

Game and Fish Fund Budgetary Oversight Committee

Authorized under *Minnesota Statutes*, section 97A.055, subd. 4b

Citizen Oversight Report on Game and Fish Fund Expenditures Fiscal Year 2019

July 2020

Game and Fish Fund Budgetary Oversight Committee

–Authorized under Minnesota Statutes, section 97A.055, subd. 4b

Steve Okins, BOC Chair

Fisheries Oversight Committee (FOC) Representatives

Craig Pagel, FOC Chair
Nikki Bentley
Kirk Duholm
Samantha Lee
Cathy Piepho

Wildlife Oversight Committee (WOC) Representatives

Burl Haar, WOC Chair
Karli Cich
Phoebe Cole
Garry Hooghkirk
John Schnedler
Matt Weegman (alternate)

July 7, 2020

Ms. Sarah Strommen, Commissioner, Minnesota Department of Natural Resources

Sen. Carrie Ruud, Chair, Environment and Natural Resources Policy and Legacy Finance Committee

Sen. Chris A. Eaton, Ranking Minority Member, Environment and Natural Resources Policy and Legacy Finance Committee

Sen. Bill Ingebrigtsen, Chair, Environment and Natural Resources Finance

Sen. David J. Tomassoni, Ranking Minority Member, Environment and Natural Resources Finance

Rep. John Persell, Chair, Environment and Natural Resources Policy Committee

Rep. Dale Lueck, Ranking Minority Member, Environment and Natural Resources Policy Committee

Rep. Rick Hansen, Chair, Environment and Natural Resources Finance Division

Rep. Dan Fabian, Ranking Minority Member, Environment and Natural Resources Finance Division

Subject: Game and Fish Fund Budgetary Oversight Committee Report on FY2019

Commissioner, Senators, and Representatives:

I am pleased to present the Fiscal Year 2019 Report of the Game and Fish Fund Budgetary Oversight Committee (BOC). The BOC and its two subcommittees determined that FY 2018 Game and Fish Fund expenditures complied with the overall requirements of the Game and Fish Fund.

The introduction lists our top recommendations and we look forward to a written response to items directed to the DNR's attention. We do provide recommendations for consideration by the legislature. The detailed section of our report identifies account-specific concerns and recommendations that do not require a written response, and we ask fisheries and wildlife managers to follow up on these items in meetings and discussions with the Fisheries Oversight Committee (FOC) and Wildlife Oversight Committee (WOC).

Thank you for your continued support of healthy, abundant fish and wildlife populations and their habitats.

Yours truly,



Steve Okins, Chair, Game and Fish Fund Budgetary Oversight Committee

Table of Contents

EXECUTIVE SUMMARY	1
FUNCTIONS	5
Fish Management	5
Wildlife Management	8
Fish and Wildlife – Outreach.....	11
Fish and Wildlife – License Center	14
Ecological and Water Resources	16
Enforcement	17
Parks and Trails	19
Forestry	21
Lands and Minerals: Real Estate	23
Operations Support.....	24
ACCOUNTS	26
Game and Fish Operations Account (Fund 2200)	26
Fish Management	26
Wildlife Management	27
Deer and Bear Management Account (Fund 2201)	28
Emergency Deer Feeding and Wild Cervidae Health Management Account (Fund 2201 / Appropriation R296213)	30
Deer Management Account (Fund 2202)	32
Waterfowl Habitat Improvement Account (Fund 2203).....	34
Trout and Salmon Management Account (Fund 2204)	35
Pheasant Habitat Improvement Account (Fund 2205)	37
Wild Rice Management Account (Fund 2206)	39
Wildlife Acquisition Account (Fund 2207)	40
Wild Turkey Management Account (Fund 2208).....	42
Heritage Enhancement Account (Fund 2209).....	43
Lifetime Fish and Wildlife Trust Fund Account (Fund 2210).....	44
Walleye Stamp Account (Fund 2211).....	46
Peace Officer Training Account (Fund 2212)	47
Wolf Management and Monitoring Account (Fund 2213)	48
EMERGING ISSUES	50

EXECUTIVE SUMMARY

The Game and Fish Fund Budgetary Oversight Committee (BOC) consists of five members selected from the Wildlife Oversight Committee (WOC) and five members selected from the Fisheries Oversight Committee (FOC), plus a Chair appointed by the commissioner of natural resources (commissioner). The WOC and FOC are each composed of 12 members appointed by the commissioner.

The reviews of the WOC, FOC, and BOC required the examination of management activities and outcomes with related expenditures. This BOC report discusses expenditures and any policy issues by major function whenever possible.

As noted in the cover letter, the BOC asks the DNR respond in detail to the specific concerns noted in the section Top Findings and Recommendations that follows. In the body of this report, each section has a “Findings.” While not the BOC’s Top Findings and Recommendations, the DNR should address them with the BOC and affected stakeholders.

The BOC approved this report by an email vote completed on July 2, 2020.

REQUEST FOR REVIEW OF STATUTORY AUTHORITY

The BOC recommends the Department of Natural Resources and Legislature review [Minnesota Statutes, section 97A.055, subd. 4b](#), to assure the statute is clear and meets the intent of the legislature.

Clarity of the charge to the oversight committees

Of specific concern to the BOC is this language in section 97A.055, subd. 4b (a): “to review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.”

Ability to make budget recommendations

The BOC is interested in having the statutory language clarified and information provided so the BOC can make policy and budget recommendations. The committees do not always have sufficient information on work plans and budget for the upcoming year to make meaningful recommendations. This is partially due to the timing of reports in even-numbered years, and partially due to proposed work plans and budgets not available. Therefore, the BOC, though they want to fulfill section 97A.055, subd. 4b (a), cannot fully meet the responsibilities at this time. *See also* section 97A.055, subd. 4b (d).

Another concern, which we also address to the legislature, is with the Heritage Fund supplanting versus supplementing. Many of the activities performed by the DNR require various sources of funding. Because the Heritage Fund is a major source of funding, the BOC wants to make sure there is not a disruption in funding that would severely hamper the DNR’s ability to perform game and fish activities.

TOP FINDINGS AND RECOMMENDATIONS

All FY2019 reviewed expenditures from the Game and Fish Fund (GFF) appear to be in keeping with statutory requirements and sound management practices.

The top priority recommendations of the BOC to the DNR are listed below, in no particular order. The BOC requests that the DNR provide a written response on each of the top recommendations.

Climate Change

The effects of climate change are already having a profound impact on Minnesota wildlife and fisheries. The DNR has taken steps to evaluate the impact of our changing climate. However, it is imperative that the DNR pursue all informed practices and bolster its leadership role in the management of both public and state lands to mitigate the impact of climate change. Projected trends indicate increases in precipitation, invasive species, and disease, all of which could pose dangerous and irrevocable consequences on Minnesota's environment, wildlife, and fisheries. It is essential that the DNR lead, educate, and advise fellow natural resource organizations on the best methods to create resilient ecosystems in the face of climate change.

Fund Sustainability

The long-term health of the Game and Fish Fund (GFF) remains a top priority for the DNR. The GFF Operations Account balance is expected to decline over time due to appropriations exceeding projected revenues. Current projections have the GFF Operations Account solvent through the projected budget horizon of FY2023. At the same time, major sources of revenue are flat or declining. Federal reimbursement from the Dingell-Johnson Fund and Pittman-Robertson Fund, which provide 34% of the GFF Fund's Total Revenues and Transfers-in, are expected to stay flat or decline in future years. The Lifetime Fish and Wildlife Trust Fund was projected to grow and contribute a larger part to the GFF balance. However, recent and unforeseen market losses due to Covid-19 have raised concern with the Fund's dependence on a strong rate of return and its ability to absorb short-term losses and maintain long-term sustainability.

By 2032, the population in Minnesota is expected to exceed 6 million. While great news for the State's economy, a growing population increases the pressure on our natural resources and the State's ability to provide the outdoor recreation opportunities and quality of life that all Minnesotans expect.

For over 80 years, conservation has been funded, in large part, by a strong user base of hunters, boaters, and anglers. This funding model of "user pay – public benefit" has been successful but does not accurately reflect how natural resources are used today. The user base, those that pay, is shrinking while the number of people who benefit from conservation efforts, is growing. Since the funding base of the GFF is highly dependent (85%) on the revenue from hunting and fishing license sales, fees, and federal excise tax dollars, the DNR has focused their efforts on shoring up the user base. For example, the DNR has increased license fees to provide immediate revenue and recruited new users through Outreach/R3

programs and activities. These are short-term strategies and the BOC recommends the DNR also pursue long-term policy changes to diversify and broaden their funding base.

The DNR must seek significant increases to appropriations from the General Fund and Sales Tax Revenues that are more equitable and sustainable. All Minnesotans benefit from the work done by the DNR and by asking all to invest in healthy fish and wildlife populations and quality habitats, field, and water access sites, we place a higher value on those resources. Minnesota already has the advantage of strong and proven citizen support for conservation investments (2008 Legacy Amendment) and certainly could do more.

The DNR is laying the groundwork for these long-term policy changes. User surveys that chart the public's interest in Fish and Wildlife issues and identify what customers want and need in a "modern" Electronic License System. The DNR is also contracting research assistance to help design new and innovative licensing practices, pricing, and revenue structure. The hope of the BOC is that this work leads to real change in funding the future of the GFF.

Strategic Management Plan

Priorities for the future should include funding expenditures based on well-developed business and work plans with attainable results, use of best management practices, and detailed accounting of projects of both revenue sources and expenditures, including outcomes. This will enable the general public and DNR to easily review revenue sources and to assure funds are not being wasted through uncoordinated management practices. It has been several years since the DNR has undertaken strategic planning for Game and Fish. A new updated strategic plan, with specific outcomes and projected costs, supported by an accounting/management system to track efforts could be vital to the health of not only revenue sources and expenditure outcomes, but the game and fish in the state.

Chronic Wasting Disease

Chronic Wasting Disease (CWD) continues to be a very serious and immediate problem affecting deer across areas of Minnesota. CWD also poses a threat to Minnesota's moose and elk populations. Severe deterioration in these populations would constitute an abdication of our stewardship responsibilities for wildlife, as well as impose serious economic effects and destroy a Minnesota family tradition. Efforts to forestall such outcomes requires sustained and coordinated efforts by multiple entities: the DNR, the Board of Animal Health (BAH), the Department of Agriculture (DOA), all farmers, all hunters, and all wildlife enthusiasts. As noted in the BOC's FY2018 Report, CWD is not just a "hunter's issue" and, therefore, the cost of controlling the disease should not fall strictly to the Game and Fish Fund.

The DNR has worked within the reach of its authority to implement a science-based plan to limit the spread of this disease in the wild. However, effective management of this wildlife health issue is complicated by split authority among different agencies. Moreover, there are still unknowns associated with this disease and methods to eradicate it have not yet been discovered. Therefore, it remains a serious threat to Minnesota's wildlife, its outdoor economy, and an important part of its social fabric.

Sustained and coordinated attention to this problem is required, including focus on the cost of programs needed to limit its damage.

Fish Hatcheries

The state's hatcheries need asset preservation funding to maintain and operate. The DNR and BOC agree funding from the state is needed in the form of bonding. Currently, the GFF and General Funds, which are declining, cannot meet hatchery infrastructure needs.

Approximately \$39,211,000 in capital improvements are needed for Minnesota fish hatcheries to ensure asset preservation and enhancements. Coldwater hatcheries make up \$18,877,978 of those needs and coolwater hatcheries make up \$20,333,000. The DNR proposed bonding to cover much of the costs in the 2020 Legislative Session Capital Expenditures Budget; however, the bonding bill did not pass during the regular 2020 Legislative Session. The DNR and Legislature need to address these concerns if the State wishes to continue to have a high-quality fishery that supports part of the State's economy—especially in Greater Minnesota.

FUNCTIONS

Fish Management

OVERVIEW

Fish Management includes the following: population and habitat management, technical assistance and coordination with citizen efforts, stocking, education, outreach, rulemaking, and coordinating all aspects of fish management.

