

## Game and Fish Fund Budgetary Oversight Committee

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

# Citizen Oversight Report on Game and Fish Fund Expenditures Fiscal Year 2021

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September 2022

# Game and Fish Fund Budgetary Oversight Committee

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

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September 12, 2022

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## **Subject: Game and Fish Fund Budgetary Oversight Committee Report on FY2021**

Commissioner, Senators, and Representatives:

I am pleased to present the Fiscal Year 2021 Report of the Game and Fish Fund Budgetary Oversight Committee (BOC), approved by an email vote completed on 9/12/2022 and now published. The BOC and its two subcommittees determined that FY2021 Game and Fish Fund expenditures complied with the overall requirements of the Game and Fish Fund. I'd like to thank all committee members for their time and efforts in their service as well as DNR staff for providing information, support, and updates to the committees.

The report begins with our top recommendations, and we look forward to a timely written response from the DNR on those topics. The report also includes recommendations for consideration by the legislature. The detailed section of our report identifies account-specific concerns and recommendations that do not require a written response, and we ask fisheries and wildlife managers to follow up on these items in meetings and discussions with the Fisheries Oversight Committee (FOC) and Wildlife Oversight Committee. We look forward to our future meetings with the DNR staff regarding our report.

One of the most encouraging aspects I've seen in FY2021 was the Future Funding initiative efforts the DNR is currently undertaking and engaging the public. Finding a sustainable framework for the continued maintenance of Minnesota's outdoor resources and lands is absolutely essential, so I am thrilled to see the expansion beyond the user-based fee model and a creative look at alternative sources of funding that benefits *all* of Minnesota. I look forward to seeing the final strategic plan and the DNR's vision of its financial future as it is vital that alternative funding solutions be explored.

In regard to the FY2021 Game and Fish Fund Report, I want to reiterate the continued need for transparency, clarity, and more detail on behalf of the BOC. While we are glad to see the DNR developing a framework and best management practices for tracking projects within the DNR, the BOC and supporting committees cannot function properly without being provided an accurate accounting of how money is allocated within each account. The agency's complex cost coding structure, the subjective nature in which tasks and work are classified, and the overall desire for flexibility in spending across the Fish and Wildlife Division accounts make it very difficult to discern where the money is going and what projects, work, maintenance, etc. the funds are being spent on. As such, the BOC is often forced to spend much time simply requesting this information in order to complete our analysis. We strenuously recommend that the GFF Report should include the major project expenditures *within each account* as well as the objective targets, estimated project timelines, and measurable outcomes for each project within each account. Instead of listing all of the major accomplishments and outcomes at the end of the report, the BOC would like to see more project details, outcomes, and expenditures directly in each account's section. By doing so, the DNR would be providing more transparency for both the public and the various citizen committees tasked with providing oversight and recommendations for the future.

Just as in FY2020, the COVID-19 pandemic continued to present both challenges and opportunities for the DNR. Once again, some annual field work had to be postponed, but it was encouraging to see the DNR creatively adapting from the previous year to ensure that many important work goals were completed. In addition, staffing shortages and hiring freezes presented many challenges, but I was pleased to see how many new faces are joining the agency, and I sincerely hope the DNR can capitalize on the new energy in its ranks.

Similar to the obstacles the DNR encountered, the Budgetary Oversight Committee itself also faced many challenges this past year. Since the pandemic began in 2020, there is a demonstrated decline in membership participation and engagement compared to previous years. I would encourage the DNR to continue evolving its selection process to ensure that the various oversight committees are filled with engaged and qualified members who are clear on what is expected of them for the duration of their term on the committee(s). A more streamlined orientation process and mentorship protocol may be needed and defined, and I would recommend the development of more innovative practices for onboarding, defining expectations, and creating report timelines.

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

Yours truly,

A handwritten signature in cursive script that reads "Nikki Bentley".

Nikki Bentley, Chair, Game and Fish Fund Budgetary Oversight Committee

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# TOP FINDINGS AND RECOMMENDATIONS

## FUND SUSTAINABILITY

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

The BOC encourages the DNR's continued efforts in FY21 to achieve a [Future Funding Framework](#) and additional funding sources for [investing in Minnesota's outdoor resources](#). The BOC has consistently held that the traditional user-based funding model, though successfully relied on for many years, no longer adequately accounts for the way natural resources are used. The traditional user base, i.e., those who purchase fishing and hunting licenses and permits, is shrinking while the benefits from conservation efforts funded by those license sales accrue to society as a whole. However, expanding the base must also be a part of the strategy, and there needs to be legislative support in order to achieve those ends.

## ELECTRONIC LICENSING SYSTEM

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

## CHRONIC WASTING DISEASE (CWD)

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

## FISH HATCHERIES

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

## EMERGING ISSUES

While the BOC did not identify any major emerging issues in FY2021, there were a couple of areas of interest that the BOC would like to call out for possible discussion topics in the future:

- **Moose Populations:** Moose surveys indicate the populations are currently stable and possibly increasing. However, the protection of moose calves from predation and research concerning the sustainability of the population in coming years may be worth revisiting once again.
- **Invasive Cattail:** Consider possible future habitat restoration and removal projects of invasive cattail to benefit the fisheries.

# ACCOUNTS

## Game and Fish Operations Account (Fund 2200)

### OVERVIEW

The Operations account (2200) is the general operations account and, as such, provides support to a wide variety of wildlife-related activities and constitutes the largest share of Division expenditures of any dedicated account. The primary activities related to wildlife funded by the Operations account focus on habitat management and population management. Other activities include general planning and coordination of wildlife management activities, education and outreach, and support services for the Wildlife Division and the DNR.

### ISSUES AND TRENDS

- The Game and Fish Operations Account (2200) balance is expected to decline over time due to anticipated expenses exceeding projected revenues. Current projections have the account negative in FY25. In FY20, it was anticipated to be negative in FY24.
- Fishing license revenues decreased in FY21 but were above pre-COVID-19 pandemic levels. The DNR anticipates they will decline through FY25 in line with recent yearly trends.
- Deer license revenues increased in FY21 due to increased outdoor recreation during the COVID-19 pandemic. Similar to angling, the DNR assumes hunting revenues will resume a downward trend post-pandemic.
- The DNR expects Sport Fish Restoration Act (Dingell-Johnson) revenues to stay level in future years while it anticipates Wildlife Restoration Act (Pittman-Robertson) revenues to decrease slightly over the same time period.
- Perception of barriers from existing and/or new hunters and anglers due to the perceived monetary investment needed to participate and/or how outdoor recreational activities are portrayed by the sports industry and outdoor influencers.
- In alignment with the DNR's Future Funding Initiative, there is a greater need for exploring additional fee structures for the non-consumptive audience as it pertains to the access and benefits currently paid for by license fees, such as boat ramps, fishing piers, hunter accesses, etc.
- An ongoing concern related to the high administration overhead costs percentages applied to GFF accounts for administrative services.

### FINDINGS

- Total Expenditures and Transfers out from the Operations account for wildlife management activities for FY2021 were \$90,201,952.
- Total Expenditures and Transfers into the Operations account for wildlife management activities for FY2021 were \$95,052,275
- Operations Account ended with a higher fund balance in FY21 (\$42.8 million) than in FY20 (\$37.3 million) due to increased revenues and lower than anticipated expenditures.

- Expenditures continued to show effects from the COVID-19 pandemic. Expenditures were lower than anticipated in the FY20/21 biennium due to the state’s actions to mitigate the possible negative impacts of the COVID-19 pandemic. For comparison, the DNR spent \$173.7 million in FY20/21—\$12.1 million less than the preceding biennium.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for the Game and Fish Operations Account (Fund 2200) appear to be in compliance with statutory requirements and sound management practices. The changes made in response to the COVID-19 pandemic are also within alignment of the strategic plan and remain in compliance.

## **RECOMMENDATIONS**

DNR funding requirements for sustainable management of CWD in Minnesota should remain a major budgetary priority. These requirements need to be based on scientific evidence and appropriated to the state agency or agencies that can most effectively provide for sustainable management of the disease.

# **Deer and Bear Management Account (Fund 2201)**

## **OVERVIEW**

The deer and bear management account is for deer and bear management programs and can also be used for a computerized licensing system. There is also a separate deer account that can only be used for habitat improvement or deer management programs. These two accounts are funded from different sources.

## **ISSUES AND TRENDS**

- This account balance decreased from FY2018 to FY2019 and there was a slight increase from FY2020 to FY2021.
- The account balance is forecasted to remain relatively steady through FY2025.
- Expenditures have remained relatively steady since FY2010 with a few spikes in FY2018 and FY2019.
- It is anticipated that there will be an overall decline in hunters. The DNR plans to spend down the current balance over time while maintaining sufficient funds to cover cash flow. This forecast of decreased hunters is not reflected in the Revenues and Transfers or the Fund Balance.

## **FINDINGS**

- Total expenditures for FY2021 were \$588,979.
- The majority of expenditures were for salary and travel.
- \$654,052 of total receipts were from hunting licenses, a 9% increase from FY2020.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for the Deer and Bear Management Account (Fund 2201) appear to be in compliance with statutory requirements and sound management practices.



## RECOMMENDATIONS

The BOC recommends advocating for a legislative change to separate out the bear and deer management account. Based on a detailed review of expenses, it appears that this account is mostly used to manage bear. Bear is a significant big game sport in Minnesota and should be in an individual account for better management and tracking of expenses.

# Emergency Deer Feeding and Wild Cervidae Health Management Account (Fund 2201)

## OVERVIEW

Account 2201 was established for emergency deer feeding and wild cervidae health management. This account is funded from deer and super-sports hunting licenses, in the event the account balance exceeds \$2.5 million, the amount becomes available for deer and bear management. This has not occurred in the recent past.

The DNR generally works to maintain a reserve balance of \$1 million to ensure the ability to meet the needs of CWD. Since FY2017, positive chronic wasting disease (CWD) detections have increased, resulting in increased costs to support a plan which has not yet shown to mitigate the spread of CWD.

## ISSUES AND TRENDS

- Due to the presence of CWD and restrictions on deer feeding programs, the account has been used almost exclusively for CWD management in deer.
- No aerial moose survey was conducted in FY2021 due to safety considerations associated with the COVID-19 pandemic.
- CWD continues to appear in new areas throughout the state, even with primary focus of DNR rules that focus on import bans and carcass movement restrictions. The current practice of offering increased harvest opportunities, testing to determine spatial extent of the disease, restrictions on feeding and use of attractants to reduce transmission risks, and providing safe disposal options for carcass remains to reduce environmental load of prions has not been shown to effectively control spread.
- Deer farming and control of CWD in this industry is not under the purview of the DNR. The Minnesota Department of Agriculture, the Minnesota Board of Animal Health, and the Minnesota legislature are in charge of oversight of deer farms, which further limits the DNR's ability to develop and implement a comprehensive plan to combat CWD.

## FINDINGS

- Other than responding to the breakouts of CWD, there is no end game or plan to address the time when CWD has spread across the state, as is the pattern wherever it appears in the U.S.
- A cost-benefit analysis has not been performed to assess the damage to the deer hunting industry versus deer farming in Minnesota. There are about 150 cervid farms in the state contributing \$17 million to the economy dwarfed by the approximately 500,000 deer hunters contributing \$500-\$750 million, and associated deer habitat supports a \$14 billion outdoors economy.

