

Response to Citizen Oversight Report

December 2022

This document contains the response of the Minnesota Department of Natural Resources (DNR) to the top findings and recommendations from the Citizen Oversight Report on Game and Fish Fund (GFF) for Fiscal Year 2021. The document is structured to present a given finding/recommendation by the Budgetary Oversight Committee (BOC), followed by the response from DNR.

Fund Sustainability

BOC Finding/Recommendation

The solvency and sustainability of the Game and Fish Fund (GFF) is once again a major issue of concern for the BOC. There is currently no sustainable funding framework for the GFF and despite the state's record budget surplus, the legislature failed to provide more funding to the many initiatives supported by the GFF and desperately needed for the DNR to maintain current operational performance. Revenues are still projected to decline overall and expenditures are expected to exceed revenues by \$7 million to \$10 million annually.

The BOC encourages the DNR's continued efforts to achieve a [Future Funding Framework](#) and additional funding sources for [investing in Minnesota's outdoor resources](#). The BOC has consistently held that the traditional user-based funding model, though successfully relied on for many years, no longer adequately accounts for the way natural resources are used. The traditional user base, i.e., those who purchase fishing and hunting licenses and permits, is shrinking while the benefits from conservation efforts funded by those license sales accrue to society as a whole. However, expanding the base must also be a part of the strategy, and there needs to be legislative support in order to achieve those ends.

DNR Response

The DNR generally agrees with the BOC on its assessment of traditional user-based funding model and the importance of the Future Funding Framework, the completed vision for which is now known as [4 The Outdoors](#). This four-year framework highlights four key areas of action related to conservation and outdoor recreation funding in the state:

1. Optimize use of current funding;
2. Explore use and application of fees;
3. Increase opportunities for direct support; and
4. Secure stable and predictable base and operational funding.

Work starts right away in 2022, and we hope the BOC will be active partners with us.

Meanwhile, there are additional steps this agency has taken within its own authority to shore up funding on a shorter-term basis. These include identifying additional state expenditures (such as the Payment in Lieu of Taxes payments made for state wildlife management areas) that may be used to capture Minnesota's full Pittman-Robertson apportionment through Fiscal Year 2027, as well as seeking other sources of potential match for federal funds.

Additionally, DNR continues to put forth robust budget proposals that among other goals reflects desire for a healthy GFF.

Electronic Licensing System

BOC Finding/Recommendation

The process for modernizing the current DNR electronic licensing system continues to move at a glacial pace. Once again, the DNR is reevaluating and redefining its needs so that a Request for Proposal (RFP) can be submitted, but this process is simply taking far too long. Considerable time, money, and resources have been spent on this initiative, and even when a partner is selected for developing the new system, it will still be many years before the program is created and implemented. While surveys have been utilized to help streamline the vetting process, the BOC would like to see the DNR make more decisive decisions and move forward. This initiative needs to be a priority, so if more resources are needed to accomplish this goal, the BOC recommends that the DNR allocate them to make a final decision in FY22.

DNR Response

DNR agrees upon the importance of modernizing the Electronic Licensing System (ELS) and has taken significant steps this year to move the work forward. The RFP noted above went out in May 2022, and we will have a chosen contractor by early 2023. Our current expectation is that a modernized system will be in place by March 2025, to coincide with the 2025 license year.

While we share the BOC's desire to see things move as quickly as possible, the simple fact is that large, publicly funded, complex systems that interact with multiple customer segments take time. Such systems also face resource and contracting restraints unique to the public sector. Our priority is to create a high-quality, convenient, accurate, responsive, and secure platform for conducting a wide range of related but distinct transactions – buying licenses, registering harvested animals, signing up for skills training, and so on. Nearly ninety percent of all ELS products will then be available via electronic download, saving customers time and taxpayers money. Meanwhile, managing the inevitable risks to taxpayer investments does require a deliberate pace. We believe the patience and care will pay off in the long run and appreciate the BOC's understanding.

Chronic Wasting Disease

BOC Finding/Recommendation

Chronic Wasting Disease (CWD) continues to remain both a high priority and emerging issue for the BOC. As more details are discovered and further spread of the disease is found throughout the state, it is apparent that there is still more room for discussion and assistance. A more comprehensive plan amongst all stakeholders, agencies, and levels of government needs to be developed and better oversight of Minnesota deer farms is paramount to stopping the spread of CWD. In addition, concern over COVID-19 and other invasive illness to wildlife is also a major concern.

DNR Response

We agree with the BOC's concerns regarding CWD. Management of the health of the state's wild white-tailed deer populations, including the threats and uncertainty posed by CWD, remains a high priority. The [current CWD response plan](#) is adaptive, and we have modified our approach as circumstances warrant and statute allows. Following the 2021 legislative session, we began a co-management initiative with the Board of Animal Health (BAH) and Minnesota Department of Agriculture (MDA) to improve regulation of captive deer facilities and prevent the introduction and spread of CWD into wild deer populations. A memorandum of understanding between BAH and DNR is pending that will provide a valuable framework for co-regulation; this process has taken a bit longer than anticipated but should be complete soon. In addition, our agency has hired a Farmed Deer and Captive Species Coordinator position with the primary responsibility of working with all relevant agencies and stakeholders to ensure the success of this work.

