecological Services at their December, January and February meetings. The group discussed the financial details of the division's expenditures and made the following findings and recommendations:

Acknowledgement of FY02 Expenditure Report Recommendations that were Implemented:

- During its review of FY02 expenditures, the Ecological Services subcommittee recommended that the department undertake a comprehensive review of all existing fees that pertain to programs and responsibilities of operating divisions supported with Game and Fish Fund revenues. As acknowledged in the department's response to our recommendation, fees to remove aquatic plants from shorelines were increased.
- In the subcommittee's FY02 report we also recommended that the department investigate areas where fees are not charged and determine whether it might be appropriate to collect revenues. Again, the department did support this recommendation and established a fee for the installation of aeration units where the primary purpose was not associated with fish management.
- In the subcommittee's FY02 report we recommended that the department recommend to the legislature that the Heritage Enhancement funds be retained in the FY04-05 budgets; during the legislative session these dollars were retained in the biennial budgets.

Subcommittee Recommendations based on FY03 Expenditure Report:

1. As in past years, the subcommittee would like to emphasize that the natural resource work conducted by the Division of Ecological Services is core to the Department's mission to "work with citizens to protect and manage the state's natural resources" and is vital to the efforts to protect and manage Minnesota's fish and wildlife resources. The division's use of Game and Fish Fund dollars to support work targeted at fish and wildlife conservation is justified and appropriate. Although the dollars provided approximately 13% of the Division's base budget expenditures in FY03 (Figure 1., excluding the FY03 expenditures of Heritage Enhancement dollars and Wildlife Conservation and Restoration dollars) it represents only 2.2% of the Game and Fish Fund (excluding the Heritage Enhancement dollars, Wildlife Conservation and Restoration Fund dollars and the dedicated accounts) and 4.5% of the Fund when the Heritage Enhancement dollars are included. This is a minor investment considering the return to the resource.
 - 4.5% of total expenditures in the Game & Fish Fund in FY03 were expended by the Division of Ecological Services (\$4,025,061/\$89,721,879)
 - 2.2% of total expenditures in the Game & Fish Fund in FY03, minus the dedicated accounts, the Heritage Enhancement Account, and the Wildlife Conservation and

Restoration dollars were expended by the Division of Ecological Services
(\$1,572,419/\$70,660,314)

2. Not only were Game & Fish Fund expenditures by the Division of Ecological Services justified and appropriate, the variety of work conducted by the Division, from Stream Habitat Protection to Fish & Wildlife Pathology to Aquatic Plant Management, is critical to the protection of the resource and is an integral component of the Department's comprehensive approach to fish and wildlife conservation. In future reports the division should continue to highlight the benefits of their work to the broad community of anglers and hunters.
3. In future reports the Division should examine ways to illustrate/summarize more context for the budget numbers. For example, what did they set out to accomplish and how much of that was accomplished with the funds available.
4. The Division should examine the program area labeled "Information and Integration" and look for ways to better describe the work that is done here; they may want to consider breaking it down into more than one category.
5. Division staff have presented to the committee a list of division activities and expenditures totaling over \$700,000 in program areas that could be justified as expenditures out of the Game and Fish Fund but which are currently being covered by other funding sources (such as full support of the Stream Habitat Protection Program, full support of the Aquatic Invertebrate Laboratory, etc.). The Division has been conservative in its use of the Game & Fish Fund and the committee is confident that it will continue to exercise good judgment in deciding what can be justified to the hunting and angling community.
6. Future License Increases: As noted previously, any future increases in license fees, including efforts to establish an indexed increase, should be distributed to all Divisions that benefit game and fish resources, including Ecological Services. The Division was excluded from an increase in base appropriations from the Game & Fish Fund during the 2000 legislative session. As such, this compromised the Division's ability to contribute to the conservation of fish and wildlife conservation in areas such as stream protection, lake mapping, technical assistance to local units of government and environmental protection.
7. The subcommittee and division should continue to explore ways that the outcome goals can be expanded and provide more direction in evaluating future work efforts.