- Currently, CWD diagnosis relies on the identification of Proteinase K (PK)-resistant PrPCWD by enzyme-linked immunosorbent assay (ELISA) and immunohistochemistry (IHC). These standardized methods for detecting CWD are designed to have consistent protocols with quantified estimates of test accuracy that are scalable to meet the needs of agencies conducting surveillance and monitoring to manage the disease. However, there are limitations to the existing antibody-based diagnostic approaches, namely relatively poor sensitivity as well as the inability to screen biofluids and environmental samples. There are rapid and low-cost test alternatives available that could be utilized to screen all cervid farms in the state (urine sample) for CWD, for example. A much improved and less invasive sampling technique (from the deer third eyelid) could be widely implemented by deer hunters throughout the state at a low cost. The implementation of these tests would provide for immediate, comprehensive sampling throughout the state, providing a much improved, statistically based representation of CWD.
- Testing for the purpose of determining whether a food is acceptable for human use is under the purview of the USDA. The USDA has determined the current test, which relies on the identification of Proteinase K (PK)-resistant PrPCWD by enzyme-linked immunosorbent assay (ELISA) and immunohistochemistry (IHC), is acceptable. The issue for alternative tests is that the assay needs to be approved by the USDA if it is used to determine fitness for human consumption. This is not the same as validation but is rather a governmental determination. Testimony has been provided to the state by the Minnesota Deer Hunters Association in favor of adopting alternative tests; however, any new alternative tests must also be approved by the Minnesota Department of Agriculture. We emphasize this issue because until an alternative test is approved by the USDA (and at least one firm expects approval in early 2023), alternative and already-validated tests could be potentially utilized for the screening and detection of CWD in farms and wild deer beginning this fall at a significantly lower cost than that currently pursued methods by the DNR. The DNR needs to pursue a science-based approach to this solution.
- The University of Minnesota Veterinary Diagnostic Laboratory (VDL) in St. Paul is capable of performing any assay, and the alternative assay is more efficient to implement. However, the VDL is constrained by space issues, the seasonal aspect of sample processing, and the issues presented by the USDA. It is likely they are prevented from any exploratory work in this area until the USDA approves any new assay, since VDL receives grant money from USDA.
- The DNR is not currently investing any dollars to evaluate health issues in the states iconic large cervid, the moose.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for the Emergency Deer Feeding and Wild Cervidae Health Management Account (Fund 2201) appear to be in compliance with the statutory requirements and sound management practices. However, there are significant long-term issues that significantly impact a \$750 million economy and culture unique to Minnesotans.

## RECOMMENDATIONS

**Budget:** The budget should reflect a cost-benefit analysis (deer hunting vs. deer farms) and plan for longer term issues, such as when CWD spreads across the state. The budget should reflect a shift to monitoring for CWD by testing, such as tests provided to hunters for surveys for CWD.

**Policy:** This account was initially established for emergency deer feeding. Since this is unlikely to be a priority in the future, the policy should focus to a longer-term policy for management of CWD in Minnesota.

## Deer Management Account (Fund 2202)

### OVERVIEW

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

The BOC did not review this account this year.

## Waterfowl Habitat Account (Fund 2203)

### OVERVIEW

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

### ISSUES AND TRENDS

- Waterfowl sustainability, hunting, and management revolve around three main topics: duck production, impacts of COVID-19, and disease. According to a 2020 Delta Waterfowl report, sustainable duck production in the wild requires a nest success rate between 15% and 20%<sup>1</sup>. In many key breeding grounds in the Prairie Pothole Region, they are less than 10% (Delta Waterfowl, 2020). The Prairie Pothole Region consists of states such as North Dakota, South Dakota, eastern Montana, western Minnesota, and parts of Canada. This is especially concerning since many of North America's ducks nest in this region. In addition, weather conditions can also impact the waterfowl population. According to a Ducks Unlimited report, drought conditions in the Spring of 2021 contributed to below average duck abundance and harvest in the Prairie Pothole Region (Ducks Unlimited, 2022)
- The COVID-19 pandemic produced an increase in waterfowl hunters as well. According to a U.S. Fish and Wildlife Services (USFWS) report, there were 1.04 million waterfowl hunters in the United States for the 2020-2021 season, up from 989,500 the year before (Miller, 2021). However, the overall outlook is not promising, considering that numbers are projected to decline once the pandemic is over, and the 1.04 million hunters in 2020 – 2021 is nowhere near the peak of 2.03 million waterfowl hunters back in 1970.
- There is a 2022 Avian Influenza outbreak in the wild duck populations. With the first confirmed case of a highly pathogenic case of Avian Influenza in January 2022, it is unknown what the impact will be on the

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<sup>1</sup> Delta Waterfowl. (2020). 2020 Duck Production. [https://45psd935lci1tx4i53t8y5ck-wpengine.netdna-ssl.com/wp-content/uploads/2020/11/2020\\_DW\\_DuckProductionReportFINAL\\_bleed.pdf](https://45psd935lci1tx4i53t8y5ck-wpengine.netdna-ssl.com/wp-content/uploads/2020/11/2020_DW_DuckProductionReportFINAL_bleed.pdf)

Game and Fish Fund Report for the Fiscal Year Ended June 30, 2021. Minnesota Department of Natural Resources, 2021.

Fall 2022 waterfowl season (Rinella, 2022, 28:00)<sup>2</sup>. Initial projections are that the 2022 outbreak will be much worse than previous outbreaks.

## FINDINGS

According to Delta Waterfowl, there are three primary variables in supporting waterfowl populations: Prairies, Potholes, and Predation (Delta Waterfowl, 2020). Prairies provide cover, nesting, and breeding grounds; potholes provide water nesting habitat; and removal of predators help ducks survive since predators will eat a very high amount of duck eggs.

Overall, there was quite a bit of work done pertaining to waterfowl management in Minnesota for FY2021, particularly in the area of land and wetland management. All items below were found in the GFF 2021 report in support of waterfowl management:

- Restored 336 acres of wetland to provide new habitat for wetland dependent wildlife.
- Assessed mallard movement and habitat use throughout the state.
- Assessed wetland invertebrate occurrences and waterfowl use on study wetlands.
- Evaluated public support for changes in waterfowl hunting seasons to increase hunting opportunities.
- Initiated monitoring of twenty wet meadows and marshes in southern and western Minnesota to support protection of important wildlife habitats.
- Created a Small Wetlands Program to accelerate ability to assess and manage “pothole” wetlands (GFF, 51).
- Restored 3,253 acres of grassland on WMAs (GFF, 51).
- Developed 12 Prairie Stewardship Plans with private landowners.
- Provided technical assistance about prairie management to 107 landowners.
- Supported implementation of the Minnesota Prairie Conservation Plan, which is a blueprint for protecting grassland and wetland habitat starting in 2010 until 2034.
- Monitored effects of cattle grazing on upland prairie and wet meadow habitats within the Prairie Pothole Region.
- Surveyed previously undocumented native prairies, wetlands, and forests in Northwestern Minnesota.

Consistent with the USFWS 2020–2021 article in Ducks Unlimited, hunter numbers in Minnesota spiked in 2020-2021 as well, going from 557,666 Waterfowl Stamps sold in FY2020 to 600,751 stamps sold in FY2021. Finally, with the first case of the 2022 Avian Flu first being discovered in January 2022, it is still too early to tell what the avian flu will do to the upcoming waterfowl season. The DNR did not appear to account for this potentially deadly flu in its budget, so no active or preventative measures have been taken at the time of this writing.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for waterfowl habitat improvement and management of waterfowl appear to be in compliance with statutory requirements and sound management practices.

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<sup>2</sup> Rinella, S. (Host). (2022, May 16). Enduring with Cameron Hanes (No. 333) [Audio Podcast Episode]. In MeatEater Podcast. MeatEater.

<https://www.themeateater.com/listen/meateater/ep-333-enduring-with-cameron-hanes>

## RECOMMENDATIONS

In support of maximizing waterfowl production and harvesting activities, our recommendations are as follows:

- Continue investing time, energy, and funds into current grassland and wetland programs and initiatives, such as the Small Wetlands Program, Prairie Stewardship Plans, restoring acres on WMAs, and the purchasing of wetland related lands.
- Better balancing of both habitat and waterfowl initiatives. Wetland and grassland habitat work are well represented by the GFF Report for FY 2020, but there is a lack of activities directed specifically for the waterfowl species itself. For example, according to Delta Waterfowl, 60-90% of installed nest structures (hen houses) are much more effective when compared to nests on grasslands (Delta Waterfowl, 2020). In the same report, it's also shown that 90% of nests fail due to predators. Therefore, waterfowl predation reduction either by contract trapping or increasing mesopredator hunting seasons can help increase duck production.
- Finally, continue to engage the citizens of Minnesota for continuously improving relations as well as hunting opportunities. Items of note that the DNR is already doing and should continue to do are:
  - Evaluate support for changes in waterfowl hunting seasons to increase hunting opportunities.
  - Continue the waterfowl youth opener for recruitment of the next generation of duck and goose hunters.

## Trout and Salmon Management Account (Fund 2204)

### OVERVIEW

The Trout and Salmon stamp was established by the legislature (Minnesota Statutes, sec. 97A.075, subd. 3) to increase revenue available to further improve streams and lakes. Interest in trout and salmon angling has been consistently growing for a number of years and took a big jump in 2020 during the pandemic. In 2021, the activity and stamp sales leveled off near the 2020 level.

In 2021, the four main components of the fund's expenditures were as follows:

Habitat Improvement	\$154,162 (17%)
Population Management	\$104,116 (11%)
Fish Culture and Stocking	\$627,976 (69%)
Education and Outreach	\$ 28,914 (3%)

These components of the Trout and Salmon Fund expenditures supplement other funding sources used to improve trout and salmon streams and lakes. The Outdoor Heritage Fund and Heritage Enhancement Fund are two other funds that significantly benefit trout and salmon.

### ISSUES AND TRENDS

Interest in trout and salmon fishing has continued to grow over a number of years as evidenced by the growth in stamp sales, although there was only a very small increase in 2021 stamp sales. Some of this growth is believed to be related to the strong stream trout populations and increasing fishing opportunities from a well-managed resource.

The fund balance increased significantly in 2021 to \$1,608,315 due to strong stamp sales and expenditures being down. It is important to note that \$400,000 of this balance is escrowed for easement acquisitions.

## **FINDINGS**

The 2013 Fisheries Habitat Plan continues to guide acquisitions and habitat improvement activities but is very broad without specific measurable goals. It has been anticipated that more specific goals and outcomes will be established upon the completion of the Fish and Wildlife realignment.

DNR staff reports that there is also an appropriation of \$500,000 from the Outdoor Heritage Fund that became available in 2021. This is available to be used through 2024 in conjunction with the Trout and Salmon Stamp Account to make easement acquisitions.

## **COMPLIANCE**

The FY2021 expenditures from the Trout and Salmon Account appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

- The fund should continue to be used to supplement and not supplant the other funding sources available to improve trout and salmon streams and lakes. With the continued growing interest in trout and salmon angling, the stamp revenues should be allocated to maintain and to improve the angling opportunities for trout and salmon.
- Fund balances need to be fully utilized while maintaining a minimum fund balance.
- Now that the Fish and Wildlife realignment is being completed, specific goals and outcomes should be developed consistent with the existing 2013 Fisheries Habitat Plan.

# **Pheasant Habitat Account (Fund 2205)**

## **OVERVIEW**

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

## **ISSUES AND TRENDS**

The concept of a WMA “gateway” continues to move forward slowly. This idea supports goals identified in the 2020 – 2023 Pheasant Action Plan. The DNR has an accessible parking lot project under way at the Carlos Avery WMA in the north metro with completion scheduled for FY2023. This \$120,000 project is being developed as a demonstration project to secure additional funding for expanding the program. Previously identified other WMAs that are good fit for this concept are within the Twin Cities metro area because of the population and underserved audience density. Dedicated funding and competing urban interfaces and uses are the biggest challenges to expanding the program beyond the test project.

The Walk-in Access grant has two more years of funding via user fees and federal grants.

The Pheasant Habitat Improvement account does not directly contribute to this program, but account funds support the Farm Bill Partnership where the Farm Bill biologist can direct interested landowners to the Walk-in Access program. In 2021, this program added 30,000 more huntable acres across 50 counties in Minnesota. Private landowners are paid \$18 per acre and can enroll for one to three years.

Cost for acquisition and restoration continue to increase. This impacts what can be accomplished annually with the Pheasant Habitat Improvement fund. Increases in appropriations to the Outdoor Heritage Fund continues to help offset these rising costs but is not a long-term funding solution.