Account 2200 for fishery activities records those revenues and expenditures required to meet the requirements of the Federal Aid in Sports Fish Restoration Act, also known as the Dingell-Johnson Act.

While this section reflects the Game and Fish Account 2200, it is the backbone of the revenue and spending; however, fishery projects draw from many revenue sources to assure the work required by legislative action and Fisheries Section needs are met. Therefore, a summation of revenue and expenditures will be reflected in this section. Please see Fish Management under Operations to get a full accounting of expenditures for Fisheries.

FINDINGS

Revenue for the Fisheries section of Account 2200 GFF are:

- \$28,778,512 from fishing license sales account for 29.5% of the GFF's total revenue.
- \$12,325,628 obtained in 2019 from the federal government by DNR Fisheries surpassing the requirements of the Dingell-Johnson Act, or about 12.6 % of GFF's total revenue.
- Other revenue resources for the balance are noted in the rest of the report.

Account 2200 is the general operations account and, as such, provides support to a wide variety of fisheries-related activities. For FY2019, over 71% of expenditures for fisheries management were funded from this account. Total Expenditures from the Account for fisheries management activities for FY2019 were \$34,129,251. Expenditures by fisheries management activity were as follows, based on additional data provided by fisheries staff:

Activity	Amount	Percentage
Population Management	13,220,739	39%
Planning and Coordination	5,641,190	16%
Fish Culture and Stocking	5,102,040	15%
Habitat Improvement	\$3,502,432	10%
Department Services	3,031,397	9%
Division Support	1,973,736	6%
Education and Outreach	1,657,717	5%

The oversight committee has reviewed the major activities related to fisheries that are funded by Account 2200 and other accounts required to perform Fisheries’ activities. The primary areas of concern for fisheries discussed in this report include financial support for hatcheries infrastructure, habitat improvements, and support to bolster declining revenue sources.

Updated Walleye Stocking Program

Studies continue to show the impact on catchable biomass resulting from walleye stocking efforts in various water bodies around the state. The research demonstrates the use of best management practices using fry stocking while reducing fingerling stocking in some lakes is a more viable and less expensive economic option. The BOC supports this science-based effort to manage walleye populations and believe this to be a wise use of the GFF.

Trout and Salmon Program

Trout and salmon fisheries, aided by funding from required stamp sales and GFF, continue (at this time) to pay for stream development and easements as well as stocking efforts. In FY2019, a total of \$6,369,524 went to development of habitat and to stock coldwater fish. Funding sources included \$5,831,116 from the GFF, Trout and Salmon Account, and Heritage Enhancement Account. The balance of \$538,408 came from the Outdoor Heritage Fund (OHF) and Legislative-Citizen Commission on Minnesota Resources (LCCMR).

Hatchery and Purchased Stocking

The DNR Fisheries Section continues to ensure state hatcheries and vendor supplied stock meet best management standards while ensuring invasive aquatic species and viruses, like Viral Hemorrhagic Septicemia (VHS), are not introduced through stocking.

However, due to the age of the state’s hatcheries and rising costs to maintain and operate these facilities, the BOC finds the need from the state bonding fund to build, upgrade, and repair hatcheries. Currently, the GFF and General Funds, which are declining, cannot meet hatchery infrastructure needs.

Approximately \$39,211,000 in capital improvements are needed for Minnesota fish hatcheries to ensure asset preservation and enhancements. Coldwater hatcheries make up \$18,877,978 of those needs and coolwater hatcheries make up \$20,333,000. The DNR proposes bonding to cover much of the costs in the 2020 Legislative Session Capital Expenditures Budget.

Needs of specific hatcheries:

Location	Amount
Waterville coolwater hatchery	\$12,373,000
Most critical priority	6,205,000
Medium need priority	5,988,000
Not as critical, yet needed	180,000
Lanesboro coldwater hatchery	\$217,978

Location	Amount
Crystal Springs coldwater hatchery	\$11,730,000
Most critical priority	6,764,000
Medium need priority	3,826,000
Not as critical, yet needed	1,140,000

DNR Fisheries continues to study a walleye population from the Mississippi River in southeast Minnesota that appears to have natural reproduction capabilities in warmer water. This may aid future stocking if the state’s walleye population cannot adapt to climate change.

Aquatic Plant Management (APM)

Due to legislation in 2005, Game and Fish funds from watercraft, fishing, and hunting licenses are being used for removal of aquatic plants for private riparian landowners and lake associations rather than requiring them to pay for the costs themselves. This reduces the funds available to meet fish and habitat needs and may reduce habitat. In FY2019, APM expenditures were \$653,000, of which \$46,300 was from the Game and Fish Fund (GFF). The remaining costs were paid from the Water Recreation Fund (2100) and Special Revenues (2001). Thus, about 7% of the costs are paid by the Game and Fish Fund, 1% by other special revenues, and 92% from the Water Recreation Fund.

Tribal Fisheries Coordination

DNR Fisheries management continues to coordinate with the tribes on fisheries, sharing scientific information. They also coordinate with the Mille Lacs Lake Federal Court orders to ensure requirements are met. In FY2019, the GFF was assessed \$134,326 on Mille Lacs Treaty Management to meet administrative work associated with the Federal Court order. The DNR spent \$56,264 in FY2019 coordinating fishery studies with the Tribal Nations. While there are 11 tribal nations within Minnesota, the DNR does not coordinate fish studies with all of them. The BOC believes administrative costs in meeting court orders and contractual requirements should be accounted separately and supported by the General Fund or commissioner’s funding — not the GFF.

Licenses and License Center

The Licensing Center for Game and Fish licenses continues to refine their system to assure Minnesota’s citizens and visitors from out of state can secure licenses easily. The License Center, specifically the “E-licensing,” has seen an increase in 2019 in their sales having coordinated with Outreach by reminding specific purchasers to buy their licenses. The effect is an upswing in license purchases, reversing a downward trend. It is the understanding of the BOC that the DNR is researching a better online system to meet the needs of hunters and anglers and will have a request for purchase (RFP) being issued in the near future. However, expenditures from the GFF to contract a state licensing vendor through the Department of Administration Office of Procurements failed to secure a workable system. The cost to the GFF was \$176,239, taking funds from the GFF that could have been used to benefit license holders.

RECOMMENDATIONS

The DNR staff is very helpful in providing information beyond what is contained in the Game and Fish Fund Report. The DNR often has to fund programs and projects drawing from various funds due to legislative direction and statutory requirements.

However, the Game and Fish Fund Report would better benefit the public if it included detailed financial accounting of specific projects and programs and identified the multiple funding sources and departments utilizing the funds. While the existing Report is useful, and we see no conflicts with statutory requirements or misuse of funds, details of specific programs are often difficult to identify.

- Continue using marketing strategies to increase license sales and encourage more Minnesotans and visitors to fish. Not only does it increase revenues that support the various needs of the fisheries accounts, but it brings additional revenues to the state's economy and sales tax income to heritage and legacy accounts.
- Modernize the Electronic Licensing System (ELS) so not only can an angler purchase licenses and stamps easily at a vendor selling sporting goods, but purchase all license needs online, print out their license and stamps at home, or download them to their smart phones.
- Develop best management practices for all projects to assure expenditures make the best use of the limited available funds of both the GFF and other accounts.

Wildlife Management

OVERVIEW

Wildlife Management includes several over-arching areas of activity: population management; habitat management; technical guidance, planning and coordination; education and outreach. While a variety of dedicated funds support various aspects of these activities, the vast majority of funding for wildlife management activities comes from the Operations Account (2200). *See separate narrative for wildlife management under Account 2200.*

FINDINGS

- Account 2200 is the general operations account and, as such, provides support to a wide variety of wildlife-related activities. For FY2019, 66% of expenditures for the Wildlife Section were funded from this account.
- Other major sources of funding for Wildlife Section activities include the Outdoor Heritage Fund, the Heritage Enhancement Fund, and the Wildlife Acquisition Fund.
- Total Expenditures for the Wildlife Section activities for FY2019 were \$40,429,086. Expenditures by major wildlife management activity were as follows:

- Habitat Management - \$21,924,673 (54%)
 - Population Management - \$9,401,694 (23%)
 - Planning and Coordination - \$2,143,456 (5%)
 - Education and Outreach - \$1,305,598 (3%)
 - The remaining 11% of the 2019 expenditures went for support of Division Services (3%) and Department Services (8%).
 - All of these percentages were consistent with those for FY2018.
- Total expenditures for Wildlife Section activities increased by 0.7% over FY2018.
 - Specific activities within each of the major wildlife categories are as follows:
 - Wildlife Habitat Management:
 - Management of wildlife habitat in Minnesota’s grassland regions, forested regions and wetlands;
 - Provide assistance to private landowners to promote use that is consistent with health wildlife habitat; engage in assessment of wildlife habitat throughout the state; manage the state’s WMAs and acquisition of land for such public use;
 - Provide technical guidance to other land managers to help them understand the importance of protecting wildlife habitat; and
 - Management of all facilities associated with lands open to public outdoor recreation.
 - Wildlife Population Management:
 - Administration of all big game, turkey, waterfowl, and small game hunting seasons and related assessment, planning, and regulatory processes;
 - Collect and analyze results of waterfowl population survey data;
 - Issue related reports and publications; and
 - Manage the wildlife registration system.
 - Planning and Coordination: Provide coordination services with the various groups that have a role in conservation in Minnesota regarding improvement of wildlife habitat and methods to reduce damage to wildlife. These groups include: private conservation groups, area wildlife managers, other government agencies, and other land and water management organizations.
 - Education and Outreach:
 - Engage in efforts to provide routine information to individuals or groups about seasons, DNR policy, or general wildlife and recreation information;
 - Provide online access to DNR information of interest to the public;
 - Publish the annual Hunting and Trapping Regulations handbook and related brochures and news releases; and
 - Engage in rulemaking to provide guidance on how the DNR will carry out its statutory responsibilities.

- A major wildlife management issue for FY2019 continued to be the existence of Chronic Wasting Disease (CWD) in Minnesota’s White-tailed Deer population. The BOC has reviewed the work of the DNR in FY2019 to manage this issue. See Findings and Recommendations for Accounts 2201 and 2202.
- Overall sustainability of the funding needed for effective wildlife management through the Game and Fish Fund continues to be a major concern looking into the future.
- There is concern that an outdated licensing process continues to be a hindrance for achieving funding objectives needed for effective wildlife management activities.

RECOMMENDATIONS

- Obtain the funding needed to provide for science-based, sustainable management of CWD in Minnesota. Funding requirements need to be based on scientific evidence and appropriated to the state agency or agencies that can most effectively provide for sustainable management of the disease.
- Continue planning efforts to identify long-term funding alternatives for the GFF, including innovative recruitment methods.
- Give high priority to updating the licensing process to provide easier access for license buyers, including allowing greater use of online options.
- Establish annual program objectives for the wildlife management functions, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.
- The BOC’s other specific recommendations regarding wildlife management are incorporated in the following sections of this report dealing with the wildlife-related dedicated accounts.

Fish and Wildlife – Outreach

OVERVIEW

This section provides information, education, and engagement with the public and stakeholder organizations to present hunting and fishing skills programs, aquatic education, mentored hunting, and outreach to emerging immigrant populations. It also coordinates media dissemination, marketing efforts, and communications activities including web content, press releases, publications, hunting and angling participation campaigns, and support materials for division programs.

FINDINGS

- Fish and Wildlife Division Outreach is supported as part of Department Services expenditures as noted in the DNR’s Game and Fish Fund Report (GFFR p. 7). Outreach activities are also supported directly by Fish and Wildlife expending \$2,850,400.
- Specifically, for FY2019, \$2,393,200 from Operations Account 2200 and \$457,200 from the Heritage Enhancement Account 2209 was used for Outreach operations (GFFR p.70)
- Outreach function expenditures of \$2,850,400, or only 2.4% of the total GFF of \$119,000,000 (GFFR p.3), helped create better results for the future of Fish and Wildlife.