Aquatic Plant Management

The Subcommittee devoted time to closely examining the expenditures for the Aquatic Plant Management Program. Our specific recommendations in this program area are as follows:

- The Division of Ecological Services should continue its full program review of the Aquatic Plant Management Program, with a projected completion date of June 2005. The Ecological Services Subcommittee of the Budgetary Oversight Committee (BOC) supports the scope of the "Review Project" including its investigation into collecting information about citizens' and lakeshore residents' attitudes and knowledge of aquatic plant management; collecting information about lakeshore changes and plant community changes in Minnesota; identifying strategies of similar programs from other states; and working with stakeholders to suggest changes in statute, rule or operations to improve the program.

The subcommittee supports delaying changes to the program's design, purpose, funding or staffing until the Review Project's findings and recommendations are completed.

- The latest analysis by Ecological Services suggests that as many as 80-90% of Minnesota lakeshore residents who order aquatic pesticides through the mail are not getting the required permit before they apply the product. In recognition that these users are the least likely to use sound environmental practices, the subcommittee strongly recommends a concerted effort to increase efforts at increasing the rate of permitted applications.
- Ecological Services should investigate the possibility of bifurcating permits between those that are issued in support of ecological and fisheries goals (such as exotics removal) and those that are not. The subcommittee recommends that Game and Fish dollars should be not available to the latter.
- Increased attention to education is needed on many levels. Coordination with lake associations on management plans, point-of-purchase brochures to discourage unpermitted users and general outreach to all lakeshore owners are all encouraged.
- Pesticide manufacturers pay an annual fee to the Minnesota Department of Agriculture for use in managing state pesticide programs. A transfer of funds from the MDA's pesticide account to the DNR to help cover the costs of the Aquatic Plant Management Program should be pursued.
- Currently the APM Program is implementing new fee increases that are projected to more than double revenue and reduce uncompensated Game and Fish Fund expenditures for the program to \$250,000 (down from \$400,000 in FY03). These changes and the comprehensive program review underway, give the members of the subcommittee optimism that meaningful changes are forthcoming. It is not the intent of the recommendations above to disrupt the steady, incremental change toward a new program. We do hope, however, that these considerations will be a part of the change that is needed for the health of lakes, fisheries and the Game and Fish Fund.

SUMMARY OF REVIEW OF FY03 EXPENDITURES

The Game and Fish Fund provided 13% (\$1,572,419) of the total expenditures (\$12,044,809) for the Division of Ecological Services in FY03 (Figure 1). This expenditure represents 2.2% of the total expenditures made from the Fund during the fiscal year (minus the expenditures from the Heritage Enhancement Account, the Wildlife Conservation and Restoration Fund and the dedicated accounts). An additional expenditure of \$1,703,032 was directed to projects approved from the Heritage Enhancement account and \$749,611 was directed to one-time projects approved from the Wildlife Conservation and Restoration Fund, both within the Game and Fish Fund (Figure 2).

Allocation of the \$1,572,419 resulted in \$947,721 to field activities and \$624,698 to headquarter activities (Table 1). When expenditures from the Heritage Enhancement account are included a total of \$2,417,479 was spent on field activities and \$857,972 was spent on headquarter activities. Nearly 40% of the headquarter expenditures are for information system work on natural resource data collected by the division's field staff. Allocation of Game and Fish operating dollars by program topic are also shown in Figure 3 (excluding the Heritage Enhancement work). Overall, 37% of the funds were spent in the general program area of Information Integration & Delivery, 42% on Lakes and Rivers and 21% on Ecosystem Health; allocation to individual program activities within each of these broad areas is shown in Figure 4.

We were presented with complete information and answers to questions from the Division of Ecological Services and did not identify any misuse of Game and Fish Fund dollars. Indeed, the

Division of Ecological Services has developed a conservative approach to its management of the Game and Fish Fund dollars that are appropriated to the division.