## **FINDINGS**

- While Pheasant stamp sales have been trending downward like all licenses, the decline has flattened in the last few years. However, FY21 brought a nearly \$80,000 increase in revenue over FY20. Total FY21 pheasant stamp sales were \$558,083.
- The DNR's stated strategy is to maintain or reduce spending proactively to offset anticipated lower revenue in the coming fiscal years. Given that strategy, the overall fund balance increased by \$202,204 in FY21 to \$601,482.
- Expenditures from the account were similar between FY20 and FY21 with a slight increase of 5% in 2021.
- Expenditures from the account contribute to the development, restoration, and maintenance of suitable habitat on public and private lands, which help pheasant populations and contribute to increased harvest.
- The primary expenditures of this fund are for habitat enhancement on WMAs. As budgets tighten, the DNR first takes care of WMA lands for which there are no other responsible entities. Roadsides and private lands, while worthy places to enhance wildlife habitat, have other responsible entities to do management where WMAs do not.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for pheasant habitat improvement activities appear to follow statutory requirements and sound management practices.

## **RECOMMENDATIONS**

- Continue to maintain and develop partnerships with conservation partners, such as Pheasants Forever, Ducks Unlimited, the Nature Conservancy, and others. Continue to have Wildlife Managers and Habitat Program managers collaborate with conservation partners to capitalize on projects that support each group's mission but bring the biggest impact to the public.
- To continue to maintain or increase pheasant stamp sales numbers, it becomes imperative to have the ELS licensing system updated and deployed to encourage additional sales of Pheasant Stamps and Walk-In Access endorsements along with small game licenses. Simple programming prompts at point of sale, both in person and on-line, can be passive upselling opportunities that can maintain or increase funding.
- There has not been a pheasant stamp price increase in 15 years. This should be reviewed to bring the current fee in line with inflation and other states. With interest heavy in finding ways to monetize the non-consumptive users of WMAs, it makes sense to explore the idea of a habitat stamp at a potential higher price point and make purchase more appealing or even mandatory to a wider audience. In some states, a habitat stamp has replaced individual species stamps.

- Continue to reach new hunters and non-traditional users via social media to remind them of the benefits of Pheasant Stamp and Walk-In Access purchases. As the gateway WMA concept is developed, create a media campaign to educate new and non-traditional users of WMAs as a shared space with access and opportunity for all.
- With digital natives becoming the largest potential audience for licenses and conservation stamps in the coming years, is there a way to increase interest and purchase by making it a digital collectible? Perhaps convene a group of marketers, artists, social media influencers, and others to explore ways to increase interest in conversation stamps as digital assets to be shared on social media, monetized as NFT artwork, or other out-of-box ideas that expand interest beyond the traditional upland audience.
- Climate change continues to have wide-ranging impact across the natural world. There currently is not any data directly tied to pheasant mortality and climate change, nor are WMA landscapes being actively monitored. It is undeniable that more frequent, extreme weather events are impacting the overall landscape. When updating the Pheasant Action plan beyond 2023, it is strongly recommended to incorporate climate change and its potential impact into restoration efforts and the potential changing pheasant range across Minnesota.

## Wild Rice Management Account (Fund 2206)

### OVERVIEW

The Wild Rice Account (2206) is used by the Shallow Water Program to manage water levels for the benefit of wild rice (Psin/manoomin). The Shallow Water program assesses lakes, identifies needs, executes, and documents results.

Wild rice work in Minnesota remains some of the most effective and best uses of funding because of the value of wild rice as habitat, as well as the cultural and economic value it provides.

### ISSUES AND TRENDS

As of 2021, the water level control monitoring and management is being serviced by the USDA Wildlife Services exclusively instead of private contractors. This change was made after evaluating performance and costs. The USDA-Wildlife Services are experienced, already collaborating with other units of government, have ability to do necessary blasting work, and have drone operators to monitor hard-to-access locations.

The DNR is in year two of four of a multi-agency and local tribal staff effort to enhance wild rice production on Big Rice Lake in St. Louis County. This historic wild rice lake has become dominated by competitive vegetation and hydrologic alterations. The program is a nearly \$1 million dollar investment utilizing funds from the Outdoor Heritage Fund. It includes removal of an outlet control structure to stabilize water levels, public access improvements to launch equipment necessary to address pickerel weed dominance and restore/enhance wild rice production. If wild rice does not naturally re-establish after the removal of pickerelweed, seeding will be done. Depending on the results, future management could range from typical annual monitoring and keeping the outlet free flowing to more intensive management for improved results.

Climate change is impacting wild rice habitat across the state. Wild rice is a persistent annual grass that is already subject to seasonal variable water conditions. Climate change is bringing more extreme weather events that disrupt the stability of water levels during the growing season. Warmer winters and less/shorter ice



coverage allows invasive and perennial lake vegetation to compete and crowd out wild rice that relies on annual reseeding.

Wild rice is not only culturally significant but also important wildlife habitat. The DNR has 86 targeted wild rice lakes for annual management in northern Minnesota, which is where most wild rice continues to flourish. Annual management runs from May 15 through October 15, and the lake list is reviewed and adjusted annually. In southern Minnesota, designated Wildlife Lakes are shallow lakes that have gone through a statutory process involving landowners, local and tribal governments, and public informational meetings that give the DNR authority to manage water levels to benefit wildlife. Currently, 60 MN lakes have this designation, and the DNR is working with stakeholders to increase the number to 89 lakes.

Efforts are being made to sustain and expand current wild rice harvester levels. Recent efforts include a new initiative to reach out to harvesters through social media and efforts to improve harvester access to wild rice processors, an identified obstacle to new and existing harvesters.

## **FINDINGS**

The GFF notes that targeted annual expenditures for this account are \$38,000. FY2021 saw an increase in expenditures to get the account to a more consistent balance to support the annual targeted expenditures while still providing funds should there be a poor season due to climatological conditions or decrease in harvest permit sales. Permit sales have averaged 1,872 annually over the last five years. In 2021, 1,726 permits were sold.

The 2020 BOC report noted a one-time deposit of \$30,000 for wetland mitigation funding. This was a one-time payment related to Enbridge Line 3 pipeline, and there is not an expectation of additional payments.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for the Wild Rice Management account appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

- Given the cultural significance of wild rice to all Minnesotans, the DNR should continue to engage with tribal governments, habitat partners, and lake/stream/river stakeholders to maintain and restore wild rice across Minnesota.
- Climate change remains a significant threat to wild rice. With wild rice already seasonally vulnerable to water and weather conditions, continued exploration of long-term solutions to protect wild rice stands is imperative.
- Noted in trends, the DNR is using a social media campaign to connect with harvesters and build connections to processors. With growing interest in food sustainability, eat local, and field-to-fork, the DNR should expand these kinds of initiatives and utilize existing programs, such as BOW (Becoming an Outdoorswoman) and other communication channels, such as social media and campaigns to educate Minnesotans about wild rice as a sustainable, accessible food source with educational and hands-on experiences. Taking these steps could potentially lead to additional license sales.
- Oversight of wild rice management is complicated and currently spread across multiple employees in the wildlife section. Consolidating management into a single, focused position would allow for more and better management and coordination with tribal interests and stakeholders.

# Wildlife Acquisition Account (Fund 2207)

## OVERVIEW

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

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

## FINDINGS

- Source of funding: Financed through revenues from the small game surcharge and \$6.50 annually from the Lifetime Fish and Wildlife Trust Fund for each license issued (Minnesota Statute sections 97A.473, subd. 3 and 5; 97A.474, subd. 3; and 97A.071.).
- In FY2021, total expenditures from Fund 2207 were \$713,781; total receipts were \$1,496,440; and the remaining balance is \$3,515,812.
- Acquired 2,757 acres of WMAs by gift or purchase, including:
  - 2,022 acres in the prairie zone;
  - 246 acres in the northern forest zone;
  - 44 acres in the metro zone; and
  - 445 acres in the southeast forest zone.
- Initiated monitoring of twenty wet meadows and marshes in southern and western Minnesota to support protection of important wildlife habitats.
- Monitored forty-six native prairie sites and completed twenty-seven baseline property reports to support management and protection of these important wildlife habitats.
- Reviewed and analyzed more than 252 public and private development projects for the impact on wildlife habitats.
- Improved staff access to the land records system.
- Provided technical assistance to support sustainable water management and forest management that protects fish and wildlife habitat.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for wildlife acquisition activities appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- Continue the DNR's support of Ducks Unlimited Canada Flyway Projects and acquisition of wetlands that support and improve duck breeding grounds along with monitoring efforts in the Saskatchewan River Delta.

- Future opportunities will come at a more significant cost, so investment now to purchase land and needed development of lands will give a larger return on investment and allow for better funding of this account through participation.
- A high return on investment is funding and improving walk-in hunting opportunities.
- Continue to help manage buckthorn on public lands to increase healthier habitat.

## Wild Turkey Management Account (2208)

### OVERVIEW

The purpose of this account is for turkey habitat management and is governed by Minnesota Statutes, section 97A.075, subd 5. Revenue includes \$4.50 from each turkey license sold except youth licenses.

### ISSUES AND TRENDS

Two themes stand out when it comes to management of wild turkeys: how healthy is the population and what are the harvest numbers? When listening to some well-known turkey experts and reading publications, the data suggests that the wild turkey population is declining. For example, in an April 6, 2022, interview on the Bear Grease Podcast (Newcomb, 2022, 45:00), Dr. Mike Chamberlain, a professor at the University of Georgia and one of the leading experts in wild turkey research in the U.S., shares that they are observing a 22% nest success in the Southeastern part of the U.S.; and only 7% of broods live to be full turkeys.<sup>3</sup>

Though these numbers may be different in other parts of the country, he did say that the trend is applicable to the entire United States. Turkey numbers are affected by habitat loss, predation (abundance of predators), disease (lack of understanding as well as upcoming avian flu), and over-harvesting (most states' Spring turkey seasons occur during the peak of turkey breeding). We are losing more turkeys than able to produce out in the wild, but research suggests that not one specific factor is responsible – they all are to some degree and depending on which part of the country.

With regards to harvesting the wild turkey, it is one of the primary factors within the control of a state's wildlife agency. While some states do allow for multiple tags, Minnesota does only allow 1 turkey per season (Fall and Spring), with the success rate averaging 22.3% from 2018 – 2021 (Lyons, 2021).<sup>4</sup> The registered harvests for 2021 in Minnesota was 12,070 turkeys while the estimated number of turkeys in Minnesota is more than 70,000 (MN DNR, 2021).<sup>5</sup> Compared to other states, it would appear Minnesota is keeping turkey harvests at a

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<sup>3</sup> Newcomb, C. (Host). (2022, April 6). The Trouble with Lovin' Gobbler' Turkeys with Will Primos and Dr. Mike Chamberlain (No. 48) [Audio Podcast Episode]. In Bear Grease. MeatEater.  
<https://www.themeateater.com/listen/bear-grease/ep-48-the-trouble-with-lovin-gobbler-turkeys-part-1-will-primos-and-dr-mike>

<sup>4</sup> Lyons, T. 2021. Minnesota's Wild Turkey Harvest – Fall 2020, Spring 2021. Minnesota Department of Natural Resources.  
<https://files.dnr.state.mn.us/recreation/hunting/turkey/harvest-2021.pdf>

<sup>5</sup> Minnesota Department of Natural Resources. (2022, April 1). Turkeys. Minnesota Department of Natural Resources.  
[https://www.dnr.state.mn.us/livingwith\\_wildlife/turkeys/index.html](https://www.dnr.state.mn.us/livingwith_wildlife/turkeys/index.html)

minimum, and according to the DNR, Minnesota is not yet concerned about its wild turkey population compared to other states (Myers, 2022).<sup>6</sup>

## **FINDINGS**

The most notable recent changes in Minnesota were the elimination of the Spring Turkey lottery for seasons A and B in FY2020. Whether or not this has contributed to the increase in license sales is inconclusive since the COVID-19 pandemic may also be a factor due to the increase in outdoor activity.

In reviewing the GFF numbers since FY2018, there has been a steady increase in income due to license sales, including a 30% jump from FY2019 (186,892) to FY2020 (242,695). However, what stands out is that the one primary expenditure, Fish and Wildlife Management (R296028), has decreased in the past three fiscal years (FY2018 – \$155,504; FY2019 - \$167,533; FY2020 - \$116,143; FY2021 – \$89,198) with the exception being FY2018 to FY2019 (GFF FY2021, page 69).<sup>7</sup>

Finally, there is an absence of activity in the FY2021 report regarding what this account is used for, such as habitat improvements for turkeys, acquisition of land or easements for wild turkeys, or use of money for population surveys.

