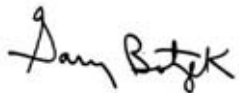
Game & Fish Fund Budgetary Oversight Committee

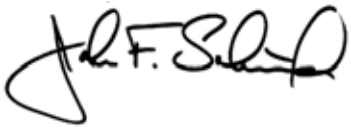
—Authorized under Minnesota Statutes Section 97A.055—

CITIZEN OVERSIGHT REPORT ON GAME & FISH FUND EXPENDITURES FISCAL YEAR 2002

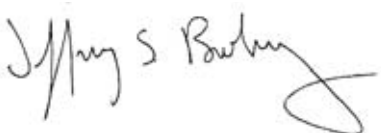
This report was approved by the Game & Fish Fund Budgetary Oversight Committee on April 1, 2003, for delivery to the DNR Commissioner and the chairs and members of the environmental committees at the Minnesota Legislature.



Gary Botzek, BOC Chair



John Schneider, Fisheries Operations Subcommittee Chair



Jeff Broberg, Trout & Salmon Stamp Subcommittee Chair

Joe Duggan, Wildlife Operations Subcommittee Chair

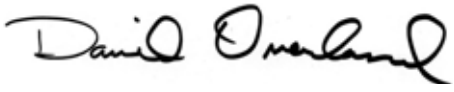
Dan Splittstoser, Big Game Subcommittee Chair

Matt Holland, Pheasant Stamp Subcommittee Chair

Tom Landwehr, Waterfowl Stamp Subcommittee Chair

Tom Glines, Turkey Stamp Subcommittee Chair

John Curry, Ecological Services Subcommittee Chair



Dave Overland, Enforcement & Operations Support Chair

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Game & Fish Fund Budgetary Oversight Committee

—Authorized Under Minnesota Statutes Section 97A.055—

March 28, 2003

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

Dear Commissioner Merriam:

This document summarizes the findings and recommendations of the nine Budgetary Oversight Committee (BOC) Subcommittees. The work of the BOC and the nine subcommittees has been carried out in accordance with state law. We will continue with the remainder of our work, but wished to communicate with you and the State Legislature by April 1 in order to provide input into the budget process that is just started to take form.

The charge of the subcommittees and the entire BOC is to review the Game and Fish Fund expenditures for fiscal year 2002. We have done that through each of the nine subcommittees and are reporting a passing grade in terms of the way license and stamp dollars were spent in FY 2002. Rather then highlighting the findings of each of the subcommittees, we will let the reports speak for themselves. Please note that we have attempted to encourage subcommittees to report in a similar manner. Due to the voluntary nature of the committees, we continue to have a bit of difference in reporting. However, each and every subcommittee has done its job and has reported.

Last year's BOC commented on the DNR's Biennial Budget Plan (FY 2004-05). Minnesota statutes assign the BOC the task of developing recommendations for the biennial budget plan and submitting those recommendations to the commissioner by August 15 of each even-numbered year. Because of the of the State's fiscal situation, the DNR did not provide the BOC with specific budget recommendations prior to the August 15 deadline. Rather, on August 6, 2002, DNR staff presented the BOC with a plan as to how the budget would be developed as well as various assumptions about the process. The plan included: 1) preparing background materials with an inventory and analysis of programs and activities, 2) identifying reduction options, and 3) identifying ranges of alternatives. Last year's BOC report addressed concerns and suggestions regarding potential outcomes of the DNR budgeting plan.

The DNR budget preparation, as in other state agencies and departments, was not a normal procedure this past cycle. With the State is in the midst of a fiscal crisis and all state agencies must help to cover the shortfall, the DNR budget has been asked to take some big hits through the unallotment process and in its proposed FY2004-2005 budget. Through this process to date, the BOC is supportive to see the strength and independence of the dedicated Game and Fish Fund. The BOC, representing the hunting, trapping, angling, and bird

watching public wholeheartedly support the continued strong independence of dedicated funds.

The BOC strongly supports getting the Heritage Account into the DNR balance spending. Since the Heritage Account Fund was established in 2001, $23.3 million dollars have been allotted to the DNR in the following manner and amounts:

Based on legislative appropriations

	FY2001 ($$$)	FY2002 ($$$)
Forestry	0	300
Fisheries	4,785	4,735
Wildlife	4,885	3,060
Ecological Services	1,000	1,406
Enforcement	1,744	1,434
Total Heritage Account	12,414	10,935

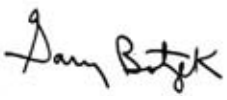
The BOC believes that the general public expects the entire lottery proceeds to be spent on environmental and conservation programs. Diverting the sales tax dollars, which are part of the $1 ticket, is a violation of what voters have voted for strongly—twice. Getting the Heritage Account into the DNR budget base would finally conclude a deal that the state made with the general public back in 1988.

The BOC strongly supports the need for additional long-term dedicated funding for the game and fish fund. A reinvestment of some of the general fund tax dollars that the hunting and angling community generates is the only just way to secure sufficient dollars to stop the continuing decline in Minnesota's natural resources. We have noted a number of legislative proposals that have been introduced into this session and urge the Legislature to move forward with the debate and passage of a constitutional amendment that would dedicate a portion of the sale tax to the game and fish programs and activities, as well as, a number of other natural resources needs like water, parks, and habitat.

Without additional investment in the fish and wildlife resources deterioration of the resources will result. The impact means fiscal impacts well beyond just the loss of license fees. Two government commissions over the past 20 years have documented the contribution of fish and wildlife related activities, both consumptive and non-consumptive, to the local and state economy through tourism and natural resource related purchases. GFF activities are a significant investment in the current and future economy of Minnesota.

The BOC recognizes the fiscal crisis in which the State finds itself and we will work with the DNR in its efforts to do its share in reducing that deficit. We trust that you will take our concerns into account as you proceed with your biennial budget discussions with the House and the Senate. The BOC stands ready to assist the Department in its budget debates at the Capitol.

Yours truly,



Gary Botzek
Chair
Budgetary Oversight Committee

Fisheries Operations Subcommittee Report

SUBCOMMITTEE MEMBERS

Jerry Bodmer, citizen member
Michael Dosch, citizen member
John Schneider, Metropolitan State University; Minnesota Sportfishing Congress (Chair)
Dave Thompson, Fisherman's Village Resort
Bruce Vondracek, U of MN Cooperative Fish & Wildlife Research Unit — *resigned*

Committee members met frequently to discuss and review fisheries' budgets and policy issues. We reviewed the responses to last years report, the FY02 expenditures, and discussed the division's potential future fiscal policies. These discussions are ongoing. This report will review/comment on the expenditures from the FY02 budget, highlight the extreme loss of general fund support within the division, and comment on various policy topics.

FINDINGS AND RECOMMENDATIONS

Almost complete loss of General Fund $:
The Division of Fisheries relies on several funds: including fishing license fees, federal excise tax dollars Heritage Funds, and the General Fund to pay for most of its programs. Over the past decade, legislators have steadily increased the General Fund's contribution to the Fisheries Division base budget. This was done in response to stakeholder input [reinvest tax dollars] and a desire to more equitably fund the "eco" activities within Fisheries. This trend has been drastically reversed in the past two budgets [FY01 = $2,254,396 FY02 = $646,000 FY03 = $24,947]. The FY03 General Fund base is only 1.1% of the FY01 value, and represents a reinvestment of only 1/20 of 1% of the general tax dollars generated by the angling community. The committee finds this completely unacceptable. It appears that the legislature/ DNR are balancing the General Fund budget on the back of Minnesota's anglers.

Fisheries Division funding history and future:

Fiscal yr	G&F	Trout	Heritage	WRA	**General**	Total
2000	$19,835,897	$658,000	NA	$180,000	**$1,848,614**	$22,522,511
2001	$20,893,946	$586,528	$4,493,870	$186,001	**$2,254,396**	$28,414,741
2002	$21,604,000	$666,000	$4,735,000	$191,000	**$ 646,000**	$27,842,000
this year's working base						
2003	$21,990,951	$671,000	$4,601,000*	$197,000	**$ 24,947**	$27,484,898*
proposed future base with change						
2004	$22,165,951	$895,000	$4,601,000*	$197,000	$ 506,000*	$28,364,951*
2005	$22,165,951	$895,000	$4,601,000*	$197,000	$ 506,000*	$28,364,951*

** values at **high** risk of being lowered*

Fisheries Division General Fund dollars:

-only **0.04% of generated General Fund taxes were reinvested** >>calculation: $24,947 / ~$70,000,000 = 0.0004

-FY03's "*General fund contributions*" will be only **1.1% of the FY 01 high point**: >>calculation $24,947 / $2,254,396 = 0.011

Large roll forward:
The committee is concerned by the large amount of "roll forward" dollars within the FY02 expenditures. Nearly 12% of the entire appropriation was rolled forward into the second year of the biennium. Non-G&F dollars seem to have been selectively chosen for roll forward. Anglers assume that their fisheries dollars are spent on resource management and improvements, not carried forward to be diminished by inflation, roll forward costs, and potential reallocation.

FY02 expenditures by Fund type:

fund source:	appropriated	% by fund	$ spent	roll forward	% RF of fund
General Fund	$ 646,000	2.32%	$ 185,514	$ 460,486	71%
WRA	$ 191,000	0.69%	$ 190,286	$ 714	0.01%
G&F	$21,604,000	77.60%	$20,531,684	$1,072,316	5%
Trout Stamp	$ 666,000	2.39%	$ 469,212	$ 196,788	30%
Heritage	$ 4,735,000	17.01%	$ 3,032,273	$1,702,727	36%
total	$27,842,000		$24,408,968	$3,433,032	[12% of appropriations]

Expenditures by project type:
When compared to FY01 values, the FY02 budget decreased by 2%. If the reduction is viewed by project type, a disturbing trend becomes apparent. As a % of the budget, bureaucratic activities seem to have increased their share substantially: planning/coordination from 8 to 11%, administration from 15 to 18%, facility from 5 to 6%. While activities that could be considered on the ground improvements went down: habitat improvement from 20 to 10%, stocking from 19 to 17%, equipment from 3 to 2%. If you combine - public info / planning / facility / administration / workers comp / unemployment comp - you end up with 40% of the budget. These values appear unacceptably high, and give the impression that the division is "*planning and thinking*" instead of "*doing*".

Comparison of Fisheries expenditures [FY01 to FY02] by category:

Project	FY01	% of 01	FY02	% of 02	FY02 / FY01
habitat improvements	$5,904,992	20%	$2,560,531	10%	43%
lake and stream surveys	$5,917,132	20%	$6,212,197	25%	105%
research	$1,587,910	5%	$1,147,101	5%	72%
culture/stocking	$5,656,210	19%	$4,053,361	17%	72%
aquatic ed	$ 528,058	2%	$ 511,535	2%	97%
public info	$ 852,789	3%	$ 761,185	3%	89%
planning/coordination	$2,538,965	8%	$2,592,761	11%	102%
equipment	$ 747,534	3%	$ 501,326	2%	67%
facility	$1,441,977	5%	$1,349,359	6%	94%
administration	$4,386,885	15%	$4,353,436	18%	99%
workers comp	$ 248,118	1%	$ 230,486	1%	93%
unemployment comp	$ 119,481	0.5%	$ 135,690	1%	113%

Proposed increases in Commercial aquatic and hatchery licenses:
The committee agrees with the rational that the revenues collected should be sufficient to cover the costs of the programs' administration and enforcement. Today, the fees generate ~$159,000 in revenue, while the "costs of the program" are ~$545,000. The committee recommends that the DNR and legislature should review:

-the programs costs – efficiency - possible simplification of licenses. Finally, the fees should be adjusted to cover all of the needed expenses. The angler's G&F fund should not be subsidizing the profits of these private businesses.

The G&F portion of 1837 cost has escalated:
The % of treaty costs paid by the G&F fund has averaged in the mid 50% range over the past 5 fiscal years. FY02 [and FY03 to date] has a much higher % of these costs being paid by the G&F fund [FY01 = $99,593 compared to FY02 = $271,343]. An argument is easily made that treaties are between all of the state residents, therefore costs should reflect this fact. This committee recommends that the legislature review treaty expenditures and appropriate General Fund dollars to pay for at least half of these costs. We also need to assess whether the large cost increases will continue.

Fisheries cost accounting for 1837 treaty:

FY	total	other	General fund	G&F fun	G&F share	
03	$ 70,774	$ 159	$ 15,401	$ 55,214	78%	*[as of 9/12/02]*
02	$362,706	$2,624	$ 88,739	$271,343	75%	
01	$211,822	-	$112,229	$ 99,593	47%	
00	$189,826	-	$ 87,066	$102,759	54%	
99	$210,923	-	$ 85,382	$125,541	59%	
98	$253,699	-	$106,358	$147,340	58%	
97	$367,186	-	$146,804	$220,382	60%	

Proposed increases in aquatic vegetation removal permits:
It costs the DNR ~$540,000 to administer this program, while the *removal permit fees* generate only $110,000. The G&F fund is used to cover the difference which means anglers are subsidizing the destruction of aquatic fish habitat to a tune of $430,000. Dennis Anderson of the Tribune last summer wrote a series of articles that correctly highlighted the needless destruction of valuable natural aquatic habitat. Anglers are not only paying for this hidden cost of habitat destruction, but then we're asked to turn around and spend more money [FY02 = $2,560,531] on replacing the aquatic habitat we just destroyed [subsidized its removal]. This committee recommends that the legislature remove the $200 cap and increase "removal permit" fees enough to cover the program costs. Anglers should not be paying for someone else's desire to destroy fisheries habitat.

DNR/Ecological Services is in the process of reviewing how the state manages aquatic habitat. The legislature should be involved and support these efforts and activities. Healthy aquatic plant communities not only are habitat for fish and invertebrates, but also help inhibit the spread of exotics plant species through competition.

Public boat access to lakes:
This committee is beginning a review of the expenditures by Trails and Waterways for the public boat/water access program. The program operates >1550 boat access sites, 275 fishing piers and shore fishing sites, 26 designated canoe and boating rivers, and the Lake Superior harbors. The funding structure to maintain these sites is based on the Water Recreation Account [1.5% of gas tax and boat license fees]. These sources have not seen an inflationary cost increase since 1989. Yet the program has added >200 boat access and fishing piers to their maintenance list in the past 12 years. We believe the maintenance part of this program is grossly under funded. This committee recommends that the legislature increase boat license fees to cover the needed program costs of repair and maintenance. As an alternative, a fee could be assessed to lake shore property owners on their property taxes. This would allow non-resident boaters/anglers who own property [but do not pay any of the associated costs of this program because their boats are licensed out of state] to help pay for the costs of this vital program.

Support for the FIN program – Fishing in the neighborhood:
This committee would like to highlight its support for the FIN program. Its primary goal of increasing both metro angling opportunities and the awareness of community environmental issues is

worthy of full support. Its funding source is primarily dependent on the Heritage fund, emphasizing the need for stable Heritage Fund appropriations.

Long-term commitment to the Lake Superior Chinook Salmon and Kamloops trout programs
This Committee supports a long-term commitment to the Lake Superior Chinook (King) salmon and Kamloops trout programs. These programs provide valuable angler opportunities for a wide range of Minnesotans and visitors, and contribute to positive economic impact. Key elements of a long-term commitment include: long-term sustainable funding, thorough consideration of alternative stocking sources for Chinook salmon including the Lake Huron strain and Wisconsin hatchery supply, the viability and effectiveness of the French River hatchery, and continued study of the biological impacts of coexisting wild and stocked populations.

DNR should explore indexing fees to inflation and finding a dedicated general fund source of revenue:
The legislature should explore indexing to inflation the fees, permits and licenses for fishing related activities. This would prevent time and money from being wasted on the politics of periodic fee increases; allowing more G&F dollars to be used on management activities.

This committee applauds the efforts and bold steps by both the MN legislature and DNR in regards to the Heritage Enhancement Account. However, we believe that the Heritage account lacks political stability, and hence think a constitutionally dedicated long term general fund source needs to be found that will augment the G&F Fund. Political support for environmental management of our states waters is weak, even though our future heavily depends on clean waters. As an example of this weak support is the FY03 General Fund contribution to Fisheries being only 1% of the FY01 value. As a more holistic/ecological management philosophy has evolved within Fisheries, "core" activities have taken on many new non-traditional angling management expenses. This increased workload [catered to non-traditional angling management activities] demands greater non-G&F funding. These "eco" activities, although supported by many angler stakeholders, would lose support within the division if completely funded by G&F Fund dollars – remember that G&F dollars are user fees paid by anglers and the expectation exists that they will be spent on angling / stocking / aquatic habitat activities that directly impact angling activities. Anglers [G&F Fund] should not be expected to subsidize all of these activities. An eco-based fund source that reflects the broader, more diverse environmental stakeholders [i.e., General Fund] needs to be established to help pay for some of these costs.

