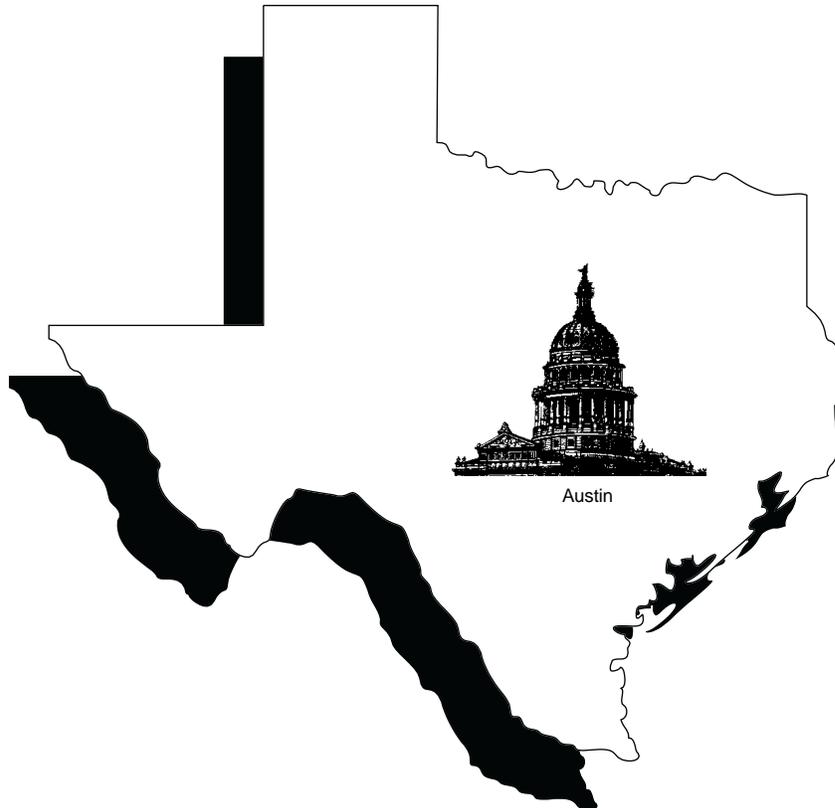


Sunset Advisory Commission



Texas Parks and Wildlife Department



Staff Report

2000

SUNSET ADVISORY COMMISSION

Members

REPRESENTATIVE FRED BOSSE, CHAIR

SENATOR CHRIS HARRIS, VICE CHAIR

Representative Warren Chisum

Senator Eddie Lucio, Jr.

Representative Pete Gallego

Senator David Sibley

Representative Brian McCall

Senator Judith Zaffirini

William M. Jeter, III, Public Member

Tim Roth, Ph.D., Public Member

Joey Longley, Director

In 1977, the Texas Legislature created the Sunset Advisory Commission to identify and eliminate waste, duplication, and inefficiency in government agencies. The 10-member Commission is a legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities. The Commission seeks public input through hearings on every agency under Sunset review and recommends actions on each agency to the full Legislature. In most cases, agencies under Sunset review are automatically abolished unless legislation is enacted to continue them. This report is the Commission staff's recommendations, which serves as the starting point for the Commission's deliberations.

**TEXAS PARKS AND WILDLIFE
DEPARTMENT**

SUNSET STAFF REPORT

Table of Contents

PAGE

SUMMARY

..... 1

ISSUES / RECOMMENDATIONS

1	Lack of a Comprehensive Approach to Managing Texas Public Resources Limits Quality Decisionmaking.....	9
2	The Department Has Beneficial Relationships with Private Non-Profit Foundations, but Additional Controls Are Needed	19
3	The Texas Parks and Wildlife Commission's Committee Structure Appears to Limit Public Input Into Its Decisions	33
4	Response to Legislatively Required Analysis of Funding Alternatives for the Department	39
5	TPWD Lacks Standard Business Oversight Mechanisms for Commercial Ventures and Other Department Operations	55
6	The Department Does Not Manage Its Outreach and Education Efforts Effectively	63
7	Staffing Policies and Funding Methods for Capital Projects Cause Delays and May Increase Costs	71
8	The Department Does Not Focus Its Conservation Assistance to Private Landowners	79
9	The Department Does Not Have an Opportunity to Review State Lands for Conservation and Recreational Resources Before They Are Sold	87

10	The Public Has Very Limited Opportunities to Use Appropriate State-Owned Lands for Hunting	93
11	Texas Has a Continuing Need for the Texas Parks and Wildlife Department.....	101

ACROSS-THE-BOARD RECOMMENDATIONS

.....	107
-------	-----

AGENCY INFORMATION

.....	109
-------	-----

APPENDICES

Appendix A — Equal Employment Opportunity Statistics	131
Appendix B — Historically Underutilized Businesses Statistics	134
Appendix C — Detail of Texas Parks and Wildlife Revenue Sources	136
Appendix D — Staff Review Activities	137

SUMMARY

Summary

Overview

The Sunset staff review of the Texas Parks and Wildlife Department found an agency that is genuinely trying to meet public needs in imaginative and innovative ways, but needs to improve its decisionmaking, planning, and internal oversight processes to fully achieve its goals. While the Department is to be complimented for its innovative spirit, the review found a number of areas where TPWD has created duplicative and competing programs that result in a lack of agencywide focus. The review also revealed problems and opportunities in how the Department addresses conservation and recreation, how it relates to private foundations, and in its ability to implement a business-style approach to TPWD operations.

- Texas has an extensive system of conservation and recreation lands — held by several federal agencies, the Department, river authorities and other political subdivisions, and private non-profit groups. In addition, private landowners — primarily ranchers and farmers — play a critical role by working to conserve natural resources on their lands. The degree to which TPWD considers the land holdings of others in its planning processes and works with these public and private landowners to provide conservation and recreation is the subject of a number of issues in this report.
- This report shows, in several issues, how TPWD’s decentralized approach to creating and managing programs — particularly education and profit-making programs — results in duplicate and conflicting programs.
- The 76th Legislature required the Sunset Commission to study the appropriateness of the Department’s mix of dedicated funding. The staff found the Department’s dedicated funding to be stable and predictable, but lacking in flexibility. The report presents several alternatives to current funding methods, including changes to the cap on the sporting goods tax and a possible replacement for that tax as a funding source.
- To help address its funding difficulties, the Department solicits the help of private non-profit foundations. Because the Department has an extremely close relationship with the Parks and Wildlife Foundation of Texas, Inc., the Sunset staff examined this relationship to assess whether it is appropriate, if public funds are protected, and if the missions of the state agency and its closely related foundation are in harmony. While this relationship has been quite successful, the report identifies several potential problems that should be addressed.
- Responding to public complaints, the staff examined the Parks and Wildlife Commission’s decisionmaking process and suggests ways to avoid limiting public input.

The recommendations in this report are designed to correct the Department’s planning, decisionmaking, and oversight deficiencies. Solving these problems would result in programs with greater focus and in savings that should be directed toward conservation and recreation. This report also lays out funding alternatives which the Legislature may wish to consider to either replace or supplement the Department’s current funding, and recommends changes to the relationship between the Department and its support foundation and in how the Commission accepts public input. In conclusion, the report recommends the continuation and improvement of the Texas Parks and Wildlife Department.

Issues / Recommendations

Issue 1 Lack of a Comprehensive Approach to Managing Texas Public Resources Limits Quality Decisionmaking.

Key Recommendations

- Require TPWD to develop a system to assess public conservation (including both natural and cultural) and recreational resource needs. TPWD should base all acquisition, divestiture, and major operation decisions on this assessment.
- TPWD should initially and continually consult with the Texas Historical Commission regarding the inventory and assessment of Texas cultural resources.

Key Findings

- TPWD coordinates Texas' system of conservation and recreation resources without an adequate basis for determining conservation and recreation needs.
- TPWD's lack of a comprehensive plan has resulted in ineffective decisionmaking that compromises the agency's ability to meet Texas' conservation and recreation needs.

Issue 2 The Department Has Beneficial Relationships with Private Non-Profit Foundations, but Additional Controls Are Needed.

Key Recommendations

- Statutorily authorize the selection of a foundation to assist Texas Parks and Wildlife.
- Require the Texas Parks and Wildlife Commission to adopt rules governing fund-raising by Department employees, and to ensure that partner foundations properly safeguard public funds and receive information about the agency's priorities.
- TPWD should contract with its primary foundation partner to run its business ventures.

Key Findings

- The Texas Parks and Wildlife Department's relationships with private foundations have effectively advanced conservation in Texas.
- The interrelationship between the activities of state employees and foundations can create the appearance of conflicts of interest.
- Because the Parks and Wildlife Department's primary foundation partner operates outside the public arena and without statutory definition, its actions may not always be consistent with public policies.
- With proper controls in place, the Department's foundation partner could administer business ventures and accept sponsorships to benefit the Department.

Issue 3 The Texas Parks and Wildlife Commission's Committee Structure Appears to Limit Public Input into Its Decisions.

Key Recommendations

- Require the Texas Parks and Wildlife Commission to accept public input before voting on major decisions whether in committee or as a full Commission.
- Require the Commission's committees that constitute a quorum of the full Commission to abide by all requirements for public input that apply to the full Commission.