## **Themes**

Two primary themes stand out from this account. First, though not as prevalent in Minnesota, the turkey population is declining across the country. This can be attributed to several factors, which can easily impact a population since no one single factor is known at this point.

Second, the COVID-19 pandemic contributed to an increase in license sales and harvests. Therefore, it is unknown how the increases the past couple of years will impact the turkey hunting landscape.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for the Wild Turkey Management Account appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

There was not much detail in the GFF FY2021 report specifically targeting wild turkey management other than the elimination of the Spring lottery and allowing for statewide hunting (GFF 2021, 32). In other parts of the country, the turkey populations are in decline.

Therefore, even though we may not see it here in Minnesota, it would be beneficial to see what the MN DNR is doing in detail to make sure the population is sustainable for years to come, such as specific turkey habitat

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<sup>6</sup> Myers, J. (2022, April 16). Spring turkey hunting options abound in Minnesota, Wisconsin. Pioneer Press. <https://www.twincities.com/2022/04/16/spring-turkey-hunting-options-abound-in-minnesota-wisconsin/>

<sup>7</sup> Game and Fish Fund Report for the Fiscal Year Ended June 30, 2021. Minnesota Department of Natural Resources, 2021.

management improvement projects, acquisition of new lands, or, as suggested by Dr. Chamberlain, ways for linking science and data collaboratively with hunters.

Finally, we support the current initiatives, such as the elimination of the Spring lottery, allowing hunters to hunt statewide, and limiting harvest to one turkey per season.

## Heritage Enhancement Account (Fund 2209)

### OVERVIEW

The Heritage Enhancement Account (HEA) was created in 2000 for the enhancement and protection of fish and wildlife resources (Minnesota Statutes, sec. 97A.075, subd. 3). Revenue for this account is generated from in-lieu sales tax on the sale of lottery tickets. In all, 72.4% of the total taxes are deposited to accounts for environmental and natural resource purposes, of which 50% is directed to the HEA for spending activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and the enhancement of land, water, and other natural resources (Minn. Stat. 297A.94). Total revenues deposited into the account increased by \$3,620,026 for FY 2021 to \$19,063,336, leaving a fund balance of \$11,084,760.

### ISSUES AND TRENDS

The impact of the COVID-19 pandemic is believed to have influenced the 23% revenue increase for FY 2021. This is not anticipated to continue, and forecasts show decreased revenue. Projections for revenue appear to be very conservative given the consistent growth over many years.

### FINDINGS

The 2021 Game and Fish Fund Report shows the second of two \$510,000 grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota, for the purposes of preventing the spread and control of invasive species. DNR staff provided a detailed report for the two-year biennium of 2020/2021 showing that statutory requirements were met for use of the funds. Statute requires 87% of revenues in the account be used for field operations and the report showed 88.2%.

### COMPLIANCE

Based on the Game and Fish Fund Report for the Fiscal Year ending June 30, 2021, and information supplied by The Fish and Wildlife Division, it appears that all expenditures are in compliance with the appropriate statutes. All expenditures were used for enhancement, and protection of fish and wildlife resources, and met the additional requirement of at least 87% of the revenue being used for field services.

### RECOMMENDATIONS

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

# Lifetime Fish and Wildlife Trust Fund (Fund 2210)

## OVERVIEW

In 2000, The Lifetime Fish and Wildlife Trust Fund (2210) account was established as a fund in the State Treasury by the Minnesota State Legislature (Minnesota Statutes, sec. 97A.4742). All money received from the issuance of lifetime fishing, small game hunting, firearm deer hunting, sporting licenses, and earnings on the fund is credited to the Lifetime Fish and Wildlife Trust Fund.

Total revenue in sales for this account was \$1,633,875 in FY2021. The funds are held in trust at the state treasury and managed by the State Investment Board where the money is invested until licenses are activated. Returns on investment are also deposited into the Trust Fund. Licenses must be activated annually. Once activated, funds are available to the Game and Fish Fund (GFF). During FY2021, \$915,313 was transferred to the GFF and deposited into accounts related to the licenses.

## ISSUES AND TRENDS

### Data Collection on Lifetime License Holders

To better understand the Lifetime Trust Fund balance and potential issues it will face in the future, the DNR should evaluate licenses that have been purchased but never activated. While these funds must be held in Trust and remain invested, they will also keep the Trust Fund solvent for longer as license sales decline.

### Trapping Licenses

There is no separate Lifetime License for Sports Trapping, SM Trapping or Sports and Spearing Trap. However, trapping is included in the Lifetime License Sports and Small Game licenses. Consequently, the DNR needs to track the number of trapping activations by license type, including those for Small Game and Sports licenses.

## FINDINGS

### Lifetime License Activations

Persons holding a lifetime license may annually request activation of their license for each new season. For the total number of activations for the license year, number of activations multiplied by current license prices, a deposit correction is made. Funds are transferred from the Lifetime Fish and Wildlife Trust Fund to the fund and revenue accounts related to those licenses.

Type of License	Lifetime FY2021	Lifetime Sales FY2021	Activations FY2021
Angling	1,724	\$721,991.00	10,341
NR Angling	21	\$19,669.00	138
Firearm Deer	1,126	\$667,511.00	7,295
Archery Deer	206	\$126,651.00	1,328
Small Game	106	\$34,270.00	735
NR Small Game	5	\$5,476.00	23
Sports	1,310	\$817,894.00	8,231
Sports Trapping			394

Type of License	Lifetime FY2021	Lifetime Sales FY2021	Activations FY2021
Spearing	13	\$1,169.00	55
Spearing and Angling	49	\$28,010.00	161
Spearing and Sports	167	\$123,570.00	474
SM Trapping			60
Sports and Spearing Trap			28
Total	4,727	\$2,546,211.00	29,263

### Maintaining Lifetime License Sales

The balance of the Lifetime Trust Fund account will continue to grow as long as net sales, license sales less activation transfers-out, are positive. Once transfers-out due to activations exceed the number of new licenses sold, the balance will begin to diminish. Starting in FY2023, net sales are projected to decrease.

### COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for the Lifetime Fish and Wildlife Trust Fund Account (Fund 2210) appear to be in compliance with statutory requirements and sound management practices.

### RECOMMENDATIONS

- The BOC recommends marketing Lifetime Licenses to those that purchase annual or daily licenses and to families with young children that would receive the greatest cost savings. This also provides the longest investment horizon to continue to grow the balance in the Trust Fund.
- Collect information on the number of Lifetime License holders that are inactive and make efforts to re-engage customers.

## Walleye Stamp Account (Fund 2211)

### OVERVIEW

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

### ISSUES AND TRENDS

Walleye Stamp revenue increased 50% in FY2020, and approximately 15% in FY 2021. Conservative revenue projections through FY 2025 indicate a slight decline, even though sale of the stamp have steadily increased since FY2019.

## **FINDINGS**

- In order to better understand the use of the funds, the BOC requested more information pertaining to the walleye stocking program. The DNR provided more details regarding the number of walleyes, water bodies stocked, as well as price per pound in FY2021 walleye stocking activities. The state purchases 40,000 pounds of walleye fingerlings annually from private vendors at approximately \$20 per pound.
- Account balance is substantially less than what is needed for total annual walleye fingerling purchases. The revenue in the account is used to offset the total expenditures for purchasing fingerlings from the private sector. The BOC inquired about the potential impact the COVID-19 pandemic has had on stocking efforts related to the account. It was noted that supply issues made it difficult for the growers to provide fingerlings during FY2021. Any deficits were noted and the Fisheries Populations and Regulations Manager noted that there were no related deficits as the growers have provided the contacted purchases.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for the Walley Stamp Account (Fund 2211) appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

The BOC continues to express concerns with the limited number of private sector vendors available. The BOC continues to deem it unnecessary to increase walleye stamp marketing efforts for sales. The stamp is being successfully promoted through low or no-cost marketing, such as press releases and social media to the general public. While sales have increased, the BOC notes an opportunity to improve education and communication about the Walleye Stamp with sales agents. Potential revenues may be increased if sales agents are better equipped to inform customers and answer questions related to the purpose and benefit of the non-compulsory walleye stamp. The BOC also continues to recognize the importance and need for the DNR to prioritize maintenance and replacement of DNR-operated hatcheries.

# **Peace Officer Training Account (Fund 2212)**

## **OVERVIEW**

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

Revenues continue to stay in decline since inception of the account. Total revenue for FY2021 was \$81,106 and is not forecasted to increase in coming years. Expenditures were \$85,785 in FY2021.

## **ISSUES AND TRENDS**

As in previous years, there is continued concern about the decline of revenue with this account. This account must also be supplemented by other accounts to keep it from going negative. This account does not receive any



money from game and fish license sales and receives 1 % of fees collected from revenue from surcharges assessed to criminal and traffic offenders are deposited into the account and may only be spent towards peace officer training for conservation officers of the Minnesota Department of Natural Resources. The BOC has recommended in the past reports an opposition to any legislation to reduce funding to the Peace Officer Training account as well as an increase from the 1 percent.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for peace officer training activities appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

The BOC recommends that the DNR:

- Assess the validity and longevity of this account. There are trends that continue to point towards a loss and unsustainability.

# Wolf Management and Monitoring Account (Fund 2213)

## OVERVIEW

The Wolf Management and Monitoring Account was established to capture revenue from wolf license application fees and license sales, as well as \$0.50 from each deer and super-sports license sold. The funds from those sales could only be used for wolf management, research, damage control, enforcement, and education. Since there is currently no hunting or trapping of wolves in Minnesota, the only revenue is from deer and super-sports license sales. Wolves were expected to be delisted under the federal Endangered Species Act (ESA), which was set to take effect on July 1, 2022. However, a February 10, 2022, court ruling vacated the U.S. Fish and Wildlife Service's 2020 final delisting rule, so the wolves have been relisted and are now protected by the ESA. In addition, critical habitat for gray wolves in Minnesota and the 4(d) rule for grave wolves in Minnesota were also reinstated.

## ISSUES AND TRENDS

- The Wolf Management and Monitoring Account has been funded entirely by deer and super-sports license sales. Total revenues in FY2021 were \$349,474. Expenditures were \$348,047 for a total fund balance of \$1,291,181.
- There is growing frustration by license holders and sporting groups (e.g., Minnesota Deer Hunter's Association) regarding the funding of this account, including a desire to restructure the funding entirely and eliminate the deer and super-sports license sales funding stream.
- Wolves continue to expand in Minnesota, which directly impacts both deer and moose populations throughout the state. In many areas of the state, anecdotal reports from deer hunters report seeing no deer or significantly lower numbers of deer. According to [Hunting Works for Minnesota](#), the average Minnesota hunter contributes \$1,500 each year for a total contribution of approximately \$733 million.
- The Minnesota DNR is no longer providing detailed information about the presence of wolf packs and their expansion throughout the state, only general information regarding wolf range and a few collared

packs. This lack of transparency limits the public's knowledge of the actual expansion of wolves and their potential impact on outdoor activities, including hunting.

- The DNR expects wolves to further expand their range with associated additional management actions to address depredation or other public concerns.

## FINDINGS

- Deer and super-sports license sales are currently the sole source of funds for this account. There is significant frustration amongst license holders and a growing desire for the DNR and Minnesota legislature to seek alternative sources of funding for this account, such as tribal nations, ecotourists, for-profit businesses in the state that advertise and maintain wolves for private viewing, as well as users of specific state lands, such as the Boundary Waters Canoe Area Wilderness and our many Minnesota state parks that harbor core wolf populations.
- The [updated wolf management plan](#) states that this fund, currently funded entirely by deer and super-sports license sales, will be depleted by July 1, 2024.
- The recently updated plan includes no provisions for funding beyond this period, nor identifies other funding sources to pay expected costs of management functions of \$350,000–\$500,000 per year.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund are in compliance with statutory requirements. However, the BOC has concerns about the current wolf management plan and the lack of control over wolf expansion throughout the state. Because of the significant economic impact this expansion may have, the BOC would like to see more transparency regarding the current monitoring of Minnesota wolf populations.

