

Managing Michigan's Natural Resources: An Overview of the Department of Natural Resources 1991 to 2001

The Michigan Department of Natural Resources (DNR) has a substantial history with an ever changing structure. The Science and Technology Division prepared "Managing Michigan's Natural Resources: A Historical Overview of the Department of Natural Resources" in 1991. Since that time, changes have been made to the department's structure, including the elimination of a number of boards and commissions and a reorganization that involved the transfer of several divisions to the newly created Department of Environmental Quality. This backgrounder briefly describes changes to the DNR organizational structure since 1991.

Eliminating Boards and Commissions

Prior to 1991, the DNR consisted of three program areas, each headed by a deputy director: resource management; environmental protection; and policy, budget, and administration. The deputy directors reported to the director of the DNR. The resource management programs included many of the traditional conservation divisions in exist-

ence when the department was formed in 1921, such as wildlife management, fisheries, state parks, recreation, state forests, real estate, geological survey, land and water management, and law enforcement. Environmental protection program areas mirrored federal programs and included air quality, surface water quality, environmental cleanup, and waste management.

Prior to 1991 and still today, department policy is overseen by a governing body, the Natural Resources Commission (NRC). The NRC is composed of seven citizens appointed by the governor with the advice and consent of the Senate. The NRC meets each month to issue broad policy directives. The NRC is also charged with hiring the DNR Director. Finally, the NRC is vested with exclusive authority to regulate the taking of game in Michigan as provided by Proposal G adopted by voters in 1996 (see gray box).

There was a time when the DNR had more than 20 boards and commissions providing oversight and public input in a number of specific program

areas. For example, the Air Pollution Control Commission held hearings and issued air discharge permits while the Water Resources Commission had similar authority over water discharge permits. Other boards oversaw oil and gas drilling permits, or advised the DNR on marine safety and education, and spending of certain funds.

The number of boards and commissions was the focus of multiple studies in the 1980s. Some observers felt that the structure of the DNR and its many boards was confusing and difficult to navigate. One report issued in 1986 called these boards and commissions a tangle of "legal framework that creates a bewildering array of powers and responsibilities in a variety of advisory bodies." (Rustem, et al, 1986). Another study found

Proposal G

In 1996, Michigan voters approved Proposal G, granting the NRC "exclusive authority to regulate the taking of game..." Under Proposal G, the NRC is required to use "principles of sound scientific management" when making game management decisions. In addition, the NRC is required to hold public meetings before issuing orders concerning the taking of game.

overlapping legislative authority among several of the commissions and recommended that the commissions be consolidated, eliminated, or restricted (Michigan Waste Report, 1981). Yet another report suggested that all boards except the NRC be abolished (Guyer, 1988).

It should be noted that concerns were raised that the reduction of DNR commissions could reduce public participation in the governmental process. Although some board proponents agreed that the number of boards may have been excessive, they did not support abolishing all boards and commissions. One suggestion was that the NRC along with the Air Pollution Control Commission and the Water Resources Commission be retained to provide adequate public participation in permitting processes.

Reorganization of the DNR began in November 1991 when Governor Engler issued Executive Order 1991-31. This Executive Order (EO) abolished 19 of the boards and commissions associated with the DNR including the Water Resources Commission and the Air Pollution Control Commission. The EO transferred the powers of these boards to the DNR director, giving the director sole authority for issuing permits, setting hunting and fishing regulations, and approving land purchases. The NRC was charged with the hiring and firing of the DNR director, setting general policy, and hearing contested cases. Under EO 1991-31, the Governor names the chairman of the NRC.

Initial reaction to the Governor's Executive Order from the environmental community was one of dismay and opposition. The governor defended his action stating that the "new" DNR would streamline and speed up the permitting process. It was noted that the business community complained of year long waits for permits to be issued and huge legal costs incurred when dealing with the DNR. By abolishing 19 boards and commissions, the line of authority from the NRC to staff was consolidated and clarified. Finally, the DNR's director noted that the "DNR would be more accountable and more efficient" under the reorganization.