Key Findings

- Public input is important to the decisionmaking process of the Texas Parks and Wildlife Commission.
- The Texas Parks and Wildlife Commission uses an unusual committee structure that inadvertently limits public input into its decisions.

Issue 4 Response to the Legislatively Required Analysis of Funding Alternatives for the Department.

Funding Alternatives

- The Legislature could consider three options regarding the statutory \$32 million cap on appropriations to the Parks and Wildlife Department from the Sporting Goods Sales Tax.
- The Legislature could consider replacing the Department's dedication of Sporting Goods Sales Tax revenue with the Boat and Boat Motor Sales and Use Tax.
- The Legislature could consider expanding the Boat Registration and Titling fees to include canoes, kayaks, and rowboats.
- The Legislature could consider requesting Texas voters to approve a new series of General Obligation Bonds for acquisition and development of park and conservation lands.

Key Findings

- Because of questions about funding the Texas Parks and Wildlife Department, the Legislature has requested the Sunset Commission to review the Department's sources of dedicated funding.
- TPWD's current funding structure is stable and predictable, but somewhat inflexible.
- The Texas Parks and Wildlife Department has not fully studied its spending patterns to find areas of savings.
- If the Legislature chooses to provide additional revenue, the Department could meet Texas' conservation and recreation needs more effectively.

Issue 5 TPWD Lacks Standard Business Oversight Mechanisms for Commercial Ventures and Other Department Operations.

Key Recommendations

- All significant statewide commercial ventures undertaken by TPWD should be supported by a business plan and approved by Executive Management.
- TPWD should develop an agencywide business plan to guide the Department's operational strategies.
- Require TPWD to assess the potential for outsourcing of agency activities as part of the business planning effort, and use the services of the Council on Competitive Government where appropriate.

Key Findings

- TPWD has developed numerous commercial ventures intended to generate new sources of revenue for the Department.
- Creating commercial ventures without business plans and proper oversight leads to duplication and loss of funds.
- TPWD uses unrealistic estimates of costs and revenues for certain commercial venture projects.
- TPWD does not consistently evaluate outsourcing opportunities for commercial ventures or other Department activities.

Issue 6 The Department Does Not Manage Its Outreach and Education Efforts Effectively.

Key Recommendations

- Require TPWD to assess all existing outreach and education programs for effectiveness and duplication.
- The Department should increase internal oversight of its outreach and education efforts.
- TPWD should develop more extensive partnerships with other state agencies, state universities, and national organizations to coordinate outreach and educational programs and events.

Key Findings

- TPWD operates an extensive array of education and outreach programs.
- The Department exercises inadequate management of its education and outreach efforts.
- TPWD does not use existing education and outreach opportunities effectively.

Issue 7 Staffing Policies and Funding Methods for Capital Projects Cause Delays and May Increase Costs.

Key Recommendations

- TPWD should consider methods to maximize the use of bond and other project-dedicated proceeds to pay for costs of capital projects.
- Require TPWD to examine the costs and benefits of increasing the outsourcing of its construction-related services.
- The Infrastructure Division should approve or manage all significant capital projects and ensure that TPWD builds all projects under standards set by the Division.

Key Findings

- Construction and maintenance of facilities in State Parks, fish hatcheries, and wildlife management areas require a large effort by TPWD.
- TPWD places an unnecessary strain on limited revenue by not paying for all eligible capital project costs through bonds.
- In-house staffing constraints increase project development costs and require projects to be scheduled into subsequent fiscal years.
- Lack of a single point of accountability for capital projects may waste resources and allow for non-compliance with state policies.

Issue 8 The Department Does Not Focus Its Conservation Assistance to Private Landowners.

Key Recommendations

- Require TPWD to assess the state's critical conservation needs and use this information to prioritize projects when working with private landowners.
- TPWD should seek and promote stronger partnerships and better information sharing with other entities to maximize incentives and reduce duplication of efforts.

Key Findings

- Conservation in Texas depends on the involvement of private landowners.
- TPWD's shotgun approach to its landowner assistance efforts limits its effectiveness.
- TPWD does not focus its funding for landowner assistance programs by effectively coordinating with other governmental agencies and private groups.

Issue 9 The Department Does Not Have an Opportunity to Review State Lands for Conservation and Recreational Resources Before They Are Sold.

Key Recommendations

- Require the Texas Parks and Wildlife Department to review potential state real estate sales for conservation and recreational values.
- Require state agencies to notify TPWD when they prepare to sell properties.

Key Findings

- The State of Texas owns a great amount of land, much of which has not been assessed for conservation and recreational values.
- The State loses valuable lands through sale because no process exists to evaluate them for their conservation or recreation value.
- The Legislature has established other processes to review lands before their sale to ensure that the State does not lose properties with historical value.

Issue 10 The Public Has Very Limited Opportunities to Use Appropriate State-Owned Lands for Hunting.

Key Recommendation

- Require TPWD and appropriate state agencies to assess the viability of state-owned land for public hunting programs.

Key Findings

- TPWD's public hunting program is important to Texas, but very limited.
- The State is not maximizing the potential for hunting on public lands.

Issue 11 Texas Has a Continuing Need for the Texas Parks and Wildlife Department.

Key Recommendation

- Continue the Texas Parks and Wildlife Department for 12 years.

Key Findings

- Texas has a continuing interest in protecting its fish and wildlife resources, and in providing recreational opportunities.
- The Texas Parks and Wildlife Department has generally accomplished its mission of managing the wildlife, recreational, and cultural resources of Texas.
- No other federal, state, local, or private entity exists that can perform the functions of Texas Parks and Wildlife Department.

- While organizational structures vary, all other states use statewide agencies to provide for wildlife protection and recreational opportunities.

This report contains several recommendations that would have a fiscal impact to the state. They are discussed below, followed by a chart that summarizes the fiscal impact.

Fiscal Implication Summary

- Issue 1 Improved decisionmaking from creation of a comprehensive plan for Texas’ recreation and conservation resources would result in long term savings; however, the amount of savings will be dependent on the results of the study.
- Issue 4 Several options are provided to change the Department’s current funding structure that could have significant fiscal impacts if eventually adopted by the Legislature.
- Issue 5 Requiring business planning and improved oversight of TPWD commercial ventures is expected to result in savings of at least \$200,000 per year.
- Issue 7 Changing funding methods and staffing policies for capital projects would allow greater flexibility for use of general revenue funds.

Fiscal Year	Savings to the General Revenue Fund	Change in FTEs From FY 2000
2002	\$200,000	0
2003	\$200,000	0
2004	\$200,000	0
2005	\$200,000	0
2006	\$200,000	0

ISSUES / RECOMMENDATIONS

Issue 1

Lack of a Comprehensive Approach to Managing Texas Public Resources Limits Quality Decisionmaking.

Summary

Key Recommendations

- Require TPWD to develop a system to assess public conservation (including both natural and cultural) and recreational resource needs. TPWD should base all acquisition, divestiture, and major operation decisions on this assessment.
- TPWD should initially and continually consult with the Texas Historical Commission regarding the inventory and assessment of Texas cultural resources.

Key Findings

- TPWD coordinates Texas' system of conservation and recreation resources without an adequate basis for determining conservation and recreation needs.
- TPWD's lack of a comprehensive plan has resulted in ineffective decisionmaking that compromises the agency's ability to meet Texas' conservation and recreation needs.

Conclusion

TPWD does not have a statewide, comprehensive system management plan to use when making all inventory acquisition, divestiture, and partnership decisions. In the end, TPWD's decisionmaking has resulted in redundancies in holdings, may cause the loss of valuable resources that are overlooked or never identified, and has negatively affected the Department's ability to partner with other public and private organizations.

The Sunset review evaluated the basis for TPWD's decisionmaking related to operating and acquiring properties within the Department's system. Staff identified actions that would help TPWD better manage Texas' entire system of natural and recreation resources, not just those held by the agency, and ensure that the State maintains an adequate and balanced system of these resources.

Support

Current Situation: TPWD coordinates Texas' system of conservation and recreation resources without an adequate basis for determining conservation and recreation needs.

- TPWD's goal is to ensure that the natural, cultural, and recreation needs of Texans are met. However, the Department recognizes that it cannot and should not be the state's sole provider of conservation (both natural and cultural) and recreation facilities. A recent Texas A&M University study highlighted the changing role of the agency, from being the primary provider to being the coordinator of conservation and recreation resources across the state.

This study concluded that TPWD must continue to be the primary force in Texas' acquiring and managing sites with statewide cultural or natural significance. However, the Department's proper role is that of a coordinator among federal and state agencies, river authorities, counties, and cities, ensuring that all regions have access to a balance of these sites.¹

- Although TPWD does have a strategic plan for management of its current system, the plan acknowledges that a comprehensive analysis of Texas' cultural and natural resources is overdue.² In fact, the agency has never done a comprehensive needs assessment and development plan that considered how TPWD's holdings should work within the framework of all facilities held by federal, state, local, and private entities.