## RECOMMENDATIONS

### Budget

- The DNR should propose a legislative change to restructure the funding of this account, such as terminating the funds generated through deer and super-sports license sales and seeking alternative sources of funding, particularly as wolf hunting and trapping is currently prohibited. Currently, the [newly updated wolf management plan](#) advocates for continued funding from license sales and expanded funding from taxpayers.
- Advocate for a state-level excise taxes levied on outdoor recreation equipment and gear, such as canoes, tents, backpacks, hiking boots, skis, and camp stoves, etc. States like Georgia and Texas have already passed such legislation.
- Implement the addition of fees for wolf management for permits at places like the Boundary Waters, state parks, and campgrounds .

### Policy

- The DNR should take proactive steps to limit further wolf expansion throughout the state and maintain a better balance for both consumptive and non-consumptive users of Minnesota's outdoors. The BOC would also like to see more transparency regarding wolf monitoring efforts and more current research regarding the impact of wolves on deer and moose numbers throughout the state.

# FUNCTIONS

## Fish and Wildlife Management

### OVERVIEW

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

### FINDINGS

#### Fisheries Management

- Hatcheries are in immediate need of repairs and upgrades.
  - Waterville Hatchery is the state's largest coolwater hatchery used to raise walleye, northern pike, channel catfish, and muskellunge stocked throughout the state. The structure was originally built for a different purpose, so there are issues with the lack of space, water movement, and temperature controllability. Other necessary upgrades at the hatchery are related to biosecurity and ponds not being the optimal size or depth for fish production. There is also a need for additional batteries and water temperature controls to help with fish production and viability.
  - Crystal Springs Hatchery, built in the 1930s, is one of the DNR's four coldwater hatcheries. With this facility being outdated, there are issues with the water lines that could impact fish production and biosecurity. Replacements and upgrades would increase biosecurity, staff safety, and efficiency of operations.
- Assess the validity and longevity of the Peace Officer Training Account (2212). There are trends that continue to point towards a loss and unsustainability.
- These are the main water access projects completed with Game and Fish Funds:
  - Lake Superior, Grand Marais, Park Side, Cook County, Phase 1 Redevelop the Breakwater
  - Public water access accomplishments:
    - Nisswa Lake, Crow Wing County : Expansion of existing access
    - Big Sand Lake, Hubbard County : Expansion of existing access and upgrade
    - Minnesota River, Thompson Ferry, (Jordan), Scott County : Ramp redevelopment
    - Burnside Lake, St. Louis County : Redevelopment
    - NOTE: Docks for boating access sites statewide were purchased from the Water Recreation Account.
  - Fishing pier accomplishments:
    - Willow Creek, Olmstead County: Replaced a fishing pier installed in 1994 fishing pier.
    - Lake Bemidji, Beltrami County : Replaced fishing pier installed in 2000.

- Lake Minnetonka, Maxwell Bay : Replaced a fishing pier installed in 1996.
- Lake Sallie, Becker County (fisheries) : Partnership with Fisheries to place a fishing pier at the Public water access.
- Lake of the Woods, Zippel Bay State Park, Lake of the Woods County : Replaced a fishing pier installed in 1994.

- The notable egg take data from across the state for six different species:

Fish species	Number of eggs taken
Tiger Muskie	113,277.00
Muskellunge	849,539.00
Northern Pike	5,312,667.00
Tullibee (Cisco)	176,369.00
Walleye	468,638,113.00
White Sucker	40,562,900.00

- Fish stocking data from across the state for coldwater (Salmonids), cool water, and warmwater species.

#### **Coldwater Species**

Species (Common Name - Abbrev)	Source	Strain	Size	Number of Fish	Pounds	Number of Lakes Stocked	Number of Streams Stocked
Brook Trout (BKT)	DNR	KX	FGL	55,880	2,527.91	39	0
	DNR	ROME	ADL	711	1,481.25	5	0
	DNR	ROME	YRL	14,405	7,459.43	15	3
Brown Trout (BNT)	DNR	PLR	ADL	1,370	2,993.26	5	1
	DNR	PLR	FGL	352,375	1,599.24	0	18
	DNR	PLR	YRL	26,981	12,056.29	11	18
Lake Trout (LAT)	DNR	MTN	YRL	42,105	3,680.62	7	0
Rainbow Trout (RBT)	DNR	ARL	ADL	747	2,877.24	6	0
	DNR	ARL	FGL	22,600	243.00	0	3
	DNR	ARL	YRL	253,551	114,866.82	54	28
	DNR	KAM	ADL	425	2,372.07	7	0
	DNR	KAM	FGL	54,778	8,609.33	14	0
	DNR	KAM	YRL	36,761	14,429.02	15	2
	DNR	SUP	ADL	483	1,050.00	2	0
Splake (SPT)	DNR	MT-ME	FGL	52,391	1,964.99	18	0
	DNR	MT-ROM	FGL	13,409	385.32	7	0
Tullibee (Cisco) (TLC)	DNR	(N/A)	ADL	43	43.00	0	0

#### **Cool and Warmwater Species**

Species (Common Name - Abbrev)	Source	Size	Number of Fish	Pounds	Number of Lakes Stocked	Number of Streams Stocked
Black Crappie (BLC)	DNR	ADL	3,465	947.7	27	0
Bluegill (BLG)	DNR	ADL	14,522	3,161.04	44	0

Channel Catfish (CCF)	DNR	FGL	3,000	66.66	2	0
	PUR	FGL	1,575	291.67	1	0
Hybrid Sunfish (HSF)	DNR	ADL	208	71.88	3	0
Largemouth Bass (LMB)	DNR	ADL	447	755.27	16	0
	DNR	YRL	20	4.50	1	0
Muskellunge (MUE)	COOP	YRL	1,367	1,385.94	7	0
	DNR	ADL	125	416.67	2	0
	DNR	FGL	7	1.93	1	0
	DNR	FRL	1,721	2.25	3	0
	DNR	FRY	23,660	1.06	1	0
	DNR	YRL	591	715.50	3	0
Northern Pike (NOP)	DNR	ADL	416	656.89	11	0
	DNR	FGL	6,441	20.14	7	0
	DNR	FRY	1,180,035	37.21	17	1
Pumpkinseed (PMK)	DNR	ADL	1,379	214.00	6	0
Spottail Shiner (SPO)	DNR	ADL	10,478	169.00	3	0
Sunfish (SUN)	DNR	ADL	445	21.00	2	0
Tiger Muskellunge (TME)	DNR	FRY	24,100	1.06	1	0
Walleye (WAE)	DNR	ADL	25,065	16,347.13	68	0
	DNR	FGL	2,153	314.00	6	0
	DNR	FRY	263,827,589	2,386.54	441	8
	DNR	YRL	195,232	31,888.46	119	0
	PUR	FGL	863,349	39,987.70	94	0
White Bass (WHB)	PUR	FGL	1,200	48.00	1	0
		FGL				
White Sucker (WTS)	DNR	FRY	4,738,234	124.28	5	0
Yellow Perch (YEP)	DNR	ADL	32,759	2,461.00	8	0
	DNR	YRL	5,417	273.00	1	0

## Wildlife Management

- Total Expenditures the Division of Wildlife activities for FY21 were \$ 42,644,495 .
- The Game and Fish Operations Account (Fund 2200) provides support to a wide variety of wildlife-related activities. For FY2021, 45% of expenditures for the Division of Wildlife were recorded to this account.
- Other major sources of funding for Division of Wildlife activities include the Deer Management Account (Fund 2202; 18%), Outdoor Heritage Fund (Fund 2300; 14%), and the Heritage Enhancement Account (Fund 2209; 7%).
- There was a 6% reduction in expenditures for wildlife Habitat Management in FY2020 compared to FY2019, and a 32% increase in expenditures for wildlife Population Management.
- The reduction for wildlife Habitat Management stemmed mainly from lower expenditures recorded to the Game and Fish Operations Account (Fund 2200); \$ 4.8 million in FY 2020 compared to \$12.4 million in FY2019 – a reduction of \$ 7.6 million. However, \$ 7.1 million of that difference reflects a legislatively authorized shift from Fund 2200 to the Deer Management Account (Fund 2202) to address the Chronic

Wasting Disease (CWD) situation. The remainder of the reduction is related to the fact that expenditures are typically lower in the first year of a biennium, like FY2020, as well as the significant impact of the COVID-19 pandemic on staff activities. Please see the comments in Fund 2200 for further details.

- The increase for Population Management stemmed from increased expenditures from the Deer Management Account (Fund 2202); i.e., \$ 1.4 million compared to \$0.3 million in FY2019. This increase primarily reflects activities related to the CWD situation. In addition, expenditures from the Operation Account (Fund 2200) increased from \$ 6.4 million in FY2019 to \$ 7.7 million in FY2020. This increase reflects in significant part the impact of the Covid virus on staff activities.
- A major wildlife management issue continues to be the existence of Chronic Wasting Disease (CWD) in Minnesota's White-tailed Deer population. The BOC has reviewed the work of the DNR in FY2021 to manage this issue (See Findings and Recommendations for Accounts 2201 and 2202).
- Overall sustainability of the funding needed for effective wildlife management through the Game and Fish Fund continues to be a major concern looking into the future.
- An outdated electronic licensing system and licensing process continues to be a hindrance for achieving funding objectives needed for effective wildlife management activities.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for fish and wildlife management activities appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- Continue planning efforts to identify long-term funding alternatives for the GFF, including innovative recruitment methods.
- Give high priority to updating the electronic licensing system and licensing process to provide easier access for license buyers, including allowing greater use of online options. With the dependency on licensing revenue, data collection through the ELS must continue to be a top priority. If this stipulation is not already within the scope of the current RFP regarding FAW License Pricing and Design, the BOC recommends adding this point as a requirement.
- Request and obtain the funding needed to provide for science-based, sustainable management of CWD in Minnesota. Funding requirements need to be based on scientific evidence and appropriated to the state agency or agencies that can most effectively provide for sustainable management of the disease.

# Fish Hatcheries

## OVERVIEW

Minnesota is world-renowned for its fishing and natural aquatic habitats. Traditionally, Minnesota's fish hatcheries have played an important role in ensuring fish populations are available for sport anglers and to support a thriving industry. Funding to build, maintain, and operate hatcheries comes from many revenue sources. These funds must span several fiscal years due to the nature of construction or repairing the facilities. Funding is also needed for regular ongoing maintenance and operation.

We applaud the legislature for the hatchery funding over the years, but we were disappointed to see the failure in passing the proposed hatchery funding through the capital finance bonding bill. Operating funds, while

legislatively appropriated biennially, are needed to ensure the continued operation of Minnesota's hatcheries (Minn. Stat., sec. 97A.075, subd. 3).

While it is important that natural reproduction occurs in the lakes and streams, not all fisheries can sustain a viable population of fish due to fishing pressure and changes in ecosystems. The inability for fish to adapt to external changes can reduce certain populations. Many of Minnesota's lakes can naturally have populations of different species through natural reproduction with proper limits and seasons. However, pressure on these natural systems, like climate change and fishing pressure for specific species introduced into lakes and streams where they might not normally be found, negatively affect native fish populations. Minnesota's fish hatcheries are essential to fill the demand where fish species and population cannot naturally be sustained.

## **ISSUES AND TRENDS**

Minnesota fish hatcheries have aged, become outdated, and are largely inefficient. Operating costs continue to increase as well. Most of the fish hatcheries were built in the 1950s, exceeding their useful life expectancy, resulting in countless structural and operational failings. While the state has funded many upgrades and repairs, funding for both cold water and cool water hatcheries continues to be insufficient to sustain healthy and successful fish production.

A study conducted in 2018-2019 indicated more than \$58,000,000 was needed at that time to sustain Minnesota's current hatcheries. That amount did not include the design and project management costs of another \$14,500,000.

To help offset the demand for walleyes, the state legislature developed a plan where fry and fingerlings can be purchased from private hatcheries via revenue from the Walleye Stamp. However, it cannot be guaranteed genetically sound and virus-free stock will be available. Also, as private hatcheries become fewer, a monopoly could develop in the private sector and costs may increase.