Detail of Outreach Expenditures for 2019

(compressed from the GFFR p. 70, numbers rounded off)

Outreach Fund	R3 Hunt & Fish Education	Marketing & Communication	Grants	Div. & Dept. Services	Fund Total
2200	\$1,377,100	\$406,600	\$419,000	\$190,400	\$2,393,200
2209	337,600	90,900	4,700	24,000	457,200
Total	\$1,714,700	\$497,500	\$423,700	\$214,500	\$2,850,400

- Outreach has developed a multifunctional marketing plan developing metrics with outcomes analyzed for their effectiveness. Understandably, not all marketing efforts lend themselves to analytics, but Outreach is attempting to overcome those boundaries as more information is obtained. Those functional marketing areas are: Marketing; Hunting/Shooting Recruitment and Retention; Becoming an Outdoor Woman/Becoming an Outdoor Family; Diverse Communities; Angling Recruitment, Retention and Aquatic Education; Communication; Recruitment, Retention and Reactivation (R3).
- Seasonal direct emails are being sent at no cost through the Electronic License System to past-licensed hunters and anglers with themes of spring turkey hunts, individual angling licenses, and deer hunting. Spring fishing emails increased online sales of resident individual angling licenses by 85% over FY2018. Other emails were not tracked but should be to establish marketing trends.

- Outreach continues to align with other DNR mass media campaigns and partner with other professional media promotions to targeted audiences. The outcomes of these marketing efforts are often hard to track and are based on keeping an audience's attention on specific hunting and fishing activities.
- Grants – \$423,719 in grants were provided to (21) Trap and (15) Non-Trap ranges. Several projects were canceled or could not be completed on time due to weather conditions in fall 2018 and spring 2019. Over 80% of the funds were spent on non-metro ranges.
- A marketing partnership with the Recreational Boating and Fishing Foundation's Take Me Fishing (TMF) campaign was analyzed for return on investment (ROI). In this partnership, it was determined that for the \$60,000 spent by the DNR, the ROI was in excess of 3,000%.
- A new program, "No Child Left Inside," was launched in 2019 to address children spending more time indoors on electronic media rather than experiencing activities outdoors. Fifty-nine mini grants totaling \$233,707 were distributed through partnerships with elementary, secondary, higher education schools, and a few outdoor associations. Most of the grants were distributed in the 7-county metropolitan area and a few in greater Minnesota.
- There are two minority outreach programs that have been highly successful.
- Through the SE Asian Liaison, several classes were held throughout the year with at least 988 participants in the class. Four radio programs were held that reached in excess of 3,000 individuals each.
- The coordinator for Latino Outreach held 24 classes reaching in excess of 1,250 people. Four partner organizations Casa de Esperanza, Urban Ventures, Father Project, and Boy Scouts of East St. Paul all set up fishing clubs. The first ever Latino Community Open House was held at DNR Headquarters with a total of 175 participants and 17 families purchasing fishing licenses.
- Rounds 2 and 3 of the R3 grants, issued in FY2018, were closed out. In Round 4 of R3 grants, \$150,000 was awarded and these were being monitored in FY2019. The DNR grant website is currently not being updated as program evaluation is being done on grants, so success of individual grants cannot be determined at this time. The regional breakdown of these grants are as follows: Metro - \$99,400; Northeast - \$37,400; Northwest - \$7,600; Southeast - \$7,000.
- The BOC reached out to DNR staff and received additional information:
- In FY2019, 34 National Archery in the Schools Program (NASP) related agreements were completed. These included 18 for NASP Equipment packages and 16 for 3-D Archery Targets. Overall, 31 were agreements with schools and 3 went to Minnesota State Parks. The state investment for the 34 packages was \$48,198. The state funds were matched with \$48,625.00 by the schools to cover the full cost of the equipment.

- The Becoming an Outdoor Woman (BOW) program has an operating budget of about \$20,000. That covers volunteer costs associated with meetings and extra costs for programs above registration revenue, which happens frequently due to scholarships, printing, mailings, and more. Steps are being taken to reduce printing costs for the BOW catalog and calendar, but it is still about \$5,000/year.
- Qualitative assessments of many programs lasting two hours or more are done, often including pre- and post-assessments of knowledge and attitudes of participants. Through targeted marketing and some bilingual offerings, Outreach has had some success in attracting more diverse participants to programs. Some highlights of recent evaluations of the Minnesota State Parks “I Can Fish” program are as follows:
 - 44% of participants were people of color.
 - Most participants said the program prepared them to go fishing on their own and would recommend the program to a friend or family member.
 - Participants have more interest in fishing for fun than catching fish to eat.
 - 36% say they will buy a fishing license this year; 43% say they might buy one.
 - Many participants praised the instructors for their presentation, knowledge, and talent with working with kids.
- The Learn to Hunt program added a butchering unit to the classroom portion and expanded to a second location for mentored hunts allowing an additional 10 participants. A total of eight deer were harvested between both locations and all deer were processed by program participants. Additional one-time equipment purchases were made to facilitate the expanded capacity of the program.
- The MinnAqua program has been evolving over the past several years. The program has evolved from primarily reaching out to youth to currently reaching out to people of color, new immigrants, and, based on R3 research, adults and families. The program has a budget of around \$30,000/year. This is primarily used for building capacity of others to help do this work by training the trainers (e.g., partner organizations, volunteers, etc.), provide grants and equipment, and reach new and underserved audiences.
- Minnesota’s R3 programming has been recognized nationally for its leadership in that area. Specifically, the R3 Toolkit, Learn to Hunt programming, grant programs, and marketing efforts have been referenced, copied, and used by many other states.
- R3 grants have been extremely well-received and popular. The requests for R3 and the No Child Left Inside grant programs have far exceeded the available funds, and R3 has effectively reached a significant number of participants with limited opportunities.
- The NASP program continues to be one of the most successful in the country with high levels of participation.

- Under the BOW program coordinator’s leadership and incredible volunteers, the Minnesota BOW program continues to offer more programs than any other in the country.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for fish and wildlife outreach activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Work to define a mission statement and measurable goals for the Outreach area, both through success of marketing and through the various outreach programs, including NASP, BOW, Diverse Communities, and R3 programs.
- BOC recommends that Outreach be designated a top priority as it is crucial to the long-term sustainability of the GFF as well as the enjoyment and use of Minnesota’s natural resources by more diverse populations.
- The BOC recommends reformatting the Outreach section of the Game and Fish Fund Report to include a breakdown of the dollar expenditures from the GFF for Fish and Wildlife Outreach and to highlight the impact of work/events/activities against stated goals and desired outcomes. The BOC can’t fully determine whether funds are being spent appropriately without some way to measure Return on Investment (ROI).
- Establish annual program objectives for Fish and Wildlife Outreach, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.
- Increase use of seasonal direct emails (no cost) sent through the Electronic Licensing System (ELS) to past licensed hunters and anglers, targeting both Lifetime License holders and other past fishing and hunting license holders.
- Increase tracking the results of these efforts to see if the contacts should be expanded to all past license holders, not just those doing an online purchase.

Fish and Wildlife – License Center

OVERVIEW

License Center Operations includes the following major functions: the Electronic Licensing System (ELS), handling hunting/angling license sales, stamps and harvest registration, commercial licenses, license agent management services, and management of license certification data.

The DNR contracts with a third-party vendor, Aspira, to handle the day-to-day operation of the ELS with additional support provided by the DNR License Center. Monthly payments to the contract vendor cover costs of terminal use, paper used to print licenses and permits, a 24-hour technical support phone line, and use of the vendor's host computer.

FINDINGS

- For FY2019, \$4,202,500 from the GFF Operations Account (#2200) and \$58,000 from the Deer and Bear Management Account (#2201) was used for License Center operations.
- In FY2019, sales agents handled 85% of all license transactions with 14% conducted via online and mobile methods and 1% sold at the DNR License Center in St. Paul.
- Nearly 2,700,000 licenses, permits, stamps, passes, and license validation transactions were processed through ELS in FY2019, generating \$66,400,000 in revenue for the year.
- The current vendor contract is a “pay per transaction” fee of \$1.02 plus any programming change requests at a negotiated rate of \$150/hour. On average, 68% of game and fish transactions are billable at \$1.02 and 8% are non-billable. The remainder are recreational vehicle transactions.
- The ELS contractor and ELS sales agents are allowed to charge up to a 3% credit card service (convenience) fee to cover their expenses. This fee is not included in the GFF Report because it is not DNR revenue.
- New DNR leadership in 2019 provided an opportunity to reset what had been a series of Requests for Information (RFI) and Requests for Proposal (RFP) to modernize the licensing process and ELS. In FY2019, the License Center spent \$176,000 from the GFF on work associated with upgrading the ELS (i.e., RFI, compiling information from other states and vendors and tracking business changes for a future RFP, etc.). Currently, the DNR is working to better define their need and the needs of their customers, to be incorporated into a FY2020 RFP.
- The DNR is currently in the process of redefining the need for a more modern licensing system. The BOC feels any modernization must include an objective to increase online license transactions. In FY2019, only 14% of transactions were handled online with 85% handled by sales agents. New users and new mobile technology would strongly support a paperless system.
- The DNR has an RFP out since March 2020 seeking to contract professional assistance in creating and conducting research on existing and potential fish and game licensing practices, pricing, and revenue structure for the health and sustainability of the GFF.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for license center operations appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- The BOC applauds recent efforts by the DNR to understand better the customer needs and expectations for modern licensing. It is the hope of the BOC that these efforts prioritize the need to expand collection of customer data and increase customer centered marketing logistics. Outreach efforts to bring new and lapsed users into the field and onto the water are severely limited without the ability to measure their impact on increased sales. Direct email promotions have proven to be successful in increasing online sales, but lack scalability without better customer data and better funding. Given the Game and Fish Fund's dependency on licensing revenue, data collection through the ELS must be more of a priority. If not already within the scope of the current RFP regarding FAW License Pricing and Design, the BOC would recommend adding this point as a requirement.
- The BOC strongly supports the liaison role of outreach marketing to the ELS modernization process.
- The BOC recommends leveraging the Governor's Blue-Ribbon Council on Information Technology to provide oversight to the ELS Modernization RFP process.
- Establish annual program objectives for the License Center functions, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.

Ecological and Water Resources

OVERVIEW

The Ecological and Water Resources Division (EWR) is organized into four sections: Ecosystem Management and Protection; Conservation Assistance and Regulation; Inventory, Monitoring, and Analysis; and Strategic Information Systems. The EWR vision is to ensure healthy lands and waters throughout the state. They receive funding through the Game and Fish Fund (GFF) and the Heritage Enhancement Fund for work they do for traditional fish and wildlife activities. They also promote various programs and support DNR activities designed to conserve and enhance aquatic and upland habitats.

FINDINGS

EWR in FY2019 had expenditures from the GFF of \$5,494,833, a 15% increase over FY2018 (\$721,953). The EWR total budget for the same time was approximately \$60,000,000. The expenditures from the GFF are divided nearly even between wildlife and fish activities, with fish related expenditures slightly higher than wildlife according to the DNR's report on allocations. The DNR projects minor expenditure increases by the EWR in the next 4 years.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for ecological and water resources activities appear to be in compliance with statutory requirements and sound management practices. However, there does not seem to be a specific procedure for when GFF funds are to be used or staff use of cost codes.

RECOMMENDATIONS

The BOC recommendations for the EWR remain essentially the same as those identified in FY2018 in order to ensure better clarity to the complexity of how funds are allocated, appropriated, and shifted between accounts. There needs to be a better explanation in the Game and Fish Fund Report, or detailed information available to the BOC, identifying any pass-through grant applications, use of GFF funds, and how the EWR work is determined to use the GFF. Also, use of specific cost codes in projects needs to be better adhered to by staff.