In the past, TPWD's planning efforts and needs assessments have been done in a piecemeal manner. System development has narrowly focused on either conservation or recreation. For an illustration of some of TPWD's past planning efforts, as well external planning expertise solicited by the agency, see the chart, *TPWD — Past Planning Efforts*.

- One area where TPWD needs a strategy for conserving resources is water availability. TPWD is responsible for conserving and enhancing the quality of water resources such as streams, lakes, and estuaries, but water resources have not been included in past planning efforts. Both the agency and organizations such as the Trust for Public Land have acknowledged that protecting the quality and quantity of Texas' ground and surface water resources is vital as Texas' population grows, straining already scarce resources. Protecting water resources ensures that aquatic habitats continue

TPWD's own Strategic Plan acknowledges that a comprehensive analysis of Texas' cultural and natural resources is overdue.

TPWD — Past Planning Efforts			
Year	Plan	Purpose	Limitation
1966	Comprehensive Outdoor Recreational Plan	Created to receive federal funds to assist in the acquisition and development of outdoor recreational areas. Needs were based on park visitation rates and the amount of land needed to satisfy demand for particular activities in state parks.	Plan did consider the responsibilities of the federal and local governments in providing facilities, but was limited to recreation only.
1992	Strategic Acquisition Plan	Focused on acquisition of land in five areas: recreation, wildlife habitat, natural and cultural heritage, sensitive environments, and consolidation of TPWD holdings.	Plan gave general direction, but contained no needs assessment or priorities for acquisition.
Since 1993	Recreation and Parks Account Procedural Guides	Reimbursement grants that assess eligibility and score proposals by local Texas governments for indoor and outdoor recreation facilities.	Criteria are based upon individual needs of each applicant with no assessment of regional needs or the fit within the framework of current facilities.
1995	Texas Outdoor Recreation Plan (TORP)	Based on statewide public input on recreation needs. TPWD uses the plan to evaluate proposed local recreation projects and awards funds based upon the greatest impact for the local needs.	No consideration of regional needs or conflicts with current TPWD holdings.
1997	Texas Historic Sites: A Study Conducted for Texas Historical Commission and TPWD	A report, conducted by KPMG Peat Marwick for TPWD and THC, to fulfill a legislative requirement. KPMG studied the management of Texas' historic sites and proposed statutory changes that would improve the acquisition and maintenance of historic sites.	Development and maintenance of historic sites only.
1998	Texas Outdoors: A Vision for the Future (Prepared by Texas A&M University under contract with TPWD)	Recognized that Texas' needs are met by a network of public and private resources; and that conservation and recreation system development requires a unified assessment of holdings and participation of other agencies, as well as private organizations and landowners. Characterized the Department's park system as one that grew without strategy. ³	Did not include a physical inventory or needs assessment. TPWD acknowledged the findings, but has not yet acted upon implementation of a new method of system development.
2000	Request for Proposal: Conservation Needs Assessment	Through an interagency cooperative agreement between TPWD and Texas Tech University, TPWD requested a strategy for ensuring that Texas' historical, natural, and recreational needs are adequately addressed for the next 30 years. Texas Tech University issued the RFP with a proposal to build upon and develop the recommendations of "Texas Outdoors" and will choose a contractor from among those who respond to the RFP.	While the RFP sets forth a plan for taking a comprehensive inventory and assessing needs, as well as the establishment of standards and criteria to meet future needs, it does not include an outline for how the plan would be implemented.

Without a comprehensive plan, TPWD cannot coordinate Texas' conservation and recreation system, and decisions will continue on an ad hoc basis.

to exist in the future.

- In January 1997, the TPW Commission's Public Lands Committee established goals that included taking an inventory of TPWD and other publicly held lands as a first step in analyzing and prioritizing conservation needs. At that time, TPWD inventoried its own ecoregion and natural-community holdings, but never completed a comprehensive statewide inventory. In addition, the inventory proposal did not include recreational areas owned by the Department and other public and private entities.

Continuing to recognize the need for a statewide approach, TPWD subsequently solicited and paid for the development of studies to guide the Department towards a new process for determining system management. For example, the 1998 Texas A&M University plan studied the recreational, historic, and natural resource needs of Texas, and identified ways to ensure that all needs were addressed equally within the system.⁴

- Currently, TPWD is requesting additional proposals for a plan to help determine future system development. These proposals appear to take preliminary steps toward the establishment of a comprehensive decisionmaking process at TPWD.

For example, the goals of the 2000 request for proposal (RFP) issued through an interagency agreement with Texas Tech University include an inventory of all existing recreational, cultural, and natural resources of the state, and establishment of a minimum of resources available to Texans. However, the RFP does not outline how the Department will actively use the results of the inventory nor does it call for establishment of a permanent database of holdings to be continually updated and referred to when making any future system development decisions. In addition, agencies that TPWD should coordinate with, such as the Texas Historical Commission, were not consulted and had no role in the development of the RFP.⁵

Problem: TPWD's lack of a comprehensive plan has resulted in ineffective decisionmaking that compromises the agency's ability to meet Texas' conservation and recreation needs.

- Current system development decisions are made on an ad hoc basis. Without a comprehensive plan based upon a complete, statewide inventory, TPWD cannot effectively act as coordinator of Texas' system of conservation and recreation resources. As a result, the agency's decisionmaking has resulted in a system with gaps in holdings and redundant properties.⁶
- The Department currently has legislative authority to divest holdings

that are redundant to other state parks or without statewide significance. However, without a comprehensive plan in place, TPWD may not select appropriate properties to be transferred under the authority granted by House Bill 2108. For an explanation of this legislation, see the textbox, *TPWD's Authority to Transfer Parks*.

TPWD's Authority to Transfer Parks

In 1999, the Legislature passed House Bill 2108, which provided TPWD with the authority to facilitate transfers of its holdings to Texas localities. HB 2108 also authorized the agency to fund the process for the current biennium. TPWD allocated \$2 million per year in the current biennium to help local governments operate the transferred properties. All transfers must be mutually agreeable.

- Lack of comprehensive planning has led to duplication of resources and increased costs. Most of TPWD's parks do have individual master plans, but they are dated and have no resource assessment to help determine proper use of the property.⁷
- The lack of a comprehensive, statewide inventory has negatively affected TPWD's implementation of the local parks grant program. TPWD administers these grants on an individual basis, not within the context of state or regional needs. This piecemeal approach results in redundant facilities and overlooked opportunities for coordination.

TPWD's piecemeal approach to local parks grants results in redundant facilities and overlooked opportunities.

For example, as part of its application for a recreational park grant, Cedar Hill, Texas, acknowledged that the city currently meets and exceeds needs for local parks. Despite the fact that the 1,800-acre Cedar Hill State Park and a 7,500-acre local park, Joe Pool Lake, were located in the immediate vicinity, TPWD approved the city's grant application.

While Cedar Hill's future recreational needs might surpass available land, a master plan could ensure that communities without adequate recreational or natural resources have their needs addressed on a priority basis. For further information on local parks grants, see the textbox, *Texas Recreation and Parks Account Program (TRPA)*.

Texas Recreation and Parks Account Program (TRPA)

TPWD provides grants to localities wishing to provide both indoor and outdoor recreation opportunities. The Legislature created TRPA in 1993 to provide financial assistance to eligible local governments for the acquisition and maintenance of recreation land and facilities. Assistance is from the dedication of a portion of the state sales tax on sporting goods. Local governments receive reimbursement for approved projects, must permanently dedicate projects to public recreation use, and assume responsibility for continuing operation and maintenance. Since 1993, TPWD has granted \$90 million to 184 communities under this program.

The State Auditor's Office has reported that TPWD grants funds to develop local recreational parks that compete directly with state parks, which may result in a reduction of entrance fee revenues at the state facilities.⁸ In response, TPWD has acknowledged that considering the impact of local park grants on state facilities is necessary, but the Department has yet to act on the Auditor's recommendation.⁹

- The lack of a comprehensive inventory and statewide plan also impairs TPWD's ability to fulfill current conservation and recreation

Without acquisition criteria or clearly identified needs, TPWD cannot fully judge whether a proposed acquisition is the best use of public dollars.

needs. When developing the agency's system, TPWD considers lands offered by private landowners. In the past, the Department has accepted approximately 10 percent of these offerings, declining the majority because they did not fit current TPWD criteria.¹⁰ However, the criteria used were not broad enough, causing decisions to be based narrowly on either conservation or recreation needs.

For example, in February 2000, TPWD received an offer of 55,000 acres along the Pecos River. This offer was declined by the Wildlife Division because the property did not fit TPWD's current natural resource needs. However, the property had a unique landscape, with the potential to fulfill a gap in recreational rock climbing needs, but the State Parks Division was never given the opportunity to survey the property.¹¹

TPWD has also acquired properties that do not fulfill current needs and which are not being actively used. For example, TPWD accepted a gift of the Chinati Mountains in 1996. This property, in close proximity to Big Bend Ranch State Park and Big Bend National Park, has remained closed since acquisition because of a lack of operational funds, a plan for use, and adequate public access points. Although acquisitions such as this usually have a long-term conservation value, without acquisition criteria or clearly identified conservation needs, judging whether an acquisition is the best use of public dollars proves difficult.