The environmental community and those representing the public interest had other ideas about the reorganization. It was stated that EO 1991-31 limited public access and participation in permitting processes and increased the power of the governor in conservation and environmental protection matters (Michigan Out-of-Doors, 1992).

The Executive Order took effect on January 7, 1992. The House of Representatives did vote 69 to 33 to reject EO 1991-31. The Senate never brought the bill up for a vote, thereby sustaining the order. Several legislators and environmental groups filed suit against the Executive Order. Two lower courts sided with the legislators and environmental groups. However, the Michigan Supreme Court ruled the Executive Order legal.

The Governor established the

Michigan Environmental Science Board (MESB) with EO 1992-19. The MESB was established to "provide sound scientific and technical advice to" the Governor and the DNR Director on pollution permits and environmental standards. The MESB was originally housed within the Department of Management and Budget. However, it was moved in 1997 to the Department of Environmental Quality (DEQ).

The New Department of Environmental Quality

Splitting the DNR into two executive agencies took place on October 1, 1995 with the issuance of Executive Order 1995-18. This order established the DEQ and placed within it the duties and powers associated with the Air Quality, Environmental Response, Environmental Assistance, Geological Survey, Surface Water Quality, Underground Storage Tank, and Waste Management Divisions, part of the Land and Water Management Division and several other offices.

The DNR maintained the resource management functions including fisheries, wildlife, parks and recreation, and law enforcement. The NRC remained as the oversight body of the DNR. The DEQ was created without a similar public oversight body. In an issue of *Michigan Waste Report* it is noted that "it seems awkward to have two, completely different structures within Departments so closely related." However, the same article quotes a legislator as

saying that the Legislature can provide oversight of the new DEQ, providing a public policy forum for debating environmental issues (Michigan Waste Report, 1995).

Customer outreach became the focus for the DNR and new DEQ in 1996. Both departments announced strategies to reach out to the public and regulated communities. The DEQ scheduled regular public meetings beginning in 1996 to provide the public an opportunity to ask questions or state opinions on department activities. The meetings move around the state to give all residents a chance to participate. In addition to informal meetings, the DEQ also holds hearings on issues such as specific permit cases.

The hearings and public meetings are listed in the DEQ calendar which is published twice a month. The calendar is available via mail or can be viewed on the Internet at www.deq.state.mi.us. All pending permit decisions and DEQ staff contacts are listed in the calendar. The DEQ also holds workshops and training sessions to help businesses and individuals through permitting processes and to understand program regulations.

The DNR continues to provide a public forum through the NRC which meets monthly. But in addition to allowing public comment at NRC meetings, the DNR has reached out to Michigan residents in ways similar to the DEQ efforts. The DNR has a calendar available on the

Internet of all upcoming events. These include activities at state campgrounds and openings of hunting and fishing seasons to hearings on proposed forest management activities. The calendar can be found at www.dnr.state.mi.us/calendar.asp. The calendar is also available via U.S. mail for those interested in a paper copy.

When K.L. Cool became the DNR director in 1996, he instituted "open houses" at various district offices around the state. These open houses provide the public with a forum for meeting DNR staff and talking about DNR policy. The open houses are announced in the biweekly calendar mentioned above.

The NRC meets monthly, holding its meetings around the state to reach various citizen groups and residents. Copies of the NRC monthly agendas and minutes can be obtained from the DNR or viewed on the Internet at <http://www.dnr.state.mi.us/nrc.asp>.

Codification of Natural Resource and Environmental Protection Laws in NREPA

The DNR was responsible for a myriad of laws and regulations concerning natural resource and environmental protection. When the DEQ was created, a number of programs and the statutes implementing those programs became DEQ's responsibility. Still, over 150 statutes affecting Michigan's environment and natural resources were scattered throughout the Michigan Compiled Laws, making it difficult and confusing for an individual to find all laws that were

applicable to a particular topic.