The recommendations are nearly the same as last year—requiring better clarity in expenditure use:

When significant long-range management goals are changed, the BOC recommends that those initiatives be summarized in the narrative as well. An example is making a paradigm shift from a primarily utilitarian approach to forestry (wood product) to an integrated approach where forestry collaborates increasingly with multiple divisions (EWR, Wildlife, etc.). Understandably, this new management approach results in an increase in expenditures appearing on fund statements outside of Forestry (staffing, modeling, etc.), which will continue for the foreseeable future. Providing context will no doubt help reviews in the upcoming fiscal years.

The BOC supports increased collaboration and data-sharing between the EWR, the Minnesota Pollution Control Agency (PCA), and other state agencies to reduce duplicate sampling, study, and review for projects or initiatives that fall under the purview of both agencies.

Finally, EWR in conjunction with DNR and PCA management, need to better identify when and why GFF dollars are being utilized by the EWR and how they specifically support fish and wildlife activities, which are supposed to be supported by that fund.

Enforcement

OVERVIEW

The Enforcement Division continues to be creative and innovative in its implementation and improvement of outreach, education, and enforcement, and is in alignment with their 10-year strategic plan. See [Minnesota Department of Natural Resources Enforcement Strategic Plan, 2015-2025](#). Total expenditures for FY2019 were \$26,655,931, and the division provided more than 170,022 law enforcement hours devoted to game and fish activities as well as 15,578 hours of AIS enforcement and education.

FINDINGS

Enforcement Division staffing

The BOC recognizes that the current forecast of vacancies in the next five years is significant due to upcoming retirement schedules. While the division has stated that there has historically been a very good selection pool applying for open vacancies, they are considering expanding and retooling their recruitment and retention efforts to ensure that quality candidates from a variety of backgrounds are targeted. In addition, the division is considering adjusting some of its requirements to cater to candidates and their families when it comes to relocating to certain parts of the state.

Emphasis on Using Education to Enforce Laws

The DNR continues to use education as its main source of enforcement. The BOC agrees that this is likely the most effective tool in the division's toolbox, particularly as regulations change.

Creative Use of Social Media

The division has started using boosted and sponsored posts on social media to expand its hiring outreach and recruitment efforts, particularly on Facebook, Twitter, and LinkedIn. This is being done in conjunction with reaching out to traditional and professional organizations, but it is most definitely a much-needed step at attracting diverse talent in this digital age.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for enforcement activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

The BOC recommends that the DNR:

- Review its current recruitment and retention plans to ensure that new pools of applicants are targeted for future vacancies, particularly quality candidates from underrepresented communities and minorities to increase the diversity of the Division.
- Continue using social media for outreach and recruitment efforts for hiring and reaching potential recruits, including the use of sponsored and boosted posts across a wide array of social media platforms (e.g., Facebook, Twitter, LinkedIn, etc.).
- Expand use of social media to encourage more Turn In Poachers (TIP) calls and raise awareness by highlighting actual cases that were successful, similar to the idea behind the displays at the Minnesota State Fairgrounds.
- Expand use of social media to educate and promote invasive species laws compliance, such as "How to Check Your Boat" videos that highlight the science of why compliance is so important.

- Conduct an analysis of the calls and email traffic that has been submitted to the DNR Information Center as it relates to conservation officers and enforcement and start posting target social media posts based on the most-asked questions and requests for information.
- Continue disseminating Conservation Officer Weekly Reports on the DNR website, all DNR social media accounts, as well as local papers and publications. Consider highlighting the most entertaining weekly reports on social media as a way of connecting to the public.
- Seek opportunities for DNR Conservation Officers to appear on local podcasts, YouTube channels, and organization-based programs to raise public awareness of invasive species laws, changing regulations, and other topics pertaining to the safety, compliance, and enforcement of Minnesota’s natural resource laws.

Parks and Trails

OVERVIEW

The Division of Parks and Trails (PAT) is responsible for 15 area offices throughout all regions of the state. PAT also employs 75 permanent and 36 seasonal employee positions. PAT has an extensive [Minnesota State Parks and Trails System Plan](#) in place that is “used to guide strategic decisions about where and how to invest in the next 10 years”

PAT uses Game and Fish funds to ensure convenient, safe access to public waters for activities such as boating, hunting, and angling. The Game and Fish Fund is used to ensure that quality boat access facilities, fishing piers, and shoreline fishing sites are developed and maintained throughout the state. Minnesota, Land of 10,000 Lakes and thousands of streams, is second in the nation for the number of registered boats, with 819,000 registered boats. PAT must ensure access facilities meet safety and legal standards, engineering standards, and are maintained for Minnesotans and visitors.

In FY2019, PAT utilized a total of \$3,509,500 from the Game and Fish Fund (GFF):

Activity	Amount
Acquisition and development of new sites	\$2,358,400
Operation and maintenance	327,800
Fishing facilities	572,200
Division services	38,200
Department services	212,900

Specifically:

- \$953,659 for two projects for Professional/Technical Services, and Outside Vendor were used.
- Deer Lake, Otter Tail County – Redesign and development of existing access to resolve conflicts, increase safety, ADA, AIS, and other geo-technical work.

- Lake Waconia County Park, Carver County – Joint Powers Agreement with Carver County for design and development of the new access.
- \$302,493 for other located pier and accesses across the state.
- Lake Vermilion, Moccasin Point, St Louis Co; Waconia County Park Site, Carver Co; Detroit Lake, North, Becker Co; Lizzie Lake, West, Otter Tail Co; Nisswa Lake, Crow Wing Co; Mississippi River, Wildcat Park, Houston Co; Minnesota River, Cedar Ave, Dakota Co ; Spring Lake, Scott Co; Elephant Lake, St. Louis Co; Alexander Lake, West, Morrison Co.

FINDINGS

The BOC finds PAT utilizes GFF funding, other state funds, and federal funds efficiently. The BOC met with PAT staff who informed us of the progress being made in the development and maintenance of the state's 1,690 boat access sites, 80 state-owned facilities, and 289 facilities in partnership with local government units (LGU). PAT also applies for Legislative-Citizen Commission on Minnesota Resource (LCCMR) funds for ramps and shoreline water access.

PAT uses Best Management Practices (BMP) to develop long-range plans to reach their goals. They also partner with LGUs, and acquire additional state and federal funding to assure GFF dollars go further. PAT utilizes a repair and maintenance system developed with Minnesota IT (MNIT) to track any work at the site and seasonal installations and removals. The system is mobile and uploads information as the work is completed. By doing so, information is available to make best management decisions on specific sites. In the near future, this system will be able to relay real-time conditions of access sites for the public.

Specific Public Water Access PAT is addressing:

- Ramp degradation due to age, power-loading, and high water; purchasing of concrete boat ramp planks and repairing those in most need.
- Invasive species transfers between water bodies; when feasible—wash stations; along with the usual fish cleaning and refuse containers.
- Continue to work on meeting Americans with Disabilities Act requirements; redesigning new facilities and upgrading existing to meet standards.
- Continue to work with the Department of Corrections to fabricate docks and piers.
- Accomplishments in FY2019 using BMP's and standards; 15 upgrades to specific sites, and repairs, maintenance, and seasonal installs and removals to nearly 2,000 accesses.

Specific Fishing Pier and Shore Fishing facilities PAT addressing:

- Purchased ADA railing kits and floats for 60 fishing piers.

- Purchased material and made major repairs or replacements for nine (9) fishing piers and shoreline access areas.
- Developed fishing opportunities to a diverse state population across the state.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for public water access and fish piers and shore fishing facilities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Parks and Trails needs to continue using GFF funds in a very prudent manner by developing a plan using BMPs to maintain and develop new water accesses, fishing piers, and shoreline fishing opportunities for all Minnesotans across the state.
- PAT should continue to partner with LGUs, seek additional state and federal funding, and develop systems to keep users informed. By doing so, they are encouraging existing and new anglers and hunters to use Minnesota’s water resources while providing safe, updated, and new facilities.
- The focus of the water access program must be shifted to replace and repair aging and damaged facilities before adding new.
- PAT needs to continue to seek LCCMR and State Bonding for the development of water and shoreline access since the facilities are used by all state citizens and visitors, not just hunters and anglers.
- PAT should continue to partner with state and regional media resources to encourage the use of water access points through direct advertising.

Forestry

OVERVIEW

The Division of Forestry (Forestry) is responsible for administering the 5 million acres of state forest lands in order to create economic, social, and environmental benefits for the state.

FINDINGS

- Forest management of WMAs has changed slightly since spring of 2018 with the implementation of the Sustainable Timber Harvest Analysis. A presentation to the BOC summarized the changes in forest management of WMAs.

- Timber sale receipts generated \$661,353 in FY2019, which was \$129,335 less than FY2018. Additionally, Forestry received \$336,012 in FY2019 via transfer from the Game and Fish Fund (2200) to the Forest Management Investment Fund (FIMA; 2113) for certified hours for reimbursed timber sale administration on WMAs.
- Forestry expenditures were \$1,592,200 from the Heritage Enhancement Account (2209) for the following programs and services: Ecological Classification System (ECS) Program, Invasive Species Program, Division Services, and Department Services. The total is significantly different than last year's expenditures of \$1,048,000. The expenditures forecast for FY2020 is \$1,398,000.

Compliance

The FY2019 expenditures from the Game and Fish Fund for forest management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Ensure that timber harvesting on WMAs is done with the best interest of wildlife. The purpose of WMAs is to preserve wildlife in the interest of Minnesotans (per Minnesota Statutes, section 86A.05, subd. 8) and timber harvesting in WMAs should be done as a tool to benefit wildlife habitat.
- It is important that WMA Managers and staff are included in forestry activities on WMAs. The partnership between the Division of Forestry and the Division of Fisheries and Wildlife should extend to the timber harvesting process. Communicating habitat needs that scientifically help meet the needs of wildlife, while creating cash flow.
- The BOC feels communication up and down the chain of command is not what it could be. The BOC sees evidence that WMAs are managed for wildlife but not everyone in the field always agrees. The modeling seems strong, but the communication is not always the best. Communications to date have made field Wildlife Managers feel powerless.
- Establish annual program objectives for the Forestry functions, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.

Lands and Minerals: Real Estate

OVERVIEW

Real Estate Services are operated as a centralized service within the DNR. Services are provided by the Lands and Minerals (LAM) division to land-managing divisions through service level agreements and professional service rates. Game and Fish funds are used by land-managing divisions to pay for Real Estate Services for activities related to the purpose of the fund.

FINDINGS

- LAM performed real estate services under Service Level Agreements (SLAs) with the Divisions of Ecological and Waters Resources, Fish and Wildlife, Forestry, and Parks and Trails. Total cost from the Game and Fish Fund for real estate services was \$888,760 in FY2019.
- LAM conducts surveys of parcel boundaries and land management by billing hourly professional services to the Divisions of Ecological and Water Resources, Fish and Wildlife, Forestry, and Parks and Trails. Approximately 43 land management surveys were at least partially paid for with Game and Fish Fund dollars. Surveys were typically done for accuracy to post signs, create parcel maps, and to address trespassing. Total costs from the Game and Fish Fund for surveys was \$276,219 in FY2019.
- LAM performed all real estate professional services for DNR land acquisitions. Game and Fish funds are frequently used to pay some professional services fees billed by the DNR Division of Lands and Minerals, a small amount of the cost of land or easements and other miscellaneous costs. Occasionally Game and Fish Funds are used to pay for appraisals and transaction costs from gift acquisitions. Game and Fish Fund money for land acquisition projects was \$65,021.

Compliance

The FY2019 expenditures from the Game and Fish Fund for real estate services appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- The BOC recommends that LAM continue purchasing lands that benefit WMAs and AMAs. This can include expansion of current WMAs and AMAs and creating new WMAs and AMAs.
- The BOC feels LAM should receive general funding rather than relying on service agreements with the divisions.
- Establish annual program objectives for the LAM functions, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.