Comparison: The Legislature has required TPWD to create plans and act as a coordinator in other areas.

- TPWD is statutorily charged with developing the Texas Wetlands Conservation Plan.¹² The Legislature intended this plan to be implemented in conjunction with other state agencies and local governments. The Department is responsible for an inventory of state-owned wetlands, evaluating and coordinating efforts to conserve wetlands throughout Texas, and developing guidelines and regulations for use by public and private landowners.
- To receive federal funding under the Land and Water Conservation Act, the Legislature gave TPWD the authority to create a state plan that coordinates the interests of all cities, counties, water districts, and river authorities having an interest in the planning and development of outdoor recreation resources and facilities.¹³

Recommendation

Change in Statute

However, this plan, which looked only at recreation facilities, has not been fully updated since 1990.

1.1 Require the Texas Parks and Wildlife Department to develop a system to assess public conservation (including both natural and cultural) and recreational resource needs. TPWD should base all acquisition, divestiture, and major operation decisions on this assessment.

This recommendation contains three major statutory components set out in the following material.

- Require TPWD to create a comprehensive inventory of all conservation and recreation resources owned by public agencies and non-governmental organizations.

Adequately inventorying Texas' current holdings will help to assess current and future conservation and recreation needs statewide. For this purpose, only conservation and recreation resources that offer public access need be considered. Private lands with conservation easements could be included in the physical inventory on an as-needed basis.

When creating this inventory, TPWD should survey all public resources set aside for natural or historical conservation or recreation in Texas, including those owned by other state agencies, such as the Texas Historical Commission (THC); cities, counties, river authorities, and the federal government; as well as lands owned by private, non-profit, and non-governmental organizations, such as the Nature Conservancy and the Conservation Fund.

TPWD should create a permanent database of all holdings mentioned above and update it as the system develops and changes. In developing the database, the Department should take full advantage of existing resources, such as THC's database of historic sites in Texas. Other state, regional, and federal agencies have similar resources that TPWD should identify and use in this process.

- Require TPWD to establish criteria for evaluation of future decisions affecting conservation and recreation resources.

This recommendation requires the agency to establish criteria that will help guide future decisions. The agency will use the newly created statewide inventory as a basis for analyzing current and future needs; for identifying threatened resources; and for identifying the level of importance of TPWD holdings when considering divestiture.

This recommendation would ensure that all actions taken by the agency regarding system development are based upon criteria established for the following areas.

- Divestiture - Divestiture decisions would follow criteria to ensure that valuable and unique resources aren't being lost, and that the State only maintains properties with statewide conservation or recreation value.
- Acquisition - Includes purchases of wildlife management areas, new state park lands, historical and cultural sites, fishery operations, and water resources. Until TPWD has implemented these recommendations, the Department should refrain from purchasing any new independent park, wildlife, or historical sites; but could continue to purchase in-holdings or additions that increase public access to current recreation and conservation facilities. TPWD should evaluate the need for acquiring water rights to preserve critical aquatic habitats, but this need must be balanced against other priorities. In addition, TPWD should consult with the state agencies responsible for quality and quantity management of water resources, such as the Texas Water Development Board and the Texas Natural Resource Conservation Commission, when determining which aquatic habitats may need protecting.
- Operations - In determining the highest and most appropriate use of existing facilities, TPWD should use the criteria developed through this recommendation. Current individual park operating plans should be re-evaluated to see if areas have achieved an appropriate balance of use and conservation.
- Local parks assistance grants and partnership agreements - An inventory and established criteria would also help determine the most efficient way to grant monies to local parks, and to partner with conservation organizations and private landowners.
- Expand TPWD's statute to include responsibility for coordination of all conservation resources and facilities.

This recommendation clarifies statutory provisions to ensure that the agency acts as the State coordinator of all conservation and recreation lands and facilities. TPWD currently performs this role, but the agency's statute limits coordination authority to parks, recreation, and wetlands only. TPWD should coordinate with all state agencies with similar primary goals.

All actions taken as a result of these recommendations are to ensure that current gaps and redundancies in the system are reduced and prevented in the future.

Management Action _____

1.2 TPWD should initially and continually consult with the Texas Historical Commission regarding the inventory and assessment of Texas cultural resources.

As the agency with primary responsibility for protecting Texas' historical and archaeological resources, the Texas Historical Commission should play an early and active role in both the inventory of those resources and the assessment of future needs. Texas Historical Commission staff has the expertise to provide extensive information on publicly available cultural resources for the inventory, as well as to provide expertise to evaluate gaps or redundancies in those holdings.

Impact

The intent of these recommendations is to extend TPWD's planning efforts by ensuring that the Department not only adequately develops, but also fully implements a comprehensive method of managing Texas' system of conservation and recreation holdings. Analysis of the current system and continual maintenance and updating of a database of statewide holdings would allow TPWD to know what lands and resources, including aquatic resources, are held by all federal, state, and local governments, and private organizations; and then determine future needs. Based upon this knowledge, the Department should then be able to more effectively act on all acquisition, divestiture, partnership, and granting activities; and prevent losing opportunities to develop a more balanced conservation and recreation system.

For example, TPWD has identified, as a gap in its system, the lack of a property representing the high plains grassland prairies of Texas. Under this recommendation, a review of the comprehensive inventory would identify the location of the Rita Blanca and the McClelland Creek National Grasslands, 78,912 acres in the Panhandle managed as part of the National Forest System.¹⁴ TPWD would then have the information to determine if state-owned grasslands are a priority over other acquisition projects, in light of the federal holdings.

The inventory and needs assessment should be completed and ready for implementation by September 1, 2002. All of TPWD's system management and development decisions should be based upon evaluation of the inventory and needs assessment results after this time.

Fiscal Implication

Adoption of this recommendation should result in long-term savings by better focusing TPWD's decisions on identified need. However, these savings cannot be quantified at this time. The Department has already recognized the need for implementing the initial elements of this recommendation — the inventory and the needs assessment — and should not require any additional funding for this activity. TPWD has budgeted approximately \$600,000 in bond proceeds to fund the planning efforts requested under the RFP issued through the interagency agreement with Texas Tech University. In addition, Texas Tech has budgeted about \$100,000 in contributed funds for personnel for the project. Should TPWD require any additional funds, non-governmental organizations, such as the Trust For Public Land (TPL), have offered to collaborate with the State in creation of the needs assessment.¹⁵

Using the system, once the inventory is complete, should have a positive fiscal impact, offsetting costs that may be generated by continually updating the inventory and assessing needs. By basing all future decisions upon a comprehensive system development plan, TPWD would most likely see savings that would result by not making unnecessary or redundant purchases. Also, by divesting properties that are duplicative or hold no statewide conservation or recreation value, TPWD's financial burden would be lessened.

-
- ¹ Texas A&M University, *Texas Outdoors: A Vision for the Future*, College Station, Texas, October 1998.
- ² Texas Parks and Wildlife Department, *Natural Agenda: A Strategic Plan for Texas Parks and Wildlife, 1999-2003*, (Austin, Texas, June 1998), Preface.
- ³ Texas A&M University, *Texas Outdoors: A Vision for the Future*, College Station, TX, October 1998.
- ⁴ *Ibid.* p. 2
- ⁵ Interviews with Texas Historical Commission Staff, February and March, 2000.
- ⁶ Texas A&M University, *Texas Outdoors: A Vision for the Future*, College Station, Tx, October 1999.
- ⁷ Meeting with Walt Dabney, Director of State Parks, State Parks Division, Texas Department of Parks and Wildlife, October 27, 1999.
- ⁸ Office of the State Auditor, *An Audit Report on The Texas Parks and Wildlife Department's Management of the State Park System*, Austin, Texas, September 1998, p. 10.
- ⁹ *Ibid.* p. 41.
- ¹⁰ Interview, Mike Herring, Land Conservation Program Director, Texas Parks and Wildlife Department, February 2, 2000.
- ¹¹ *Ibid.*
- ¹² Parks and Wildlife Code § 14.002.
- ¹³ Parks and Wildlife Code §13.307.
- ¹⁴ U.S. Fish and Wildlife Service, "The National Grasslands Story," Online: <http://www.fs.fed.us/grasslands/text.htm>. Accessed: April 8, 2000.
- ¹⁵ Phone interview with Andy McLeod, Texas Our Texas Program, The Trust for Public Land, Boston, Mass., March 2, 2000.

Issue 2

The Department Has Beneficial Relationships with Private Non-Profit Foundations, but Additional Controls Are Needed.

Summary

Key Recommendations

- Statutorily authorize the selection of a foundation to assist Texas Parks and Wildlife.
- Require the Texas Parks and Wildlife Commission to adopt rules governing fund-raising by Department employees, and to ensure that partner foundations properly safeguard public funds and receive information about the agency's priorities.
- TPWD should contract with its primary foundation partner to run its business ventures.

Key Findings

- The Texas Parks and Wildlife Department's relationships with private foundations have effectively advanced conservation in Texas.
- The interrelationship between the activities of state employees and foundations can create the appearance of conflicts of interest.
- Because the Parks and Wildlife Department's primary foundation partner operates outside the public arena and without statutory definition, its actions may not always be consistent with public policies.
- With proper controls in place, the Department's foundation partner could administer business ventures and accept sponsorships to benefit the Department.