OUTCOME GOALS RECOMMENDATIONS

Proposed Outcome Goals for Principal Program Areas

1. River and Stream Protection and Restoration

Long-term Goal: **To insure healthy and ecologically sustainable river and stream resources that provide healthy fish and aquatic invertebrate populations and recreational opportunities**

Interim Results:

- 1) Establish protected flows in targeted areas to insure adequate flow at critical times of the year
- 2) Successfully restore river channels to: reconnect rivers with their floodplains while minimizing property damage and reconnect fish to their headwater streams to provide quality spawning habitat
- 3) Protect native mussel populations from zebra mussel infestations
- 4) Establish fish-based biocriteria for Minnesota's major watersheds
- 5) Protect water quality conditions in Minnesota's major rivers by insuring that new water treatment facilities incorporate the latest technology to meet water quality standards

What we do:

- 1) Collect hydrological and biological data from streams and rivers
- 2) Design river channel and pool restoration efforts
- 3) Participate in work to relocate native mussel populations to safe refuges
- 4) Collect fish community data from major watersheds
- 5) Review EAWs and NPDES permits for wastewater treatment facilities

2. Aquatic Plant Management

Long-term Goal: **a) No net loss of emergent or floating leaf vegetation on any given lake; and b) Double the percentage of lakeshore owners seeking permits in relation to the volume of aquatic herbicides sold**

Interim Results:

- 1) Assess the status of aquatic plant communities and provide a better basis for detecting long-term changes
- 2) Educate lakeshore owners about the value of aquatic vegetation and the permit requirements for removing vegetation
- 3) Insure that aquatic plant herbicide treatments are done safely and according to state and federal regulations

What we do:

- 1) Develop and distribute educational materials about the value of aquatic plants
- 2) Work with individual lakeshore homeowners and lake associations to develop plans to provide access and protect aquatic vegetation
- 3) Work with commercial harvesters and applicators who treat individual properties
- 4) Monitor the application of herbicides to lakes and streams
- 5) Collect data on aquatic plants and aquatic plant communities

3. Pathology Services

Long-term Goal: **To insure healthy fish and wildlife populations**

Interim Results:

- 1) Insure that fish maintained in state and private facilities are healthy
- 2) Insure that fish imported to or exported from Minnesota are healthy and disease-free
- 3) Monitor the health of Minnesota=s wild fish populations
- 4) Assist with monitoring the health of Minnesota=s wildlife populations

What we do:

- 1) Conduct regular inspections of state fish hatcheries
- 2) Conduct regular inspections of private aquaculture facilities
- 3) Investigate reported mortality in fish and wildlife

4. Lake Mapping

Long-term Goal: **To insure that lake improvement and management efforts are guided by the most accurate and up-to-date information**

Interim Results: Produce accurate lakebed maps for all of Minnesota=s fish management lakes

What we do:

- 1) Collect hydraulic data from approximately 25,000 lake acres each year
- 2) Convert the data into accurate lakebed maps

Figure 1. Ecological Services FY03 Summary of Total Expenditures by Fund (Total: \$12,044,809)

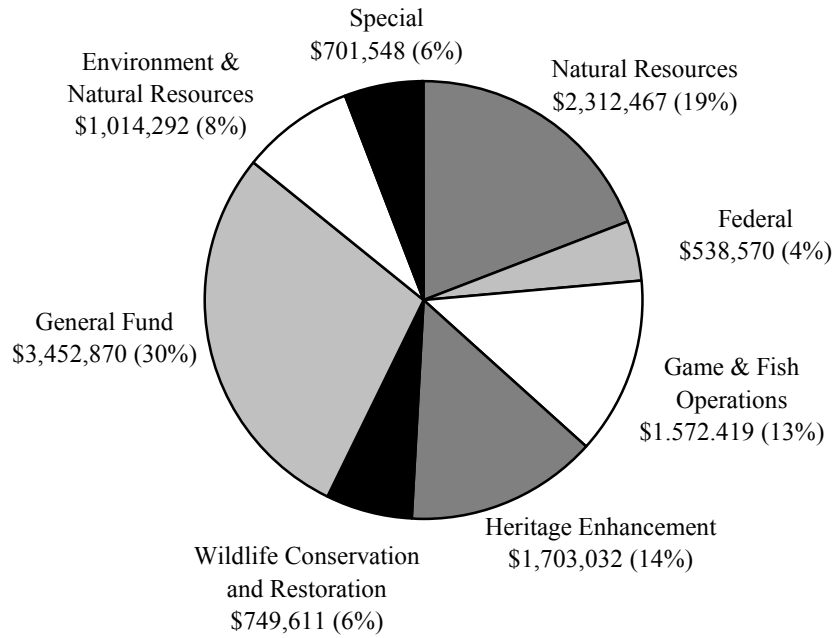


Figure 2. Expenditures within Ecological Services FY03 Game & Fish Fund (Total: \$4,025,062)