In 1993, the process of codifying the natural resource and environmental protection laws began. Senate Bill 257 was introduced to create the Natural Resources and Environmental Protection Act (NREPA) which would contain all the statutes pertaining to the environment and natural resources. All individual environment and natural resource statutes would be repealed and then recreated within NREPA. However, a few statutes were singled out as obsolete or unnecessary and were repealed permanently. To simplify the codification process, NREPA (Public Act 451 of 1994) initially addressed only the environmental laws. In 1995, the natural resource laws were added to NREPA under Public Act 57 of 1995. NREPA can be found in the Michigan Compiled Laws under Section 324.101 et seq.

Licenses and Fees

Management of game and hunting seasons has always been a duty of the DNR. Managing habitat and hunting seasons requires funding, part of which the Department receives through fees charged for hunting and fishing licenses. Fee increases to cover the demand for departmental services have been a part of DNR history since the 1930s. Controversy concerning these increases as well as the administration of the licensing program continued to be an issue through the 1990s.

Fee Increases

The most recent license fee

increase was approved in 1996 and became effective March 1997. This increase was sought to cover a predicted \$5.5 million shortfall in the Game and Fish General Fund. License fees had not been increased since 1986, yet costs had risen by almost 40% between 1986 and 1996 due to inflation. The DNR expressed concern that programs and services would have to be cut if fee increases were not approved. Senate Bill 940 was introduced to provide for these fee increases. Under SB 940, an additional \$5.7 million would be generated for the Game and Fish General Fund in the first year after the bill's passage. The fee increases became effective in March 1997 (Public Act 585 of 1996). The Public Act included additional fee increases in 1999 and the year 2001.

The 1997 increases became an issue of contention in March 1998 when DNR announced a surplus in the Game and Fish General Fund of \$11.4 million. The surplus was apparently due in part to the fee increases, as well as unexpected federal revenue, better than expected investment returns, and improved accounting procedures within the Department. The DNR announced a number of new programs at a cost of \$7.4 million to be funded from the Game and Fish General Fund surplus. The proposed programs were included in a Fiscal Year 1998 Supplemental Appropriations bill.

Concerns were immediately raised over the apparent surplus and plans for new programs in

light of the recent license fee increases. Several legislators called for rolling fees back to pre-1997 levels. Others voiced concern that the "found" dollars were going to unnecessary programs rather than to fund additional conservation officers. Although surprised by the surplus, the Michigan United Conservation Clubs did not support a reduction in hunting and fishing license fees (Gwizdz, 1998). The FY 98 supplemental appropriations bill did not pass. However, individual programs were approved after being added to other pieces of legislation.

Licensing

The licensing program has evolved to address the many different hunting opportunities the state has to offer. However, many changes over the years have created a complicated licensing process. The DNR admitted that the licensing process had become too complicated and created the Licensing Steering Committee which sought to simplify the licensing process, "making it easier for people to understand and to administer." (Schneider, 1994).

The original proposal to simplify the process would have reduced licensing categories to five: fishing, trout stamp, small game, big game, and sportspersons. Special licenses for turkey, waterfowl stamp, elk, bear, and fur harvester would have been eliminated (Gwizdz, 1995). However, the legislature restructured license fees rather than addressing the license categories. Public Act 585 (noted above)

established fees for major licenses of \$13.00 each. Special applications for antlerless deer, bear, elk, senior turkey, and turkey were set at \$4.00 each. In addition, the DNR provides a 15% sportsperson discount when any four or more licenses are purchased at the same time (Michigan DNR, 1997).