Conclusion

The Parks and Wildlife Department has explored a variety of creative means to expand its revenue to more effectively provide for conservation and recreation. One means the Department has used is the establishment of relationships with private, non-profit foundations interested in conservation. In particular, the Parks and Wildlife Foundation of Texas, Inc. (Foundation) was formed to receive gifts to the Department and to perform functions outside of normal governmental agency operations. This relationship has been successful, but can create dangers as well as opportunities.

One danger is that state employees who solicit donations may be seen as returning favors to the donors. This potential conflict of interest is heightened when state employees personally benefit from their work-related association with private foundations. A second danger arises from the relationship of the Foundation with the Texas Parks and Wildlife Department which is so close that the Foundation has the right to use the Department's logo under

contract. With this close relationship, members of the public may not distinguish between the state agency and the private foundation. This blurred distinction raises the risk of negative consequences to the State when a private foundation spends public funds without the normal constraints placed on a state agency, such as contracting and purchasing prohibitions.

An opportunity exists in that, with the institution of proper controls, a partner foundation could take over and improve the Department's commercial ventures. Because TPWD has managed its money-making ventures in a way that has not always been profitable, the Department needs to examine whether it should continue in this role.

Although the relationship between TPWD and the Foundation has proven fruitful, the public should be assured that an appropriate relationship exists, public funds are protected, and the missions of the state agency and its supporting foundation are in harmony. The Sunset review focused on determining whether these standards were adequately in place. The review found areas in which stronger controls are needed, as well as opportunities for greater collaboration.

Support

Current Situation: The Texas Parks and Wildlife Department's relationships with private foundations have effectively advanced conservation in Texas.

- TPWD has developed partnerships with private sector, non-profit entities that assist with acquiring property for recreation and conservation; developing properties; and accepting contributions of cash, property, and services. These entities range from small, single-purpose groups that benefit a single state park, such as the Government Canyon Natural History Association; to large organizations that are involved in national and international conservation projects, such as Ducks Unlimited and The Nature Conservancy.
- Several private organizations are non-profit foundations that exist solely to promote and enhance the work of the Texas Parks and Wildlife Department. The textbox, *What is a Foundation?*, gives a brief explanation of foundations. The chart, *Benefits of Foundations to a State Agency*, shows some ways in which a foundation can assist a conservation-oriented state agency, and gives specific examples of how TPWD has been helped.
- TPWD has formed affiliations and encouraged the creation of a number of foundations whose purposes are limited to assisting the Department. These foundations are referred to as closely related non-profit organizations, as defined by the Department

Non-profit groups have assisted TPWD in its conservation mission.

What is a Foundation?¹

Foundations are non-profit corporations organized and operated for the benefit of the general public. Foundations are created through articles of incorporation, structured in accordance with state regulations, and are recognized by the State as independent legal entities. A foundation's articles of incorporation must state its purpose, define its powers, and establish its bylaws. A foundation achieves tax-exempt status through application to the Internal Revenue Service under section 501(c)(3) of the federal tax code.

Benefits of Foundations to a State Agency²

Benefit	Explanation	Example
Facilitation of Donations	Many individuals and corporations will not donate to a public agency because it is an arm of government, but will donate to a private foundation that is independent of political pressure.	The Richard King Mellon Foundation purchased and donated the Chinati Mountains as the largest land gift ever given to TPWD. The former owners also donated an endowment, to be held and invested by the Parks and Wildlife Foundation of Texas, Inc. (Foundation), to offset the loss of property tax revenue to the county and school district. A third group, The Conservation Fund, facilitated this transaction. ³
Speed and Flexibility	State agencies cannot always respond quickly when real estate becomes available because of long time lines in the appropriations process. Foundations can serve as intermediaries by buying and holding properties when they become available and before costs increase.	The Nature Conservancy of Texas (TNC) has played a major role in most of TPWD's recent acquisitions by purchasing and holding real estate while TPWD completes its financial arrangements. A recent example is TNC's purchase for TPWD of 1,100 acres near Bastrop State Park.
Creative Acquisition and Finance	Public agencies are limited by legislation and regulations in how they can acquire property. Foundations, however, can purchase property through installment payments, land trades, and other methods.	The 6,200-acre Mason Mountain Wildlife Management area was acquired through a gift of land to the Foundation. To finance the real estate transaction costs, the Foundation sold a 400-acre portion of the ranch.
Acceptance of Controversy and Risk	Private foundations are able to invest in projects that may be too controversial for public agencies.	The Foundation acquired, moved, and renovated a surplus house from the former Bergstrom Air Force Base to TPWD headquarters to use as an employee exercise facility without spending state funds.
Specialized Expertise	Foundations may offer to state agencies specialized business skills that may be unavailable in the public sector. These skills are particularly helpful in operating entrepreneurial programs, real-estate financing, tax planning, and property laws.	By federal law, the National Park Foundation manages sponsorships for the National Park Service and has ongoing relationships with American Airlines, Target Stores, and other corporations. One recent sponsorship is an effort by the maker of Log Cabin Syrup, Aurora Foods, Inc., to help restore log cabins in National Parks.
Investment of Endowments	Foundations are able to hold and invest funds to benefit state agencies and may achieve higher rates of return than paid by funds held in the State Treasury.	The Lone Star Legacy is a \$25 million campaign by the Foundation to create an endowment for every state park, wildlife management area, and fish hatchery in Texas. All donations are to be held and invested by the Foundation.

What is a Closely Related Non-Profit Organization?⁴

A legally incorporated or non-profit organization whose sole purpose is to benefit the Department, its facilities, or research and other activities within its facilities, which is administered by a Board of Directors independent from the control and supervision of the Commission.

The mission of the Parks and Wildlife Foundation of Texas, Inc. is to provide public support for TPWD and to preserve Texas' natural resources for future generations.

in the textbox, *What is a Closely Related Non-Profit Organization?* The relationship of the Department with these closely related non-profit organizations is the subject of this issue. A list, as currently identified in the Department's rules, is shown in the textbox, *Non-Profit Foundations Affiliated with TPWD*.

- The largest of TPWD's non-profit foundations is the Parks and Wildlife Foundation of Texas, Inc. (Foundation). The mission of the Foundation is to provide private support for the Department and to preserve Texas' natural resources for future generations. The relationship between the agency and this foundation is so close that the Foundation has the right to use the Department's name and logo under contract. Since 1991, the Foundation has grown to the point where it now coordinates and supports many of the smaller non-profits associated with TPWD. More details about the Foundation can be found in the textbox, *The Parks and Wildlife Foundation of Texas, Inc.*
- The Foundation's largest project to date was overseeing the construction of the Texas Freshwater Fisheries Center. This \$18 million fish hatchery and education center was built with a combination of state and federal funds, individual donations, and donations from the city of Athens, where the center is located. Other major projects are listed in the table, *Major Projects Undertaken by the Foundation*.

Problem: The interrelationship between the activities of state employees and foundations can create the appearance of conflicts of interest.

Non-Profit Foundations Affiliated with TPWD⁵

Parks and Wildlife Foundation of Texas, Inc.
 Operation Share a Lone Star Lunker, Inc.
 Admiral Nimitz Foundation
 Brazos Bend State Park Volunteer Organization
 Casa Mogoffin Companeros
 Cedar Hill – Friends of Penn Farm
 Copper Breaks Heritage Foundation
 Dinosaur Valley – LDL Foundation
 Friends of Eisenhower Birthplace
 Friends of Guadalupe River State Park
 Friends of Monahans Sandhills State Park
 Fulton Mansion Docent Organization
 Government Canyon Natural History Association
 Kreische Brewery Docent Organization
 Mission Tejas State Park Association
 Washington-on-the-Brazos State Parks Association

- Employees of the Texas Parks and Wildlife Department perform many functions to assist the Foundation, including identifying and contacting potential contributors. While the Texas Constitution prohibits the grant of public money to private corporations,⁶ Attorney General opinions permit state agencies to provide staff and office space to foundations that serve a public purpose and provide a public benefit.⁷

The Parks and Wildlife Foundation of Texas, Inc.

The Foundation seeks to raise funds and provide resources to the Texas Parks and Wildlife Department. Members of the Parks and Wildlife Commission and staff of the Department formed the Foundation in 1991. The structure and operations of the Foundation are controlled by its bylaws. The bylaws specify that the Foundation is overseen by a Board of Trustees with between three and 15 members (currently the Board has 12 members). A majority of Board members are appointed by the Chair of the Parks and Wildlife Commission and the other members are elected at an annual Board meeting. Texas Parks and Wildlife Commission members are not prohibited from serving on the Foundation Board and one Commission member is currently serving. A written agreement between TPWD and the Foundation controls how the two entities relate to each other. This agreement expires in September 2000.

The Foundation is closely affiliated with Operation Share a Lone Star Lunger, Inc., which seeks to improve largemouth bass genetics and to promote catch-and-release fishing. The Foundation also holds and invests funds for many of the smaller groups associated with specific sites within TPWD's system.