Operations Support

OVERVIEW

Operations Support consists of services that affect all aspects of the DNR's operation that are administered on a centralized basis and are provided across all Department Programs. The 2019 GFF Report indicates that Operations Support relates to "leadership" for a variety of activities: i.e., regulatory and government relations; delivery of DNR services at the local level; business services; developing and maintaining the information technology infrastructure.

FINDINGS

- The FY2019 Game and Fish Fund Report uses varying terminology in describing operation support activities (e.g., operation support, operation services, department services, division services). Likewise, the DNR's consolidated budget report compiled in a spreadsheet, lists "Operations Support" as a separate expenditure category but shows no expenditures for any budget years. This is confusing and makes it difficult to track these types of expenditures.
- Department administrative budgets, including operations support, are set internally and then billed back to divisions, using fees based on cost accounting principles.
- A supplementary report supplied by the DNR provided further information on department-wide billings by division. Three broad categories are used to report these billing transactions: i.e., services; utilities; and site-specific costs. The supplementary report also provides information about billings for each division using more detailed sub-categories. "Operations Services" is one of the divisions included in this report.
- FY2019 billing for Operations Services totaled \$2,402,694, an 8% increase over FY2018.
- Billings for Operation Services in FY2019 were recorded for the following categories:
 - Services:
 - DNR: Legal; workers compensation
 - State: Statewide systems; statewide indirect; unemployment; fleet
 - Utilities:
 - Fleet: fleet; cell phone; CEF
 - MNIT Central: EUCC; Adobe software; telecommunications
 - Site-specific costs:
 - Central Direct Cost: Copier + Building Needs; Rent; Mailroom; Postage
- The top five sub-categories for Operations Services in terms of billing totals for FY2019 were as follows: Services/DNR/Rent (32%), Utilities/Fleet/Fleet (14%), Utilities/Fleet/CEF (9%), Utilities/MNIT/Telecom (6%), and Site-Specific/Central Direct/Copier + Building Needs (5%). In

other words, these five categories accounted for approximately two-thirds of total billings for Operations Support in FY2019.

- The largest percentage changes (+ and -) for Operation Services in FY2019 over FY2018 were as follows: Copier + Building Needs (+219%); MNIT EUCC (+30%); Mailroom (+24%)*; Statewide Indirect (-40%); Unemployment (-35%); MNIT Adobe (-17%). *Note: starting FY2019, Mailroom includes postage.
- The FY2019 Game and Fish Fund Report, in a section regarding “Operations Support,” indicates that \$9.5 million was spent out of the Game and Fish Fund on “department services.” This level of expenditure constitutes approximately 8% of the total FY2019 expenditures from the GFF. It is not clear how or if Department Services relates to Operations Support or Operations Services.
- Approximately 78% of expenditures for information systems were funded from the Heritage Enhancement Fund (#2209) and approximately 17% from the Deer Management Fund (#2202). These expenditures were primarily for specialists working on the DNR’s Geographical Information System (GIS). These employees were formerly DNR employees but were transferred to Minnesota Information Technology (MNIT) as part of a multi-agency reorganization several years ago. The DNR is billed on a monthly basis under a Service Level Agreement for services by these employees.

Compliance

The FY2019 expenditures from the Game and Fish Fund for operations support appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- The BOC recommends that the annual Game and Fish Fund Report include a clearer break-down of the dollar expenditures from the GFF for department services or any other expenditures from the GFF for Operations Support.
- The BOC recommend that the annual Game and Fish Fund Report include a brief explanation of the process used for determining fees for all shared services; in particular, what measures were taken to ensure against over-collection of administrative costs from the GFF.
- Establish annual program objectives for the operations support functions, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.

ACCOUNTS

Game and Fish Operations Account (Fund 2200)

Fish Management

OVERVIEW

Account 2200 for fishery activities records those revenues and expenditures that meet the requirements of the Federal Aid in Sports Fish Restoration Act known as the Dingell-Johnson Act.

While this section reflects that the Game and Fish Fund Account 2200 is the backbone of the revenue and spending, fishery projects draw from many revenue sources to ensure the work required by legislative action and Fisheries Section needs are met. Therefore, a summation of revenue and expenditures for Account 2200 only will be reflected in this section. Please see Fish Management under Functions to get a full accounting of expenditures for Fisheries.

FINDINGS

Revenue for the Fisheries section of Account 2200 GFF are:

\$28,778,512 from fishing license sales account for 29.5% of the GFF's total revenue.

\$12,325,628 obtained in FY2019 from the federal government by DNR Fisheries surpassing the requirements of the Dingell-Johnson Act, or about 12.6 % of GFF's total revenue.

Other revenue resources for Fisheries account for the balance are noted in the rest of the report.

- Account 2200 is the general operations account and, as such, provides support to a wide variety of fisheries-related activities. For FY2019, over 71% of expenditures for fisheries management were funded from this account.
- Total Expenditures from the Account for fisheries management activities for FY 2019 were \$34,129,251. Expenditures by fisheries management activity were as follows, based on additional data provided by fisheries staff:

Activity	Amount	Percentage
Population Management	\$13,220,739	39%
Planning and Coordination	5,641,190	16%
Fish Culture and Stocking	5,102,040	15%
Habitat Improvement	3,502,432	10%
Department Services	3,031,397	9%
Division Support	1,973,736	6%
Education and Outreach	1,657,717	5%

- The BOC has reviewed the major activities related to fisheries that are funded by Account 2200 and other accounts required to perform Fisheries' activities. Committee activities of the FY2019 Game and Fish Fund Report are explained in more detail in the report that follows. The primary areas of concern for fisheries discussed in this report include financial support for hatcheries infrastructure, habitat improvements, support to bolster declining revenue sources.

Wildlife Management

OVERVIEW

As noted in the section on the Wildlife Management Function, 66% of the expenditures by the Wildlife Section are funded from the Operations Account (#2200). The primary activities related to wildlife funded by Account 2200 focus on habitat management and population management. Other activities include general planning and coordination of wildlife management activities, education and outreach, and support services for the Wildlife Section and the DNR.

FINDINGS

- Account 2200 is the general operations account and, as such, provides support to a wide variety of wildlife-related activities.
- Total Expenditures from the Account for wildlife management activities for FY2019 were \$26,558,312. Expenditures by major wildlife management activity were as follows:
 - Habitat Management - \$12,364,099 (47%)
 - Population Management - \$6,374,285 (24%)
 - Planning and Coordination - \$2,143,456 (8%)
 - Education and Outreach - \$1,305,598 (5%)
 - The remaining 16% of the FY2019 expenditures went for Division Support (2%), Department Services (11%) and Walk-In Access (3%)
 - All of these percentages were consistent with those for FY2018.
- Total Expenditures from the Account in FY2019 were approximately \$2,500,000 more than for FY2018. The major factors driving this increase were scheduled salary increases and costs associated with managing the Chronic Wasting Disease problem.
- A major wildlife factor affecting viability of the Operations Account is the impact of CWD. The expected costs to the DNR of effectively managing this disease are not known with high certainty. This contributes to the uncertainties surrounding the sustainability of the GFF generally. Split jurisdiction with other agencies adds to this uncertainty.

- The BOC has reviewed the major activities related to wildlife that are funded by Account 2200. Committee activities of the FY2019 Game and Fish Fund Report are explained in more detail in the report that follows.

Compliance

The FY2019 expenditures from the Game and Fish Fund for enforcement activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- As noted with regard to the function of Wildlife Management, overall sustainability of the funding needed for effective wildlife management through the Game and Fish Fund continues to be a major concern for the future. Since the Operations Account is the primary source of funding for the activities related to wildlife, developing stable and sustainable funding sources should be a major priority for the DNR.
- DNR funding requirements for sustainable management of CWD in Minnesota should remain a major budgetary priority. These requirements need to be based on scientific evidence and appropriated to the state agency or agencies that can most effectively provide for sustainable management of the disease.
- The BOC's other specific recommendations regarding wildlife management are incorporated in the following sections of this report dealing with the wildlife-related dedicated accounts.

Deer and Bear Management Account (Fund 2201)

OVERVIEW

This account is for deer and bear management. \$1 from each annual deer, bear and super-sports license and \$1 annually from the Lifetime Fish and Wildlife Trust Fund established in Minnesota Statutes, section [97A.4742](#), for each license issued under section [97A.473, subd. 4](#), must be credited to the deer and bear management account and is appropriated to the Commissioner for deer- and bear-management programs, including a computerized licensing system.

FINDINGS

- The BOC reviewed this fund by on January 15, 2020. Members of the committee also attended the briefing on deer management at the DNR Roundtable event on January 24, 2020.
- In FY2019, total expenditures from Fund 2201 were \$900,564; total receipts were \$671,823; remaining balance is \$485,632. Revenues have been trending slightly up in the past four years; expenditures have increased significantly in the past two years.

- The beginning fund balance has been decreasing as the Division of Fish and Wildlife plans to spend down the current balance while maintaining sufficient cash flow.
- \$488,468 was spent on Population Management. This consisted of Disease Management (14.1%), Nuisance Animal Management (1.4%), Research (56.4%), and Season Management (28.1%)
- \$353,997 was spent on Habitat Management. This consisted of Facility Management (40.7%), Forest Habitat (23.7%), Grassland Habitat (11.5%), Habitat Assessment (4.6%), Private Land Habitat (0.6%), and Technical Guidance (18.9%)
- Habitat dollars were spent in all regions. 32% was specific to Region R1-Northwest, 34.2% was specific to Region R2-Northeast, 14.3% was specific to Region R3-Central, 15.9% was specific to Region R4-Southwest, and 3.8% was statewide.
- Population Management dollars were also spent in all regions. 11.4% was specific to Region R1-Northwest, 48.9% was specific to Region R2-Northeast, 2.8% was specific to Region R3-Central, 17% was specific to Region R4-Southwest, and 19.9% was statewide.

Compliance

The FY2019 expenditures from the Game and Fish Fund for deer and bear management appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

The BOC strongly supports the DNR's science-based efforts to manage big game populations and recommends the following:

- Implement the 2019-2028 Deer Plan.
- Continue to seek diverse input and support the DNR's deer goal setting process.
- Continue the moratorium on moose hunting seasons.
- Continue research and monitoring of the moose population and improve understanding of stabilization that has been observed in recent years.
- Manage deer population goals in the moose range at levels consistent with the Minnesota Moose Research and Management Plan as stated in the 2019-2028 Deer Plan.
- Continue the efforts of the 2016-2020 Elk Management Plan as well as assess any new information that would contribute to a plan beyond 2020.
- Before making any significant changes to regulations regarding bear guide license requirements, conduct a thorough study of the implications, involving public engagement with stakeholders.

- Establish annual program objectives for Account 2201 (R296023 and R296213), including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.
- Evaluate combining Account 2201 (R296023 and R296213) with 2202 to allow more flexibility to better address priority issues.

Emergency Deer Feeding and Wild Cervidae Health Management Account (Fund 2201 / Appropriation R296213)

OVERVIEW

Money from this account may only be used for emergency deer feeding and wild cervidae health management.

FINDINGS

- The BOC reviewed this fund on January 15, 2020. The Committee received a presentation on Chronic Wasting Disease (CWD) on January 29, 2020. Numerous committee members also attended the CWD presentation at the DNR Roundtable on January 24, 2020.
- This account was originally set up to provide monies for the emergency feeding of deer due to winter weather conditions. This fund's primary purpose today is to provide funding for managing CWD outbreaks in our state. \$.50 from each deer and super-sports license is credited to this account.
- Funds are available until expended. When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.
- In FY2019, total expenditures from Fund 2201 (R296213) were \$73,617 (all of which went for animal disease management); total receipts were \$332,719; remaining balance is \$810,178. Revenues have rebounded and are expected to continue at current levels in future years.
- The Adopt-A-Dumpster program was expanded for the 2020 hunting season. For one location, the total cost of this program was over \$150,000.00. Implementing this effective program on a statewide basis would far exceed current available funds.
- In an effort to take pressure off the Wild Cervidae Health Management Account, the DNR should continue to seek General Fund appropriations to support surveillance in affected areas; in particular, in the vicinity of captive cervid facilities that are managed as livestock by the Board of Animal Health.