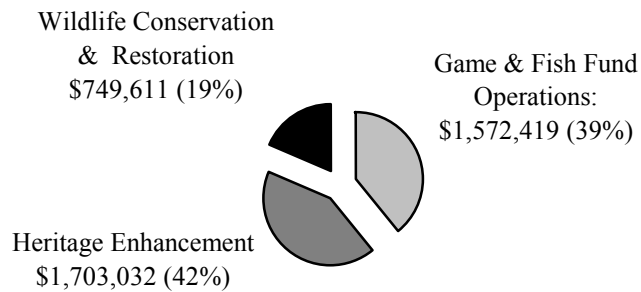


Figure 3. Allocation of FY03 Game & Fish Operation Expenditures by Program Area (minus Heritage Enhancement and Wildlife Conservation & Restoration)

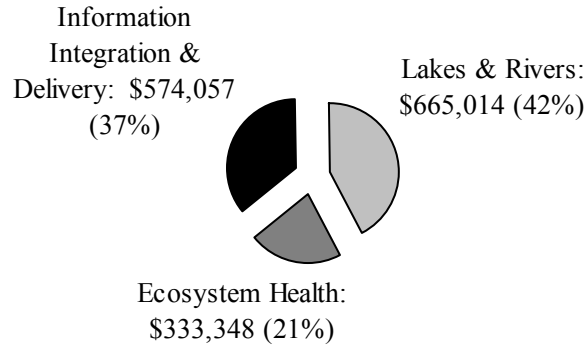


Figure 4. FY03 Allocation of Game and Fish Fund Dollars by Specific Program Activity

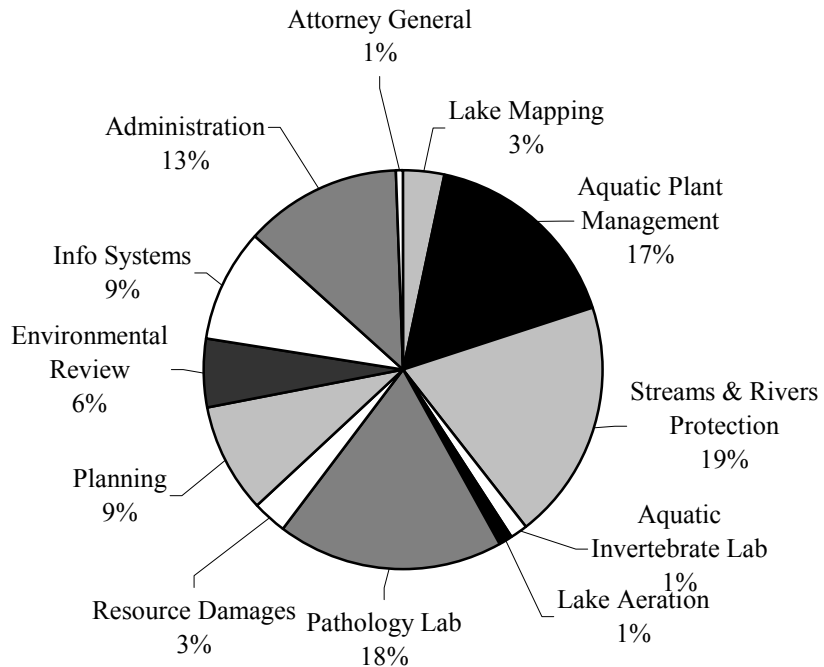


Table 1. Breakdown of FY03 Game and Fish Fund Operating Expenses in Ecological Services