The Foundation receives donations for the Department and has total assets of \$10 million, of which \$3.5 million is dedicated to specific Department programs or sites. The table, *Foundation Assets Held in Trust for TPWD*, lists these assets. The Foundation holds assets as cash and cash equivalents, common stock, foreign stock, and corporate bonds. In 1999, the largest contributor was the Anheuser-Busch Conservation Fund, which donated \$3 million. Foundation administrative expenses in 1999 were \$300,000 with a staff of four. An additional eight persons are employed by the Foundation in its KIDFISH program. The Foundation is a non-profit corporation in accordance with section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax.

Foundation Assets Held in Trust for TPWD	
Texas Fresh Water Fisheries Centers	\$449,491
Southeast Coastal Trust	1,069,926
Combined Endowment	880,531
Chinati Mountain Endowment	144,161
Other Programs	1,008,023
Total	\$3,552,132

- Although not prohibited by law, Department executives with regulatory functions who also solicit donations may appear to the public as having a conflict of interest with regulated industries.⁸ Despite the potential for an appearance of conflicts, TPWD has not created policies to limit or direct employee fund raising or to account for time spent fund raising. In fact, some TPWD employees are evaluated on their ability to raise funds for Foundation programs.⁹
- State employees also benefit from the Foundation. For example, the Foundation has granted scholarships directly to state employees, given employee Recognition Awards of \$500 each, paid moving expenses, and reimbursed TPWD employees for travel on Foundation-related business.¹⁰

TPWD has no policies directing employee fund raising, but evaluates some employees on their fund raising success.

The Department's Special Projects Coordinator works on projects related to the Foundation. At the same time, the Coordinator was employed by the Foundation as a consultant, earning \$14,067 in 1998 and 1999, while on the state payroll.¹¹

Major Projects Undertaken by the Foundation		
Project	Type	Cost
Texas Freshwater Fisheries Center	Combined fish hatchery and visitor education center in Athens.	\$18 million in state, federal, and private funds.
Lone Star Legacy	Campaign to raise endowment funds for each state park, wildlife management area, and fish hatchery, and to establish five new initiatives: Texas State Bison Herd, Austin's Woods, Texas Rivers Center, World Birding Center, and Government Canyon State Natural Area.	Goal of \$25 million raised in private funds.
Old Sabine Bottoms	5,000-acre bottomland hardwood forest in Smith County.	In cooperation with the National Fish and Wildlife Foundation and Ducks Unlimited, the Foundation raised \$2 million towards the purchase price of \$2.7 million.
Mason Mountain Ranch	6,000-acre wildlife management area in Mason County.	Donation
Sheldon Lake Environmental Center	Urban environmental education center located on a 2,500-acre reservoir and waterfowl refuge.	Funded by a grant from The Houston Endowment.
KIDFISH	Statewide program aimed at introducing children to fishing while raising funds for youth outdoor education. Under a recent change, the Foundation no longer operates this program.	\$736,000 in 1998 ¹²
<i>Texas Past</i>	Book written by Andrew Sansom with photographs by Wyman Meinzer.	\$184,980 in expenses \$211,153 in income \$26,172 net profit ¹³
TPWD Project Grants	Annual grants of up to \$20,000 to selected Department programs that need additional funding. Past recipients include a Native Saltwater Finfish display, Geographic Information System field lab, and a Freshwater Fishes of Texas book.	\$150,000 annually
Affinity Credit Card	First USA Mastercard with the logo of the Department.	\$10,600 in income in 1997 ¹⁴
EXPO Conservation Scholarship Fund	Proceeds from annual Texas Parks and Wildlife EXPO banquet supports scholarships to TPWD employees and members of the public.	\$16,000 in 1999
TPWD Employee Recognition Awards	Annual \$500 awards to Department employees.	\$4,000 in 1999

Although the provisions may not apply directly to the circumstances related above, state law and appropriation act riders prohibit salary supplementation and the outside employment of state employees in positions that may compromise their objectivity.¹⁵

Problem: Because the Parks and Wildlife Department's primary foundation partner operates outside the public arena and without statutory definition, its actions may not always be consistent with public policies.

- The Parks and Wildlife Foundation of Texas, Inc. has been a major asset in acquiring and developing additional conservation and recreation lands for Texas. However, because TPWD has not formally established a strategic conservation and recreation plan based on a statewide assessment of current holdings, the Foundation is not guided by written Department priorities.¹⁶ This lack of guidance could result in acquisitions or developments that create redundancies with current holdings, or that are not a high priority for the State.
- Foundations may also be able to spend governmental funds outside of requirements placed on state agencies. Non-profit foundations are treated as private corporations under state law and are not compelled to follow state restrictions on contracting and purchasing. However, state agencies should not be able to use foundations to circumvent requirements on spending public funds.

For example, rather than overseeing construction itself, the Texas Parks and Wildlife Department requested the Foundation build the \$18 million Texas Freshwater Fisheries Center in Athens. The project, funded by a mix of federal, state, local, and private dollars, was not required to conform to state bidding processes.¹⁷

- Because the Foundation is established through its own bylaws, it can change its structure at any time through a simple vote of its Board of Trustees. Twice in 1999, the Board changed the Foundation's bylaws — once to increase the number of Board members and once to change its fiscal year.
- Although the Foundation serves a public purpose and is closely aligned with a state agency, the public has little knowledge of its operations. For example, while the Foundation has allowed the State Auditor's Office to review its financial records, this access is not required by statute.

The Foundation has been a major asset in conservation and recreation for the State.

Citizen groups have expressed concern that some of TPWD's corporate sponsorships may be inappropriate for a state agency.

Opportunity: With proper controls in place, the Department's foundation partner could administer business ventures and accept sponsorships to benefit the Department.

- The Texas Parks and Wildlife Department runs a number of business ventures designed to create additional revenues for its operations. However, TPWD has limited experience in private sector business functions and its business ventures are ultimately supported by taxes and are not always profitable. For example, in 1997, the Department was forced to suspend its retail catalog operations as a result of "gross fiscal mismanagement" identified by the State Auditor.¹⁸ With additional management controls in place, the Foundation, as a private-sector entity, could be a more appropriate home for these business functions because operating profit-making business functions is an unusual role for state agencies. A full discussion of these business ventures can be found in Issue 5 of this report.
- The Texas Parks and Wildlife Department has also developed a number of sponsorship relationships with corporations. A sponsorship differs from a direct donation in that the corporation gains some rights and association that may be used for commercial purposes.¹⁹ For example, TPWD's relationship with General Motors led to the naming of the Chevrolet Suburban as the "Official Vehicle of the 75th Anniversary of Texas State Parks."²⁰ The Department has had other major sponsorships with Anheuser-Busch, Dow Chemical Co., Dairy Queen, and Southwest Airlines.

While the Department's pursuit of sponsorships has benefited the TPWD's programs, citizen groups have expressed concern that some of the sponsorships are inappropriate, may be viewed as an endorsement of specific products by the State, and may represent a conflict of interest with the agency's regulatory responsibility.²¹

With the institution of proper controls, a closely related foundation could solicit and accept corporate sponsorships without the potential negative results associated with state agency involvement. In fact, some of the Department's sponsorships are currently operated by the Foundation. For example, the Foundation is managing the sponsorship relationship with Dow Chemicals as part of the Department's Sea Center Texas fish hatchery and education center. By federal law, the National Park Foundation manages sponsorships for the National Park Service and has ongoing relationships with American Airlines, Target Stores, and other corporations. The Foundation's pursuit of sponsorships could create an arm's-length distance from the Department and the corporate sponsor, thus removing any perception of conflicts of interest.

Comparison: The federal government and other states have created foundations in statute as partners of governmental agencies.

- The federal government has created three foundations with functions similar to the Parks and Wildlife Foundation of Texas, Inc. — the National Park Foundation, the National Fish and Wildlife Foundation, and the National Forest Foundation. Each of these foundations was created through federal law and is subject to specific public accountability standards, including public audits, reporting requirements, and board composition requirements.²²
- The Colorado Nonprofit Corporation Act and the State Constitution require Colorado state agencies to seek legislative authority before forming non-profit corporations to perform state business. Public foundations formed under the statute are subject to public accountability standards such as open records; open meetings; lobbying regulations; state personnel, purchasing, and fiscal policies; and financial reporting and audit requirements.²³

The National Park Foundation, National Fish & Wildlife Foundation, and National Forest Foundation were each created through federal law.

Recommendation

Change in Statute

2.1 Authorize the Parks and Wildlife Commission to select a single foundation as the official non-profit partner of the Texas Parks and Wildlife Department.

The selected foundation should be guided by the following provisions.

- Mission is the same as the Texas Parks and Wildlife Department.
- Full authority to accept gifts, grants, and donations to further the mission of the Department.
- A board of trustees that represents diverse points of view on conservation and recreation appointed by the Texas Parks and Wildlife Commission to set terms.
- Authority for Parks and Wildlife Commission to define in rules the number of Board members and length of terms with the requirement that no more than one-third of members may be current TPWD Commission members and that no TPWD staff may serve as voting members.
- An annual financial report documenting allocation and use of funds, and acquisition and disposal of real estate filed with the Parks and Wildlife Commission, legislative appropriative committees, and committees having oversight of the Department.
- An annual independent financial audit filed with the Parks and Wildlife Commission.