- The Board of Animal Health (BAH), which is responsible for monitoring livestock farms (which includes deer farms), should bear the cost of managing CWD outbreaks associated with those farms.
- The cost of containing CWD is currently a burden to the GFF, the DNR, as well as the community it serves.
- Unchecked, the spread of CWD will have a dramatic economic impact on our state and on Minnesota's hunting culture and result in a drastic change in the current way of life for many Minnesotans.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for emergency deer feeding and wild cervidae management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Seek General Fund appropriations and a more equitable distribution of cost and responsibility to cover the expected DNR costs of controlling the disease today and over the long-term.
- Develop a plan for sustainable funding for forecasted disease outbreaks and pursue general revenue funds, other state funding, and federal funding to handle the costs associated with outbreak of CWD.
- Engage relevant authorities in other states and at the federal level to develop a broader strategy for control of the disease.
- Further develop cooperative measures within Minnesota state government between Department of Agriculture, Board of Animal Health (BAH), and DNR on cervid health issues, including DNR representation on the BAH.
- Continue and expand public engagement efforts to establish a dialogue with all potentially affected parties: e.g., hunters; wildlife organizations; and all sectors of the agricultural community.
- Evaluate the use of a state -wide ban on deer feeding, the use of mineral attractants, and the use of scent lures made with deer urine and other body parts as a prophylaxis for CWD.
- Seek authority to remove the \$2.5 million unencumbered cap that would require the excess funds be returned to the Deer and Bear Management Account in order to make more funds available to manage CWD and other cervid diseases.

- If necessary, consider other non-traditional measures: e.g., involving EPA for Superfund site designation; pursuing more formal multi-state partnerships to control the spread of the disease, declaring a state of emergency; eminent domain; and widespread deer tagging and tracking.
- The creation of a rapid vivo field test for CWD is of critical importance to allow hunters to be able to ensure that deer consumed are not infected.
- For this fund to remain solvent, the spread of CWD will need to be controlled beyond the reduction of deer herds when infection breaks out. Legislative changes are necessary to stop the spread of the prions that cause the disease into the environment and put the financial responsibility for outbreaks on those responsible for them. These include:
 - Consider legislation to shift financial responsibility for an outbreak to the source of the outbreak.
 - Initiate a moratorium on the issuance of licenses for new captive cervid farms/operations.
 - Institute a voluntary buy-out program for captive cervid farms/operations.
 - Expand the Adopt-A-Dumpster program statewide.
 - Work with counties and the MPCA to develop a carcass disposal plan that can destroy the prions responsible for CWD or that controls the spread of leechate.
- Evaluate combining Account 2201 (R296023 and R296213) with 2202 to allow more flexibility to better address priority issues.

Deer Management Account (Fund 2202)

OVERVIEW

Purpose of the account is for deer habitat improvement and deer management programs and is governed by Minnesota Statutes, section 97A.075, subd. 1b.

FINDINGS

- Under statute, \$2 of each \$30 resident deer license is dedicated to Account 2202. Other uses of that \$30 license fee include the following: \$24.29 goes to the Fish and Game Fund (Account 2200), \$1 goes to the Deer and Bear Management (Account 2201), \$0.50 for Wild Cervidae Health Management (Account 2201), \$0.50 for Wolf Management and Monitoring (Account 2213) and \$1.71 for ELS license issuing fee.
- In FY2019, total expenditures from Fund 2202 were \$696,557; total receipts were \$1,330,876; remaining balance is \$1,368,698.

- The BOC received a briefing from the Wildlife Health Program. The briefing concerned deer herd management with a focus on Chronic Wasting Disease. The committee also reviewed various financial reports and plans, including a regional expense report. Many committee members attended the DNR Annual Roundtable and participated in sessions related to deer habitat and management issues.
- The budgeting process determines need on a wide basis and then determines funding sources based on the nature of statewide needs as well as the statutory requirements of each relevant account. The remaining funds are distributed to DNR administrative regions according to an allocation model, based on forestry management and deer harvest data, and are used for project priorities within each region.
- Expenditures from the Deer Management Account in FY2019 went for habitat management (33%), population management (50%), and division support (17%).
- For habitat management, the major categories of expenditures focused on grassland habitat, forest habitat, and facility management.
- For population management, the major categories of expenditures focused on research, animal disease management, and season management.
- The regional distribution of expenditures from the Deer Habitat Improvement Account is as follows: Region 1 – Northwest (20.5%); Region 2 – Northeast (14.8%); Region 3 (Central (5.6%); Region 4 – Southwest (18.4%); statewide (40.7%); and Research (26%)

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for deer management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Continue efforts to accurately record DNR activities related to forest work, hunter access work, technical guidance and nuisance animal control, and other deer habitat program activities to ensure that the DNR can clearly demonstrate that Account 2202 funds are devoted to habitat improvement that primarily benefits deer.
- Establish annual program objectives for Account 2202, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.
- Continue active engagement in the Deer Plan activities and other public engagement in order to obtain broad and diverse public opinions when considering deer management changes.

- Evaluate combining Account 2201 (R296023 and R296213) with Account 2202 to allow more flexibility to better address priority issues.

Waterfowl Habitat Improvement Account (Fund 2203)

OVERVIEW

The purpose of this account is for the improvement of waterfowl habitat, and is governed by various statutes, including Minnesota Statutes, sections 97A.075, subd. 2, and 97A.475, subd. 5.

FINDINGS

- The BOC requested and received a briefing on the 2019 Duck Plan from DNR staff that also answered question on the Waterfowl Habitat Improvement Account spending in FY 2019.
- In FY2019, total expenditures from Fund 2203 were \$400,316; total receipts were \$558,196; remaining balance is \$967,549.
- Distribution of expenditures by Region was as follows: Region 1 – Northwest (39.2%); Region 2 – Northeast (8%); Region 3 – Central (16.2%); Region 4 – Southwest (13.8%); and statewide (22.7%)
- Funds in this account were used to implement the Duck Action Plan. Additionally, the department conducted waterfowl population surveys to inform wildlife enthusiasts and hunting season frameworks for the coming year, as well as surveys during the fall migration, with results reported on the DNR website.
- The DNR continued research to evaluate mallard movement and nest cavity availability for forest waterfowl and evaluated amphipod stocking/abundance.
- GFF funds were also used to provide maintenance on 140,927 acres of wetland habitat on 476 basins to enhance wetland habitat.
- Funds from this account were also used to create 1,481 nest structures maintained on 346 basins to provide nesting habitat for wetland wildlife. Funds were used to improve wetlands in following manner:
 - 89 acres of wetland were restored on 56 basins to provide new habitat for wetland dependent wildlife, and 17,426 acres of wetlands impacted by wetland water control work on 55 basins to enable habitat enhancement for wildlife through water level manipulation.
 - 13,706 acres of wetland enhancements on 69 basins to enhance wetland habitat for wildlife
 - 40,710 acres on 143 wild rice lakes were actively managed to improve conditions for wild rice for the benefit of wetland wildlife that utilize wild rice stands. This includes

work done through funding provided to Ducks Unlimited and by area wildlife staff. Additional wild rice work was done as part of the wetland habitat maintenance and wetland enhancement work shown in the previous bullets.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for waterfowl habitat improvement activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Retain and further develop the recent expansion of hunting opportunities for open water layout shooting, maintain an earlier season with the federal season for increased wood duck harvest opportunities, 1/2 hour before sunrise opener, and other expanded opportunities that enhance hunter recruitment and retention efforts.
- Continue the waterfowl youth opener for recruitment of the next generation of duck and goose hunters.
- Refrain from adopting any additional special or early teal seasons. With the expansion of opportunities for harvesting Canada geese, snow geese, and an earlier start to the regular season, we find no need for such changes to the teal season. Concerns are potential interference with Youth Waterfowl Day, concerns over hunter-bird identification for a teal only season and potential decrease in Pittman-Robertson dollars from non-hunters, and the costs associated with monitoring and enforcing the bag limits.

Habitat

- Establish 14,000 acres of seasonal wetlands using moist soil management techniques. The department's conservation goal is 12,000 acres, with some stakeholders desiring a higher target.

Trout and Salmon Management Account (Fund 2204)

OVERVIEW

Purpose

The purpose of this account is to improve trout and salmon streams and lakes.

Revenues

Ninety percent of the revenue from trout and salmon stamps must be credited to the trout and management account. (Minnesota Statutes, section 97A.075, subd. 3). The trout and salmon stamp is currently \$10.00. Money in the account may not be used for costs unless they are directly related to a specific parcel of land or body of water of specific fish rearing activities (including utility and service

costs associated with coldwater hatchery, stocking trout and salmon in streams and lakes and Lake Superior, and monitoring and evaluating stocked trout and salmon) or for costs associated with supplies and equipment to implement trout and management activities.

FINDINGS

Trout Stream Easements

Based on Minnesota's Aquatic Management Area Acquisition Plan 2008-2033 (published October 2007), the DNR endorsed a strategic plan including an accelerated acquisition of new trout stream easements at the rate of 100 miles per year from 2008 to 2033. The plan has fallen short on meeting this rate since the implementation of this plan. Primary sources of acquisition funding are Outdoor Heritage Fund (OHF), Reinvest in Minnesota fund (RIM), and the trout stamp.

Trout stamp dollars can be used for acquisition, and some RIM funds have been available the last couple years. However, the practical limits to acquisition spending are set by what is obtained from OHF. In recent years, the DNR obtained some OHF funding (2015, 2016, 2018). OHF fund requests in 2017 were not successful; and did not submit a proposal for 2019 after getting feedback from some OHF Council members that it was not a high priority at the time. There is a plan to submit a request for 2020 but expectations should be adjusted to reflect the current outlook for Legacy Fund balances during the pandemic-induced recession.

The DNR suggests the plan developed based on 100 miles per year should be changed to one of a strategic acquisition. Acquisition efforts need to be based on statewide scoring taking into account fishery quality, restoration potential, connections to protected complexes, several other ecological benefits, proximity to population centers, thermal characteristic; and ranking of parcels with landowners willing to sell easements. Growth in the easement portfolio needs to consider the costs of ongoing monitoring and enforcement, therefore, target parcels that score well. Parcels that score poorly are not viable candidates for acquisition.

Trout Stocking

The Crystal Springs Hatchery had to depopulate due to a disease discovered in the hatchery. Steps are being taken to eradicate the bacteria that causes the disease before repopulating. The Lanesboro Hatchery reduced operations for construction of a new hatchery building.

Account trends

The ending fund balance was \$952,071 for FY2016, \$727,476 for FY2017, \$681,599 for FY2018, and \$963,903 for FY2019. Although there was a reduction in balance for FY2017 and FY2018 to reduce the surplus of funds, the surplus for FY2019 significantly increased.

Trout and salmon stamp sales set records for five consecutive years (FY2015- FY2019). In FY2019, stamp sales reached \$1,037,184. Therefore, projected future revenue was increased to \$1,000,000.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for trout and salmon management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

The BOC recommends:

- Dedicated funds in this account are utilized to maintain a reasonable minimum fund balance while furthering the goals and objectives of the Trout and Salmon Management Account.
- Surplus of funds are used to accelerate the acquisition of easements. Although we understand that the acquisition of easements are multi-year projects, relying on many stakeholders, we recommend implementing a workgroup or revisiting the acquisition plan as a whole to address the acquisition process. This could address any potential bottlenecks that could be removed in the acquisition process and speed up the process in general. As trout and salmon stamps sales continue to increase and will only continue to increase based on projections, the further acquisition of easements is only becoming increasingly more important.
- Running a coldwater hatchery usually has greater utility related costs than other hatcheries. It appears that installing the solar power panels at one hatchery was very beneficial and cost effective. If there continues to be a surplus of funds from trout and salmon stamps, we recommend setting aside some of the funds for solar energy use at a trout hatchery as this account specifically allows revenue to be used for utility and service costs associated with a coldwater hatchery.
- Funds and attention continue to be directed towards the rehabilitation of the Lanesboro hatchery and the repopulation of the Crystal Springs hatchery.

