

## A G E N D A

### Interim Committee to Study the Division of Wildlife

House Committee Room 0112  
State Capitol Building

Denver, Colorado

Wednesday, August 9, 2000  
9:00 a.m.

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#### BUDGET ISSUES

##### *Call to Order*

##### **I. Public Testimony**

**12:00 - 1:30 p.m. Lunch Break**

##### **II. 1999 Performance Audit of the Division of Wildlife**

*Ms. Joanne Hill, Deputy State Auditor*

- Review of 1999 Performance Audit
- Update on implementation of the State Auditor's recommendations

##### **III. Great Outdoors Colorado (GOCO) Funding for the Division of Wildlife**

*Mr. Will Shafroth, Executive Director, GOCO*

- Overview of GOCO grants awarded through Division of Wildlife

##### **IV. Review of Division of Wildlife's Budget**

*Division of Wildlife*

- Implementation of the 1999 Performance Audit
- Resolution of the 1998 federal aid audit
- Review of the Division of Wildlife's four year budget plan
- Review of the Division of Wildlife's zero based budget
- Funding alternatives for the Division of Wildlife

##### *Adjourn*

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#### STAFF SUMMARY OF MEETING

### STUDY OF THE DIVISION OF WILDLIFE

August 9, 2000

<b>Name</b>	<b>Present</b>	<b>Absent</b>
Sen. Gigi Dennis	X	
Sen. Jim Dyer	X	
Rep. Mark Larson	X	
Rep. Tom Plant	X	
Sen. Ken Chlouber, Vice Chair	X	
Rep. Joe Stengel, Chair	X	

#### **9:04 AM**

The Committee was brought to order. Senators Gigi Dennis, Jim Dyer and Ken Chlouber, and Representatives Mark Larson, Tom Plant and Chairman Joe Stengel were in attendance. Also present were Legislative Council Staff Allison Pasternak and David Beaujon; Joint Budget Committee staff Bill Levine; and Office of Legislative Legal Services staff Tom Morris.

#### **9:05 AM**

Mr. Sid Sellers, Outdoor Buddies, stated that his organization takes people who are disabled and inner-city young people hunting and fishing. He stated that it has become more difficult in recent years for disabled individuals to get a hunting license. He responded to committee questions.

#### **9:24 AM**

Ms. Nancy Stoker, representing herself, stated that predator management should be based on sound science. She supports land management as an alternative to predator management.

#### **9:28 AM**

Mr. Dick Ray, Colorado Outfitters Association, addressed the Division of Wildlife's (DOW) proposed "total hunting/fishing licensing program," which will allow licenses to be purchased via the Internet or telephone.

#### **9:36 AM**

Dr. Dick Steele, Western Colorado Sportsmen's Council, addressed the DOW's Real Estate Plan and stated that more funds should be spent on acquiring or leasing winter range habitat. He distributed a document (attachment A) and responded to committee questions.

#### **9:45 AM**

Mr. Jerry Hart, United Sportsmen's Council, distributed a document (attachment B). He expressed concern over low deer and elk populations in the state, DOW's use of funds, and DOW's method of issuing licenses.

#### **9:57 AM**

Ms. Aimee Rathburn, Colorado State Shooting Association, expressed concern that not enough money is being spent on shooting ranges. She stated that public shooting ranges are necessary for safe gun use. Ms. Rathburn responded to committee questions.

#### **10:10 AM**

Ms. Wanda Brink, Citizens Task Force for Responsible Game Management, distributed a document (attachment C). She expressed concern about the hunting license drawing for a particular hunting unit

## **REVIEW OF DIVISION OF WILDLIFE BUDGET**

**10:47 AM**

Mr. Cellars returned to clarify comments he made earlier about DOW funding for the Outdoor Buddies program.

**10:49 AM**

Mr. Bruce McCloskey, Acting Director of the Division of Wildlife, introduced Wildlife Commissioners Phil James and Rick Enstrom. He explained that the division's primary source of revenue is hunting and fishing license fees that are deposited into the Wildlife Cash Fund (see attachment). This money is then allocated in the budgeting process that includes extensive reviews by multiple government agencies and two branches of government. Specifically, the budget process includes reviews by the Department of Natural Resources' Executive Director's Office and the Governor's Office of State Planning and Budgeting before it is submitted to the General Assembly. Once in the General Assembly, the Governor's request undergoes multiple reviews including the Joint Budget Committee (JBC), Democrat and Republican Caucuses, and two hearings in both the House and Senate. Finally, the budget request is submitted back to the Governor for his approval.