Trout & Salmon Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Dave Bennett, Lake Superior Steelhead Association
Jeff Broberg, Minnesota Trout Association (Chair)
John Eaton, citizen member
Jim Franczyk, Minnesota Trout Unlimited

The Trout and Salmon Stamp Committee (TSS) has reviewed the FY02 spending report and have found that the TSS spending as been limited to the categories specified by Statute. The Trout and Salmon Stamp funds are a continuing benefit to our cold-water trout and salmon resources and a benefit to Minnesota's anglers.

FINDINGS AND RECOMMENDATIONS

The Trout and Salmon Stamp Budget Oversight Committee has the following findings and recommendations:

- The FY02 expenditures were applied for the intended purposes.
- The Committee recommends increasing the Trout Stamp fee from $8.50 to $10.00 starting in 2004. The increased revenues should be applied to acquiring added easements on trout streams, the design and construction of quality habitat improvement projects, steelhead trout rehabilitation, and to promote the natural production of wild trout and salmon where appropriate.
- The Committee recommends approval of the $244,000 Fund Level Increase from the Trout Management Account. The growing Fund balance should be utilized to provide a 25% annual increase in expenditures without jeopardizing the safety net in the Management Account.
- Statutes allow for a maximum of 10% of the stamp revenues to be spent for administration. The fund statement does not reflect this administrative expenditure. Administrative expenses should be a line item in the fund statements and to the extent possible should be applied toward the administrative expenses of the Cold Water program within the Game and Fish Fund.
- The large amount of "Roll Forward" revenues climbed substantially after two years of decline. The roll forward represents approved, but unspent, appropriations amounting to an excess of 30% of the total. Fisheries has provided a outline of the reasons; the FY02 employees strike, the statewide freeze in outside contracts, weather delays for approved projects, etc. etc. Since FY 00 the TSS Committee has advised Fisheries that the roll forward amount should be reduced to 10% or less. Trout and salmon dollars should be spent for the intended purposes in the year that the funds are available. TSS members identified three specific problems leading to the unspent revenues; rigidity in the spending plans, the lack of outsourcing for cold-water projects like HI, beaver control or data processing and the budget crunch putting a freeze on state spending. If weather conditions, strikes or other circumstances delay projects there is no reason to lock up 30% the funds. Fisheries should develop contingency spending plans each year and incomplete projects should be planned to use next years' funds. Rigidity in the Trout Stamp budget result in lost opportunities to buy easements or maintain HI projects and carrying costs and inflation deflate the fund. The carry forward amounts should not be allowed to continue.

- The large proportion of the TSS fund used for fish culture and stocking (71%) is a continuing source of debate. There is no consensus among the Committee Members. On one hand TU and MTA would like to see an emphasis on naturalized and wild trout populations with less reliance on hatcheries, on the other hand, the LSSA and other Lake Superior interests see hatcheries as a critical link in restoring and creating diverse fishing opportunities in Lake Superior and the Arrowhead. TU and MTA have resolutions calling for mothballing or closing hatcheries as a budget cutting measure. LSSA and others have proposed expanding culture and stocking programs to serve the big lake fisheries and North Shore streams. The TSS recommends that the DNR target reductions in stocking in the lakes and streams where wild trout populations can be sustained and can provide a quality sport fishing experience.
- In FY01 the TSS Committee recommended forming a working group of interested parties to review the habitat improvement program. The Southeastern Regional Manager initiated this program but the effort stalled in FY 02 and has not come to fruition. Continuing angler concerns over how to get the most benefit from new HI project and how to maintain existing projects demands is an ongoing controversy creating friction between volunteer conservation groups, avid anglers and the Fishery managers. It is recommended that DNR initiate a HI Roundtable, facilitated by an outsider, to work through issues about HI planning, construction, maintenance and funding.
- Easement identification and acquisition continues to be a top priority. Legislative changes enacted in FY03 that determine easement values have been a dramatic help to the easement acquisition staff and significant easement acquisitions have been made in FY02-03 with funds from other programs. TSS Funds should continue to be available to take advantage of easement acquisition opportunities whenever these opportunities exist.
- Lake Superior research and special project funding is a continuing necessity, especially to address forage base research and the rehabilitation of the steelhead fishery. Various North Shore groups and residents are demanding a moratorium on the commercial harvest of rainbow smelt as a measure to preserve or enhance the forage base. North Shore interests presented the TSS with petitions from thousands of individuals calling to end smelt harvest. The TSS believes more research is needed to address these concerns.

BACKGROUND

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

1.	Fish culture and stocking	$336,496
2.	Habitat Improvement	$114,608
3.	Easement Acquisition and ID	$4,040
4.	Lake Superior Research and Special Projects	$14,068

In FY02 Trout and Salmon stamp receipts totaled $728,616 from the sale of over 85,000 stamps representing a steady increase in stamp sales since FY99.

Total FY02 appropriations of $666,000 resulted in FY02 expenditures of $469,212 with a roll forward of $196,788 to FY03 (the 30% roll forward is discussed above).

Total Fund resources have swelled to $1,346,073, twice the annual appropriation and almost triple the current annual expenditure. In FY03 the fund balance will swell to $876,861 while the total biannual resources growing to over $1.64MM in FY03. The growth in available resources is in large part due to the strong revenue stream from selling over 85,000 Trout Stamps. Because the TSS fund is growing, the DNR is requesting Legislative approval for a $200,000 Fund level increase, providing a

25% annual increase in expenditures without jeopardizing the safety net. The TSS Committee supports the proposed Fund Level increases.

ISSUES AND TRENDS

The itemized categories of allowable expenditures for the TSS Fund truly address the main issues that require DNR attention.

1. Stocking and Culture:
Are all of the State Hatcheries needed for the types of fishery management wanted by the anglers? Can money be saved or programs enhanced by reallocation hatchery resources? The fish culture and stocking mission and goals should be re-defined.

2. Habitat Improvement:
HI projects need to have the combined goals of being beneficial to the fish, accessible and fishable by anglers, and should be designed and constructed to have longevity. There is a growing debate and concern that techniques like anchoring woody debris creates stream bank erosion problems and are difficult to fish. There is a continuing conflict over the DNR tendency not to design or install HI that deepens streams to create habitat for larger fish. A Round Table to address HI issues should be convened to help address the HI programs.

3. Beaver Control:
Beaver control is one of the foundations of stream maintenance and Habitat Improvement. Beavers area a continuing problem with maintaining fish passage on North Shore Streams and a problem on preserving free running riffles and gravel bottom spawning habitat on the high gradient inland streams.

4. Easement Acquisition and Identification:
The DNR should set a goal of acquiring easements on 50% of the designated trout streams in Minnesota within the next 5 to 10 years. The recent creation of a non-profit Trout Stream Easement Trust, designed to purchase available easements for eventual transfer to the DNR should become a valuable supplement to Stamp expenditures and partial funding of the Trust from Stamp funds should be explored.

5. Easement Identification and Maps:
The identification of easements through web-based information and printed maps is an important element in angler satisfaction. The current stream maps are nearly out of print and expenditures will be needed within the next year or two to update and re-print the maps

6. Lake Superior Research and Projects:
Forage base and steelhead top the list of priorities.

OUTCOMES

Short term and long term achievements
The TSS Committee spent considerable time discussing the idea that resource management can be hampered by the failure to develop a vision based on long-term goals and strategies. It seems that short term planning should be a 10-year commitment and long range planning should be for 50-100 years. In this context fish culture and stocking, beaver control, and poorly designed or installed HI is a short term activity but quality HI, easement acquisition and Lake Superior research is a long term activity. During FY02 96% of the expenditures focused on short-term goals of stocking and HI.

Outcome consequences of budget reductions
An obvious and immediate impact from the budget crisis was seen in the freeze on outsourcing. The TSS sees outsourcing of HI projects and beaver control as a means to get more work done with limited staff. The freeze had an impact and helped create the large carry over funds for FY03.

Wildlife Operations Subcommittee Report

SUBCOMMITTEE MEMBERS

Joe Duggan, Pheasants Forever (Chair)
Michael Hunziker, citizen member
Jon Longfellow, Minnesota Trappers Association

FINDINGS AND RECOMMENDATIONS

The Wildlife Operations Committee would like to acknowledge and commend DNR Wildlife Staff for their time and valuable input in the preparation of this report. The committee also compliments the Division for the positive review and outcome from the USFWS Region 3 audit of Wildlife Federal Aid Grants conducted by the federal General Accounting Office. See Attachment A for detailed recommendations for improvements to future reports for Division of Wildlife.

1) DNR administration should increase the proportion of the Game & Fish Fund going to the Wildlife Division to historical levels. At one time, approximately 60% of funds raised by these fees were directed to the Division. Review by DNR staff a few years ago showed approximately 50% of such funds being directed to Wildlife.

2) Committee recommends the Heritage Enhancement Fund (lottery in lieu) be permanently appropriated to the Division's base funding as a dedicated account within the Game and Fish Fund.

3) Funding generated by WMAs such as timber sales, crop lease agreements and other activities should be directed to WMA management. This is not current policy. The issue in the past has been the possible negative impact on federal aid grants (Pittman –Roberson). Recent changes to Division procedures in the federal aid grants address these concerns to the satisfaction of the Fish and Wildlife Service.

4) Projections show the small game surcharge account at the current appropriation levels will be unsustainable in FY 2005 and beyond therefore the Committee supports an increase of $2.50 in the small game surcharge. However as with any increase in fees the impact to resource management and the impact on hunter recruitment and retention should always be considered.

5) The committee recommends a funding initiative similar to that of Missouri and Arkansas to address long-term fish, wildlife and natural resource conservation needs.

6) The committee recommends the development of a standard report format complete with annual graphs depicting efficiency indicators like cost/acre for habitat work (burning, mowing, planting, etc.) and breakdown of allocations to overhead, support services and actual management programs. Establish performance measures with fair and reasonable criteria that can provide reliable data on the MDNR effectiveness and efficiency include accounting definitions. This will provide indicators for areas of improvement. Include the WMA Strategic Plan in the report

ISSUES AND TRENDS

The issues surrounding wildlife habitat management are intertwined with many often times competing interests. It is important for the Division, the Department, and the new Administration to

develop a vision that will serve to focus efforts on key issues. Among these issues habitat loss and development pressure continues throughout Minnesota. The recent Citizens Committee on the future of Wildlife Management Areas calls for a significant increase in the rate of WMA acquisition. The committee supports the findings of this report and recommends the Department and the Legislature strive to fulfill the recommendation.

In consideration of the current budget difficulties a renewed effort to leverage state, private and federal funding efforts should be undertaken. The Minnesota River CREP and North American Conservation Act Grants from the USFWS are examples of initiatives that enhance and increase the positive impact by leveraging together the various efforts of many interests. In addition the 2002 Farm Bill represents a significant opportunity to enhance the Department's efforts for improvements to wildlife habitat throughout the agricultural region of the state.

ATTACHMENT A

January 27, 2003

Dennis Simon
DNR Wildlife
500 Lafayette Rd.
St. Paul, MN 55155-4007

Dear Dennis,

As usual you did an outstanding job in putting together the '02 report with little time or assistance from the Subcommittee. Hopefully we can remedy that in the future.

The following summarizes the account of the Wildlife Operations Subcommittee meeting of 21 January 2003:

We began with a discussion of our past feelings that the current process amounts to oversight after-the-fact in that we are looking at past spending and trying to effect future budgeting, even while the new budget is being drafted. We would like to see the Chairman discuss possible oversight reforms with the Chairman of the Budgetary Oversight Committee so that we can provide more useful and timely advise to the administration.

We also discussed the current fiscal state of the Department as a whole and how the deficit may affect the Division of Wildlife. We discussed the value of dedicated accounts and the notion of creating a "Conservation Stamp" to supplant all individual stamps in an effort to simplify accounting and create better activity accountability.

We reviewed the Wildlife Operations portion of the '02 Report and made the following recommendations for future reports:

1. Rearrange future reports to the following format to ease readability:
    a. Introduction remains the same
    b. Explain Wildlife Operations Programs - '02 Report page 20 and Table 4.
    c. Present Spending Analysis - '02 Report page 20 and Table 3.
    d. Explain Dedicated Accounts - '02 Report pages 22 & 23.
    e. New Analysis - Provide gross accomplishments and estimate the percent funded from each dedicated account based upon the amount spent in each of three ecoregions. Provide cost per unit effort analysis without breaking it down to funding source to provide a gross estimate of annual efficiency. Include appropriate caveats with these analyses.

f. Provide Outcomes with short-term results and long-term goals. Incorporate stakeholders' expectations (from Wildlife Roundtable), WMA Acquisition Plan and Strategic Plan goals into the Outcomes. These should be arranged with the Item clearly connected to the Short Term Result and Long Term Goal. For Example:

Item - Prairie Chicken Restoration.

Short Term Result - Trapped and transplanted 25 pairs of prairie chickens.

Long Term Goal - Harvest 200 prairie chickens annually by 2025.

2. Table 1 ('02 Report page 14)
    a. Remove "Non-project", "Project" and "Combined" rows as they are not necessary for outside audiences.
    b. Provide a brief explanation when activities are well below established goals, like when forest completed quantities are 9% rather than 60%.
3. Wildlife Administration ('02 Report page 19).
    a. Provide short-term manning results - How many FTEs are there currently (Table 2)? What positions are currently being held vacant?
    b. Provide long-term goals - What positions have been created that are on the list, but not currently funded.
4. Wildlife Spending Analysis (Page 20 and Table 3).
    a. Move expenses for Acquisitions and Heritage Accounts out of the St. Paul Office category as these are out-state expenses.
    b. Provide bulleted explanations of major expenses incurred in the St. Paul Office.

The Subcommittee thanks you and your staff for your assistance in these matters.

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Big Game Subcommittee Report

SUBCOMMITTEE MEMBERS

Ty Bestor, Bluffland Whitetail Association
Scott Nagel, citizen member
Dan Splittstoser, Minnesota Deer Hunters Association (Chair)
Doug Strecker, Pope & Young Club

FINDINGS AND RECOMMENDATIONS

First and foremost we commend the DNR for stepping up to the challenge of CWD in Minnesota.

We have unanimously approved the following recommendations for the next year:

1. We would like to see short, intermediate, and long range planning for each species covered by "Big Game." This plan would address season structures, license fee increases , electronic licenses, electronic registration, population goals, and disease controls.

2. Wildlife Management Areas in the state are not being managed to their full potential. Developing programs like Adopt-a-WMA we feel would be a huge hit with local non-profits and schools.

3. We recommend a detailed annual report of all expenditures from the Emergency Winter Deer Feeding/CWD/Wild Cervid Health Account.

4. Revitalize the academy to get more Conservation Officers out into the field.

5. Update the accounting system so it is readable and it balances.

ISSUES AND TRENDS

With deer and bear numbers increasing throughout the state, the DNR has a challenge in balancing the numbers to keep not only the hunters happy but also the landowners. We feel this can best be done by long range planning. A vision for the future should be based on scientific information as well as public opinion and this vision well need to be updated every year.

We are all honored with the opportunity to volunteer our time and efforts on this subcommittee. However, we are concerned with the lack of cooperation that we have received from the DNR Division of wildlife staff regarding clarification and requests for information. We hope to see improvement in the future.

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Pheasant Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Kevin Ausland, Game & Fish Coalition
Brad Cobb, Pheasants Forever – Stearns County Chapter
Matt Holland, Pheasants Forever (Chair)
Loren Kaardal, Waukon RIM, Inc.

FINDINGS AND RECOMMENDATIONS

Expenditures of the Pheasant Stamp Account for year 2002 and reconciliation to that account by the DNR have been approved unanimously by the Pheasant Stamp Oversight Committee.

The committee unanimously recommends that the DNR produce an annual one-page report that documents how pheasant stamp funds are expended. The committee suggests this report include a pie chart with bullet points regarding accomplishments.

The Pheasant Stamp Committee is in general concurrence with the Minnesota DNR Ring-necked Pheasant Long-Range Plan.

The Pheasant Stamp Committee recommends the DNR proposal to increase the Pheasant Stamp to $10 for use in farm bill promotion. The increase would be used to hire technicians in local SWCD offices to promote and enroll contracts into the conservation programs available through the Farm Bill. (3-1 vote)

The Pheasant Stamp Committee recommends an additional $2.50 increase in the pheasant stamp in 2005 and 2007. This increase would bring the pheasant stamp to $15 in 2007. The additional funding through this increase would be used exclusively for the development of Core Wintering Areas and additional strategies to increase carrying capacity. (3-1 vote)

The Pheasant Stamp Committee would like to acknowledge and commend DNR Staff who responded to all requests from the 2001 recommendations for PHIP. These activities include: 1) PHIP accomplishment reporting; 2) re-prioritized county rating for PHIP allocation; 3) Ring-necked Pheasant Plan; 4) Pheasant Stamp Increase Proposal.