Pheasant Habitat Improvement Account (Fund 2205)

OVERVIEW

This account is dedicated to the improvement of pheasant habitat and is governed by Minnesota Statutes, section 97A.075, subd. 5.

FINDINGS

- The BOC requested and received a briefing on the 2019 Pheasant Plan. Information was also provided on the Pheasant Habitat Improvement Account spending in FY2019.
- In FY2019, total expenditures from Account 2205 were \$458,158; total receipts were \$483,700; remaining balance is \$259,540.

- Pheasant harvest goal of 600,000: Expenditures from the account contribute to the development, restoration, and maintenance of suitable habitat on public and private lands, which will help pheasant populations and contribute to increased harvests.
- Land acquisition programs: As indicated below, \$23,560 was spent on acquisition programs.
- Land access programs: The Walk-In Access program is the hunting access program in Minnesota. That program is supported through user fees and federal grants and not the Pheasant Habitat Improvement Account. Although, Account dollars are used to support the Farm Bill Partnership, Farm bill biologists may direct interested landowners to the Walk-In Access program among other programs. The amount to support the Farm bill Partnership was \$56,482 and cannot be attached to a geographic location since the DNR contributes to the overall partnership and individual dollars cannot be tracked geographically.
- Land enhancement programs: The primary expenditures here are for habitat enhancement on WMAs. As budgets tighten, The DNR first takes care of WMA lands for which there are no other responsible entities. Roadsides and private lands, while worthy places to enhance wildlife habitat, have other responsible entities to do management where WMAs do not. This amount was \$399,540 on WMAs and \$58,618 on private lands.
- Farm Bill Biologist and Prairie Habitat Assessment Biologist: As noted above, \$56,482 went to the Farm Bill Partnership that supports multiple farm bill biologists in multiple counties.
- Distribution of expenditures by Region was as follows: Region 1 – Northwest (7.3%); Regional 2 – Northeast (0%); Regional 3 – Central (27%); Regional 4 – Southwest (60.2%); statewide (5.5%)

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for pheasant habitat improvement activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Continue the programs and initiatives currently funded related to land acquisition, access, and enhancement.
- Increase the price of the pheasant stamp that has not been increased in 15 years.
- Support legislation related to roadside habitat; walk-in access; CRP and the Farm Bill; and wildlife land acquisition.
- Continue to support the governor's Strategic Pheasant Action Plan and revisions, and implementation of the Prairie Plan.

- Establish annual program objectives for Account 2205, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.

Wild Rice Management Account (Fund 2206)

OVERVIEW

Purpose

The purpose of the account is to provide funds for the management of wild rice.

Source and use of funds are set by Minnesota Statutes, section 84.0911. Funds deposited in this account may only be used for management of the designated public waters to improve natural wild rice production. Funds are generated by a user fee in the wild rice harvest license.

Revenues

FY2019 Beginning fund balance \$72,716

FY2019 Wild Rice License Receipts \$31,695

FINDINGS

The BOC finds the funds are being used in accordance with the statute. Funds fluctuate annually depending on the wild rice crop available for harvest, which in turn affects the purchase of wild rice harvest licenses. Annual expenditures in recent years have been and are projected to be approximately \$40,000/year to fund the wild rice lake management. The total expenditures for FY 2019 totaled \$41,594. Receipts were below the target of \$40,000 resulting in a FY 2019 Ending Fund Balance of \$63,028 showing a fund loss of \$9,688.

Funds are utilized in the monitoring of wild rice stands found in Minnesota lakes and streams in addition to water level control when required, and occasional re-seeding of critical stands where appropriate.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for wild rice management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

Continue cooperative agreements with Ducks Unlimited and USDA Wildlife Services to monitor and assist in management of wild rice stands for the benefit of wetland wildlife that utilize wild rice for food, shelter, and protection.

Maintain vigilance on the entire program. Aquatic shoreline is projected to be reduced over all by 24% by the year 2030. Wild rice licenses sales are decreasing by approximately 5% every 3 years, and climate change, in particular large rain events, followed by extended periods of little rainfall, provide inhospitable conditions for good quality, and large quantities of wild rice.

It remains difficult to determine the actual quantities of natural wild rice that are harvested each year however as an agricultural crop, historical harvests of wild rice (both natural, and cultivated) while lagging California's cultivated wild rice, have remained at between 4,000,000 and 10,000,000 pounds of wild rice per year. It is estimated that less than 20% of the annual harvest is actually natural wild rice. The last DNR comprehensive study of wild rice was completed in FY2008 at an estimated cost of \$72,614 with the last harvester survey completed in FY2007. Considering the cultural, economic, and wildlife importance of natural wild rice, the BOC suggests that the DNR plan and implement a new social media enabled harvester survey that includes analysis of the threats to natural wild rice as identified in the previous studies.

Wildlife Acquisition Account (Fund 2207)

OVERVIEW

The purpose of this account is for land acquisition for the benefit of wildlife. Minnesota Statutes, sections 97A.071, specifies how money from this account may be used:

1. At least 50% of the receipts must be spent on actual land costs and the remainder may only be used for other land costs, development, and maintenance of wildlife lands and associated activities.
2. These expenditures also include development, preservation, restoration, and maintenance of waterfowl breeding grounds in Canada.

FINDINGS

- Source of funding: Financed through revenues from the small game surcharge and \$6.50 annually from the Lifetime Fish and Wildlife Trust Fund for each license issued (Minnesota Statutes, sections 97A.473, subd. 3 and 5; 97A.474, subd. 3; and 97A.071.).
- In FY2019, total expenditures from Fund 2207 were \$1,063,914; total receipts were \$1,411,028; remaining balance is \$2,408,411. This remaining balance is in alignment with the DNR's strategy to keep a significant balance in this account for future opportunities.
- In FY2019, the DNR provided \$528,894 toward the acquisitions. Total program expenditures included \$218,390 toward the management of grasslands, forests, and wetlands. Facility management expenses were \$316,286 or 30.0%; up 19% from FY2018.

- Distribution of expenditures by Region was as follows: Region 1 – Northwest (13.6%); Regional 2 – Northeast (5.6%); Regional 3 – Central (10.8%); Regional 4 – Southwest (19.2%); statewide (50.9%)
- Because surcharge is a statutory account, the DNR can allot what they feel is appropriate. The DNR monitors small game license sales to observe trends in revenue and then allot based on the trend. Currently, that figure is about \$1,500,000 annually. Therefore, \$750,000 goes into the acquisition program and is maintained for land costs until it is used. The other \$750,000 goes into land management costs. This is distributed based on ability to use the dollars for WMA management. Given this fact, a little over \$300,000 was used for salary across the state for work done on WMAs and the rest was put out to the regions for fleet (~\$250,000), Cultural review for WMA projects (~\$19,000), DU Canada (\$15,000) and facilities maintenance on WMAs (~\$150,000). Distribution is generally based on acres and numbers of WMAs.
- Currently the DNR is spending of the allotted amount (\$1,500,000 for FY2019) and the half identified for land acquisition to be retained until spent while the unspent portion of the other half, used for management, is canceled back to the fund at the end of the biennium. That way, over the long term, a large percentage of the annual allotment is spent based on the allotted amount with a small percentage canceling back. Therefore, the percentage spent on land costs is always at least 50% in accordance with statutory guidelines.
- The below table illustrates how the DNR ensures that land costs account for at least 50% of expenditures of surcharge (2207). Note that for the calculation, there is still over \$2,000,000 that rolled forward into FY2020 for the land cost row in the table. Since those dollars are committed to land costs, the calculation assumes it will be spent on land costs. Therefore, the overall expenditures of surcharge for the period FY2012 to FY2019 allotments is 50.7% on land costs.

2207 Small Game Surcharge/Land Acquisition

Expense trending FY2012-2019

As of 3/31/2020, amounts listed in dollars

Section	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Roll Forward Available in FY20	Total Spent	% of Spent
Land Cost Expenditures	274,075	512,521	341,534	1,415,417	745,933	555,681	39,017	456,456	2,132,594	6,473,229	50.7%
Acquisition Support Expenditures	-	95,442	128,878	202,353	138,855	84,951	149,797	69,850	-	870,126	6.8%
Wildlife Expenditures	832,193	730,324	812,115	692,421	613,649	611,176	594,626	537,608	-	5,424,113	42.5%
Total Expenditures	1,106,268		1,282,528	2,310,192	1,498,437	1,251,809	783,440	1,063,913	2,132,594	12,767,468	100.0%

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for wildlife acquisition activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Continue to establish annual program objectives for Account 2207, including anticipated expenditure levels, and report on the success in achieving those objectives in the annual Game and Fish Fund Report.
- Maintain the DNR goal of keeping a significant balance in this account for future opportunities.
- Continue the DNR's support of Ducks Unlimited's Canada Flyway Projects and acquisition of wetlands that support and improve duck breeding grounds.
- Continue to make provision for large acquisition opportunities in order to be prepared when they become available.

Wild Turkey Management Account (Fund 2208)

OVERVIEW

This account is for turkey habitat management and is governed by Minnesota Statutes, section 97A.075, subd. 5.

FINDINGS

- In FY2019, total expenditures from Fund 2208 were \$167,533; total receipts were \$186,892; remaining balance is \$363,030. Top expenditure areas were for Grassland management (\$97,562), Forest management (\$61,299), and Land acquisition support costs (\$8,673).
- Distribution of expenditures by Region was as follows: Region 1 – Northwest (7.1%); Regional 2 – Northeast (0.5%); Regional 3 – Central (64.9%); Regional 4 – Southwest (22.3%); statewide (5.2%)
- Land Acquisition costs were applied to the purchase of the below parcels:
 - Whitewater WMA, Winona County, 42.8 acres of hardwood forest and fallow crop fields.
 - Seven Springs WMA, Fillmore County, 65.49 acres of hardwood forest and fallow crop. License sales remained steady in FY2019, averaging 42,982 adult licenses and 7,960 youth licenses per year since FY2009. This has caused the fund balance to remain fairly stable and is expected to continue at current levels or slowly be drawn down.

- Currently wild flock expansion in Minnesota is not being actively pursued. This is primarily due to a successful trap and transport beginning in 1971 and favorable habitat mix that has pushed the wild turkey range well beyond its pre-settlement location, which was limited to southern Minnesota. Any additional range expansion is considered natural and will neither be encouraged or discouraged. Currently active trapping and releasing of wild turkeys has been suspended.
- The DNR has partnered with the Nature Conservancy, National Wild Turkey Federation and Pheasants Forever in the past year to improve wild turkey habitat on WMAs across the state.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for wild turkey management activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- Prioritize updating the Wild Turkey Management Plan. The current plan was published in 2007. Wild turkeys have expanded every year since the last plan was written.
- Continue partnering with other outside organizations to maximize limited dollars and man-hours for habitat improvement.
- Explore ways to increase revenue by expanding the turkey hunting base. Possible options are working with partner organizations or the R3 coordinator and R3 Citizens Counsel.

Heritage Enhancement Account (Fund 2209)

OVERVIEW

Purpose

The Heritage Enhancement Account (HEA) was created in 2000 for the enhancement and protection of fish and wildlife resources.

Revenues

Total revenues deposited into the account amounted to \$14,966,971 for FY2019.

Revenues in the HEA are derived from in-lieu-of-sales taxes relating to the sale of lottery tickets. 72.4% of the total in-lieu-of-sales taxes collected are deposited to accounts for environmental and natural resource purposes, of which 50% is directed to the HEA for spending on activities that improve, enhance or protect fish and wildlife resources, including conservation, restoration, and the enhancement of land, water and other natural resources. (M.S. 297A.94)

FINDINGS

In addition to the information in the FY2019 Game and Fish Fund Report, DNR staff provided more detail on the HEA fund expenditures.