- For public funds held by the foundation, provide authority for the State Auditor's Office to examine and audit financial records.
- Prohibition against state employees directly spending or obligating foundation funds.
- Requirement that expenditures of public funds meet applicable state and federal standards and guidelines.
- Adoption of a corporate sponsorship policy that contains selection criteria and guidelines, competitive selection of proposals, and a means to ensure that sponsorships are consistent with the mission and goals of TPWD.
- Authority for Parks and Wildlife Commission to establish, in rule, a policy to guide the foundation when soliciting and accepting corporate sponsorships.
- Prohibition against spending state funds to lobby the Texas Legislature.
- Acquisition and construction priorities consistent with TPWD conservation and recreation priorities.
- Prohibition on direct payments to employees of the Texas Parks and Wildlife Department other than reimbursement for documented expenses.

This recommendation authorizes the Parks and Wildlife Commission to designate an official foundation partner to accept donations that further the work of the Department. This official foundation would also be authorized to solicit and accept corporate sponsorships within guidelines established by the Commission. In addition, the selected foundation would continue the role of organizing and managing the accounts for the various site-specific, "friends" groups that benefit individual state parks and other TPWD sites.

As a privately created entity, the Parks and Wildlife Foundation of Texas, Inc. would not have to agree to the designation as the official foundation partner as described above. However, the Commission's agreement with the Foundation expires in September of this year and must be renegotiated. As the Commission proceeds with its negotiations, efforts should be made to bring the Foundation into the statutory definition. Specific mechanics of how the Foundation's bylaws might need to be changed to conform to the requirements of the statutory designation are left to the Commission to be negotiated with the Foundation.

Greater detail concerning the provisions above is provided in the chart, *Best Practices of Foundations with Close Relationships to State Agencies*. Sunset staff compiled these best practices from research and comparisons of foundations related to governmental agencies in other states and at the federal level.

2.2 Require the TPW Commission to adopt policies governing the fund-raising activities of TPWD employees.

At a minimum, the policies should:

- designate which employees may solicit or accept donations,
- prohibit donations by commercial interests regulated by the Department,
- create limitations on where and how fund-raising may occur,

Best Practices of Foundations with Close Relationships to State Agencies	
Action	Component
Statutory Authorization	Foundations established through statute are more accountable for their public actions. Statutory provisions can specify the purposes of the foundation, ²⁴ specify that foundation-generated funds are intended to enhance agency funds and not intended to supplant or replace appropriations, ²⁵ establish board compositions, and require foundations to follow best practices. ²⁶
Harmony of Mission	The mission of a closely related foundation should be identical to the state agency it serves. However, if the state agency's mission is broad or encompasses several distinct functions, separate foundations may exist to serve these diverse functions.
Board Composition	Should represent diverse points of view. Appointments should be made by the Governor or by the agency commission for set terms of office. Current state agency employees should be ineligible to serve as voting members. ²⁷
Conflicts of Interest	Foundation board members should not have a financial stake in foundation business decisions. State policies prohibiting agency commission members and high-ranking agency employees from having financial interests in agency decisions should also apply to financial interests in foundation businesses. Statutes should clearly prohibit state employees from holding paid positions with agency-related foundations and receiving direct benefits from the foundation. Foundations may, however, reimburse state employees for legitimate expenses.
Public Input and Public Information	Closely related foundations that provide a public service and spend public funds should be accessible to members of the public under the terms of the Open Meetings Act and their records should be accessible under the Public Information Act. ²⁸
Accounting and Reporting	Closely related foundations should file an annual report documenting allocation and use of funds, and acquisition and disposal of real estate to legislative appropriative committees and agency oversight committees. An annual independent audit should be required and the State Auditor's Office should have full authority to examine and audit all financial records. ²⁹
Asset Management and Investments	State funds held by foundations should be invested according to the state's Public Funds Investment Act. ³⁰ In most cases these provisions already apply to closely related foundations.
Expenditures	Retention of funds by foundations should be limited to reasonable operating expenses or held in investments. All other funds should be spent in support of agency-established priorities. ³¹ State employees should not be able to directly spend foundation funds — all foundation expenditures should be controlled by the foundation and its employees.
Honoring State and Federal Policies	Expenditures of public funds by a foundation for a Department project should meet the requirements of state or federal policies controlling agency spending. ³² Private funds should remain exempted from these requirements.
Sponsorships	When appropriate to the mission of a state agency, foundations may solicit and accept corporate sponsorships. Foundations should establish selection criteria and guidelines when seeking corporate sponsorships and ensure that sponsorships serve the public interest. These sponsorships should then be competitively selected based upon proposals received. ³³
Prohibition on Lobbying	Policies should ensure that state-derived funds cannot be used to influence legislative action either by foundations or by others funded through grants by foundations. ³⁴
Fund Raising	Because of the high potential for conflicts of interest, state employees with regulatory responsibilities should not be involved in soliciting funds. Fund raising should be limited to foundation employees or specifically authorized state employees without regulatory responsibilities.
Salary Supplements	Statutes should prohibit any supplement, bonus, or benefit (such as scholarships) provided by a closely related foundation directly to a state employee. These benefits could be provided to agencies for their discretionary award.
Expiration Clause	Foundations should not be self-perpetuating, but should be periodically reviewed to assess whether the purposes for which the foundation was created still exist, the foundation is serving those purposes, and the foundation is still needed.

- establish reporting requirements, and
- designate the Executive Director as the person responsible for managing all fund-raising activities.

2.3 Require TPWD to ensure that partner foundations that hold public assets properly safeguard and account for assets, and make decisions to complement Department strategies.

The Parks and Wildlife Commission should adopt rules specifying that all of its non-profit partners adhere to state standards for safeguarding and accounting for State assets. At a minimum, all State funds should be held to the standards in the Public Funds Investment Act (Government Code Chapter 2256). As discussed in Issue 1 of this report, TPWD should develop and follow a strategic, statewide plan for conservation and recreation development. The priorities in the plan should be expressly stated to the Department's non-profit partners who would be expected to make decisions in accordance with the State's priorities.

Management Action

2.4 TPWD should contract with its primary foundation partner to provide a business incubator for commercial ventures.

This recommendation would encourage the Texas Parks and Wildlife Department to move its commercial ventures to its partner foundation where additional attention and business expertise could be applied. For example, the Foundation could take over the operation and risk associated with the Department's hunting drawing, the Texas Grand Slam. Further detail about these commercial ventures is provided in Issue 5 of this report.

Impact

These recommendations are designed to enhance and continue the important role of foundations to the work of the Texas Parks and Wildlife Department. Creating stronger controls will prevent potential problems that may mar the public's view of both the closely related foundation and the state agency that benefits from its work. Establishing closely related foundations in statute

Statutorily authorizing an official foundation partner for TPWD will ensure the stability and continuation of the Foundation's good work.

improves the accountability of the foundation to the public, who is the ultimate beneficiary of its work. In addition, because the structure of TPWD's primary foundation partner, the Parks and Wildlife Foundation of Texas, Inc., is easily altered by a simple vote of its board of trustees, no assurances exist that the good work of the Foundation will continue after current Board members leave. Statutorily authorizing a foundation to assist TPWD will ensure the stability and continuation of the Foundation's good work. With a clear relationship between the Department and its primary foundation partner, and a clear view of how a state agency should approach fund raising, TPWD can use its partner foundation to take

over some of its business ventures. As a private sector entity with business expertise, a foundation is both better equipped and better positioned to perform these business functions. A foundation partner could also effectively pursue corporate sponsorships and remove the possibility of conflicts of interest that may occur when a state agency actively solicits private funds.

Fiscal Implication

This recommendation to improve the relationship between the Department and its closely related non-profit partners is not expected to result in a fiscal impact to the State. Any savings that may result from better safeguarding of funds will accrue to the private foundation and may be available to assist the Department, but will not supplant legislative appropriations. The moving of commercial ventures to the Foundation depends upon the Foundation's willingness to adopt the program. Therefore savings from the Department's losses in these ventures cannot be estimated. Increased revenues from better management of the commercial ventures will accrue to the Foundation, not to the Department.

¹ Adapted from John L. Crompton, *Financing and Acquiring Park and Recreation Resources*, Human Kinetics (Champaign, Illinois) 1999, pp. 476.

² Benefits and explanations based on materials from Crompton, pp. 476-488 and pp. 365-366. Examples compiled by Sunset staff.

³ Telephone interview with Andy Jones of The Conservation Fund, March 16, 2000, Austin, Texas.

⁴ Texas Administrative Code §51.161 (1).

⁵ As identified in Texas Administrative Code §51.162.

⁶ Texas Constitution Article 3 §51 prohibits the Legislature from making grant of public money to individuals, association of individuals, municipal or other corporations.

⁷ Attorney General opinion No. MW-373. Other important AG opinions include, H-1309, ORD 590, and JM-330.

⁸ Although the Department is best known as a provider of recreation, it also has a number of regulatory and law enforcement functions. These include responsibility for regulating the commercial seafood industry, regulating the taking of gravel and shell from Texas rivers, and enforcing all game and environmental laws.