BACKGROUND

The Pheasant Stamp Act requires that no more than 10% of the funds derived from the sale of stamps may be used for personnel and other administrative costs.

The Pheasant Stamp Improvement Program was established in 1983 for the betterment of pheasant populations in Minnesota with the goal of a one-million bird harvest.

Primary activities of the PHIP include:

1) Habitat Improvement Program
    a) Private land cost share available through Area Wildlife Managers
    b) Public land habitat improvement available through Area Wildlife Managers
2) Roadsides for Wildlife Program
3) Promotion of habitat conservation through federal farm programs

4) Research and evaluation of federal farm program conservation

ISSUES AND TRENDS

Habitat loss continues in the pheasant range. It is estimated that from 1987-1997, Minnesota lost approximately 3.6 million acres of small grains, hay and pasture. Changes in the distribution of the Conservation Reserve Program in the 1996 Farm Bill resulted in a shift of approximately 400,000 acres of habitat out of the pheasant range.

The Minnesota River CREP has provided much needed pheasant habitat in much of Minnesota's pheasant range. The 2002 Farm Bill represents a significant opportunity to realize many of our habitat strategies in order to reach population and harvest goals.

See the Ring-necked Pheasant Long Range Plan for Minnesota which documents the history, status and trends of Minnesota pheasant populations.

OUTCOMES

1. Short term and long term achievements

In the past year, the PHIP accomplished the following (see Appendix B - 2002 Pheasant Stamp Expenditures)

The long-term goal is to sustain and increase pheasant populations in Minnesota

2. Outcome consequences of budget reductions

Budget cuts that reduce Minnesota's ability to leverage the 2002 Farm Bill Conservation Programs and implement on the ground habitat management (DNR, BWSR, SWCDs) in the pheasant range would negatively impact pheasant populations.

APPENDICES

1. Minnesota Long Range Plan - Ring-necked Pheasant
2. 2002 Pheasant Stamp Expenditures

See Appendix or request copies from DNR Wildlife Division.

Turkey Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Tom Glines, National Wild Turkey Federation (Chair)
Doug Grann, Wildlife Forever
Dean Potter, National Wild Turkey Federation

FINDINGS AND RECOMMENDATIONS

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

Recommendations:

- Continue the trap and transplant program.
- Continue to look for critical pieces of land important to wild turkeys for purchases to create public hunting opportunities.
- Continue research and population modeling to maximize hunting opportunities. *Concern here is that even though we have the population model, wildlife managers don't necessarily use the information on permit levels.*
- Expand habitat work and education of such in the wild turkey range through private land field workshops to increase and maintain wild turkey habitat including timber stands.
- Support of Change Level request to increase the Appropriation into this account to "spend down" the balance.

BACKGROUND

Appropriation		**$86,000**
Habitat Improvement		
Land acquisition – 60 acres in Whitewater WMA	$23,010	
Corn Food Plots – 34.5 acres	$ 4,324.75	
Hardwood Restoration – Sauk Rapids Area – 60acres	$ 9,378.95	
		$36,714
Trapping and Transportation		
Capture and release of 147 birds at 8 release sites	$19,242	
Benton, Mille Lacs, Kanabec, Pine, Wadena, Martin Co's		
		$19,242
Promotion, Monitoring, and Research		
Grad student work at Madelia	$11,320	
Harvest Data, Spring turkey hunter survey, Fall Population Survey		
Cost of ELS registration of wild turkeys	$ 5,580	
		$16,900
Roll Forward of unspent monies to FY03		$13,144
Total Expenditures		**$86,000**

Conclusion:

The Turkey Stamp Account has been used for its intended purpose of expanding the recreational opportunities of Minnesota's residents to observe and hunt the grandest of all game birds in the North Star State. Although it is a small amount in comparison to other dedicated accounts it has been extremely important in furtherance of the wild turkey experience! We look forward to the opportunities that lie before in acquiring pristine and quality turkey habitat and increasing turkey permit levels, as well as creating more wild turkey habitat.

It was new information to see that there was a new cost associated with registration of turkeys by ELS. Previously this was not a cost charged to the Turkey Stamp Fund. But obviously it must be a cheaper and more efficient method of data collection than having the Wild Turkey Specialist collect and total the data.

Note: the Turkey Stamp Fund contributes 50% to the budget for the annual costs of the Trap and Transplant program. The other 50% comes for the State Chapter of the National Wild Turkey Federation.

The Oak Forest regeneration project in Wright county was on 4 different WMAs; Succonnix, Albion, Hoglund, and Shau Valley totaling more than 60 acres. The tree planter used in this project was donated by the National Wild Turkey Federation to the area's Soil and Water Conservation District. This area of the State was formerly called the Big Woods Forest Area.

The subcommittee had difficulty in meeting as a group and reviewing the information collectively. The information provided to this committee came from Lloyd Knudson, Farmland Wildlife Program Leader, Gary Nelson, Wild Turkey Specialist, though Dennis Simon in St. Paul.

OUTCOMES

1. Short term and long term achievements
Short term achievements should include continued stocking of suitable wild turkey habitat and strengthening of populations that are too low to achieve open hunting seasons.

2. Outcome consequences of budget reductions
Long term goals to include, but not limited to acquisition of additional public lands that have high value to turkey populations. And increased private lands education for wild turkey habitat improvement.

Waterfowl Stamp Subcommittee Report

SUBCOMMITTEE MEMBERS

Tom Jes, Minnesota Waterfowl Association
Tom Landwehr, Ducks Unlimited (Chair)
Phil Zins, Nicollet Conservation Club

FINDINGS AND RECOMMENDATIONS

The subcommittee reviewed expenditures from the state Migratory Waterfowl Stamp Account ("Duck Stamp Account") for fiscal year 2002 (FY02), and anticipated expenditures for FY03 and FY04. Overall, the subcommittee found that these actual and proposed expenditures were consistent with state statutes. Furthermore, the Subcommittee is of the opinion that overall, the DNR has and continues to accomplish impressive habitat improvements with what is a relatively modest amount of money ($500k to $600k). The DNR people who work in this area are to be congratulated and encouraged to keep up the good work.

In the interest of providing constructive advice, the committee suggests, the following as ways to further improve waterfowl habitat management. The Division should:

- **Build upon or combine the "Fall Duck Use Plan" (a migration habitat plan) with a breeding habitat plan to provide a comprehensive waterfowl habitat plan for the state that defines and addresses critical waterfowl habitat needs, and lays out a process to help assure expenditures are optimized.**

- **Develop guidelines for use by Division personnel to evaluate the relative waterfowl benefits of various practices. And further, develop guidelines to prioritize expense of duck stamp funds, recognizing the contributions to waterfowl habitat development that are created with funding from other sources (e.g., WRP, CREP, RIM, WMA acquisition, etc.) to best target these limited resources to maximize benefits.**

- **Develop a long-range plan for, or projection of, large expenses (capital or operating) beyond the current and subsequent fiscal year, to allow more proactive budgeting (i.e., develop a 5-year and 20-year capital replacement plan).**

- **The committee recommends the Division look at additional opportunities available in the current Farm Bill, to enhance waterfowl habitat via federal farm programs, which may be complementary to habitat improvement.**

- **Further, the committee recommends specific statutory language be pursued to permit expenditure of duck stamp revenues (not to exceed 4% of annual revenues) for contract lobbying efforts to influence federal and state wetlands legislation to benefit Minnesota.**

In general, the committee recognizes the relatively small existing waterfowl account budget and the growing need for additional habitat management expenditures, and recommends a doubling of revenues into the duck stamp account.

Finally, the committee believes that the statutory language identifying appropriate expenditures for duck stamp funds is unclear and somewhat ambiguous. We are interested in refining this language,

perhaps in conjunction with revisions necessary to include lobbying as an eligible expense. At this time, however, we are not proposing specific changes.

INTRODUCTION

The Duck Stamp Oversight Committee (hereafter "Committee") was created by MS 97A, Subd. 4(b) which states:

> "**Citizen oversight subcommittees.** (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; 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. (b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons… (7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl…".

The current committee was formed in December 2002 with the appointment of the following members: Tom Jes (representing Minnesota Waterfowl Association), Phil Zins (representing Nicollet Conservation Club) and Tom Landwehr (representing Ducks Unlimited). The committee met on the following dates: Dec. 17, 2002; Jan. 8, 2003; Jan. 27, 2003; and Feb. 10, 2003. Tom Landwehr was appointed chair at the first meeting, and served as keeper of meeting minutes, approved by the subcommittee at subsequent meetings. Ray Norrgard, DNR Wetland Wildlife Program Leader, was the DNR staff person providing liaison and support.

This report will follow the guidance provided in the statutory language establishing the committee by first reviewing past expenditures, then looking at proposed expenditures, and finally, providing recommendations on future spending and other financial considerations. Supporting documentation is appended. The report will be provided to the Citizen Budgetary Oversight Committee on February 19, 2003, and a final report prepared if needed.

BACKGROUND

Appropriate expenditures for state duck stamp revenues are established in MS 97A.075 (Appendix A). Recent appropriations for the fund are summarized below.

1996	1997	1998	1999	2000	2001	2002 (estimated)
$480,786	$750,193	$526,260	$748,057	$457,277	$654,002	$699,000

FY02 Expense. Actual expenses for FY02, appear to be about $538,000, according to reports provided by DNR (Appendix B). Additional detail on the FY02 expense information was provided and reviewed in a number of formats, including: expense by project type, expense by region, and various combinations of these. **The committee concurred that FY02 expense appeared to be consistent with state law**, **and generally well managed by project and region.** However, the committee also noted that it would be helpful to have additional methods to evaluate the relative appropriateness of the expenditures. In particular, the committee felt that it would be valuable to have a more detailed plan that could provide guidance to the process of optimizing expenditures to meet waterfowl goals either geographically or programmatically. This desire for a detailed plan, to provide a basis for evaluation of expenditures, is the key recommendation.

FY03 Expense. At the time of committee activity the Division was in the middle of FY03. The committee requested and received information on current and proposed expenditures for FY03 as well as the guidance being used to direct funds. The spending plan prepared in July, 2002, showed the following allocation:

Regional projects (4-way split)	$70,000
Central Office expense	$7,272
"Off-the-Top" projects	$630,728
Total	$708,000

A more current accounting of "off-the-top" projects provided by the Division showed a current planned expense of $587,840 (Appendix C). The committee discussed how funds are adjusted (unused funds are carried over in the fund and must be reappropriated each biennium). **The committee concurred that actual and planned expense for FY03 appeared to be consistent with state law and generally well managed**. Again, the committee noted that the Division did not have an explicit system for prioritizing projects or project-types, or for evaluating cost-effectiveness of funded projects and the likelihood of these meeting strategic objectives. The committee recognizes that developing metrics for evaluating cost-effectiveness can be problematic but believes that doing so could be very helpful.

Policies and revenues. The committee spent considerable time discussing policies related to expenditure of duck stamp funds and issues related to funding needs. The committee identified one principal issue in each of these categories, as discussed below.

In reviewing fund expenditures, the committee realized that while the expenditures were relatively easy to evaluate for statutory appropriateness, they were very difficult to assess with respect to addressing critical waterfowl habitat needs. In other words, and as mentioned above, there appears to be a lack of clear guidelines, that project sponsors can use in order to understand what the priorities are for allocating funds. The Division has recently completed the "Fall Duck Use Plan", which does identify some habitat priorities, but there is no complementary plan for other habitat issues, and there does not appear to be an explicit connection between the fall plan and fund expenditure prioritization. The committee sees this as a drawback to the expenditure allocation and evaluation process. Similarly, there does not appear to be explicit guidelines with which to evaluate the benefits provided by project types (e.g., is it more cost effective to meet objectives with small wetland restorations or large impoundments) or to evaluate projects for their long-term benefits. Based upon these perceptions, the committee recommends the Division:

- **Build upon the "Fall Duck Use Plan" (a migration habitat plan) by adding a breeding habitat component, which could result in a comprehensive waterfowl habitat plan for the state. It would define and addresses all critical waterfowl habitat needs, and lay out a process to optimize expenditures, to meet the objectives of the plan.**
- **Based on the plan, guidelines could be developed for Division personnel to use in evaluating the waterfowl benefits of various practices. These guidelines could also be used to prioritize expenditures of duck stamp funds. This process could also factor in the contributions to waterfowl habitat development created with funding from other sources (e.g., WRP, CREP, RIM, WMA acquisition, etc.).**
- **Better plan for large expenses (capital or operating) beyond the current and subsequent fiscal year to allow more proactive budgeting for capital replacement (i.e., develop a 5-year and 20-year capital replacement plan).**

The committee would appreciate the opportunity to participate in the task of developing a plan and evaluation criteria and would encourage the Division to seek input from a wider constituency.

The committee recognizes the work the Division has done to maximize benefits of federal farm programs, which increase habitat on private lands, especially for pheasant management. **The committee recommends the Division look at additional opportunities available in the current Federal Farm Bill to enhance waterfowl habitat . Further, the committee recommends that specific statutory language be pursued to permit expenditure of duck stamp revenues (not to exceed 4% of annual revenues) for contract lobbying efforts, to influence federal and state wetlands legislation to benefit Minnesota.** We see this potential connection between Federal Farm Bill programs and existing waterfowl programs, as the most important component of waterfowl habitat management in the foreseeable future.

The committee also considered the issue of revenue enhancements for the waterfowl fund and discussed both the Division's "change level request" and an alternative proposal formulated by Landwehr. **In general, the committee recognizes the continuing need for additional management revenues, and recommends a doubling of revenues into the duck stamp account.** The committee discussed this at length and split on the preferred revenue option. Hence, the committee is supporting both approaches to the Budget Oversight Committee. The committee voted 2-1 to support a doubling of the current duck stamp (Landwehr opposing) and 2-1 on the alternative funding proposal (Attachment D; Jes voted in opposition).

The committee encourages the Division to pursue existing opportunities for obtaining additional funds, such as through the North American Wetland Conservation Act (NAWCA), Environmental Protection Agency (EPA) Clean Water Act funds, Army Corps of Engineers funds (e.g., section 206 program), Legislative Commission on Minnesota Resources (LCMR), and others. The committee also encourages continued and accelerated coordination with related agencies and organizations including the private conservation organizations, University of Minnesota, U.S. Fish and Wildlife Service, and U.S. Forest Service. We recognize that substantial partnering already occurs here, but believes there are additional opportunities and efficiencies that can be realized.

The committee concurred that the long-term funding strategy previously called "3/16" is a necessary approach to natural resource funding, and supports ongoing efforts to establish a constitutional amendment dedicating these funds. The committee also supports continuation of the "Heritage Enhancement" funds established in the past biennium. We believe bonding must be an ongoing source of funding for purchasing critical habitats.

Finally, the committee believes that the statutory language identifying appropriate expenditures for duck stamp funds is unclear and somewhat ambiguous. We are interested in refining this language, perhaps in conjunction with revising it to include lobbying as an eligible expense. At this time, however, we are not proposing specific changes. The committee will meet during calendar 2003 to further discuss and develop recommended statutory changes.

Trends. The committee did not specifically address or identify trends relative to waterfowl stamp activities. There is substantial information available via population and harvest surveys, license and stamp sales, habitat quantity and quality, waterfowl hunter attitudes, and related issues. We will review some of those materials in the upcoming year to provide a base level of background for our next report.

Outcome goals. The committee did not have adequate time or discussion to arrive at specific outcome goals, other than the recommendations provided above. We plan to develop these for next year's report (for instance, a goal to have outlet structures, where feasible, on designated wildlife lakes within 2 years of designation).

CONCLUSION

In conclusion, the committee concurs that past and proposed expenditures of duck stamp funds appear to be consistent with statutory language, and would like to express its appreciation for all the hard work of dedicated DNR staff. We make several recommendations to improve the receipt, expense, and accounting of funds for waterfowl habitat management, and appreciate the opportunity to provide input.

APPENDICES

A. Minnesota Statutes authorizing expenditures of state waterfowl stamp funds
B. Duck stamp FY02 expenditure summary
C. FY03 "Off-the-Top" project list
D. Duck and Pheasant Stamp Proposal (approved by BOC 2/26/03)

See Appendix or request copies from DNR Wildlife Division.

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ECOLOGICAL SERVICES SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

Char Brooker, Izaak Walton League
John Curry, Minnesota Center for Environmental Advocacy (Chair)
Gabrielle Horner, The Nature Conservancy
Frank Schneider, Muskies Inc.
Paula West, Minnesota Lakes Association

FINDINGS AND RECOMMENDATIONS

The Citizen's Oversight Committee's (COC) subcommittee on Ecological Services reviewed the FY02 expenditures of the Division of Ecological Services at their January and February meetings. The group discussed the financial details of the division's expenditures and made the following recommendations:

Acknowledgement of FY01 Expenditure Report Recommendations that were Implemented:

- In the previous report the Ecological Services subcommittee recommended that the department strive to report the annual expenditures in a more consistent manner, so that reports from the different operating units would be more comparable. Progress was made in the FY02 expenditure report but more work could still be done to improve the consistency of the reported outcomes. For example, considerably more detail was provided to explain the expenditures in the operating divisions compared to that reported for the support bureaus.