In 2019, the second of two \$410,000 grants was made to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota for the purpose of preventing the spread and control of invasive species. These two grants were appropriated by the legislature in 2017.

Statute requires that 87% of revenues in this account be used for field operations on a biennium basis. DNR staff provided a detailed report for the 2018/2019 biennium showing that 88.5% was used for field operations thus exceeding the 87% requirement.

With lottery revenues projected to remain flat through FY2023 and expenditures expected to exceed revenues, the fund balance is projected to decrease through FY2023. This projection appears to be conservative, given actual lottery revenues increased 6% in each of the last two years.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund Heritage Enhancement Account appear to be in compliance with statutory requirements and sound management practices. All expenditures were used for enhancement and protection of fish and wildlife resources and met the additional requirement of at least 87% of the revenue being used for field services.

RECOMMENDATIONS

The BOC recommends that HEA continue to be used as intended by which the statute was written to supplement and not supplant expenditures for enhancement and protection of fish and wildlife resources.

Lifetime Fish and Wildlife Trust Fund Account (Fund 2210)

OVERVIEW

Purpose

The Lifetime Fish and Wildlife Trust Fund Account was established as a fund in the state treasury by the Legislature in 2000 (Minnesota Statutes, § 97A.4742) and accommodates the annual fees of license activation to appropriate revenue accounts. All money received from the issuance of lifetime; angling, spearing, small game hunting, deer hunting, sporting, and sporting with spearing option licenses, and earnings on the fund is credited to the Lifetime Fish and Wildlife Trust Fund.

Revenues

Total Revenue for this account in FY2019 was \$993,311. This includes the sales of lifetime licenses, lifetime license activations and interest earning on balance not invested with the State Board of Investment. Total Expenditures (Lifetime License Activations) of \$828,933, were transfers to related game and fish program accounts from which expenditures are recorded.

FINDINGS

- Net sales (license sales less activation transfers-out) are projected to trend downward starting in FY2019.
- Current projections show that activation costs will equal current sales in approximately 10 years.
- When the report was drafted, a strong rate of return on investments ensured a healthy fund balance. However, with recent extreme and difficult to forecast stock market losses, there is concern with the long-term fund sustainability of investments. With the understanding that these are long term investments, and that there is always a risk of loss, it would be informative for the BOC if there was information on how the DNR would address sharp losses and if there is a plan to ensure the trust fund can absorb these losses over time and still be in pace with the quantity of licenses sold vs. activated, such as reviewing its pricing determination model.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund Lifetime Fish and Wildlife Trust Fund appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

The BOC feels strongly that there is an opportunity for the DNR to prioritize data collection around the Lifetime License customers, and that the sustainability of this account could be improved through dedicated marketing/promotion efforts. The BOC recommends exploring how lifetime license activation data may be used to specifically target key demographics to encourage either re-engagement with natural resources or the continuation of engagement with natural resources with future generations of Minnesotans, as the sustainability of this account depends on maintaining a strong activation rate and increasing new license sales. The lack of well-defined marketing goals and appropriate metrics to measure progress towards those goals limit the effectiveness of current marketing efforts and makes it unclear the impact of future market efforts on the Lifetime Fish and Wildlife Trust Fund.

Walleye Stamp Account (Fund 2211)

OVERVIEW

Purpose

The Walleye Stamp Account is funded via the voluntary purchases of walleye stamps (\$5.00 each). Pursuant to Minnesota Statutes, section 97A.075, subd. 6, revenue from walleye stamps must be credited to the Walleye Stamp Account (2211) and is appropriated to the Commissioner only for stocking walleyes purchased from the private sector in waters of the state.

Revenues

The account has experienced an increase in total resources available. FY2019 saw the highest sales since FY2014, with a total of \$100,384.

FINDINGS

The narrow confines of this account's purpose of "stocking walleyes purchased from the private sector in waters of the state" makes the fund bound to strict statutory requirements. The BOC expresses continued concern with the limited number of private sector vendors available as well as the associated costs with purchasing from the private sector that make the rigidity of the Walleye Stamp Account even more complex.

In order to better understand the use of the funds, the BOC requested more information pertaining to the walleye stocking program. The DNR provided more details regarding the number of walleyes, water bodies stocked, as well as price per pound in FY 2019 walleye stocking activities.

FY 2019 Expenditures for the account totaled \$86,010. All funds used for purchase of walleye for stocking purposes throughout the state. The BOC finds that FY 2019 Walleye Stamp Account utilization is appropriately distributed for walleye stocking efforts in accordance with the statute.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund Walleye Stamp Account appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

The legislature and DNR need to review that there can be enough vendors available to keep costs competitive.

The BOC believes it is necessary to increase walleye stamp marketing efforts for sales. The stamp is promoted through low or no-cost marketing, such as press releases, social media to the general public.

The BOC has become aware of an opportunity to improve communication about the Walleye Stamp with sales agents. Potential revenues could be increased by developing a simple, highly visual chart or poster to distribute to vendors with Electronic Licensing Systems (ELS). The purpose of the marketing tool would be to communicate the benefit and use of the Walleye Stamp funds.

Peace Officer Training Account (Fund 2212)

OVERVIEW

Purpose

The Peace Officer Training Account was statutorily created in the Game and Fish Fund in the state treasury to be used by the commissioner for peace officer training for employees of the Department of Natural Resources to enforce game and fish laws. (Minn. Stat. § 97A.052) This account helps facilitate the mandated and supplemental training required for conservation officers to maintain licensing and augment skills needed to remain effective in detecting and apprehending game and fish violators.

Revenues

This account is appropriated by the legislature and currently receives an annual appropriation of \$135,000 per year. In addition, 1% of the revenue from surcharges assessed to criminal and traffic offenders are deposited into the account and may only be spent towards peace officer training for conservation officers of the Minnesota Department of Natural Resources (Minn. Stat. § 357.021, subd. 7).

Total expenditures for FY2019 were \$81,239 while total revenues were only \$101,429.

FINDINGS

Academy Headquarters

The DNR's Conservation Officer Academy has historically been held at Camp Ripley where the National Guard is located. However, they have recently learned that this space will no longer be a viable option to hold their academy. While they can continue using a warehouse on the site for their equipment, their original post headquarters will need to be relocated elsewhere.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for peace officer training activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- The BOC recommends that the division find a sustainable location to hold their training academy and encourages the pooling of resources with the Minnesota State Patrol and other law enforcement agencies in Minnesota.
- The BOC recommends an increase of 1 % to the Fund sourced from surcharge revenue to ensure that conservation officers can continue receiving the mandated and necessary training needed to fulfill their duties. In addition, the BOC is once again troubled by the continuing decline in revenues and the fact that the Enforcement Division must supplement this account with other sources of funds to prevent the account from going negative.
- The BOC opposes any legislation seeking to reduce funding for the Peace Officer Training Account (2212).

Wolf Management and Monitoring Account (Fund 2213)

OVERVIEW

The Wolf Management and Monitoring Account was created during 2012 Legislative session. The only allowable expenditures from this account are for wolf -management, research, damage control, enforcement, and education. (Minn. Stat. § 97A.075, subd.7b)

FINDINGS

- The BOC received a briefing on plans to update the 2001 Wolf Management Plan from DNR staff on January 15, 2020.
- In FY 2019, total expenditures from Fund 2213 were \$310,622; total receipts were \$332,719; remaining balance is \$1,197,367. Expenditures were devoted to population management activities (Season Management and Hunting Synopsis; Research, Evaluation, and Monitoring).
- Wolves are currently protected by the Endangered Species Act (ESA) and under Federal management authority. Therefore, DNR managed activities and expenditures for the state's wolf population in FY2019 were strictly limited.
- Bills currently being heard in Congress: H.R.4494 - Gray Wolf State Management Act of 2019 and S.831 - both bills direct the Secretary of the Interior to reissue final rules related to listing the gray wolf in the Western Great Lakes and Wyoming under the Endangered Species Act of 1973 and make a final decision within 60 days of passage. It is expected the final decision will be made to delist the gray wolf in summer/fall of 2020.

COMPLIANCE

The FY2019 expenditures from the Game and Fish Fund for wolf management and monitoring activities appear to be in compliance with statutory requirements and sound management practices.

RECOMMENDATIONS

- The BOC recommends that the DNR continues to explore options for managing wolves that best represents the science. The BOC supports hunting and/or trapping. However, it is strongly encouraged that the DNR find additional resources to fund this account.
- The BOC recommends strong support for building public trust that the DNR will manage wolves in the best interest of Minnesotans.
- The BOC is concerned whether there is an adequate funding strategy to assume full management authority over the State's gray wolf population once they are delisted. Revenue from Hunting and Trapping, if allowed, will not be sufficient to fund necessary programs and activities outlined in the Wolf Management Plan.

EMERGING ISSUES

We recommend that the DNR consider these emerging issues in the near future (in no particular order):

DISASTER PLANNING

The Covid19 pandemic has brought up concerns of how pandemic, natural disasters, or other civil or international disruptions can affect the DNR's ability to fund and perform Game and Fish programs. Of recent concern is how the downturn in the economy as the result of Covid-19 will affect sales tax, which in turn results in Legacy and Heritage funds reducing GFF funds/revenue sources. General Fund reductions and LCCMR reducing projects will also affect the DNR's ability to function as planned. Not only are funding sources being affected, but ability to perform work is hampered due to social distancing requirements. Different modes of operation may be called for going into the future.

To these points, the BOC knows the DNR has learned a great deal from the recent actions they have taken to adjust to the current pandemic. The BOC recommends the use the knowledge it has gained from the pandemic experience to enhance its disaster planning in order to clearly identify how natural resources, game and fish funding, operations, and reporting will be handled to any future disasters.

WOLF DELISTING

Gray wolves are currently protected under the Endangered Species Act (ESA), though a final decision on Federal delisting is imminent (Summer/Fall 2020). One year from the final decision, management authority will transfer back to the State and Tribes, at which point, the DNR will assume primary responsibility for managing the State's gray wolf population.

The BOC is concerned whether there is an adequate funding strategy to assume this responsibility. Revenue from hunting and trapping, if allowed, will *not* be sufficient to fund all programs and activities outlined in the Wolf Management Plan, especially the public relations, public information, or public education campaigns that the BOC feels will be critical for a successful implementation.

The BOC fully supports the formation of the Wolf Plan Advisory Committee to help update the 2001 Wolf Management Plan, and encourages the DNR to consider a more permanent role for citizen scientists/stakeholders in ongoing wolf management. Given the strong feelings that wolves evoke in Minnesotans, the DNR must prioritize their management of people since the wolves seem to be doing fine on their own.

ELECTRONIC LICENSING SYSTEM

Modernizing the DNR licensing system and license process has been a topic of conversation for several years. Having the oldest licensing system in the country does not fit the image the DNR is hoping to portray when recruiting new and younger audiences. With current or lapsed license holders, outdated technology leads to a poor user experience that impacts the DNR's ability to retain and reactivate.

The process itself has been a series of fits and starts in which the DNR has spent considerable resources (time and money) defining and redefining their need. Recent efforts by the DNR to better understand customer expectations through user surveys and research into license practices, pricing, and revenue structure, will better inform the final decision. The hope is that the time spent on developing this latest RFP, will lead to a streamlined vetting process and partner selection. Though details of the forthcoming RFP were not known at the time this report was written, the BOC is hopeful that the DNR will find the right balance of priorities and cost.

Outreach, in particular, needs a better data partner in the ELS. Marketing efforts to increase license purchase and discourage lapsing have been successful but lack scalability without better customer data and better funding. Increasing online transactions and moving customers to paperless licensing and tags should be a priority if the DNR wants to stay relevant with new and younger users.

ELK MANAGEMENT IN NE MINNESOTA

With planned tribal elk reintroduction in northeast Minnesota, elk management will once again be a high profile issue. The BOC would like more information on the likelihood of reintroduction of elk in northeast Minnesota and of the potential biological and fiscal impacts.