Hatcheries also need to rapidly respond to matters such as energy costs, flooding, and ensuring genetic strains are maintained. In addition, biosecurity measures have been developed and continue to evolve to ensure bacteria and other fish diseases, like hemorrhagic septicemia virus (VHSV), do not enter hatcheries or the environment.

## **FINDINGS**

In FY2021, hatcheries spent \$1,220,015 from the Game and Fish Fund account 2200 on various hatchery repairs for water line replacements, generator replacements, and raceway work. During the same period, \$194,954 was spent on repair and replacement projects, such as furnaces, air conditioning units, and other ongoing sustainment needs. In addition, over the past several years, the DNR has had to perform "emergency repairs" to assure fish stocking operations are not totally interrupted.

**Minnesota's hatcheries projects in last several years total \$6,270,000**

Hatchery location	Spending
Lanesboro Hatchery	\$5,280,000
French River Demolition	\$350,00
Spire Valley Raceway Cover	\$120,000
Peterson Raceway Building Roof	\$53,000
Crystal Springs Hatchery Roof	\$315,000
Bemidji Biosecurity	\$75,000
Waterville Windows	\$75,000

**Critical Hatchery Improvement Needs Based on a 2018-2019 Feasibility Study**

The DNR conducted a feasibility study between 2018 and 2019 to identify each hatcheries unique needs. The study identified the improvements needed in all the facilities to ensue all repairs, replacements, safety, and biosecurity needs are met. The study also identified the most critical needs in each facility. Since the study was completed, the DNR estimates a 50% increase in costs due to inflation and material availability.

Hatchery	2018-2019 Feasibility Study	50% Inflation and Material Availability	Feasibility Study Critical Needs	50% Inflation and Material Availability
Waterville	\$12,400,000	\$18,600,000	\$12,200,000	\$18,100,000
New London	\$19,100,000	\$28,650,000	\$16,600,000	\$24,900,000
Spire Valley	\$15,300,000	\$22,950,000	\$3,900,000	\$5,850,000
Crystal Springs	\$12,200,000	\$18,300,000	\$11,100,000	\$17,600,000
TOTALS	\$59,000,000	\$88,500,000	\$43,800,000	\$66,450,000

**Waterville Hatchery** is the state's largest coolwater hatchery used to raise walleye, northern pike, channel catfish, and muskellunge stocked throughout the state. It was originally a garage. Because it was not designed as a hatchery, there are several significant limitations:

- Lack of sufficient space.
- Lack of ability to control water movement.
- Lack of ability to control the temperature of the water in the hatchery.

Other necessary upgrades at the hatchery are related to biosecurity and ponds not being optimal size or depth for fish production. If replaced with optimal size ponds, more fish could be produced. Also, adding additional batteries and water temperature controls could allow more eggs to be incubated and hatched, increasing the stocking of coolwater fish.

**Crystal Springs Hatchery**, built in the 1930s, is one of the DNR's four coldwater hatcheries used to produce Arlee and Steelhead rainbow trout as well as our domesticated brook trout. It also houses the brood-stock for both the Steelhead rainbow trout and the domesticated brook trout programs. Several of the water lines are still the original clay pipe. They have far exceeded their useful life expectancy and are in danger of collapse. A collapse would likely result in significant damage to the hatchery as well as significant loss of aquatic life. Replacements and upgrades would increase biosecurity, staff safety, and efficiency of operations.



## COMPLIANCE

The BOC finds the expenditures from the Game and Fish Fund (GFF) is in compliance with legislative intent. Specifically Account 2200, Minn. Stat., sec. 97A.055, subd. 1.

Hatchery funding comes from many sources, though primarily General Fund, Game and Fish Fund, and bonding dollars. Tracking of expenditures is more difficult to follow due to the nature of designing and construction time frames over several years. Please see the final recommendation.

## RECOMMENDATIONS

- The BOC recognizes Minnesota’s fish hatcheries hold a central and pivotal place in the health of the natural resources and economy of the state. Due to the business nature of the state’s hatcheries, much like agriculture, mining, and forestry, we recommend DNR Fisheries continue to update the needs of hatchery facilities based as part of a division-wide strategic and business plan for fisheries management.
- A more concentrated focus on hatcheries must include scientific assessments of fish populations, projected stocking needs, health and genetic integrity of the brood stock, facility operation and maintenance, capital maintenance, and future capital infrastructure additions, to name a few.
- The Minnesota Legislature should seriously consider the strategic and business plan developed by the DNR in specifically funding the State’s hatcheries rather than a piecemeal approach. By doing so, the DNR and Legislature could better manage the projects, thus using funds more efficiently.
- Hatchery projects, and all large projects undertaken by the DNR, should have a project management plan and accounting separate (or in conjunction with) the Game and Fish Fund Report. The report should show revenue sources and expenditures by year and be made available to the public and the BOC.

# Fish and Wildlife Outreach

## OVERVIEW

### Purpose

Outreach and education are some of the most important factors in creating environmentally literate citizens across Minnesota (Minnesota Statutes, sec. 97A.075, subd. 3). Providing outreach to vast communities of people of all ages helps to give people foundational knowledge and information about conservation efforts, habitat, fish and wildlife species, and much more.

The following section provides information about the education, information, and engagement with the public and stakeholder groups. This reiterates the importance of providing fishing and hunting skills programs, education, and outreach to organizations and emerging populations. The validity and importance of evaluating the various offered programs along with aligning the effectiveness on participants is essential. Several programs are vital to help springboard and encourage participants to go out on their own, ensuring that participants have gained confidence, have a basic understanding, and practice safety going forward. Outreach is an important tool that also helps coordinate media dissemination, various marketing efforts, and communication activities, including web content, press releases, programs, publications, and campaigns.

## Revenues

Fish and Wildlife Division Outreach expenditures totaled \$1,535,617 in FY 2021. Funds in the amount of \$1,455,106 originated from Game and Fish Operations Account (Fund 2200) and there was a vast reduction from \$521,109 to \$17,402 from the Heritage Enhancement Account (Fund 2209). Outreach also receives funds from the General Fund (Fund 1000) and Special Accounts Fund (Fund 2001) totaling \$213,845 from FY2020 down to \$25,009. There were huge revenue reductions across all areas from FY2020 to FY2021. Funding related to aquatic education fisheries staff from the 2200 accounts totaled \$58,856.32 and overall the Aquatic Education and Public Information for Game and Fish totaled \$864,460.

## ISSUES AND TRENDS

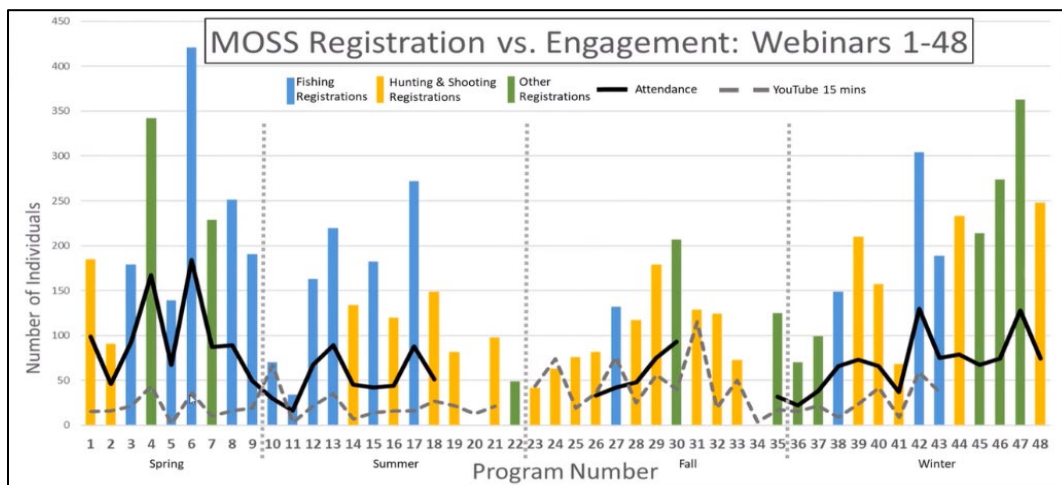
### Data Tracking

Outreach tracks many metrics related to programming, including both program outputs (number of events, participants, and expenditures) and outcomes (qualitative assessments). However, it does not track actual license sales, specifically those resulting from program efforts. Data did show that the top 10 website page visits were based on “How to” content. Being able to show a direct correlation between classes and license sales would give Outreach valuable information to make informed programming choices, investing time and funding into the most successful activities.

## FINDINGS

### Virtual Classes

There were several short courses that started in 2020 and continued into 2021. Approximately 4 hours were spent on the turkey short course. The deer short course had 11 hours of content that included participants from 11 states and provinces and spread across 5 countries. One addition was the Minnesota Outdoor Skills and Stewardship Series (MOSSS) webinar series that was started in 2021. The MOSSS series included weekly 1-hour webinars that were posted to the DNR website to provide easily accessible content. In addition, MOSSS had registrations from 10 other states and 3 countries (Canada, Israel, and India). In addition, the Learn to Hunt program series started in 2014, has three different levels of participation, and had a high participation and success rate. The first in-person session was in the fall and had 25 participants. Overall, due to the decrease in COVID-19 pandemic restrictions and people going back to work, there was a decline in participation due to people not having as much leisure time to attend virtual classes.



This graph depicts the correlation between registration and engagement in several MOSSS webinars. It was noted that not everyone who registers follows through on participation.

### **Volunteering and the State Fair**

Becoming an Outdoors Woman (BOW) Program had eight volunteers that spent 154 hours focusing on adults and youth engaging in various outdoor activities. The wildlife wing at the state fair was closed this year ; however, there were 256 State Fair Volunteers (stages and greeters) that put in 914 hours in Environmental education, music on DNR stages, and as grounds greeters. It was noted that one 15-minute talk at the State Fair can reach close to 25,000 people.

### **General Fisheries Education**

Due to lower staff numbers being available to provide direct programming, some funds were redistributed to purchase equipment for all the state parks. Fisheries staff across the state were great at continuing to provide programming as requested and borrowed out equipment as much as possible per request. Outreach tries to assist with funding and organizing and help meet the needs of various educational programming opportunities and requests. On another note, there were some partner-led fishing events that focused on local communities and solicited diverse audiences, including such entities as Fishing For Life and Ardent Outdoors.

MinnAqua has been working to provide support for state park interns, staff, YMCA camp staff, and others upon request. With the MinnAqua program staffing being low, the MinnAqua's Leader's Guide is now available online for educators. This guide has many great activities and lesson plans aligned to state standards and include (but are not limited to) aquatic habitats, fish species identification, water stewardship, fishing, and fisheries management.

### **Hunter and Angler Recruitment, Retention, and Reactivation (R3)**

There was an increase in the license sales, but it's expected to be a short-term increase. In the long term, the prediction is still for participation in hunting and angling to decrease. R3 has changed its targeted audience to primarily focus on adult participants and move away from youth.

### **No Child Left Inside Grant**

The No Child Left Inside (NCLI) Grant was established in 2019 and has continued to be funded with a multitude of approved projects across the state. This was established as a broader grant than the R3 grants from the past. In 2019, Phase 1 mini grants consisted of 59 projects with over 12,000 participants. In 2020, larger Phase 2 grants that were more competitive were issued to 34 projects with over \$6.2 million in requested funds. Of the funds requested, 55% were for equipment, such as snowshoes, fishing gear, and other recreation-based equipment). 40% of the projects were either at or on school grounds with a focus on outdoor natural resource education. The top project areas based on recreation were fishing, biking, shooting, cross-country skiing, and snowshoeing.

For the 2021, legislative appropriation, \$900,000 is to be split (\$450,000) over a two-year span. The central idea is to help provide outdoor environmental, ecological, and other natural resources-based education and recreation programs serving youth. The General Fund will allocate \$400,000, and \$500,000 will come from the Heritage Enhancement Account within the Game and Fish Fund. Phase 3 mini grants were awarded in December to 46 projects for \$200,000 with eight of the projects being for fishing and six National Archery in the Schools

projects. The larger Phase 4 grant applications were due in March 2022, and more information on those grants will come in the FY2022 BOC Report.