Licenses can be purchased from license agents (retail outlets) and DNR district offices. There are 1,700 to 1,800 license agents in the state (Hersey, 1997). The first mention of license agents in historical records of Michigan's hunting heritage is in 1941 when an issuing fee of 5¢ was provided to agents for each license sold. The issuing fee was raised to 15¢ in 1957, 25¢ in 1968, 50¢ in 1980 and \$1.00 for each passbook sold and 10¢ for each stamp issued in 1981 (Dunifon, 1993). In 1986, the fee was changed to 8% of the license and passbook fee for each sold. Once the electronic license system was in place in 1994, the issuing fee changed to 7.5% for those agents selling before March 15, 1993 and 5% for new agents who began selling after March 15, 1993 (MCL 324.43541).

The electronic licensing system instituted in 1994 was touted as a way to solve problems the Department had experienced with the paper system. Problems with the paper system included license agents not remitting funds or applicant information to the DNR on a timely basis. DNR enforcement did not always have up-to-date information on the purchase of licenses by hunters

and fishers. Agents earned interest on funds that should have been in the Game and Fish General Fund benefiting sportspeople. DNR had difficulty tracking what it was owed by the license agents. Special drawings for turkey, elk, and bear permits were cumbersome and notice of successful applicants delayed.

An electronic system solves these problems by providing immediate access to license buyers' names and addresses and tracking of licenses sold by each agent and the amount of money due the Game and Fish General Fund.

Although the Department supported a switch to electronic license sales, others opposed the move. Many agents believed reducing the commission to 7.5% would not provide adequate compensation for a service that did not pay for itself. Additionally, agents were opposed to having to lease the electronic equipment or pay for a service and maintenance contract (Senate Fiscal Agency, 1994). The electronic system was instituted by Public Act 144 of 1993.

According to DNR, the electronic system has provided many of the benefits first envisioned when the system went on-line in 1994. However, many of the agents who use the computers have found it difficult and complex. At a Fall 1997 hearing of the House Conservation, Environment, and Recreation Committee, license agents noted that the agents must usually operate the system or use their full-time, often more highly paid,

staff rather than part-time employees because of the complexity of the system. There are 100 different codes that may be used depending on the license or combination of licenses to be purchased. Additionally, agents complained that a great deal of information had to be entered into the computer before the computer dialed DNR. If the DNR line was busy, the agent had to reenter the information before trying again.

These concerns with the system became a frustrating reality in the fall of 1997 when DNR offered hunters a chance to purchase left over doe tags at the location of a license agent rather than a DNR district office. It was reported that interested hunters had to wait several hours before obtaining an extra tag. License agents were frustrated with the system and the DNR. DNR officials explained that the system was not running at full capacity in the fall of 1997. By the fall of 1998, DNR officials expected the system would handle more requests per hour than in 1997.

DNR has taken their licensing program one step further with technology by offering sportspersons the opportunity to purchase licenses on the Internet. Licenses may be purchased using a major credit card and an approved identification number (driver's license ID, DNR sportcard, or state ID card) 24 hours a day as long as it is the appropriate season for the desired license. The "E-License" system is available on the Internet at: <http://www.mdnr-elicence.com/welcome.asp>

Changes to the Game and Fish General Fund

Although the Game and Fish General Fund sported a surplus in 1998, DNR officials announced in 2001 that the department would be in deficit in two years due to rising costs and lower than expected revenues. Without a change, DNR noted that layoffs among field personnel would be necessary to balance the department's budget. In July 2001, the legislature passed House Bill 4912 (PA 50 of 2001) to divert up to \$6 million annually from the Game and Fish Trust Fund to support DNR programs. In the past, only the interest from the Trust was transferred to the General Fund to support programs. The diversion of principal will continue through fiscal year 2007. However, a shortfall in the General Fund is still inevitable and a long-term solution is required to keep the department solvent beyond 2007. Public Act 50 provides for the creation of a legislative committee to review potential solutions to the DNR funding situation.