We have also undertaken the following actions in the last year:

- Increased collaboration with federal agencies, state agencies, and tribal governments; as well as the state's Deer Advisory Committee;
- Receipt of a \$250K grant from the U.S. Department of Agriculture (USDA) to help support the expansion of our partner taxidermist sampling network statewide, and partnership with Minnesota Conservation Federation to champion the efforts under that USDA grant; and
- Discussion with MDA on strategies to increase meat processor participation in the Venison Donation Program.

Scientific knowledge surrounding COVID-19 and wildlife populations continues to progress rapidly. To date the DNR wildlife health program has collaborated with the University of Minnesota, USDA, and U.S. Geological Survey on sampling of deer and other wildlife to test for presence of the SARS-COV2 virus. Additional work and collaboration will continue to advance knowledge on the prevalence and spread of this and other diseases in Minnesota's wildlife populations. Other emerging issues in the wildlife health program include assessment of the incidence and level of polyfluoroalkyl substances and neonicotinoid contaminants in white-tailed deer and other wildlife species, and continued work with the MDA and the BAH on surveillance of highly pathogenic avian influenza in wild birds.

Fish Hatcheries

BOC Finding/Recommendation

The needs of the state's fish hatcheries continue to be a top priority for the BOC. Many of the state's hatcheries need immediate repairs and upgrades, and funds provided through bonding have been grossly insufficient. Hatchery infrastructure repairs and upgrades are essential to ensuring and increasing biosecurity, staff safety, and efficiency of operations. A collapse of any of these degrading hatcheries – particularly at Waterville and/or Crystal Springs – would likely result in significant damage to the hatchery as well as significant loss of aquatic life. A final strategic plan and associated work plans regarding the state's fish hatchery network is a necessity.

DNR Response

DNR agrees with the BOC's assessment of the needs of the state's hatcheries, particularly in Waterville and Crystal Springs. We will continue to request the resources necessary to upgrade these sites.

To maximize use of limited fiscal resources and formalize fish production direction, the Division of Fish and Wildlife has initiated the development of a 15-year fish production plan. The plan will help identify fish production needs to meet fisheries management plan goals, hindrances to fish production, and efficiencies that could be achieved, including genetic integrity of walleye and native strain brook trout. In addition, the plan will bring sharper focus to hatchery needs – allowing us to prioritize investments in repairs and upgrades that will provide the greatest overall benefit. We expect this plan will be completed in 2023.

Transparency

BOC Finding/Recommendation

While not part of the response document, the cover letter to the response contained cogent and relevant thinking on the transparency of the fund itself and the annual report, that we would like to highlight:

[There is a] continued need for transparency, clarity, and more detail on behalf of the BOC. While we are glad to see the DNR developing a framework and best management practices for tracking projects within the DNR, the BOC and supporting committees cannot function properly without being provided an accurate accounting of how money is allocated within each account. The agency's complex cost coding structure, the subjective nature in which tasks and work are classified, and the overall desire for flexibility in spending across the Fish and Wildlife Division accounts make it very difficult to discern where the money is going and what projects, work, maintenance, etc. the funds are being spent on. As such, the BOC is often forced to spend much time simply requesting this information in order to complete our analysis. We strenuously recommend that the GFF Report should include the major project expenditures within each account as well as the objective targets, estimated project timelines, and measurable outcomes for each project within each account. Instead of listing all of the major accomplishments and outcomes at the end of the report, the BOC would like to see more project details, outcomes, and expenditures directly in each account's section. By

doing so, the DNR would be providing more transparency for both the public and the various citizen committees tasked with providing oversight and recommendations for the future.

DNR Response

This is an important conversation that gets to the core purpose of Minnesota Statutes, sec. 97A.055, subd. 4b, regarding GFF annual reports. We agree that citizen oversight is essential, that good oversight requires transparency and clarity, and that the responsibility for that transparency and clarity resides with the DNR.

Following up on multiple years' worth of incremental improvement in recent reports, the upcoming report (for the year completed July 2022) represents a more substantial restructure. Based on BOC comments and our own desire to see the report be more meaningful to the BOC, legislature, and public, we have reorganized the report so that it (1) leads with outcomes and program outputs and (2) attaches more specific activities to each account's financial analysis. We see these changes as a start and are open to more conversation once the BOC can review and assess the final report, which should be available by the statutory deadline of December 15.

The recommendation to provide project-specific expenditures, targets, timelines, and outcomes within an annual report does raise some practical realities. First, this level of detail exceeds the annual report's scope as stated in statute. This report is already a challenge to compile in the limited window between end of fiscal year (June 30) and required submittal (December 15) each year; requests for elements that exceed statutory requirements are difficult to accommodate. Second, the volume of such information in a single annual report, however well organized, would not necessarily increase clarity or transparency. Providing specific groups with the information they need, when they need it, may be a more effective tool toward transparency than a single large volume of comprehensive information at a single point in time.

We recognize as the BOC does that the GFF is one of the most complex funds in state government. There are few funds with so many different smaller streams within, each pointing at a different aspect of natural resources management and each with a specific set of stakeholders. Meanwhile, natural resource management itself cannot be effectively accomplished in such silos, but instead requires interdisciplinary approaches to solve problems that impact multiple species and habitats. We appreciate that the BOC is committed, as we are, to seeing taxpayer dollars achieve maximum impact by having programs and accounts work together to achieve common objectives. It can result in some complicated financial accounting, and we assure you and all stakeholders that we take seriously the accountability of each dollar spent from each account.

Naturally, we recognize BOC's (and all Minnesotans') need and right to expenditure information on each and every account within the GFF. We remain at your disposal to furnish any relevant information you request, before and after the publication of any annual report.