## **COMPLIANCE**

First, we'd like to commend the various DNR employees and volunteers on a successful year, especially considering the difficult conditions the COVID-19 pandemic has created. We feel that their work to educate and provide outreach to Minnesotans and participants across the various programs is increasingly inclusive and equitable. There have been continual hurdles related to the pandemic and other factors that the many people in Outreach are working to overcome and help provide safe educational and recreation programming across the state. In addition, there were recommendations from the last report that were adopted, including the increase in program data tracking through the Electronic License System; simplification of the website with titles that will help to engage participants on the website; and expansion of online content (MOSSS as an example).

The FY2021 expenditures from the Game and Fish Fund for Fish and Wildlife Outreach appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

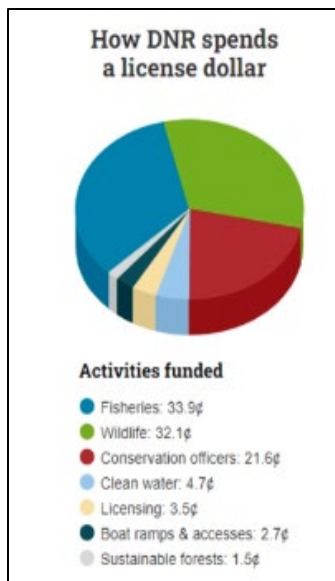
- There is still an update needed to the online Hunting License information to make it more user-friendly and educational.
- Aligning and/or creating environmental stewardship and literacy with public education systems and state standards. This could help bridge gaps between basic knowledge base in Minnesota species and habitats and increase Minnesotan environmental literacy in our future voters.

# License Center

## **OVERVIEW**

The Electronic Licensing System (ELS) has a vision to build a modern and secure application that can serve all Minnesotans (Minn. Stat., sec. 97A.075, subd. 3). This vision is upheld by the focus on easiness of purchasing and registration for licenses, harvested animals, and skills training. The ELS also provides DNR staff with easily accessible information to help with enforcement and management. Hunting and fishing licenses are an important part of revenue for Minnesota to pay for fish and wildlife management, public land infrastructure maintenance, and habitat management across the state.

The License Center Operations include the following major functions: the Electronic Licensing System (ELS), handling hunting/angling license sales, stamps and harvest registration, commercial licenses, license agent management services, and management of license certification data. The DNR contracts with a third-party vendor, Aspira, to handle the day-to-day operation of the ELS with additional support provided by the DNR License Center. With the unexpected challenges from the COVID-19 pandemic, the License Center staff persevered and have been working onsite to make sure they are providing quality customer service to Minnesotans and visitors who are purchasing licenses.



## FINDINGS

- The Electronic Licensing System (ELS) has focal points around angling and hunting; boat, ATV, and snowmobile; stamps; recreational; and agents and deputy registrars (1500+).
- The ELS provides regular data analysis to DNR staff, the MN Legislature, federal and state agencies, deputy registrars, researchers, citizens, and the media. The data compiled and requested include but are not limited to reports prior to opener license sales, harvest numbers, and sales by age, class, gender, residency, and county.
- For FY2021, \$3,198,491 from the GFF Operations Account (#2200) and \$48,000 from the Deer and Bear Management Account (#2201) were used for License Center operations totaling \$3,246,491,
- Game and Fish Operations Account (2200) Hunting license revenues increased in FY21 but are projected to decline through FY25 as participation in hunting and fishing returns to prior downward trends.
- Nearly 2,700,000 licenses, permits, stamps, passes, and license validation transactions were processed through ELS in FY2021, generating \$2,563,749 in revenue for the year. (Licenses included trout, walleye, pheasant, waterfowl, turkey, angling, deer, small game, and sports.)
  - There was a 1% increase in hunting and fishing sales from FY2020 to FY2021.
  - Currently, the DNR is working to better define their need and the needs of their customers to be incorporated into the FY2021 RFP for a new, modern licensing system.
    1. Note this process is still in the Phase 2 evaluation preview step. Also, the current system is over 20 years old, and updating the system to provide a more streamlined purchasing experience would also be a cost-saving measure for the future.
  - There was a greater use of the mobile and online system for non-tag-related licenses.

There were several surveys sent out between December 2021–January 2022 to customers, stakeholders, agents, and deputies.

Survey results from customers and license buyers :

- 34% prefer to purchase in person, 27% using a computer, and 39% using a mobile device.
- An overwhelming majority (52%) preferred to receive an electronic copy license format. However, there was still 22% that preferred a hard copy, so the ELS must mitigate how to meet the varying needs of customers.
- 77% prefer a mobile application for harvesting game in the future.
- Recommendations were to have the ability to purchase multiple licenses and tags through the website and through mobile devices. An ability to save licenses digitally to a device and/or print at home is desired.
- Other recommendations included the following: Eliminating phone sales; eliminate Interactive Voice Response registration; avoid moving to a one DNR sign-on model; do not provide a digital wallet if there is an additional cost.

#### Survey results and comments from agents:

- 61.4% said “Yes” to being able to accommodate equipment to provide for sales.
- 88% of participants rated “Ease of system navigation” as very satisfied to neutral
  - Ability to run reports and financial management: 88–94% very satisfied to neutral
  - 95.1% said “Yes” to an electronic document scanning option
- Recommendations were that an updated system could provide a robust digital enforcement, use mobile harvest registration to improve consistencies in data used by many FAW programs, and automate and streamline business processes using modern technology.
  - Modern technology utilizing digital permits and registrations would create deeper environmental stewardship towards a reduction in paper waste and additional cost savings without having to print so many hard copies.
  - This includes negotiations with multiple vendors and looking at innovative technologies.
  - One of the many goals in the system change would include applications for Reservations and Point of Sale systems.
  - The desire is to have a one-stop shopping experience of DNR resources (i.e., ELS, water permits, stamps, etc.).
  - A more robust volunteer management system for FAW programs.
  - And some FAW program-specific items, such as animal damage.
  - The future of the ELS program is looking to include several more aspects on the website (e.g., licenses, lottery, mobile application, etc.), an event management system, and harvest registration.

## ISSUES AND TRENDS

- There remains a nostalgic presence around clients who do not have access to internet-based technology and/or find joy in stopping at their local bait shop, convenience store, etc. to purchase a license.
- With the increase in licenses purchased this year, the online system has been complimentary to providing a safe option for purchasing a license.
- Trends based on staffing levels will help the License Center to innovatively come up with solutions to lessen wait times for a historically large number of phone calls received daily.
- The biggest accomplishment of the License Center has really been working hard throughout FY21 with the backlash from the pandemic and people getting back into the workplace. The License Center continued to preserve and maintain remarkable customer service.

- The [License Sales Data website](#) continues to be a useful and informative addition for internal and external users, including the public, to see data that is specific to the License Center.

## COMPLIANCE

In FY2021 expenditures from the Game and Fish Fund for the License Center [\$2,249,4741 (hunting related) and \$840,479 (fishing related)] appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- The BOC applauds the continued efforts by the DNR to meet customer needs and expectations for a more modern licensing system. It is the hope of the BOC that the continuation of marketing towards the online system will help to increase new customers and provide a convenient option for returning and existing customers.
- Given the Game and Fish Fund's dependency on licensing revenue, data collection through the ELS must continue to be a top priority. If not already within the scope of the current RFP regarding FAW License Pricing and Design, the BOC would recommend adding this point as a requirement.

# Ecological and Water Resources

## OVERVIEW

Ecological and Water Resources (EWR) is organized into four sections: Ecosystem Management and Protection; Conservation Assistance and Regulation; Inventory, Monitoring and Analysis; Strategic Information Systems (Minn. Stat., sec. 97A.075, subd. 3). The four areas cover everything from Invasive Species, Natural Heritage Information Systems, environmental reviews, stream habitat, and communications. The EWR vision is to ensure healthy lands and waters throughout the state. EWR receives funding through the Game and Fish Fund (GFF) for work on traditional fish and wildlife activities. They also receive financial support from the Heritage Enhancement Fund. The EWR promotes various programs and support DNR activities designed to conserve and enhance aquatic and upland habitats.

## FINDINGS

The GFF Report for FY 2021 shows EAW expenditures of \$2,790,860 from the Game and Fish Account 2200, \$2,320,636 from Heritage Fund Account 2209, and \$1,308,990 from the \$5 Non-resident fishing license surcharge for a total of state funds of \$6,930,486. The expenditures from the GFF are divided nearly even between wildlife and fish activities, with fish related expenditures slightly higher than wildlife according to the DNR's report on allocations. The DNR currently forecasts minor expenditure increases by the EWC in the next four years.

The EWR work in understanding and curtailing aquatic and terrestrial invasive species is probably second to none using state of the art technology and experienced scientists. The work in conjunction with the Minnesota Pollution Control Agency, universities, consultants, and local units of government. Detail of their work can be found in Eco Waters and Resources 2021 Invasive Species Report . At the time of this writing the EAW expenditures using FAW funds is minimal and not available due to unfortunate personnel changes in their division. It is the intention of the BOC to continue to work with the EAW to develop that information.

## **COMPLIANCE**

The BOC believes the EWR 2021 expenditures from the Game and Fish Operations and Heritage Enhancement Funds meet the statutory requirements and adhere to sound management practices. Sound management practices have been strengthened with more implementation of strategic and project planning within the Fish and Wildlife Division.

## **RECOMMENDATIONS**

The BOC appreciates the advances EWR has undertaken to ensure better clarity about how projects are developed, funds are allocated, appropriated, and shifted between accounts. There needs to be a better explanation in the Game and Fish Report on the important role that EWR plays in projects, specifically invasive species. The information, however, is currently available for FY21 in EWR's Eco Waters and Resources 2021 Invasive Species Report. The recommendations are nearly the same as previous years.

The BOC supports increased collaboration and data-sharing between the EWR, the Minnesota Pollution Control Agency, and other state agencies to reduce duplicate sampling, studies, and review of projects or initiatives that fall under the purview of both agencies. The EWR, in conjunction with DNR and PCA management, need to better identify when and why Game and Fish Fund funds are being utilized by the EWR and how they relate to fish and wildlife activities supported by the GFF. The information can be specifically identified in either the Game and Fish Fund Report or as an addendum to the report.

# **Enforcement**

## **OVERVIEW**

### **Purpose**

The Enforcement Division's purpose is to enforce regulations regarding game and fish, protect natural resources, and preserve natural habitat against aquatic invasive species (Minnesota Statutes, sec. 97A.075, subd. 3). The Division is also tasked with providing education and training to the public through outreach and classes.

### **Revenue**

The total expenditures from FY21 were \$22.47 million and forecasted to increase. The division provided many hours towards fishing enforcement, undercover work, survey work, and aquatic invasive species work.

## **ISSUES AND TRENDS**

### **Staffing**

In previous years, there have been concerns about upcoming retirements and overall lack of new hires. This still is very much a concern, and while programs like CO PREP and heightened recruiting efforts are beneficial additions, we believe that this should continue to be a high priority for the agency.



## **Cultural Awareness Training**

Diversity continues to be an important focus item. Whether in hiring practices or staff learning the best way to approach someone of a different cultural descent, this training is imperative and should continue.

## **FINDINGS**

The agency's increased focus on recruiting women, minorities, and people of color paired with overall recruiting, we feel that we are on the right track to fulfill the shortage of conservation officers. Programs like CO Prep and the two-year degree program make the forecast encouraging.

## **COMPLIANCE**

The FY2021 expenditures from the Game and Fish Fund for enforcement activities appear to be in compliance with statutory requirements and sound management practices.

## **RECOMMENDATIONS**

The BOC recommends the DNR:

- Continue to seek opportunities for media presence, such as TV interviews, podcasts, and news articles so that Conservation Officers can connect with the public and build relationships.
- Keep focusing on recruitment of women and people of color as well as overall recruitment.

# **Parks and Trails**

## **OVERVIEW**

The vision of the Division of Parks and Trails (PAT) is “to create unforgettable park, trail, and water recreation experiences that inspire people to pass along the love for the outdoors to current and future generations.” PAT ensures convenient, safe access to public waters and for activities such as boating, canoeing, kayaking, and angling, with a focus on improving existing facilities for accessibility, safety, aquatic invasive species prevention, and stormwater management, often in partnership with local government units.