- The Ecological Services subcommittee also recommended that the Attorney General Fees for the Divisions of Fisheries, Wildlife, and Ecological Services not be combined and reported in just one division, Ecological Services, but be appropriately allocated to each division. The department addressed this recommendation in their FY03 budgets.

- The Ecological Services subcommittee spent time developing some key outcome goals for two division work areas where significant Game and Fish Fund dollars are directed: Aquatic Plant Management and Pathology Lab Services. The division took a preliminary step by incorporating those outcome goals in the FY02 expenditure report.

Subcommittee Recommendations based on FY02 Expenditure Report:

- The subcommittee would like to emphasize, once again, that the natural resource work conducted by the Division of Ecological Services is core to the Department's mission to "work with Citizens to protect and manage the state's natural resources" and is vital to the efforts to protect and manage Minnesota's fish and wildlife resource. The division's use of Game and Fish Fund dollars to support work targeted at fish and wildlife conservation is justified and appropriate. Although the dollars provided approximately 18% of the Division's base budget expenditures in FY02 (Figure 1., excluding the FY02 expenditures of Heritage Enhancement dollars and Wildlife Conservation and Restoration dollars) it represents only 2.7% of the Game and Fish Fund (excluding the Heritage Enhancement dollars, Wildlife Conservation and Restoration Fund dollars and the dedicated accounts) and 3.6% of the Fund when the Heritage Enhancement dollars are included. This is a minor investment considering the return to the resource.

→ 3.6% of total expenditures in the Game & Fish Fund in FY02 were expended by the Division of Ecological Services ($2,651,460/$72,714,595)

→ 2.7% of total expenditures in the Game & Fish Fund in FY02 minus the dedicated accounts, the Heritage Enhancement Account, and the Wildlife Conservation dollars were expended by the Division of Ecological Services ($1,688,533/$61,424,610)

- Not only were Game & Fish Fund expenditures by the Division of Ecological Services justified and appropriate, the variety of work conducted by the Division, from Stream Habitat Protection to Fish & Wildlife Pathology to Aquatic Plant Management, is critical to the protection of the resource and is an integral component of the Department's comprehensive approach to fish and wildlife conservation.

- Division staff have presented to the committee a list of division activities and expenditures totaling over $700,000 in program areas that could be justified as expenditures out of the Game and Fish Fund but which are currently being covered by other funding sources (such as full support of the Stream Habitat Protection Program, full support of the Aquatic Invertebrate Laboratory, etc.). As the division examines the impacts of potential FY04-05 budget cuts, it may consider cutting expenditures to lower priority programs currently funded by the GFF in order to continue work by higher priority programs previously funded by other funding sources. The Division has been conservative in its use of the Game & Fish Fund and the committee is confident that it will continue to exercise good judgment in deciding what can be justified to the hunting and angling community.

- Expenditure reports need to make it absolutely clear that any new federal appropriations that are deposited into the Game & Fish Fund that are specifically targeted to “species of greatest conservation need” are not a “drain” on the Game & Fish Fund. In FY02 expenditures of $219,604 were from new federal dollars associated with the Wildlife Conservation and Restoration Program. These dollars comprised 8% of the Division's expenditures from the Game and Fish Fund (Figure 2.) By law, the dollars were deposited into the Game & Fish Fund but were specifically targeted to high priority species as defined by federal law.

- Future License Increases

  As noted in the subcommittee's report on the FY01 expenditures, any future increases in license fees, including efforts to establish an indexed increase, should be distributed to all Divisions that benefit game and fish resources, including Ecological Services. The Division was excluded from an increase in base appropriations from the Game & Fish Fund during the most recent license increase initiative during the 2000 legislative session. As such, this compromised the Division's ability to contribute to the conservation of fish and wildlife conservation in areas such as stream protection, lake mapping, technical assistance to local units of government and environmental protection.

  Table 1. shows a recent history of annual Game and Fish Fund appropriations to Ecological Services. Although the annual appropriation has increased slightly due to the allocation of inflationary increases, the "buying power" of the fund has decreased substantially, as evidenced by the number of full-time positions (FTEs) that have been lost in recent years.

- The department should undertake a comprehensive review of all existing fees that pertain to programs and responsibilities of operating divisions supported with Game and Fish Fund revenues (e.g. Aquatic Plant Management fees, private hatchery inspection fees). Staff should engage the primary stakeholders in such a review.

Table 1. Recent History of Game & Fish Fund appropriations for Ecological Services:

Fiscal Year	Appropriation	Notes	Change in FTEs from previous year
98	$1,570,000	Fishing License Increase: Base Increase of $200,000/yr	+1.2
99	$1,598,000	Increased allocation for inflation	0
00	$1,569,000	Base reduction of $81,000 Increased appropriations to Fisheries and Wildlife for program restorations and Hay Study Classification implementation; same request denied for Ecological Services ($457,000)	-1.7
01	$1,753,583	First year as a division; included $133,500 for AG costs of all three divisions; also took a base reduction of $66,000	-1.1
02	$1,787,000	Increased allocation for inflation	-1.3
03	$1,827,000	Increased allocation for inflation	-.3
Total			Loss of 4.4 FTEs in 4 years

Furthermore, staff should investigate areas where fees are not charged where it might be appropriate to collect charges, for example, in areas where the state is required to conduct the work (e.g. for Environmental Review activities, for maintaining a safety inspection program for aeration units). All fees that are established should be indexed for inflation.

- The Game and Fish Fund Citizen's Budget Oversight Committee should make a strong recommendation to the department and legislature that advocates the retention of the Heritage Enhancement Funds in the FY04-05 biennial budget.

- The subcommittee and division should continue to explore ways that the outcome goals can be expanded and provide more direction in evaluating future work efforts.

- The subcommittee also briefly reviewed the expenditure of the Heritage Enhancement appropriation to the Division of Forestry to administer grants to local units of government to incorporate oak wilt prevention measures. The expenditures were judged appropriate.

BACKGROUND

Summary of Review of FY02 Expenditures

The Game and Fish Fund provided 18% ($1,688,532) of the total expenditures ($9,374,049) for the Division of Ecological Services in FY02 (Figure 1). This includes an expenditure of $133,500 to the Attorney General's office that covered the costs of the Divisions of Fisheries and Wildlife; so the actual expenditure on Ecological Services programs is slightly less than the total. This expenditure represents 2.7% of the total expenditures made from the Fund during the fiscal year (minus the expenditures from the Heritage Enhancement Account, the Wildlife Conservation and Restoration Fund and the dedicated accounts). An additional expenditure of $743,324 was directed to one-time projects approved from the Heritage Enhancement account and $219,604 was directed to one-time projects approved from the Wildlife Conservation and Restoration Fund, both within the Game and Fish Fund (Figure 2).

Allocation of the $1,688,532 resulted in $918,247 to field activities and $770,286 to headquarter activities, including the payment to the Attorney General (Table 2.). When expenditures from the

Heritage Enhancement account are included a total of $2,431,856 was spent on field activities. Allocations by program topic are also shown in Figure 3 (excluding the Heritage Enhancement work). Overall, 42% of the funds were spent in the general program area of Information Integration & Delivery, 40% on Lakes and Rivers and 18% on Ecosystem Health; allocation to individual program activities is shown in Figure 4.

We were presented with complete information and answers to questions from the Division of Ecological Services and did not identify any misuse of Game and Fish Fund dollars. Indeed, the Division of Ecological Services has developed a conservative approach to its management of the Game and Fish Fund dollars that are appropriated to the division.

Figure 1. Ecological Services FY02 Summary of Total Expenditures by Fund

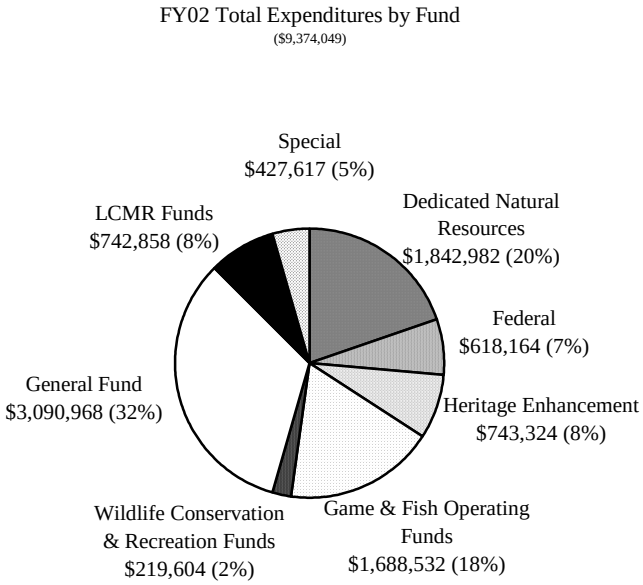

Figure 2. Expenditures within Ecological Services FY02 Game & Fish Fund Appropriation

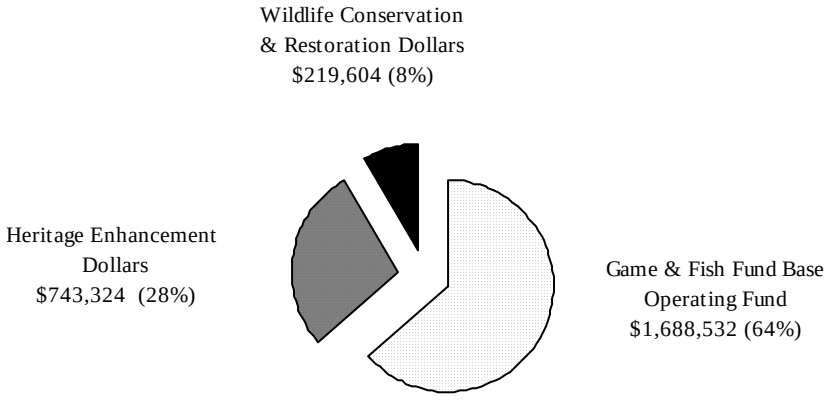

Figure 3. Allocation of FY02 GFF Expenditures by Program Area (minus Heritage Enhancement)

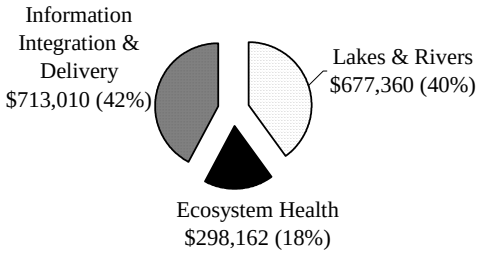

Figure 4. Allocation of GFF Dollars by Specific Program Activity, FY02

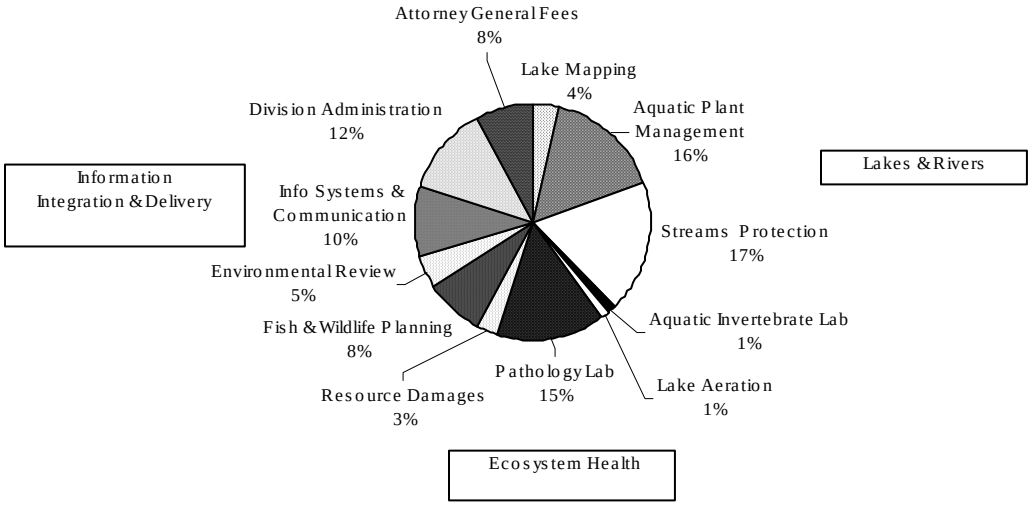

Table 2. Ecological Services: Breakdown of Game & Fish Fund Expenses in FY02

Program Area	Field/St. Paul (staffing)	Notes	FTE's	Salaries	Expenses	Total	Total Field/St. Paul	% Program covered by GFF
LAKES & RIVERS								
Lake Mapping	0.8/0	Headq'ter in St. Paul	0.8	$45,552	$16,121	$61,673	$61,673/$0	100%
Aquatic Plant Management	3.1/1.0	1 St. Paul Supervisor	4.1	$250,509	$14,775	$265,284	$193,261/$72,023	100%
Streams Protection & Restoration	3.3/1.0	Headq'ter in St. Paul	4.3	$264,991	$46,700	$311,691	$250,223/$61,468	48%
Aquatic Invertebrate Assessments	0.4/0	Headq'ter in St. Paul	0 .4	$17,471	$1,090	$18,561	$18,561/$0	53%
Lake Aeration Program	0.3/0	Headq'ter in St. Paul	0.3	$20,149	$2	$20,151	$20,151/$0	67%
ECOSYSTEM HEALTH								
Fish & Wildlife Pathology Lab	3.4/0	Headq'ter in St. Paul	3.4	$211,470	$41,692	$253,162	$253,162/$0	100%
Assess Natural Resource Damages	.7/0	Headq'ter in St. Paul	0.7	$42,280	$2,720	$45,000	$45,000/$0	100%
INFORMATION INTEGRATION								
Fish & Wildlife Planning	0/1.7	St. Paul positions	1.7	$127,949	$6,628	$134,577	$0/$134,577	100%
Environmental Review	1.2/0	Field	1.2	$64,618	$11,598	$76,216	$76,216/$0	21%
Info Systems & Communication	0/3.0	St. Paul positions	3.0	$156,144	$8,909	$165,053	$0/$165,053	22%
Division Administration	0/0	Assessed to Eco	0			$203,664	$0/$203,664	21%
Attorney General Fees						$133,500	$0/$133,500	
Subtotal of GFF Operating Expenses							$918,247/$770,285	
Heritage Enhancement Funds						$743,324	$743,324/$0	
Wildlife Conservation & Restoration						$219,604	$219,604/$0	
Totals	13.2/6.7		19.9	$1,201,133	$150,235	$2,651,460	$1,881,175/$770,285	

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ENFORCEMENT & OPERATIONS SUPPORT SUBCOMMITTEE REPORT

SUBCOMMITTEE MEMBERS

Joe Corcoran, citizen member
Sven Lindquist, citizen member
Tom Neustrom, citizen member
Dave Overland, citizen member (Chair)

FINDINGS AND RECOMMENDATIONS

As a subcommittee with multiple division responsibilities we feel it's impossible to do justice to true budget oversight. But we've evaluated the data given and listened to representatives from the DNR and have listed some areas of concern and suggestions for improvement. Many of which are carried over from FY2001 report. The main issue we see is the lack of a consistent funding source to do the job hunters and anglers expect the DNR to do in order to protect and improve our natural resources. The funds wasted seeking and juggling money could be better spent on game and fish field programs.

A severe shortage of Conservation Officers is costing the Game and Fish fund money better used elsewhere. The best way to offset this shortage, in today's economy, is to continue the 400 hours overtime and the extra mileage allotment required too put these hours to use. Overtime is an efficient use of Conservation Officers and equipment but the hours need to be better dispersed so they go to the officers that need them the most. Administration and overhead seem high in the Enforcement Division and may be an area for the Division management to look at for improvement.

Administration and Support Services expenditures as a percentage of the Game and Fish fund seem to be trending upward and need to be watched closely. Possibly add cost coding to these duties to better track costs. A serious concern is the Federal Government requiring the state to gather social security numbers on hunting and fishing license. The DNR must make sure these numbers are taken out of any unsecured lists or databases.

BACKGROUND

Enforcement expenditures:

Fishing regulation (non commercial)	$5,225,049	(140,812 hours up from 133,398 in FY 2001)
Hunting regulation	$3,683,934	(116,542 hours up from 103,058 in FY 2001)
Safety training	$1,168,412	(22,903 hours up from 22,695 in FY2001)
Commercial and special investigations	$753,740	(17,882 hours up from 11,219 in FY2001)
Administration/Overhead	$3,133,409	(29% of expenditures down from 32% in FY 2001 but still much above 19% in FY2000)
Heritage Enhancement Account	$1,272,045	

The Heritage money was spent on equipment, fuel for 418,604 additional miles and cost for 7.2 conservation officers that would otherwise been in jeopardy due to budget cuts.