**10:55 AM**

Mr. McCloskey described the development of the division's 1994 Long Range Plan that helps guide the division's policies and programs. He said the process lasted 18 months, involved public participation, and resulted in a change of direction for the division. Specifically, the division increased its support for non-consumptive wildlife uses such as watchable wildlife and endangered species protection. The division also experienced other major changes in the past decade including greater federal protection for endangered species in Colorado, new source of money from GOCO, and the spread of whirling disease that infects trout.

**11:01 AM**

Mr. McCloskey explained that public concerns about the division led to changes in its operations and several audits and reviews including the 1994 Deloitte-Touche management review, the 1995 Legislative Interim Committee on Wildlife, and two state performance audits. He also explained that GOCO and the general public have become more involved in the division's budget process.

**11:06 AM -- Federal Aid Audit**

Mr. Bob Towery, Habitat Section Manager for DOW, described the 1998 federal aid audit that was conducted by the Inspector General for the U.S. Fish and Wildlife Service (USFWS). This audit considered the division's use of approximately \$11 million annually that it receives from federal taxes on hunting and fishing equipment. To receive these monies, the division is required to spend its hunting and license revenue on wildlife purposes. Committee discussion followed about whether these funds may be used for shooting ranges and hunter education. The USFWS' 1998 audit determined that properties purchased with license fee revenue and operated by State Parks were not being used for wildlife. Most of these properties were acquired by State Parks in 1972 when the Game, Fish, and Parks Department was split into separate divisions. In order to continue to receive the funds, federal law requires that these properties be managed by the division or transferred to State Parks in exchange for money or land of equal value by April 1, 2002.

**11:16 AM**

Mr. Towery described the division's proposal for resolving the federal audit. It includes four non-monetary mechanisms including land exchanges, reversions, partitions and consolidations, and GOCO credits. The proposal affects 16 properties including Steamboat Lakes, Golden Gate, and Rifle Gap Falls. Discussion followed about the division's proposal to use GOCO credits to offset the federal obligation. Some sportsmen have expressed concern

about this exchange because it allows the state to receive credit for land it would have acquired anyway.

### **11:31 AM -- Total Licensing Project**

Ms. Marylyn Salazar, Project Supervisor for the Total Licensing Project (TLP), described the current license sale program that allows private sporting good shops to sell licenses and obtain a five percent commission. She also explained how unsold licenses and draws for game management units (GMU's) are handled under this system and could be handled under the new program. The division's preferred alternative would allow outsourcing of point of sale terminal/telephone. She estimated that the start up cost for the project would be approximately \$642,000. On-going costs for the new system are estimated to be \$1.2 million annually more than the current system.

### **11:42 AM**

Mr. Rob Maloy, DOW project manager for TLP, addressed questions from the committee regarding the operations and maintenance costs for the proposed program.

### **11:46 AM**

Ms. Salazar described the benefits of TLP including more convenient license purchasing for hunters and fishers, quicker feedback for the division on its license sales, more efficient collection of license fees, and simpler license sale reporting for license dealers. She explained that the proposed program will be reviewed by the Office of Information Technology before the General Assembly receives the division's request to fund the project's implementation.

### **11:51 AM**

Mr. Phil James, Wildlife Commissioner, responded to questions from the committee regarding test runs and the cost of implementing the TLP.

### **11:54 AM -- Lunch**

### **1:35 PM -- 1999 State Auditor's Report on the Division of Wildlife**

Deputy State Auditor, Ms. Joanne Hill, and Ms. Heather Moritz, Staff Auditor, described the November 1999 Performance Audit of the Division of Wildlife (for a copy of this report, contact the State Auditor's Office). The audit's subjects include property management, capital construction, program management, and customer service issues. Specifically, the report made several recommendations related to property management including providing better control over its vehicle fleet and reducing its inventory of confiscated firearms. Discussion followed about the number and use of the division's fleet vehicles and its effort to dispose of confiscated weapons.