PAT maintains over 3,000 accesses and hundreds of fishing piers and shoreline fishing sites. The PAT helps maintain 66 state parks, 9 state recreation areas, 43 state forest campgrounds, and 29 day-use areas, often utilized by people hunting and fishing.

## **FINDINGS**

PAT does not use GFF dollars for operation and maintenance of state parks or trails. Most of their work utilizing GFF funds is for water access and minor joint work with Fish and Wildlife on hunter access.

Due to the nature of legislative funding and many PAT projects being multiyear, the first year of the biennium expenditures are for designing and acquisition of permits, whereas the second year of the biennium is when most of the work and expenditures occur. Therefore, it is important for the BOC to view PAT expenditures on a biennium basis.

PAT's total expenditures from the GFF in FY2021 were \$3,149,191. In FY 2020 expenditures were \$1,128,947 for a total of \$4,278,138 for biennium expenditures. The total expenditures for the FY2022-2023 biennium are projected to increase slightly to \$4,600,000.

PAT has developed a best management practice program, which utilizes real-time updates on the work they perform across the state. This not only benefits PAT performing more efficiently with detailed accounts, but it allows citizens to be informed almost immediately on conditions of their favorite boat ramp or hunting access point. The use of a best management system allows PAT to address ramp degradation and prioritizing the repair of those most in need. In addition, to better inform users of the state's facilities, PAT also utilizes social media and maintains interactive mapping on their website.

The following are Public Water Access ( PWA) upgrading and improvement projects that were supported with FY21 GFF funds:

- **Big Sand Lake Public Water Access, Hubbard County:** Upgrading and expansion of an existing Public Water Access. Expansion facilitated by property acquired in 2014 (GFF). Facility improvements improving user safety in the parking area, ADA parking, AIS accommodations, and storm water management. Big Sand Lake facility represents the only Public Water Access on the Lake. To accommodate the request of the Lake Association to limit the period that the facility would be closed to public use, construction was initiated in May 2021 and, with a series of staged construction periods, was finally completed in June 2022. The project was assisted with federal aid through Coast Guard Boat and Water Safety.
- **Burntside Lake (Sandemar) Public Water Access, St. Louis County:** Improvement and upgrading of an existing Public Water Access located northwest of Ely. Facility improvements included the following: the development of an improved launch area; the installation of a new concrete plank launch ramp; designated ADA parking ; expansion and upgrading of the two vehicle and trail parking areas ; the installation of appropriate storm water management systems; and the creation of an ADA-compliant AIS management and compliance area. While the facility construction was substantially complete during 2021 and opened for public use, the installation of the final project items, including a boundary fence, are to be completed in 2022.
- **Grand Marais / Park Side – Lake Superior Public Water Access (Protected):** This project is a cooperative effort with the City of Grand Marais consisting of the upgrading and reconstruction of the existing “Park Side” Public Water Access to Lake Superior. The improvements included the following: the construction of a new breakwater with pedestrian accommodations that replaces the city-developed rubble mound breakwater; the installation of two new concrete launch ramp; a bituminous-surfaced parking area; development of a designated AIS management area ; and storm water management and treatment areas in compliance with all applicable requirements of the ADA. This project is being constructed in two phases with the first phase consisting of the installation of the new stone breakwater with a pedestrian walkway and observation area, which was substantially complete in 2021. The second phase of construction consists of the development of the new launch ramps, parking area, and associated improvements, which was initiated in late 2021 and is currently underway. Phase 2 is anticipated to be complete by late summer 2022. The breakwater was a Capital Bond financed project. The Public Water Access development is a GFF funded improvement.
- **Nisswa Lake Public Water Access, Crow Wing County:** This project consisted of the upgrading and expansion of a small DNR staff developed Public Water Access located on DNR acquired lands as a cooperative effort with the City of Nisswa. The improvements included the development of a formal,

bituminous surfaced parking area containing 20 vehicle and trailer parking stalls and 6 single vehicle parking stalls, a designated launch area, an AIS management area, a single concrete plank launch ramp, and storm water management. While the facility was substantially complete in late 2021, final on-site activities limited public use until late Spring 2022.

- **Lake O’Dowd Public Water Access , Scott County:** This project was limited to the replacement of the existing concrete plank launch ramp that had been significantly undermined by shoreline erosion and boat motor prop wash. The existing concrete plank ramp was removed, new rock base installed, and larger concrete launch planks installed. The larger concrete launch planks will limit the effect of both shoreline and boat motor erosion in the future. All work was completed and the facility immediately opened for public use in early 2021.

The GFF also provided support during FY21 for engineering, design, natural and cultural resource assessments, and geotechnical investigations associated with additional Public Water Access Projects.

## COMPLIANCE

The FY2021 expenditures for Parks and Trails from the Game and Fish Fund appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- Continue use of best management and accounting practices to assure most needed work is effectively prioritized and performed timely and efficiently.
- Continue using GFF funds to develop new water accesses, fishing piers, and shoreline fishing opportunities throughout the state.
- Continue to partner with local units of government and agencies in developing fishing and wildlife accesses.
- Partner with state and regional media resources to encourage the use of water access points through direct advertising, specifically targeting underutilized resources.
- Continue to develop rehabilitated and managed facilities to meet the American with Disabilities Act Accessibility Guidelines (ADA) to encourage use by people with all abilities.
- Invest in and rehabilitate hunter access sites.

# Lands and Minerals

## OVERVIEW

The Lands and Minerals (LAM) division is split into two sections—lands and minerals. These sections have different types of work but collaborate daily to accomplish their respective goals. LAM supports Fish and Wildlife (FAW) division in acquisition of land and easements for stream banks, lakeshore, and wildlife lands for retention and development for hunting access, trails, boat ramps, fishing piers, and state wildlife areas (Minn. Stat., sec. 97A.075, subd. 3). LAM’s employees use their expertise in law, science, engineering, industry, and real estate to meet these public needs. They also map Minnesota’s natural and facility resources, which aids Game and Fish in public outreach.

## FINDINGS

LAM developed a strategic plan to help them plan and deliver their services to the FAW. Their plan combined with the FAW plan should allow for greater efficiencies and accounting of resources. LAM performs real estate services under Service Level Agreements (SLAs) with other divisions within the DNR. See [Lands and Minerals Strategic Plan 2017-2027 \(state.mn.us\)](https://state.mn.us/lands-and-minerals/strategic-plan-2017-2027).

During FY2021, LAM spent \$1,272,405 to conduct land and legal work for the Division of Fish and Wildlife. Most of the work was conducted under SLA agreements.

Account	SLA Direct	Surveys	Appraisals	Title/Deed	Total
2200 GF Operations	\$767,283	\$329,106	\$1,600	\$75	\$1,098,066
2202 Deer Management		13,051			13,051
2203 Waterfowl Habitat		8,220		536	8,756
2204 Trout and Salmon		14,153		25,122	39,275
2205 Pheasant Habitat		28,476		1,290	29,766
2207 Wildlife Acquisition		70,125	6,635	1991	78,751
2208 Wild Turkey Mgt.		3,488		252	3,740
Total	767,283	\$466,621	8,235	29,266	\$1,271,405

SLA agreements cover a vast number of land- related legal work, such as the following: Leases, records, review of taxes and billing, tax forfeit lands sales, strategic land asset management, and assembling information for PILT payments (Payment in Lieu of Taxes) and other legislative land requirements. It does not include any costs that are federal funding restrictions.

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for real estate services appear to in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- The BOC recommends that LAM continue to perform real estate services for the DNR to purchase lands or easements which benefit stream and shoreline acquisition, state parks, wildlife management areas, and aquatic management areas.
- The BOC recommends that measures be taken to acknowledge the fact that users who benefit from these acquisitions include both consumptive and non-consumptive users of Minnesota natural resources and lands.
- The DNR must find new revenue sources from users who do not purchase licenses that support the GFF expenditures.

# Forestry

## OVERVIEW

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

## ISSUES AND TRENDS

- The DNR has a large inventory of forest it is tasked to manage with wildlife management being one of the many concerns. The DNR takes into consideration many stake holders that include private, public, and governmental entities when making decisions on managing their timber lands and navigating the delicate balance of those stake holders.
- The U.S. Forest and Wildlife Service (USFWS) scrutinized DNR management of lands on WMAs in their 2021 audit of DNR management of WMAs, and in particular the larger WMAs that they manage.
- The DNR, in conjunction with the Department of Revenue, manages and oversees the Sustainable Forest Incentive Act (SFIA). SFIA lands are held by varying landowners and are crucial to good forest and wildlife management and recreational opportunities in Minnesota.
- The DNR state nursery is located in Akeley, MN, and lifts (harvests) between 4 to 6 million seedlings on an average year. All seedlings are bare root seedlings with no containerized seedlings at this time. Half of all seedlings are used for the replanting of DNR lands, and the other half is used by private and tribal entities. A wide and plentiful selection of seedlings is crucial to good reforestation practices and wildlife and timber management.

## FINDINGS

After reaching out to various stakeholders, including but not limited to, private (large and small) landowners, logging representatives, and DNR staff, the following has been found:

- The DNR, overall, does a good job of managing state- held lands in a sustainable manner taking into account all of the various stakeholders (this includes wildlife and forest managers) that have an interest in how the forests are managed and in adherence to Sustainable Timber Harvest (STH).
- Findings by the USFWS during their 2021 audit suggested that the DNR was not managing WMAs in the best way to benefit wildlife. Since the audit, the DNR has taken action to better manage these WMAs in order to not lose Pitman-Robertson Block Grant money. DNR and USFWS agency officials are meeting on a regular basis to ensure that the conditions set forth by the USFWS are being met.
- The management of non-state held lands in the SFIA program is being done in a responsible manner by the DNR in accordance with statute. See [Sustainable Forest Incentive Act \(SFIA\) | Minnesota DNR \(state.mn.us\)](#).
- The State Forest Nursery historically produces 4-6 million bareroot seedlings per year with the DNR using roughly 75% of those seedlings, but that number is trending towards 50%. The nursery is getting back to pre- COVID pandemic output numbers. Challenges have mainly been staffing of both the nursery itself but also finding people to pick and gather in order to replenish the seed stock. Those needs are currently being filled by contract labor. There are many opportunities for employment and internships. See [Minnesota State Forest Nursery | Minnesota DNR](#).

## COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for forest management activities appear to be in compliance with statutory requirements and sound management practices.

## RECOMMENDATIONS

- Continue to monitor the DNR and USFWS situation and ensure that both agencies are meeting, and that Pitman-Robertson Grant money continues to come into the state for the betterment of wildlife habitat and recreational opportunities.
- Consider expanding to containerized seedling production at the State Forest Nursery in order to be more competitive with other nurseries. Containerized seedlings have a much higher survival rate than bareroot seedlings.
- Work with the State Nursery to help with their funding and staffing issues to ensure there is a good seed bank and seedling production to meet the needs of all forestry managers and stakeholders. This is vital to the management of healthy forests and ecosystems reaching far into the future.
- The Ruffed Grouse Management Plan is outdated. The plan should be reviewed and revised to support forest management that promotes Ruffed Grouse populations.

## Operations Support

### OVERVIEW

Operations Support is a major category of expenditures. It consists of services that affect all aspects of the DNR's operation that are administered on a centralized basis and are provided across all Department Programs.

### FINDINGS

- Department budget for operations support, like other administrative expenses, are set internally and then billed back to divisions for services rendered using fees based on cost accounting principles. There is no specific appropriation from any fund for Operations Support.
- The agency still uses varying terminology in describing agency-wide support activities (e.g., operation support, operation services, department services, division services). This is confusing and makes it difficult to track these types of expenditures.
- The FY2021 Game and Fish Fund Report indicates that \$9.9 million was spent out of the Game and Fish Fund on "Department Services." This level of expenditure constitutes approximately 9% of the total FY2021 expenditures from the GFF. It is not clear how Department Services relates to Operations Support or Operations Services.

### COMPLIANCE

The FY2021 expenditures from the Game and Fish Fund for operations support appear to be in compliance with statutory requirements and sound management practices.

### RECOMMENDATIONS

- The BOC recommends that the annual Game and Fish Fund Report develop a more consistent definition of what is meant by these billings for agency-wide support activities. The array of terms currently used is confusing.

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