Administration and Support Services expenditures *:

License bureau	$1,099,426	($1,309,459 in FY 2001)
Electronic license system	$2,058,427	($2,267,113 in FY 2001)
Statewide indirect costs	$855,604	($1,111,637 in FY 2001)
Operations support	$7,277,484	($7,709,054 in FY 2001)

Operations support includes:

Administrative management	$3,494,086	($3,514,110 in FY 2001)
Field operations support	$1,983,299	($2,770,110 in FY 2001)
Regional operations	$1,006,089	($1,006,089 in FY 2001)
Land and minerals	$856,116	($418,745 in FY 2001)
Lifetime fish and wildlife trust fund	$34,482	($1,130,002 balance in fund)

*The Administration and Support expenditures were down in 2002 but were up as a percentage of the Game and Fish Fund. (15.5% of FY2002 compared to 14.7% of FY 2001 Game and Fish fund expenditures.)

ISSUES AND TRENDS

Administration and Operation Support Recommendations:

1) Revise all state stamp programs to be administered the same as the Trout and Turkey stamps. The stamps could be maintained as a collector item for those people who have maintained a collection and the cost for the stamp set to recover the cost of providing the stamp and service. Currently the license center spends too much money sending out the stamps and the paper stamps put an additional burden on enforcement.

2) The costs of hunting and fishing licenses should be indexed to inflation to keep up with the cost of doing business. The Legislature could control the indexing by voting on it periodically. Indexing is required to insure the Game and Fish Fund remains fully funded so the DNR continues to perform their core duties. The Legislature should consider increasing license fees as a short term fix to funding shortages.

3) Bonding bills should allow the DNR Field Operations to fully fund building upgrades and major maintenance improvements to DNR property and buildings. Many of these buildings are in less than desirable condition and it is only a matter of time before they will be unsafe to use or due to collapse cost the state more money to replace.

4) License for snowmobiles, ATV's, and personal watercraft should be increased and grants to county sheriffs increased so their resources can be used to control the increasing use of these vehicles. Snowmobile and ATV sales have jumped dramatically and as a result they are soon becoming a major part of the Conservation Officers job which takes away from their opportunity to monitor fish and game regulations.

5) Recommend aggressive DNR marketing of Lifetime resident and non-resident opportunities using existing media and web outlets.

6) Recommend expanding ELS as soon as possible. ELS should be revised to ask hunters and anglers, at the time of license issuing, if they want their privacy protected. License issuing fees should be increased and passed on to the businesses selling the licenses. A code should be added to the hunting licenses to help Conservation Officers know if they are talking to a felon that should not be carrying a gun.

7) Only 3 license have been withheld from individuals failing to pay child support. DNR should take a look at this and see if more people fall into this category and should have their license withheld.

8) DNR should consider holding regional roundtable meetings as well as the statewide one.

9) DNR should actively pursue donations from individuals and estates (similar to the Ducks Unlimited program).

Enforcement Recommendations:

1) Because Enforcement is a unique law enforcement operation they should be allowed to budget for future retirements and work load. This would allow them to maintain a safe level of Conservation Officers. The funding base formula doesn't take into consideration the large number of the current Conservation Officers (CO's) are 50 years of age or over and could retire at any time causing the department major replacement problems. The funding base also should increase to cover pay raises for the conservation officers.

2) Enforcement upper management needs to continue to simplify and modernize the software used by the Conservation Officers. This could reduce the administration type work required by the CO's and make it easier for them to fill out the paper work required for an arrest.

3) Supervisors and senior staff should take over more of the safety training classes given to the civilian population by the Conservation Officers.

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Appendix

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Ring-necked Pheasant

STRATEGIC VISION

By the year 2025, stakeholders envision a Minnesota pheasant harvest averaging 750,000 roosters (range 400,000 – 1.1 million), which is double the average harvest during 1987-2000. This vision assumes a sufficient habitat base to support an average fall population of 3 million birds. These populations would provide 175,000 hunters with an annual opportunity of more than 1 million days afield in pursuit of this popular game bird. Average retail purchases from these hunters will approach $45 million/year, much of which will be funneled into the economy of rural Minnesota.

High pheasant populations will serve as an indicator of a healthier agricultural ecosystem, with prime farmlands under crop production and environmentally-sensitive lands carefully managed to conserve soil, water, and a broad range of game and nongame wildlife. To accomplish such a comprehensive vision will require 1.56 million additional acres of habitat development at a minimal cost of $1.6 billion over the 22-year period. Although the price tag for this vision seems daunting, it is achievable with an increased emphasis on conservation within future farm programs plus a significant source of new conservation funding (e.g., a dedicated sales tax).

The following long range plan represents one component of the larger vision. This plan describes strategies to achieve a pheasant harvest of 450,000 roosters primarily by capitalizing on a suite of well-funded farm programs available through 2008.

INTRODUCTION

The ring-necked pheasant (*Phasianus colchicus*) competes with the ruffed grouse (*Bonasa umbellus*) as the most popular upland game bird in Minnesota. A native of Asia, pheasants were introduced to Minnesota after native prairie grouse declined to low numbers. The pheasant is a grassland-dependent species that thrives in farmlands containing a mixture of cultivated grains, grasslands, and lesser amounts of wetlands or brushy habitats.

Prior to European settlement, the most common gallinaceous bird in Minnesota's prairie region was the sharp-tailed grouse (*Tympanuchus phasianus*). In the mid-1800s, immigrant farmers arrived in large numbers and began to convert the prairies and wetlands to cropland. The resulting mosaic of grasslands, small grains, and wetlands provided ideal habitat for prairie chickens (*Tympanuchus cupido*). Prairie chicken populations flourished through the late 1800s and early 1900s in Minnesota's developing farmland region. During the prairie-chicken heyday, Minnesota became a popular destination for non-resident hunters, who traveled from eastern states to partake in the 50-100 bird daily bags that were common during that time.

As more and more prairie and wetlands were converted to cropland, prairie grouse declined in distribution and abundance. News of Oregon's highly successful pheasant introduction spread to Minnesota. Pheasants were first stocked in Minnesota in 1905, but none of the released birds survived. A self-sustaining population was established in 1916-18 after 4,000 adults were released and another 6,000 eggs were given to farmers and hunters interested in rearing pheasants.

By 1922, pheasants had been released in 78 of the state's 87 counties, and the population was growing rapidly. The altered prairie landscape that was too intensively farmed for sharp-tailed grouse and prairie chickens proved ideal for ring-necked pheasants. Between 50% and 70% of the land was being cropped for grains, significant amounts of which were left over the winter. These food sources coupled with the remaining wetlands and the brushy shelterbelts surrounding farmsteads and livestock yards provided winter cover. Numerous late-mowed hayfields, pastures, wetlands, and weedy small-grain fields provided secure nesting and brooding areas.

In 1931, less than 15 years after releases of a few thousand birds, the fall pheasant population in Minnesota yielded a harvest of 1 million roosters (estimated population of over 4 million pheasants), and harvest averaged that level through 1964 (Figure 30-1). Within this 34-year period, the population (as reflected in the harvest) fluctuated ±50% depending on extremes in weather and habitat, but always returned to the average.

However, the population began declining in 1964 and crashed in 1965 following a devastating winter, and never fully recovered (Fig. 30-1). The reason for the decline and failed recovery was a dramatic change in land use caused by new federal commodity-control and conservation programs (Feed Grain and Wheat Programs, Agricultural Conservation Program, and Public Law 566) that encouraged wholesale conversion of wetlands, haylands, pastures, and woodlands to feed-grain production, and did not require adequate cover on the cropland retired under the annual commodity-control program. These sudden land-use changes were over and above other harmful changes in farming practices that had gradually accumulated over decades (e.g., horses to tractors, native hay to alfalfa, small grains to row crops, use of pesticides). The combined result of all land-use changes was a 74% reduction in the average pheasant harvest during 1965-86 compared to the 1931-64 average.

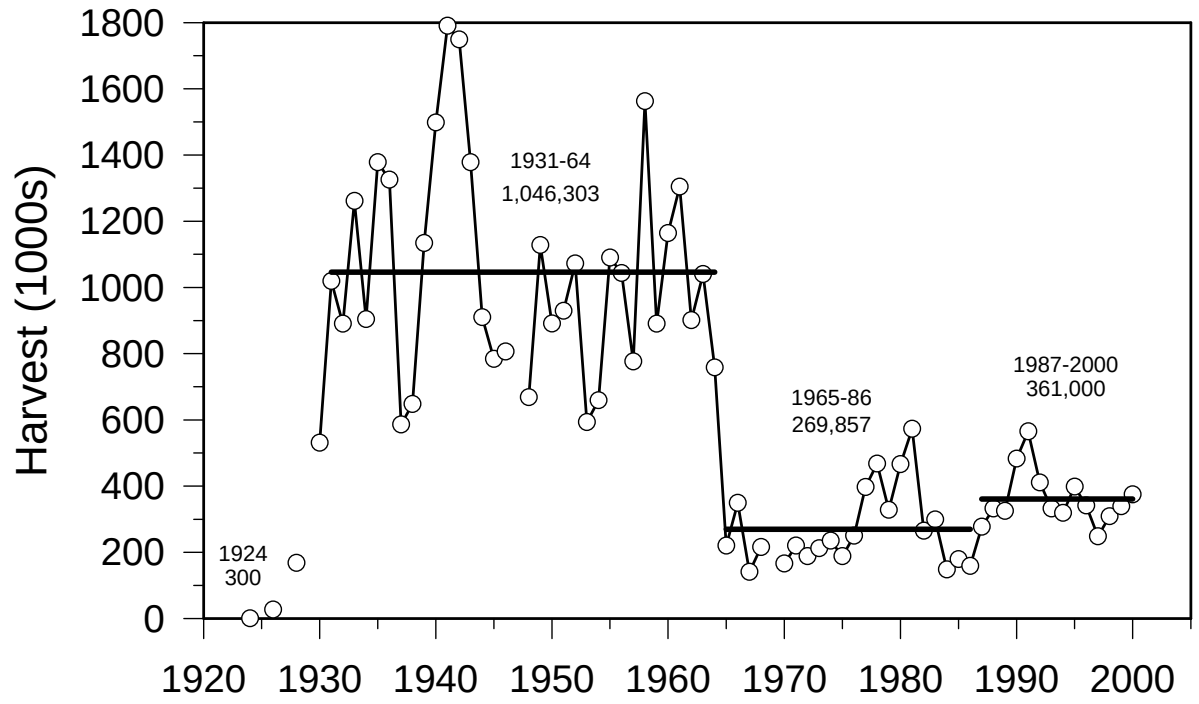

Figure 30-1. Estimated pheasant harvest in Minnesota during 1924-2000. Horizontal bars indicate average harvest for the period labeled. The pheasant season was closed in 1925, 1927, 1929, 1947, and 1969.

The history of sharp-tailed grouse, prairie chicken, and pheasant population changes in Minnesota demonstrates 2 key management lessons: (1) Minnesota is capable of sustaining high densities of upland game birds, and (2) changes in farming practices on private lands strongly influence the amount of habitat available and, consequently, grassland bird abundance.

RESOURCE MANAGEMENT

From 1916 (considered the year pheasants were successfully introduced) to 1968, pheasant management in Minnesota consisted of setting hunting seasons, enforcing hunting regulations, stocking adult pheasants, paying predator bounties, monitoring population trends, estimating harvest, providing interested people with day-old chicks, and providing technical assistance in developing and preserving habitat. In the late 1940s and early 1950s, free plant material was provided to interested landowners to establish woody-cover plantings. Of these management activities, setting hunting seasons, enforcing hunting regulations, monitoring population trends, estimating harvest, and providing technical assistance in developing and preserving habitat continue today.

Since 1951, the state has been acquiring wetlands and adjacent uplands for Wildlife Management Areas (WMAs). In many cases, these acquisitions preserve critical pheasant habitat and provide public lands that can be managed for pheasants. In addition to establishing tame and native grasslands, trees and shrubs are often planted on these lands to create or enhance winter cover, and food plots are established to provide winter food.

From 1968 to present, the Division of Wildlife provided cost-sharing funds for habitat establishment on private lands. This cost-share program provides partial payments to landowners for developing and maintaining winter cover, reproductive cover, and food plots. Whenever possible, payments were meshed with similar cost-sharing practices under various federal agricultural conservation programs.

In 1982, a national pheasant organization, Pheasants Forever, was formed in Minnesota. With the help of this fledgling organization and other interested persons and organizations, a $5.00 pheasant stamp was legislated in 1983. Pheasant Stamp revenues have expanded the pheasant management program by an additional $405,000 to $667,000 annually (present appropriation $468,000). This funding source also allowed the Division of Wildlife to implement a roadside-habitat program, provide needed educational materials, and partially support National Agricultural Program Representatives with the Wildlife Management Institute, International Association of Fish and Wildlife Agencies, and Pheasants Forever. These representatives work in Washington, D.C. to monitor federal programs and legislation affecting wildlife habitat in farmland areas and coordinate input from wildlife interests to federal legislators. This strategy, which began in 1961, has strengthened our continued involvement in influencing the direction of federal farm programs.

Many conservation organizations, hunting clubs, and private landowners accomplish important habitat work. For example, moneys generated through fund raising by 64 local Pheasants Forever chapters provide from $800,000 to over $1.6 million annually in addition to pheasant stamp revenues. These moneys are primarily used for acquiring public lands and developing habitat on public and private lands.

Farm programs affect pheasant abundance primarily by influencing the amount of safe reproductive habitat on private lands, which constitute >95% of Minnesota's pheasant range. During 1936-42, the Federal Agricultural Conservation Program (ACP) diverted about two million acres of cropland to grass and/or legumes per year, and the fall pheasant harvest increased to a peak of 1.7 million birds in 1941-42 (Fig. 30-1). However, with the onset of World War II, ACP was eliminated, and pheasant populations declined to pre-ACP levels.

Other harmful changes in farming practices also began in the 1940s, and these changes gradually accumulated to reduce Minnesota's ability to produce pheasants. Encouraged by advances in technology and federal cost-share programs for ditching and tiling, wetland drainage increased significantly in the late 1940s and continues today. The introduction of artificial fertilizers, pesticides to control weeds and insects, and soybeans as a commercial crop replaced the traditional crop rotation of corn, small grains, and hay with a rotation of corn and soybeans. The loss of small grains and hay eliminated critical nesting and brood-rearing habitat. Furthermore, hay crops were converted from grass/clover mixtures, which are harvested after mid-June, to alfalfa, which is first cut in late May or early June. Alfalfa is very attractive to nesting hens but the first mowing occurs when most hens are still incubating, resulting in a tremendous loss of nests and hens.

The importance of federal cropland retirement programs to pheasant production was demonstrated a second time from 1958 to 1964. During that period, farmers enrolled from one to two million acres per year in the Soil Bank Conservation Reserve. Under long-term contracts, farmers were required to plant legumes and grasses, and leave them undisturbed. Minnesota's pheasant harvest reached its second highest peak (>1.5 million) since the ACP and averaged 1.1 million birds during the Soil Bank years (Figure 30-1).

In 1961 the federal government instituted a program to limit surplus production of feed grain (corn and oats) in an attempt to boost crop prices. This and subsequent programs retired cropland on an annual basis instead of over multiple years (as had the Soil Bank Conservation Reserve). To the detriment of nesting pheasants, the majority of annual set-aside fields in Minnesota were not seeded to a cover crop or the cover was disturbed during the nesting season. Furthermore, the new programs encouraged the conversion of many acres of hay, pasture, and wetland to crops supported by the federal program. The net effect of annual farm programs and intensive farming practices was a reduction of Minnesota's pheasant harvest to an average of about 270,000 roosters from 1965-86 (Fig. 30-1).

In 1985, a major change in federal land-retirement programs gave pheasants an opportunity to recover some of the losses experienced over the previous 25 years. Annual land-retirement programs were gradually phased out in favor of a 10-year Conservation Reserve Program (CRP). With the addition of 1.2 million acres of potential nesting and brood cover available during 1987-96, average fall pheasant harvest increased 34% compared to the period 1965-86 (Fig. 30-1). The pheasant response to CRP could have been larger, but habitat gains from CRP were partially offset by the continued conversion of wetlands, idle grasslands, hay, pasture, and small grains to row crops.