The DNR in 2001

Creation of the DEQ and removal of divisions from the DNR reduced the budget and staff of the Department. Funding and staff had to follow the programs moved from the DNR to the DEQ resulting in appropriations of about half of what the DNR received prior to 1996. From fiscal years 1991 to 1995, the DNR received an average appropriations of \$106.4 million. The average appropriation from 1996 to 2001 equals \$50.5

million. In Fiscal Year 2000-2001, the Department had a total of 2246.5 full time employees. The Director oversees three main bureaus: Resource Management, Administrative Services, and Information Services. The following charts depict the organizational structure of the DNR in 1991 (prior to the creation of the DEQ) and in 2001, after the DEQ was created.

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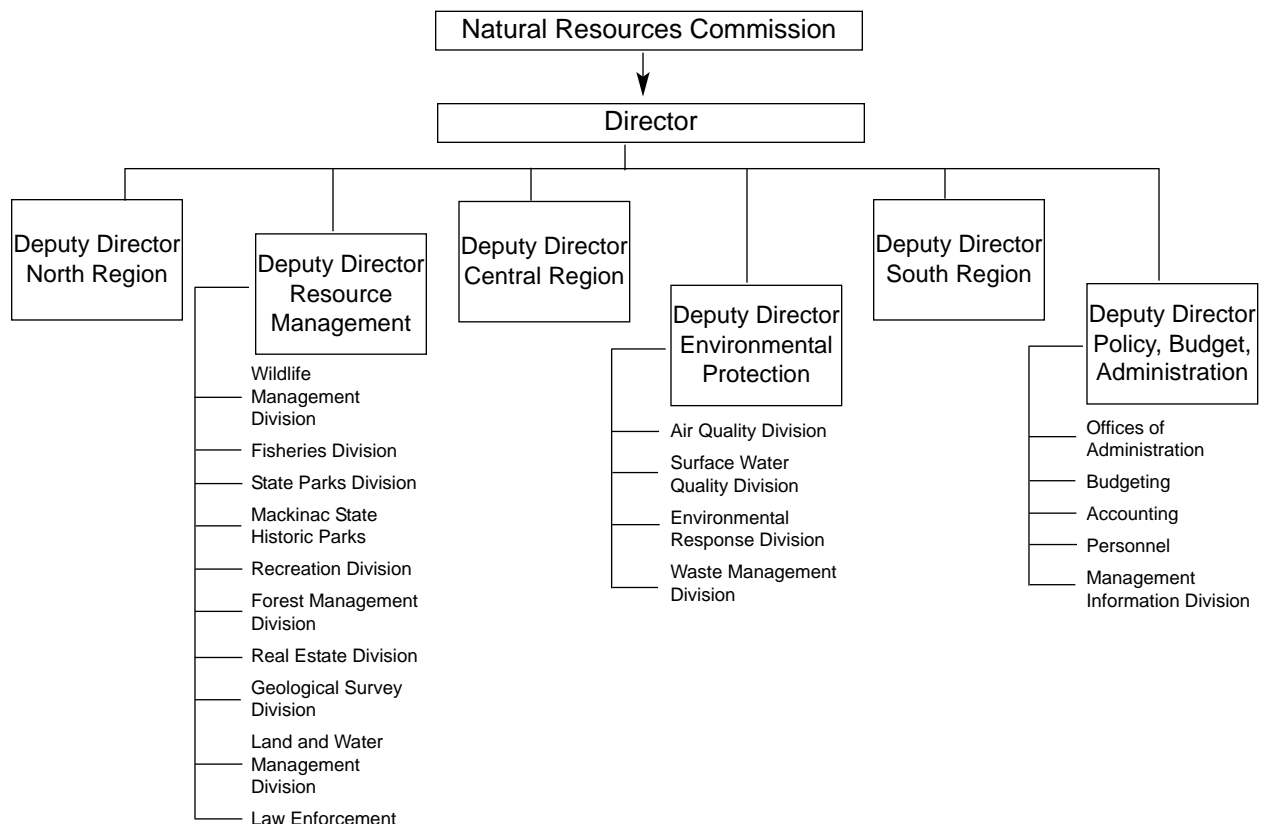
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