Program Area	FTEs	Field/St. Paul (staffing)	Notes	Salaries	Expenses	Total	Total Field/St. Paul	% Program covered by GFF Operating Funds
Lakes and Rivers	0.9							
Lake Mapping	3.9	.9/0	Headq'tered in St. Paul	\$41,095	\$10,963	\$52,058	\$52,058/\$0	100%
Aquatic Plant Management	4.2	3.0/.9	1 St. Paul Supervisor	\$252,616	\$12,997	\$265,613	\$193,973/\$71,640	100%
Streams & Rivers	0.3	3.2/1.0	Headq'tered in St. Paul	\$274,516	\$31,368	\$305,884	\$239,775/\$66,109	51%
Aquatic Invertebrate Lab	0.4	.3/0	Headq'tered in St. Paul	\$19,691	\$541	\$20,232	\$20,232/\$0	19%
Lake Aeration Program		.4/0	Headq'tered in St. Paul	\$21,227	\$0	\$21,227	\$21,227/\$0	56%
Ecosystem Health								
Pathology Lab	3.3	3.3/0	Headq'tered in St. Paul	\$225,215	\$62,655	\$287,870	\$287,870/\$0	100%
Resource Damages	0.7	.7/0	Headq'tered in St. Paul	\$42,806	\$2,672	\$45,478	\$45,478/\$0	100%
Information Integration								
Fish & Wildlife Planning	1.4	0/1.4	St. Paul Positions	\$139,763	\$1,025	\$140,788	\$0/\$140,788	100%
Environmental Review	1.4	1.4/0	Field	\$77,546	\$9,562	\$87,108	\$87,108/\$0	21%
Info Systems & Communication	2.0	0/2.0	St. Paul Positions	\$120,159	\$22,779	\$142,938	\$0/\$142,938	17%
Division Administration	0.0	0/0	Assessed to Eco		\$194,304	\$194,304	\$0/\$194,304	16%
Attorney General Fees	0.0	0/0	Assessed to Eco		\$8,919	\$8,919	\$0/\$8,919	-
Subtotal Game & Fish Operating Fund	18.5	13.2/5.3		\$1,214,634	\$357,785	\$1,572,419	\$947,721/\$624,698	
Heritage Enhancement Funds						\$1,703,032	\$1,469,758/\$233,274	
Wildlife Conservation & Restoration						\$749,611	\$749,611/\$0	
Totals								

Enforcement & Operations Support Subcommittee Report

SUBCOMMITTEE MEMBERS

Lee Borash, Minneapolis, MN (Chair)

Joe Corcoran, Washkish, MN

Sven Lindquist, Spring Lake Park, MN

Tom Neustrom, Grand Rapids, MN

Dan Ross, Deer River, MN

FINDINGS AND RECOMMENDATIONS

1. Make sure funding is available to hire and train new conservation officers. Although funding was provided in 2003, the group still faces a crisis with the potential for a large number of retirements at any time. We still have areas in the state with no coverage by conservation officers.
2. Penalties for game violations need to be increased to protect the resource and to send a message to the offender that our natural resources are important to everyone in the state. In particular, the penalties for the buying of netted fish other than a commercial operation needs to be increased if we are to make sure lakes like Upper & Lower Red Lakes are to be successful with their recovery efforts. The "black market" in fish is still alive and well and will continue unless we take action.
3. As the state works on designing a new license center system to replace the old one which has been very successful, we need to make sure sportsmen and women have input into this new one as to what data it collects and provides, how it is funded and what steps are taken to collect funding for a new one later down the road.
4. We need to find a long term proposal that provides a steady stream of funding for the DNR, that is tied to the cost of living. Our natural resources are too important to the citizens of the state and it has become too much of a political football every funding cycle at the legislature.
5. The DNR needs to look at better ways to keep the conservation officers informed of a person's record of violations while they are talking to them. Many times the conservation officer may issue a warning and later find out the violator had already been warned of the same thing and had they known they could have done things differently. We believe there probably are hand held devices that could be tied to the ELS system, which would enable the conservation officer to be more effective and efficient. This recommendation and # 3 could possibly work together along with #6 as well.
6. We still have many people getting licenses that shouldn't because of the lack of child support payments. The legislature should be informed that the laws they passed in this regard are not being implemented due to the lack of communication between the DNR, the courts, and other state agencies. This needs to be corrected.