The 1996 Farm Bill modified CRP enrollment rules, resulting in the loss of one-third of the CRP acreage in Minnesota's pheasant range. However, the Conservation Reserve Enhancement Program (CREP), the Wetlands Reserve Program (WRP), and Reinvest in Minnesota (RIM) program enabled the permanent retirement of 170,000 acres of environmentally-sensitive cropland. The 2002 Farm Bill offers more opportunity to restore or protect wildlife habitat than any previous farm bill. Programs with habitat potential include CRP, CREP, WRP, Farmable Wetlands Pilot Program (FWP), Wildlife Habitat Incentives Program (WHIP), Grassland Reserve Program (GRP), Conservation Security Program (CSP), and possibly Environmental Quality Incentives Program (EQIP).

RESOURCE ANALYSIS

Habitat Needs

The pheasant is a grassland-dependent species that thrives in farmlands containing a mixture of cultivated grains, undisturbed grasslands, and wetlands. Undisturbed grass habitats are required for nesting and

brood rearing. Emergent or shrub-scrub wetlands or other dense, woody habitats are needed for winter cover, especially during severe weather. Because most pheasants move <2 miles between summer and winter range, both reproductive habitat and at least 1 winter area must be available within a 9-square-mile landscape to sustain a population over the long term.

Pheasant densities increase as the proportion of undisturbed grass in the landscape increases, up to a maximum of about 50% grass. Grass habitats should provide residual cover or new growth at least 10 inches high by April 15 (when hens begin nesting), and remain undisturbed until at least August 1 (when most renesting is completed). The best reproductive habitat contains a mixture of perennial grasses and broad-leaved forbs. Small grains, hay, and pasture are also used as nesting and brood habitat, but reproductive success is lower than in undisturbed grasslands because of inadequate cover in early spring and untimely harvest. Although alfalfa is very attractive to hens and broods, it is considered hostile reproductive habitat because the early and repeated mowing for hay destroys nests, nesting hens, and broods.

The primary functions of winter cover are to provide protection from weather and predators when grass habitats are buried by snow. These functions can be provided by large blocks of heavy herbaceous or woody vegetation. Emergent wetlands with large stands (≥10 acres) of cattail, *Phragmites*, or sandbar willow provide excellent winter cover, although the size of the stands generally varies from year to year depending on water levels and muskrat populations. Where wetlands are not available, large (3-5 acre) shelterbelts containing ≥10 rows of shrubs and conifers can be established where they will protect heavy grass cover (e.g., 10-acre blocks of switchgrass). A reliable source of food (e.g., corn food plot) located within ¼ mile of winter cover will hold pheasants in the winter cover, thereby reducing exposure to predators and weather.

Prior to the mid-1960s, pheasant habitat was provided as a byproduct of contemporary farming practices. In 1954, small grains, haylands, and pasture formed 38% of the south central Minnesota landscape, which was the state's most important pheasant region. Furthermore, farm fields were small and surrounded by weedy fencerows, and wetlands were common. But by 1997, small grains, hay, and pasture formed only 5% of the landscape, having been replaced by row crops. Fencerows were removed to consolidate farm fields, and most wetlands that were not legally protected were drained. Also, farmstead shelterbelts were eliminated by farm expansion or have deteriorated as winter cover because of aging, poor composition, or incompatible grazing. Extensive fall plowing has eliminated winter food. The transformation from small, diversified farms to intensive row cropping and confined livestock has dramatically reduced reproductive and winter habitat on current farming operations. Similar land-use changes occurred throughout the pheasant range, but to a lesser extent.

Most of the habitat used by pheasants today is available only because it has been rented or acquired specifically for conservation. The most important source of undisturbed habitat is from cropland retirement programs. About 3.3% (910,000 acres) of the pheasant range is currently enrolled in long-term (10-year to permanent) contracts under the CRP, CREP, WRP, or RIM program (Table 30-1). Undisturbed grass constitutes most of the farm-program habitat, but some marshes have been restored and woody cover areas developed for winter habitat. Another 2.2% (608,000 acres) of the pheasant range has been permanently conserved by DNR and U.S. Fish and Wildlife Service acquisitions and easements (Table 30-1). Small grains, haylands, and pasture form about 15.7% (4,332,000 acres) of the pheasant range (Table 30-1), but most small-grain fields are large and treated with herbicides and most hay has been converted to alfalfa, reducing the value as reproductive cover. Furthermore, these "disturbed" habitats continue to be lost at a rate of about 6% per year.

Increasing pheasant numbers will require increasing the amount of reproductive and winter habitat. To roughly estimate habitat needs, the following simple models can be used:

1. One pheasant will be added to the fall population for every 1 acre of undisturbed grass added to a 9 mile^2 landscape, up to a maximum of 50% grass (assuming all other parameters remain constant).
2. Pheasant populations will be more stable from year to year with the addition of winter cover and food to the habitat base of undisturbed grass. One block of winter cover and associated food is needed per 600 acres (10%) of undisturbed grass in a 9 mile^2 landscape.
3. One rooster harvested = 4 pheasants in the fall population. This estimate is based on a sex ratio of 46% males and harvest estimates of 65% of the roosters killed and 85% of these retrieved (0.46 x 0.65 x 0.85 = 0.25).

During the peak of CRP enrollment in Minnesota (1987-97), about 1.2 million acres of cropland in the pheasant range was retired, 95% of which was planted to grass. Applying the models, we expected an extra 1.1 million birds in the population (1.2 million acres x 95% grass x 1 bird/grass acre) and 275,000 roosters in the harvest (1.1 million birds x 1 rooster harvested/4 pheasants in population). In reality, average harvest increased by only 62,200 compared to the period before CRP (1974-86), which suggests that CRP added only about 1 bird per 4 acres of habitat. However, CRP was frequently disturbed ("emergency" haying was common). Furthermore, for every acre of CRP established during 1987-97, about 3 acres of hay, small grains, and pasture were lost. These alternate habitats produce only about 1/4 the chicks as CRP. If the negative effects of losing these alternate habitats are subtracted, it appears that CRP added about 1 bird/acre.

To raise Minnesota's current harvest from 360,000 to 1 million roosters (i.e., increase harvest by 640,000 roosters) would require adding 2.56 million pheasants to the fall population, which may be accomplished by adding 2.56 million acres (9.7%) of undisturbed grass to the pheasant range (or greater amounts of small grains, pasture, and hay). Alternately, the current harvest could be raised to 750,000 (i.e., increase harvest by 390,000 roosters) by adding 1.56 million birds to the fall population, which would require adding 1.56 million acres (5.9%) of undisturbed grass of the pheasant range. Given the limits of current farm programs and acquisition funding, a maximum of 330,000 new acres (1.2%) of undisturbed grass might be established by 2008, yielding a projected increase of about 80,000 roosters in the annual harvest. An additional 10,000 roosters may be added to the harvest by maintaining and improving quality of existing habitats. Thus, a realistic goal is to raise the average annual harvest to 450,000 roosters by 2008.

Table 30-1. Current habitat density, recent (1992-01) and benchmark (1955-64) mean population indices, and average winter severity indices for the primary counties of Minnesota's pheasant range, by agricultural region.

Agricultural Region[1]	Area (Square Miles)	Habitat Density (% of landscape)				Mean Population Index[6]		Winter Severity Index[7]
		Farm Program[2]	Wildlife Agency[3]	Disturbed[4]	Total[5]	1992-01	1955-64	
NW	674	6.6	2.9	43.2	52.7	4.3	76.4	111.9
WC	9,263	5.6	3.9	20.2	29.7	29.4	390.2	87.8
C	9,439	2.6	1.9	17.9	22.4	37.9	186.1	90.9
EC	3,871	0.2	2.9	13.8	16.8	40.9	164.6	99.3
SW	5,912	3.8	1.7	8.0	13.4	60.5	349.4	70.8
SC	6,315	3.0	0.9	5.4	9.3	69.0	404.0	74.3
SE	5,791	2.5	1.2	20.6	24.2	59.5	129.5	77.2
Range-wide	41,265	3.3	2.2	15.7	21.2	47.8	283.3	84.0

[1]Agricultural region boundaries are depicted in Fig. 30-2.
[2] CRP, CREP, WRP, and RIM enrollments in 2002, reported by the Farm Service Agency (CRP), Natural Resources Conservation Service (WRP), and Board of Water and Soil Resources (CREP, RIM).
[3] WMAs and USFWS WPAs, refuges, and easements in 2002.
[4]Small grains, hay, and pasture reported in 1997 Census of Agriculture.
[5]Sum of farm program, wildlife agency, and disturbed habitats. This total does not include habitats maintained by private landowners without government support, which are especially common throughout the EC region and the northern counties of the C region.
[6]Pheasants counted per 100 miles driven during August roadside surveys.
[7]Average number of winter days (1955-2000) with snow depth ≥6 inches plus days with temperature ≤0°F.

Supply

Using harvest as an indicator, Minnesota consistently ranks in the top 8 states (ranging from 5th to 8th) that have huntable populations of wild ring-necked pheasants. A well-established pheasant population exists in the southern two-thirds of Minnesota (41,265 square miles) and occupies all or parts of 68 counties (Figure 30-2). Pheasant habitat management is targeted toward the 63 counties that represent the primary pheasant range (excludes Becker, Wadena, Cass, Crow Wing, and Ramsey Counties). Since 1987, fall population estimates (based on harvest) have varied from 1.0 to 2.3 million birds or about 24-54 birds per square mile of range (Table 30-2). This is 34% higher than the 0.6 to 2.3 million birds (mean density of 13-55 birds per square mile) from 1965-86 (Table 30-2). However, the current population is 65% less than the 2.3 to 7.2 million birds (mean density of 56-171 pheasants per square mile) that sustained pheasant harvests in the vicinity of 1 million birds during 1931-64. To achieve the harvest goal of 450,000 roosters will require a fall population of 1.8 million birds (density of 44 pheasants per square mile), which equates to an August population index of roughly 90 birds counted per 100 miles of roadside survey.

Only 2%, or 674 square miles, of Minnesota's pheasant range is located in the NW agricultural region (Fig. 30-2). This represents a sizable contraction from the early 1960s, when the northern range limit extended into Polk County. Habitat density is higher in the NW than any other region, with 9.5% of the land in undisturbed habitat protected by farm programs and wildlife agencies, and another 43.2% in small grains, hay, or pasture (Table 30-1). However, severe winter weather at this northern fringe of the pheasant range extends over a longer period than in any other region (Table 30-1). Furthermore, wet weather since the early 1990s has raised water levels in wetlands and greatly reduced coverage of emergent vegetation (i.e., winter cover). As a result, the 1992-01 population index averaged only 4.3 birds per 100 miles. The NW region is capable of supporting much higher pheasant numbers (1955-64 population index averaged 76.4 birds per 100 miles, Table 30-1), and may be able to sustain the statewide goal of 90 birds per 100 miles.

The WC agricultural region forms 22% (9,263 square miles) of the pheasant range (Fig. 30-2). Habitat density is comparatively high in the region with 9.5% of the area in undisturbed habitat protected by farm programs and wildlife agencies, and another 20.2% in small grains, hay, or pasture (Table 30-1). Winters tend to be long and severe (Table 30-1). The WC region ranks second in potential to produce pheasants (1955-64 population index averaged 390.2 birds per 100 miles), but the recent (1992-01) population index (29.4 birds per 100 miles) is far below the 1955-64 benchmark.

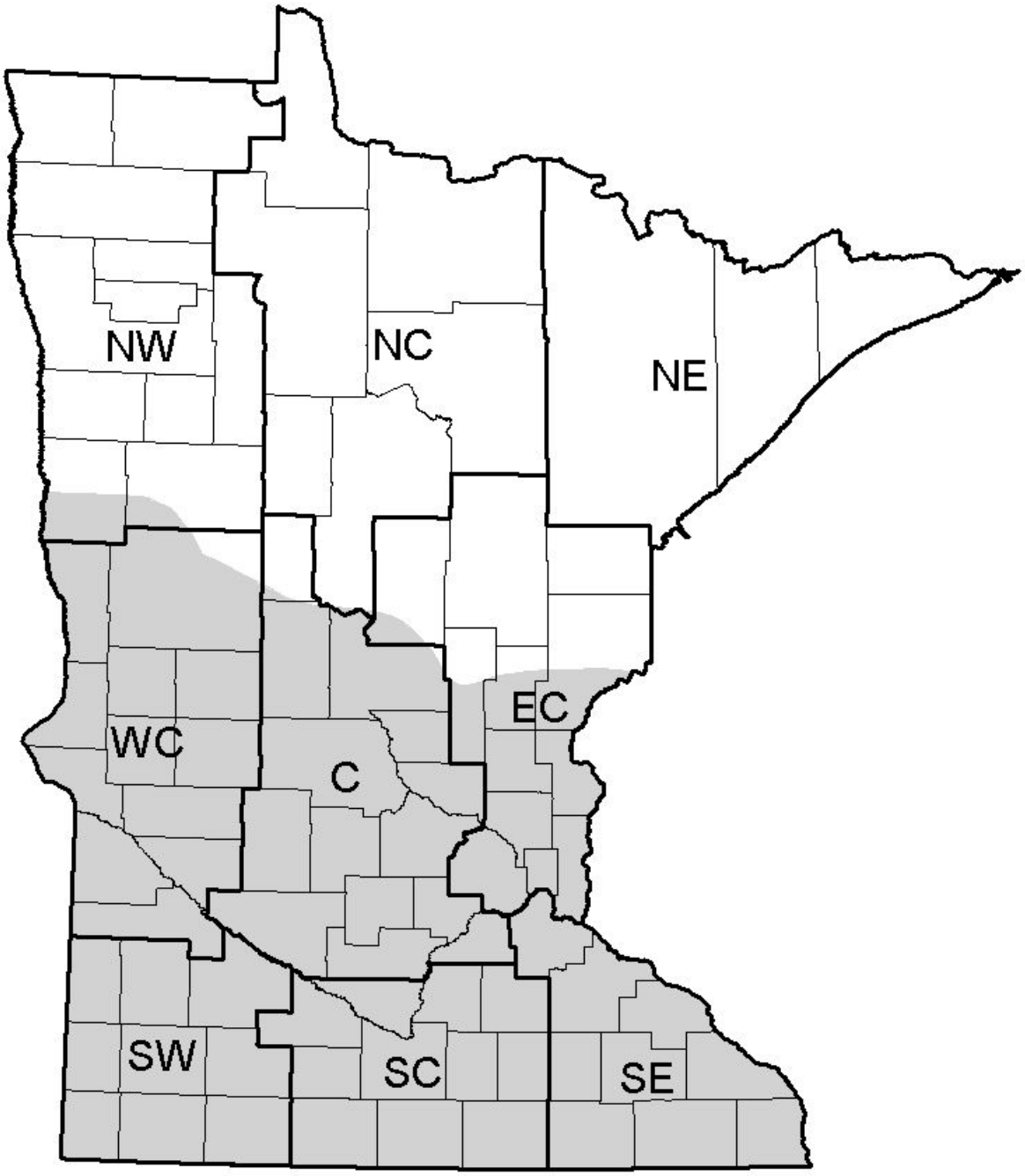

Figure 30-2. The distribution of pheasants (shading) in Minnesota as of 2002. The bold lines delineate Agriculture Regions, and the light lines delineate counties.

Table 30-2. Estimated pheasant harvest, pre-hunt population, pre-hunt density, and number of hunters during 3 time intervals in Minnesota.

Years	Statistic	Harvest	Fall Population[1]	Fall Density[2]	Hunters
1931-64[3,4]	Mean	1,046,000	4,185,212	99.6	229,000
	Maximum	1,790,000	7,160,000	170.5	270,000
	Minimum	586,000	2,344,000	55.8	190,000
1965-86[5]	Mean	269,857	1,079,429	25.7	103,952
	Maximum	573,000	2,292,000	54.6	173,000
	Minimum	141,000	564,000	13.4	47,000
1987-00	Mean	361,000	1,444,000	34.4	94,071
	Maximum	565,000	2,260,000	53.8	122,000
	Minimum	248,000	992,000	23.6	80,000

[1]Estimated by multiplying harvest by 4, based on the assumption that the number of birds killed and reported by hunters is a constant proportion (25%) of the total population. Variation in season length and bag limits probably change this relationship. For example, the fall population was likely overestimated during years when one hen was allowed in the daily bag (1930, 1933, 1935-37, and 1941-43).
[2]Total pheasants per square mile of range, estimated by dividing the estimated fall population by 41,265 square miles (the size of the current pheasant range).
[3]Hunter estimates based on 1960-64 data only because earlier estimates were not available.
[4]Mean and minimum values exclude 1947 when the pheasant season was closed.
[5]Mean and minimum values exclude 1969 when the pheasant season was closed.

The C agricultural region forms 23% (9,439 square miles) of the pheasant range (Fig. 30-2). Less than 5% of the area is in undisturbed habitat protected by farm programs and wildlife agencies (Table 30-1), but the northern counties contain considerable (but unmeasured) undisturbed habitat that is not protected by a habitat program. Disturbed habitat forms 17.9% of the area, much of which is intensively managed for dairy farming. Winters are frequently long and severe. The recent population index averaged 37.9 birds per 100 miles, but the region has supported an index 5 times larger (benchmark index averaged 186.1 birds per 100 miles, Table 30-1).