### **1:54 PM**

The Auditor's report determined that the division should improve the accountability of its use of capital construction funds and ensure that such projects have accurate budgets and are completed on time. Discussion followed about the division's implementation of these recommendations and the implementation of a statewide radio communication system for law enforcement personnel. The committee also discussed the division's overhead costs and how these costs compared to other state agencies and private businesses.

### **2:15 PM -- Overview of GOCO's Wildlife Grant Program**

Mr. Will Shafroth, Executive Director of GOCO, provided an overview of GOCO's grants to the division and described Lottery revenue projections. GOCO receives all of its revenue from Lottery proceeds. He explained that the Colorado Constitution requires GOCO to allocate its funds to four areas in substantially equal portions over time: wildlife resources through the DOW, outdoor recreation resources, open space and natural areas, and open lands and parks. GOCO is not a land owner and it does not have powers of eminent domain. The legislature does not approve GOCO grants. However, the division must obtain approval from the Capital Development Committee before it

acquires title to land purchased with GOCO grants. Mr. Shafroth responded to criticism that GOCO grants to the division have resulted in it acquiring more land than the division can manage with current budgets. He said that not all wildlife grants go to the division. Some wildlife grants are held by 3<sup>rd</sup> parties, such as local governments or private land trusts. GOCO also provides money to the division for on-going costs such as maintenance and operations. Discussion followed about the auditor's recommendations concerning GOCO.

### **2:37 PM**

Discussion followed about GOCO's grant policies with regards to the division. Critics contend that the Constitution does not authorize GOCO to deny or change the division's grant requests. Without this authority, GOCO should play a more passive role when it allocates grants to the division. Mr. Shafroth explained that GOCO generally does not deny grant requests. Rather, wildlife grants are compromises between the division request and GOCO's objectives. Specifically, the board is more inclined to fund capital acquisitions while the division prefers more money for operations and management. The GOCO board does not believe that the wildlife moneys are a "pass through" but does believe that the board has a responsibility to carefully evaluate each grant request.

### **2:51 PM**

Mr. Bill Levine, Joint Budget Committee staff, addressed question from the committee about projected lottery revenue for GOCO. Mr. Shafroth explained that lottery revenue is largely dependent upon the size of jackpots which can vary significantly. Discussion followed about whether the committee wants to consider legislation that would clarify GOCO's grant-making authority with regards to the division.

### **3:15 PM**

Mr. Steve Cassin, Manager of Planning, Budgeting, and Evaluation, described the division's financial outlook, its four-year budget plan, and the Zero-Based Budget (ZBB) Request for FY 2000-2001 (for a copy of the ZBB, contact the division). He explained that the division is experiencing increased operating expenses while its license revenues are declining. Over the period FY 1999-2000 through FY 2003-04, annual license revenues, in inflation-adjusted terms, will average about \$10 million less than the FY 1998-99 level. This decline is due primarily to a drop in deer license sales and inflation. Except for nonresident big games fees, license fees for are set in statute and are not allowed to be adjusted for inflation. Due to the decline in revenue, the division is searching for cost savings from travel and vehicles, telecommunications, and capital construction. For example, spending on new capital construction is projected to decline from \$20 million in FY 1999-00 to \$4.7 million in FY 2001-02. Discussion followed about proposed spending on deer and elk programs that contribute the majority of the division's revenue. Mr. Cassin explained that new priorities, such as the purchase of additional whirling disease negative trout, will be addressed by redirecting moneys from existing programs. He also discussed the division's efforts to better manage its federal and GOCO grants including monthly monitoring of grant expenditures.

### **3:59 PM**

Mr. Steve Noris, Division of Wildlife, Public Service Branch, discussed the division's proposal to increase resident license fees. They will gather and analyze public input on the subject and use it when determining a proposal. He addressed shooting range issues that were brought up during public comment. They have partnerships with private clubs to use shooting ranges for hunter education. He responded to committee questions.

### **4:19 PM**

Ms. Natalie Mullis, Legislative Council Staff, explained how the General Fund would be affected if DOW was exempted from TABOR. She provided two examples.

### **4:33 PM**

The committee adjourned.