About 9% (3,871 square miles) of Minnesota's pheasant range is in the EC agricultural region (Fig. 30-2). Only 3.1% of the region is in undisturbed habitat protected by farm programs or wildlife agencies (Table 30-1), but a large number of hobby farms and recreational properties provide additional (but unmeasured) habitat, especially winter cover. Disturbed habitat forms 13.8% of the region. The average winter severity index ranks second only to the NW agricultural region (Table 30-1). Recent and benchmark population indices averaged 40.9 and 164.6 birds per 100 miles, respectively (Table 30-1).

The SW agricultural region contains 14% (5,912 square miles) of the pheasant range (Fig. 30-2). Farm program and wildlife agency habitats total 5.5% of the region, whereas disturbed habitats total only 8.0% (Table 30-1). The average duration of severe winter weather is shortest in the SW region. The SW region ranks third in potential to produce pheasants (benchmark population index averaged 349.4 pheasants per 100 miles), but the recent population index (60.5 birds per 100 miles) averaged only 17% of the benchmark (Table 30-1).

About 15% (6,315 square miles) of the pheasant range is in the SC agricultural region (Fig. 30-2). The rich soils of this region are the most intensively cultivated, with only 3.9% of the region protected by farm programs and wildlife agencies, and another 5.4% of the region in disturbed habitats (Table 30-1). The average duration of severe winter weather is shorter than all regions except the SW (Table 30-1). The SC region has Minnesota's greatest potential to produce pheasants (1955-64 population index averaged 404.0 birds per 100 miles); recent population indices averaged 69.0 birds per 100 miles (Table 30-1).

The SE agricultural region contains 14% (5,791 square miles) of Minnesota's pheasant range (Fig. 30-2). Only 3.7% of the region is protected by farm programs and wildlife agencies (Table 30-1). Small grains, hay, and pasture form 20.6% of the region, but these habitats tend to be intensively managed for dairy. Winters tend to be relatively mild in the SE region (Table 30-1). The recent and benchmark population indices averaged 59.5 and 129.5 birds per 100 miles, respectively.

Demand

Since 1960, the estimated number of licensed pheasant hunters in Minnesota has ranged from a high of 270,000 in 1961 to a low of 47,000 in 1975. Hunter numbers have varied in direct proportion to the size of the pheasant population; more pheasants mean more hunters. Prior to 1965, the number of pheasant hunters was the primary driving force in small-game license sales. Since pheasant populations crashed in 1965, however, pheasant hunters have represented a smaller proportion (16-47%) of small-game hunters.

The number of pheasant hunters averaged 94,071 during 1987-2000 (Table 30-2) but stamp sales averaged 106,521. About 99% of Minnesota's pheasant hunters are Minnesota residents. Minnesota has not attracted large numbers of nonresident hunters because hunting is usually better and bag limits and possession limits are less restrictive in neighboring states of Iowa and South Dakota. Likewise, many Minnesota residents travel to other states, especially Iowa and South Dakota, for pheasant hunting.

Pheasants are an important bird to landowners in Minnesota. Natural Resources Conservation Service and Soil and Water Conservation District staff report that a primary management goal of landowners enrolling in cropland-retirement programs is to increase pheasant numbers on their property.

Economic Value

Upland bird hunting is big business in Minnesota, generating almost $62 million in retail sales in 2001, the most recent reporting year for the National Survey of Fishing, Hunting and Wildlife-Associated Recreation. Assuming pheasant and grouse hunters have similar spending behaviors, pheasant hunters alone generated almost $22 million in retail sales to pay for their sport, including expenditures for guns, ammunition, travel, meals, lodging, and dog care. These expenditures then rippled through the economy, creating a total economic impact of nearly $43 million. The business of pheasant hunting employed 380 Minnesotans and produced $9.9 million in salaries and wages in 2001.

To demonstrate the potential for economic growth, a fall harvest of 450,000 rooster pheasants would provide a projected 850,000 days of recreation for 125,000 hunters. This number of hunters would be expected to spend $32 million to hunt pheasants in Minnesota's farmlands, with a total multiplier effect of almost $63 million, of which a significant amount would be in the rural areas of the state. An increase in the number of pheasant hunters from the 1987-2000 level of 94,000 to at least 125,000 would generate a minimum of $682,000 in additional small game license and pheasant stamp revenues annually. The additional stamp funds ($155,000/year) would provide 33% of the funding prescribed by this plan to expand farm-program enrollment.

ECOSYSTEM CONSIDERATIONS

Interest in ring-necked pheasants is a major positive force behind habitat-conservation efforts in much of the farmland area of Minnesota and the nation. This plan emphasizes farm policy, conservation practices, and subsidies to achieve habitat and population goals. This plan meshes well with long-range plans for many other prairie and farmland wildlife species as well as plans for conservation of grassland and wetland habitats. Expanding grasslands and emergent- and shrub-dominated wetlands in intensively farmed areas will provide measurable benefits to many species including white-tailed deer, badgers, jack rabbits, herpetofauna, waterfowl, prairie grouse, songbirds, many wading birds, and raptors such as northern harriers and short-eared owls. Food plots and woody-cover plantings established for wintering pheasants will benefit an array of wildlife that winter in Minnesota (e.g., cottontail rabbits, squirrels, woodpeckers, dark-eyed juncos, field sparrows, wild turkeys, and deer).

However, some pheasant management practices may have adverse consequences for open landscapes and associated wildlife. Establishment of woody cover, particularly tall deciduous trees and conifers in previously open landscapes, attracts predators and habitat generalists while providing little or no benefit to wildlife dependent upon open grassland ecosystems that once dominated much of Minnesota’s pheasant range. Habitat use, survival, and nest success are reduced in grasslands and wetlands adjacent to trees for most shorebirds, some waterfowl and other water birds, and numerous grassland birds, including pheasants. Tree cover can eliminate certain area-sensitive species such as prairie grouse from otherwise suitable grassland habitats. Tree plantings in open landscapes are also contributing to homogenization of wildlife populations across the middle of the continent. Negative impacts of trees planted for the benefit of pheasants may be minimized by careful placement of winter cover within the landscape, by emphasizing wetland and brushland restoration to meet winter-shelter requirements, and by choosing appropriate species (i.e., avoiding tall trees) in woody-cover plantings. On-going research on habitat requirements of grassland songbirds and winter-cover needs of pheasants will help managers balance competing habitat needs within open landscapes.

Pheasants also have direct impacts on other species. For example, pheasants may negatively impact numbers of prairie chickens, gray partridge, and possibly other species through nest parasitism, habitat competition, aggressive behavior, and disease transmission. Pheasants are known to parasitize nests of many other species, and aggressively harass or even kill feeding or courting prairie chickens, gray partridge, and northern bobwhites. Pheasant tolerance of blackhead suggests the potential for pheasants to disseminate this disease to other gallinaceous birds.

A burgeoning suite of planning efforts have been initiated to coordinate conservation of all birds (e.g., the North American Bird Conservation Initiative). Pheasant conservation interests should join these efforts to help minimize conflicts, take advantage of partnership opportunities, and advance ecologically sound conservation. The Midwest Pheasant Study Group has been invited to contribute technical advice through the Midwest Association of Fish and Wildlife Agencies and the resident gamebird subcommittee of the International Association of Fish and Wildlife Agencies.

SUMMARY

Minnesota is capable of sustaining high densities of pheasants. Prior to the mid-1960s, pheasant habitat was provided as a byproduct of farming practices, resulting in abundant habitat and pheasants. But the transformation from small, diversified farms to intensive row cropping and confined livestock has dramatically reduced habitat and pheasant numbers. One proven method of increasing pheasant numbers is by increasing the amount of reproductive habitat (undisturbed grass). The conservation provisions of the 2002 Farm Bill offer the best potential opportunities in 40 years to establish undisturbed grasslands. This plan describes strategies and actions to add 330,000 acres of new grasslands by 2008 (i.e., through the life of the 2002 Farm Bill), raising the average harvest from 360,000 to 450,000 roosters.

Much additional work will be needed after this plan is implemented to achieve the strategic vision of a pheasant harvest averaging 750,000 roosters by 2025. This vision will require an additional 1.56 million acres of habitat development at a minimal cost of $1.6 billion. Such a daunting undertaking is only achievable with an increased emphasis on conservation within future farm programs plus a significant source of new conservation funding (e.g., a dedicated sales tax). To maximize efficiency, future habitat efforts should focus on balancing reproductive and winter habitat needs within small (9 square mile) landscapes, based on the research and inventory that will be completed under this long range plan.

LONG RANGE PLANNING FOR RING-NECKED PHEASANT

PRODUCT: Ring-necked pheasants for their recreational, economic, and intrinsic values.

GOAL: Manage wild ring-necked pheasants to provide opportunities for hunting and non-hunting recreation.

OBJECTIVES, PROBLEMS, STRATEGIES, AND ACTIONS:

OBJECTIVE 1: By the year 2008, sustain a mean statewide population of 1.8 million wild ring-necked pheasants yielding a harvest of 450,000 roosters.

PROBLEM 1. The amount of reproductive habitat in Minnesota's pheasant range needed to accomplish Objective 1 is deficient by 330,000 acres.

STRATEGY A. Protect, acquire, maintain, and improve reproductive habitat through DNR programs.

Action 1. Expand the WMA system by acquiring an additional 21,000 grassland acres (6.4% of need) in the pheasant range. (If the Accelerated WMA Acquisition Plan was adopted and funded, this value would increase to 74,000 grassland acres).

Action 2. Maintain and improve 50,000 acres of reproductive habitats per year on WMAs and other lands.

Action 3. Protect under Prairie Bank 2,400 acres of remnant prairie parcels in the pheasant range.

Action 3. Protect grass habitats on WMAs from destructive practices (e.g., recreational trails) through enforcement of public-use rules.

STRATEGY B. Provide technical and financial assistance for private land management through state and federal programs.

Action 1. Secure $468,000/year in new funding (e.g., increase the Minnesota Pheasant Stamp by $5, use Heritage Funds, etc.) to promote the conservation provisions of federal and state farm programs in partnership with other agencies and organizations.

Increase enrollment of undisturbed, perennial grassland in CREP, RIM, WRP, and other permanent easements by 99,000 acres (30.0% of need).

Increase enrollment of undisturbed, perennial grassland in the general CRP by 47,000 acres (14.2% of need) while maintaining the current base of 609,000 acres.

Increase enrollment of undisturbed, perennial grassland in the continuous CRP (including the FWP) by 154,000 acres (46.7% of need).

Influence management of farm program lands to improve cover quality for reproductive habitat. In particular, encourage practices that enhance the beneficial forb component of grasslands.

Influence management of working farmlands through the CSP, WHIP, GRP, and EQIP to improve cover quality for reproductive habitat. In particular, protect and expand the existing 4.3 million acres of pasture, hayland, and small grains, especially where row crops form >80% of the landscape.

Action 2. Maintain and expand the DNR Private Lands Program. (Increase both the number of Private Lands Specialists in the pheasant range and funds for cost-share).

Action 3. Maintain and expand the Roadsides for Wildlife Program.

STRATEGY C. Encourage other public and private land managers to protect, acquire, maintain and improve reproductive habitat.

Action 1. Support USFWS expansion of the WPA system by an additional 9,000 grassland acres (2.7% of need) in the pheasant range through acquisition and permanent easements.

Action 2. Partner with road authorities to maintain legal right-of-ways and improve management of 1,200 acres of roadside grasslands.

Action 3. Support enforcement of regulations that protect critical reproductive habitats (e.g., Sodbuster, roadside and ditch laws).

Action 4. Encourage protection of grasslands from fragmentation through ill-placed tree plantings (including short-rotation woody crops).

STRATEGY D. Encourage tax credits and exemptions for developing or maintaining critical habitat.

STRATEGY E. Encourage research and development of beneficial agricultural practices.

Action 1. Promote research to determine if noxious weed infestation on croplands managed under modern farming practices is significantly increased when weeds are not controlled on adjacent conservation lands.

Action 2. Promote research and development of sustainable farming practices that provide wildlife habitat.

PROBLEM 2. The lack of winter habitat can limit the use and productivity of nesting habitat by breeding hens.

STRATEGY A. Determine winter habitat needs.

Action 1. Conduct research to calibrate the relationship between pheasant abundance and winter habitat distribution and abundance.

Action 2. Inventory existing winter habitat throughout the pheasant range.

Action 3. Identify winter habitat needs and distribute this information to resource managers in all conservation organizations.

STRATEGY B. Provide and maintain winter food and cover complexes on DNR lands within 2 miles of reproductive cover.

Action 1. Protect 60 emergent wetlands through acquisition as WMAs.

Action 2. Develop 60 winter food and cover complexes on WMAs.

Action 3. Remove woody cover within or adjacent to grasslands where any positive benefits (e.g., windbreak, winter shelter) are outweighed by negative impacts (e.g., increased predation risk).

STRATEGY C. Encourage other public and private land managers to provide and maintain winter food and cover complexes within 2 miles of reproductive cover.

Action 1. Promote development of 500 winter food and cover complexes.

Action 2. Encourage enhancement of inadequate winter food and cover complexes.

Action 3. Encourage removal of woody cover within or adjacent to grasslands where any positive benefits (e.g., windbreak, winter shelter) are outweighed by negative impacts (e.g., increased predation risk).

STRATEGY D. Support enforcement of regulations that protect critical winter habitats, such as Swampbuster and the Wetland Conservation Act.

STRATEGY E. Support changes in drainage laws to protect wetland habitat.

PROBLEM 3. Commodity provisions of federal farm policy compete and conflict with conservation provisions.

STRATEGY A. Influence Congress and the U.S. Department of Agriculture to eliminate commodity program incentives that encourage conversion of resource-conserving crops (e.g., pasture, haylands) to resource-exploiting crops (e.g., row crops.

STRATEGY B. Influence Congress and the U.S. Department of Agriculture to maximize use of multiyear set-asides and long-term retirement programs (e.g., CRP, WRP) so that critical habitat components can be established and managed for wildlife.

STRATEGY C. Continue to use Minnesota Pheasant Stamp revenues to influence good conservation in farm policy and programs.

STRATEGY D. Develop and distribute to the public and professional land management personnel clear and concise explanations of federal farm programs and their environmental effects.

PROBLEM 4. Effectiveness of pheasant management is limited by lack of information, public understanding, and dissemination of information.

STRATEGY A. Evaluate effects of specific management techniques and determine cost effectiveness.

STRATEGY B. Refine the model relating pheasant abundance to specific habitat features and distribute it to natural resource managers to guide management decisions.

STRATEGY C. Provide information to the public and resource personnel on pheasant habitat needs.

Action 1. Host habitat training workshops for resource managers.

Action 2. Develop and distribute information through brochures, the DNR web site, and other media.

STRATEGY D. Improve the effectiveness of formulas used to allocate resource management funds (e.g., PHIP allocation formula).

STRATEGY E. Evaluate the success of this plan at the mid-term and within 1 year of its expiration.

PROBLEM 5. Efficiency of pheasant predators is excessively high in some landscapes, depending on landscape configuration.

STRATEGY A. Provide information on habitat configurations that reduce risk of predation to levels that allow increased pheasant population growth.

STRATEGY B. Monitor new research on predator ecology, and incorporate this information into pheasant management programs.

OBJECTIVE 2: Provide opportunity for 125,000 hunters to annually harvest 450,000 roosters.

PROBLEM 1. Demand for places to hunt exceeds supply.

STRATEGY A. Protect, acquire, maintain, and improve public hunting areas.

STRATEGY B. Encourage other public and private land managers to protect, acquire, maintain and improve hunting areas.

STRATEGY C. Explore development of a Walk-in Access Program.

Action 1. Implement a pilot project contingent upon new funding.

STRATEGY D. Continue to implement and promote programs to improve landowner/hunter relationships, hunter ethics, and compliance with trespass regulations (e.g., Advanced Hunter Education, Leopold Project).

STRATEGY E. Provide information to the public about hunting areas and opportunities.

PROBLEM 2. Harvest opportunities are limited by current hunting regulations.

STRATEGY A. Gain public support for regulations that more fully use the legislated bag limits and season framework.

STRATEGY B. Change existing hunting regulations to provide additional harvest opportunity through season extensions and/or increases in bag limits.

PROBLEM 3. The lack of information on hunting and hunters reduces management effectiveness.

STRATEGY A. Design and implement hunter and landowner surveys to determine hunting pressure patterns, recreational opportunity, preferences, satisfaction, and knowledge of management.

STRATEGY B. Quantify the economic and recreational value of pheasants to support expanding pheasant management activities.

STRATEGY C. Obtain better estimates of harvest, recovery, and reporting rates, which are critical parameters for estimating pheasant population size.

WILDLIFE FY 02 PHIP EXPENDITURES AND ACCOMPLISHMENTS

- Total Expenditures $376,093

  - Public Land Expenditures $160,572
    1. Grassland development
       343 acres cost $63,772

    2. Noxious weed control
       319 acres cost $13,775

    3. Food Plot Development (includes coop food plots.)
       1,377 acres cost $26,436

    4. Grassland improvement
       129 acres cost $2,434

    5. Prescribed Burns
       673 acres cost $11,695

    6. Woody cover development
       66 acres cost $42,460

  - Private Land Expenditures $186,825

    1. Woody Cover Development
       242 acres cost $27,850

    2. Food plots
       1,571 acres cost $108,634

    3. Grassland development
       1,998 acres cost $49,422

    4. Prescribed burning
       448 acres cost $210.00

    5. Wetland development
       22 acres cost $709

- Education and Farm Bill Promotion $10,298

- CRP Research $4,835

- Roadside Program $13,563

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Appendices to Waterfowl Stamp Subcommittee Report

Appendix A. Minnesota Statutes authorizing expenditures of state waterfowl stamp funds.

97A.075 Use of license revenues.

Subd. 2. Minnesota migratory waterfowl stamp. (a) Ninety percent of the revenue from the Minnesota migratory waterfowl stamps must be credited to the waterfowl habitat improvement account. Money in the account may be used only for:

(1) development of wetlands and lakes in the state and designated waterfowl management lakes for maximum migratory waterfowl production including habitat evaluation, the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the designation of waters under section 97A.101;

(2) management of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat; and

(4) acquisition of and access to structure sites.

(b) 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 under paragraph (a), clause (1), (3), or (4), or to specific management activities under paragraph (a), clause (2).

HIST: 1986 c 386 art 1 s 14; 1987 c 149 art 1 s 9; 1991 c 254 art 2 s 24; 1993 c 172 s 54; 1994 c 561 s 10-12; 1996 c 294 s 1; 1996 c 364 s 3; 1997 c 216 s 80; 1997 c 226 s 16; 1999 c 249 s 11; 2000 c 341 s 2; 2002 c 376 s 8

Appendix B. Duck stamp FY02 expenditure summary.

Appr	*Plan Grouping*	*Activity*	*Activity Name*		*Hours*	*Duck Stamp Amount*
D00	Facility Dev.	D810	Access Development	Access	0	$1,670
D00	Facility Imp/Mnt	D710	Access Improvement	Access	0	$922
D00	Facility Imp/Mnt	D831	Boundary Management	Access	0	$1,764
D00	Farmland HP	D620	Food Development	Food Plots	406	$26,488
D00	Farmland HP	D851	Prairie/Grassland Burns	Grassland Mgmt.	37	$1,229
D00	Farmland HP	D891	Prairie/Grassland Development	Grassland Mgmt.	0	$8,787
D00	Hab. Assmnt.	D065	Area Wide Res. Assessments	Habitat Assessment	953	$35,266
D00	Hab. Assmnt.	D069	Wildlife Lake Assessments	Lake Assessment	390	$26,348
D00	Operations	9511	Committees/Task Forces	Misc.	16	$907
D00	Operations	9756	Public Information	Misc.	64	$2,079
D00	Pop. Mngt.	D100	Formal Wild Bird/Mammal Surveys	Population Mgmt.	37	$2,200
D00	Pop. Mngt.	D109	Informal Wild Bird/Mammal Surveys	Population Mgmt.	0	$2,346
D00	Pop. Mngt.	D125	Special Goose Hunts	Population Mgmt.	6	$2,286
D00	Research & Evaluation	D463	Ring-necked Ducks	Research	0	$1,343
D00	Research & Evaluation	D472	Preseason Waterfowl Banding	Population Mgmt.	115	$5,368
D00	Research & Evaluation	D474	Spring Aerial Waterfowl Survey	Population Mgmt.	0	$10,594
D00	Research & Evaluation	D475	Summer Waterfowl Banding	Population Mgmt.	1227	$16,007
D00	Research & Evaluation	D476	Migration Survey	Population Mgmt.	0	$4,603
D00	Research & Evaluation	D484	Canada Goose Management	Population Mgmt.	0	$13,377
D00	Tech Guid	6024	Inter/Intra Agency Tech. Guidance	Other Tech. Guidance	202	$6,880
D00	Tech Guid	D070	Private Land Tech. Guidance	Other Tech. Guidance	0	$194
D00	Tech Guid	D073	Wildlife Lake Tech. Guidance	Wildlife Lake Tech. Guidance	1945	$52,633
D00	Wetland HP	D650	Wetland Habitat Maintenance	Wetland Habitat Mgmt.	1003	$85,090
D00	Wetland HP	D651	Waterfowl Structures	Wetland Habitat Mgmt.	252	$7,191
D00	Wetland HP	D951	Wetland Impoundment Development	Wetland Habitat Mgmt.	16	$534
D00	Wetland HP	D960	Wetland Restoration	Wetland Habitat Mgmt.	10	$32,147
D00	Wetland HP	D970	Wetland Water Control	Wetland Habitat Mgmt.	28	$173,675
D00	Wetland HP	D980	Wetland Enhancement	Wetland Habitat Mgmt.	91	$15,814
	TOTALS					***$537,739***

Appendix C. FY03 “Off-the-Top” project list.

Prop#	Proj No	Headquarters	Proj Name	Activity		Budget	Fund	Org	Appr	P Sites	P Quant	
Duck03			***Waterfowl Habitat Improvement***									
Off-The-Top												
A 1303006	D1T35	DETROIT LAKES	** Neal WMA Wetland Resto	D960	Wetland Restoration	$45,500.00	233	D114	D00	1 Wetlands	200	Acres
A 1303009	D1T34	DETROIT LAKES	Frog Lake Dike/Outlet Maint	D650	Wetland Habitat Maintenance	$11,500.00	233	D114	D00	1 Wetlands	200	Acres
A 1373002	D1J01	WATERFOWL OPS	** Ina/Anka Fish Barrier	D980	Fish Barrier Development	$101,000.00	233	D104	D00	1 Wetlands	4000	Acres
A 1373004	D1J00	WATERFOWL OPS	R1 Wetland Habitat Spec	D999	R1 Wetland Hab Specialist Activities	$64,466.00	233	D104	D00	0	0	
A 1403002	D1G30	GLENWOOD	** Towner Control Str Rehab	D970	Wetland Water Control	$75,000.00	233	D116	D00	1 Wetlands	0	Acres
A 3613001	D3H50	MILLE LACS	Four Brooks Wetland Resto	D960	Wetland Restoration	$10,600.00	233	D316	D00	2 Wetlands	300	Acres
A 3703001	D32J0		Wildlife Lake Spec Team	D999	Wildlife Lake Assessment	$51,674.00	233	D206	D00	0	0	
A 4013007	D4K23	APPLETON	Danvers Slough Dike Maint &	D650	Wetland Habitat Maintenance	$11,000.00	233	D411	D00	1 Wetlands	7000	Acres
A 4203001	D4R42	REDWOODS FALLS	Somsen Wetland Maintenance	D650	Pump Operation	$500.00	233	D419	D00	1 Wetlands	33	Acres
A 4353012	D4S50	SLAYTON	Willow Lake Structure & Outlet	D970	Wetland Water Control	$10,500.00	233	D422	D00	1 Wetlands	90	Acres
A 4403001	D4U43	WINDOM	Becker's Pump Maint 2003	D650	Pump Operation	$1,600.00	233	D426	D00	6 Wetlands	120	Acres
A 4403002	D4U42	WINDOM	Windom Gauging Stations 2003	D650	Water Level Management	$1,500.00	233	D426	D00	2 Wetlands	8000	Acres
A 4613006	D4C37	LQP	Waterfowl Refuge Food Plots	D620	Food Plot Develop	$11,000.00	233	D413	D00	24 Food	225	Acres
A 4673001	D4D16	TALCOT LAKE	Waterfowl Refuge Food Plots	D620	Food Plot Develop	$11,000.00	233	D423	D00	1 Food	300	Acres
A 5613007	D5E30	WHITEWATER	**WWMA Appleby Pool Dike	D970	Dike Improvement	$25,000.00	233	D424	D00	1 Wetlands	56	Acres
A 6013001	D6B20	NORTH METRO	**Howard/Mud Lake Fish	D980	Fish Removal	$12,000.00	233	D314	D00	2 Wetlands	870	Acres
A 7212003	D72E2	CO WETLANDS	Lakeshed Mapping	D065	Area Wide Resource Asses	$40,000.00	233	D725	D00	0 Sites	0	Acres
A 7212004	D72E3	CO WETLANDS	Carp Pheromone Research	D400	Research	$10,000.00	233	D725	D00	0	0	
A 7213001	D72E0	CO WETLANDS	Waterfowl Workshop & Symp	9756	Public Information	$5,000.00	233	D725	D00	0	0	Hours

Prop#	Proj No	Headquarters	Proj Name	Activity		Budget	Fund Org	Appr	P Sites	P Quant
A 8133001	D1300	Bemidji Research	Wetland Research FY2003	D474	Spring Aerial Waterfowl Surveys	$11,050.00	233 D130	D00	1	1
A 8133002	D1300	Bemidji Research	Spring C Goose Surveys	D486	Canada Goose Management	$18,500.00	233 D130	D00	1	1
A 8133004	D1300	Bemidji Research	Fall Waterfowl Migration Survey	D476	Migration Survey	$4,700.00	233 D130	D00	1	1
A 8133005	D1300	Bemidji Research	Annual Duck Banding	D472	Preseason Banding	$13,700.00	233 D130	D00	1	3300
A 8133005	D1300	Bemidji Research	Annual Duck Banding	D475	Summer Waterfowl Banding	$10,000.00	233 D130	D00	1	1500
A 8133006	D1300	Bemidji Research	Canada Goose Banding	D484	Canada Goose Management	$31,050.00	233 D130	D00	1	500

Allocation Subtotal: **$587,840.00**

Fund Subtotal: **$587,840.00**

Report **$587,840.00**

Appendix D. Duck and Pheasant Stamp Proposal (approved by BOC 2/26/03)

Small Game License Restructuring Proposal
As Recommended by the Budget Oversight Committee (BOC)

Background: Minnesota hunters and anglers have - for a century - been committed to funding natural resource conservation. It was the initiative and support of hunters and anglers that created hunting and angling licenses and fees to support conservation activities beginning at the dawn of the twentieth century. Today, both are still supporting conservation activities and continue to support license revenues as a funding mechanism for critical resource management. **The BOC believes that the current revenues raised by the small game license and the Pheasant and Duck stamps are currently inadequate to fund necessary activities, and recommend additional revenues be raised through fee increases.**

However, hunters and anglers also recognize that substantial societal benefit results from these conservation activities, and believe that non-hunters (e.g., the general public) ought also to participate in natural resources conservation in a meaningful and substantial way. In particular, hunters and anglers have supported the recent proposals to dedicate a portion of the sales tax – or other general fund revenues - to conservation activities. **We continue to strongly believe this is a necessary action, and urge the legislature to develop this initiative.** Additionally, the BOC believes we must be continually evaluating the impact of fees and regulations for their impact on hunter recruitment. We believe recruiting and maintaining additional participants is essential to the long-term health of our environment, and that hurdles that discourage recruitment must be eliminated.

Besides the deer hunting license, the small game license and additional stamps are the principal revenue generators for habitat activities conducted by the Division of Wildlife. Today, the resident small game license is required of all hunters age 16 and above, and costs $17. Minnesota's two primary wildlife stamps are the Pheasant Stamp and Migratory Waterfowl Stamp (Duck Stamp), both currently priced at $5 and required of all adult hunters of those species. Both stamps have been priced at $5 since the mid-1980s. In recent years, annual sales of the Pheasant Stamp have averaged about 100,000 stamps (raising about $500,000) and some 125,000 Waterfowl Stamps (raising about $625,000). These funds go into dedicated accounts that permit expenditures on narrowly defined habitat practices. Also during the recent past, some 320,000 small game licenses have been sold per year; 2002 price was $17. With the implementation of Electronic Licensing System (ELS) within the last 2 years, stamps are now mailed to buyers, and buyers may hunt the target species with a number provided by the vendor that documents a stamp was paid for. Some groups still support the issuance of stamps, however, as they are useful in fundraising for non-profits and are beneficial to the art community.

Proposal: With implementation of ELS, it is no longer necessary to have a paper stamp, and hunters can technically hunt without it – for up to 30 days – as long as they can prove it was purchased. Even so, the DNR must mail the approximately 225,000 stamps to hunters at a cost of more than $80,000 and untold staff time. At the same time, hunting groups and DNR have expressed concern about declines in hunter numbers, and the need to improve hunter recruitment. A revision of Minnesota's small game hunting licensing could help alleviate bureaucratic costs, increase revenues and enhance hunter recruitment.

To this end, the following are suggested as starting points in revising small game licensing:

- Eliminate the need for the paper stamp for pheasants and waterfowl, but retain the dedicated accounts created for those revenues.
- Increase the basic small game license from $17 to $25 - $30 for whole-season adults.
- Provide a reduced fee for minors (e.g., half-price)

- Create a 2-day license (e.g., at 2/3 regular adult rate for residents).
- With the $8 to $13 small game license increase, allocate as follows into dedicated accounts: $2 - $4 for wildlife area acquisition (surcharge account; the $4 from the current $17 small game license would continue), $3 - $4 into the waterfowl stamp account, $3 - $4 into the pheasant stamp account, and up to $1 into a new grouse habitat account.

With 300,000 small game license buyers, the following revenues would be realized (based on current average sales of 120,000 duck and 100,000 pheasant stamp):

Fund	Current Avg. Revenue	Expected Revenue (300k lic. @ $25/$30)	Change (300k lic. @ $25/$30)
Migratory Waterfowl	$600,000	$900,000/$1,200,000	$300,000/$600,000
Pheasant	$500,000	$900,000/$1,200,000	$400,000/$700,000
WMA Acquisition	$1,280,000	$1,800,000/$2,400,000	$520,000/$1,120,000
Ruffed Grouse Mgt.	$0	$0/$300,000	$0/$300,000
General G&F	$3,900,000	$3,900,000/$3,900,000	$0/0%
TOTAL	$6,280,000	$7,500,000/$9,000,000	$1,220,000/$2,720,000

A small game license cost $5 in 1970 (including $1 WMA Acquisition surcharge); adjusting for inflation, the license should cost about $24.60 today (vs. actual cost of $17). This proposal would bring the small game license fee closer to the inflation-adjusted cost of a 1970 license. In the typical license-fee increase cycle, an increased fee stays in place for 5-6 years, so this amount would again fall below the inflation-adjusted 1970 amount in a few years. During that time, however, fees to hunt small game in Minnesota would be much more equitable across small game hunters (see table below). Today, total small game hunting fees range from $17 for the person who hunts only ruffed grouse to $42 to the person who also hunts pheasants and ducks. The license fee proposal being promoted by DNR would increase that spread to $22 on the low end to $57 on the high end. The stamps are creating inequitable fee burdens on pheasant and duck hunters, and fail to recognize the myriad benefits that accrue to other small game and wildlife from the habitat management practices the fees support. This proposal simplifies the fee structure and more equitably assesses hunters for habitat management, while also provided much needed revenues to increase that management.

Hunter Type	Current Fees*	DNR Proposed Fees**	This Proposal***
Ruffed Grouse	$17	$22	$25/$30
Pheasant	$22	$27	$25/$30
Waterfowl	$37	$42	$40/$45
Pheasant and waterfowl	$42	$57	$40/$45

* Small game = $17 (inc. $4 WMA surcharge); pheasant = $5; state duck = $5; fed. duck = $15.
** Small game = $22 (inc. $9 WMA surcharge); pheasant = $10; state duck = $10; fed duck = $15.
*** Small game = $25 - $30 (inc. $6-$8 WMA surcharge); pheasant = $0; state duck = $0; fed. duck = $15.

In addition, the required statutory revision should provide a reduced-fee for resident minors (16-18 year olds, or even to an older age, based upon a fiscal analysis by the legislature), and a 2-day adult resident license to encourage recruitment. A youth license could be priced at half the adult rate (e.g., $12.50 to $15.00 at the above rates), and the 2-day license could be priced at 2/3 the regular adult rate (e.g., $16.00 to $20.00). Both of these ideas are impractical to implement with the current structure as only full stamp prices are available (e.g., there is no reduced rate on stamps for a 2-day hunt). This proposal offers a fee structure that can provide that flexibility, encourages cross-species hunting (typical duck hunters can now try pheasant hunting for no additional state cost and vice verse), supports a more equitable assessment of management fees, and provides a simpler schedule that hunters can support.