⁹ Sunset staff review of the Department's Personnel Manual and Employee Handbook and a sampling of employee evaluations for a variety of agency positions.

¹⁰ Memo from Paula Peters, Foundation President and Executive Director, to Sunset staff, February 11, 2000. One TPWD employee received reimbursement of \$9,500 in moving expenses in 1999. Other expense reimbursements totaled \$9,000 for 1998 and 1999.

¹¹ Ibid.

¹² Foundation 1998 Federal Income Tax Return.

¹³ Foundation Federal Income Tax Returns and TPWD response to Sunset staff April 4, 2000.

¹⁴ Ibid.

¹⁵ Government Code §659.020 prohibits salary supplementation to state employees without specific authority in the General Appropriations Act. GAA rider §9-303 (in the 1999 act and similar to past bills) requires agencies to report salary supplements to the Secretary of State and Comptroller. TPWD has not reported salary supplements to the Comptroller's office (telephone interview with Kenny McLeskey, Claims Division Manager, Office of the Comptroller of Public Accounts, February 22, 2000, Austin, Texas). The State's Ethics Law (Government Code §572.051) prohibits state employees from accepting other employment or compensation that could reasonably be expected to impair the employee's independence of judgment.

¹⁶ A full description of how TPWD does not strategically plan for all its operations and how this impairs Texas' efforts to provide for conservation and recreation is given in Issue 1 of this report.

- ¹⁷ Interview with Phil Durocher, Director Inland Fisheries Division, Texas Parks and Wildlife Department, December 16, 1999, Austin, Texas. Additional information from Gene McCarty, TPWD Chief of Staff, April 7, 2000, Austin, Texas.
- ¹⁸ State Auditor's Office, *An Audit Report on Catalog Operations at the Parks and Wildlife Department*, April 1999. From 1993 through 1999, the catalog lost \$1.4 million and spent \$5 million. Catalog operations have since been privatized.
- ¹⁹ BDS Sponsorship Ltd., *Introduction to Sponsorship*, Online: www.sponsorship.co.uk/introtospon/sponsorship_introduction.htm. Accessed: March 27, 2000.
- ²⁰ TPW News, *Sponsorships Yield More Money for Texas Conservation*, September 28, 1998.
- ²¹ Interest group correspondence to Sunset staff, December 1999.
- ²² Authority for the National Park Foundation is found in 16 U.S.C. §19, National Fish and Wildlife Foundation statute is 16 U.S.C. §§3701-3709, and the National Forest Foundation is 16 U.S.C. §583j. Most federally created foundations are also subject to the Audits of Federally Chartered Corporations Act (36 U.S.C. §1101).
- ²³ Colorado State Auditor, *The State's Involvement with Nonprofit Entities Performance Audit*, March 1996. The audit noted that 13 non-profit corporations had been formed without specific statutory authorization and recommended that the state law should be further clarified as to when this authorization is required.
- ²⁴ The National Park Foundation, National Fish and Wildlife Foundation, and National Forest Foundation are each created through federal statute. Most federally created foundations are also subject to the Audits of Federally Chartered Corporations Act (36 U.S.C. § 1101).
- ²⁵ Modeled after testimony from Roger G. Kennedy, Director of the National Park Service, before the Subcommittee on Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources of the U.S. Senate, June 6, 1996.
- ²⁶ The federal statutes authorizing the National Park, National Fish and Wildlife, and National Forest foundations also contain these provisions.
- ²⁷ Similar to provisions of federal statute creating the National Fish and Wildlife Foundation (16 U.S.C. §§ 3701-3709).
- ²⁸ A review of public agency-related foundations in other states found requirements of open meeting and open records. For example, see Mississippi Legislature, Joint Committee on Performance Evaluation and Expenditure Review, *A Review of the Mississippi Community College Foundation*, December 1995.
- ²⁹ Similar to provisions of federal statute creating the National Fish and Wildlife Foundation (16 U.S.C. §§ 3701-3709). Most federally created foundations are also subject to the Audits of Federally Chartered Corporations Act (36 U.S.C. § 1101). Additional material from testimony by Roger Kennedy, June 6, 1996.
- ³⁰ Government Code Chapter 2256 prescribes investment policies that apply to non-profit corporations acting on behalf of state agencies.
- ³¹ Adapted from testimony by Roger G. Kennedy, June 6, 1996.
- ³² This best practice does not limit or control foundations from spending private funds, but merely states that funds from public sources must be spent according to the laws and policies that apply to the source of funds. For example, projects funded by grants made to a foundation from the Department must meet state purchasing and HUB requirements. This requirement is intended to prevent an agency from circumventing state law through a foundation.
- ³³ Modeled after U.S. Senate Report 104-299 to accompany S. 1703 concerning the National Park Foundation, June 6, 1996, pp. 5-6.
- ³⁴ Modeled after similar prohibitions found in the General Appropriations Act and in the federal statutes authorizing the National Fish and Wildlife Foundation.

Issue 3

The Texas Parks and Wildlife Commission's Committee Structure Appears to Limit Public Input into Its Decisions.

Summary

Key Recommendations

- Require the Texas Parks and Wildlife Commission to accept public input before voting on major decisions whether in committee or as a full Commission.
- Require the Commission's committees that constitute a quorum of the full Commission to abide by all requirements for public input that apply to the full Commission.

Key Findings

- Public input is important to the decisionmaking process of the Texas Parks and Wildlife Commission.
- The Texas Parks and Wildlife Commission uses an unusual committee structure that inadvertently limits public input into its decisions.

Conclusion

Although the staff of the Texas Parks and Wildlife Department effectively solicits public involvement in its regulatory activities, the Commission does not gain the full benefit of public input in its decisionmaking processes. The lack of input to the Commission is because of its unusual committee structure. Unlike most state governing boards, the Parks and Wildlife Commission's committees meet as committees of the whole. Although the full Commission accepts public testimony before officially voting on issues, no public testimony is accepted at committee meetings when the Commission discusses and takes initial votes on issues. The result is that public input is only solicited after Commission members have made their positions known — limiting the effectiveness of public input to the Commission.

Support

Current Situation: Public input is important to the decisionmaking process of the Texas Parks and Wildlife Commission.

- Because the Texas Parks and Wildlife Department provides direct services to its clients who often directly pay for the services through the purchase of hunting and fishing licenses and park entrance permits, the agency has a close relationship with the public. This close relationship results in a high degree of public interest in the regulatory decisions made by the Parks and Wildlife Commission.
- TPWD's staff goes to great lengths to solicit public input. Staff members routinely conduct town hall-type public meetings around the state before major regulatory changes are made in the Department's programs.¹ In addition, the staff conducts a series of annual meetings to allow members of the public to make suggestions and question staff about any issue under the Department's control.
- Because Commission members rarely attend the staff's public input meetings, the agency's staff summarizes the public's perceptions in presentations and proposals to the Commission. To further facilitate public input, the Commission usually accepts public input before major votes and has established a formal policy to welcome suggestions from the public.²
- The Legislature has emphasized the importance of public input to the Parks and Wildlife Commission through a statutory requirement for the Commission to conduct an annual public hearing where members of the public can testify on any subject.

Problem: The Texas Parks and Wildlife Commission uses an unusual committee structure that inadvertently limits public input into its decisions.

- The Commission meets in two-day sessions. The first day is reserved for committee meetings and the second day is the meeting of the full Commission. Unlike most state agency governing boards, the Parks and Wildlife Commission's committees are composed of the whole Commission — they are not subcommittees. The names and composition of each of the committees is shown in the textbox, *Committees of the Parks and Wildlife Commission*. The committees receive staff briefings, discuss issues, and vote to recommend decisions to the full Commission.

TPWD staff goes to great lengths to solicit public opinions about the agency's functions.

Committees of the Parks and Wildlife Commission		
Name	Chair	Composition
Regulations	Lee M. Bass (Commission Chair)	Whole Commission
Finance	Richard W. (Dick) Heath	Whole Commission
Conservation	Carol E. Dinkins	Whole Commission
Ad Hoc Infrastructure	John Avila, Jr.	Whole Commission
Ad Hoc Outreach	Alvin L. Henry	Whole Commission

Although the meetings are open to the public to observe, the committees do not take public testimony.

- When public testimony is taken at the full Commission meetings, each member has already heard the staff's position, discussed the item with other members, and made their own position known by voting on the issue at the previous day's committee meeting. Because public input only comes at the end of the process, the public's opinion rarely is a factor in the decision. A Sunset staff analysis of Commission meetings held in 1999 showed that no committee decisions were reversed by the full Commission.
- Citizen groups have expressed frustration about the Commission's public input process. These groups feel that the Commission shows its lack of interest in public testimony by taking the input after it appeared to reach a decision in committee on the previous day, limiting public input to three minutes, and rarely discussing comments made by the public.³
- As state law provides no state agency board with a specific statutory charge to meet as a committee of the whole, most agency boards meet in this fashion only for extraordinary purposes. For example, the State Board of Education meets as a committee of the whole for controversial decisions, such adoption of instructional materials.

The Texas Legislature also reserves the use of committees of the whole for unusual circumstances. For example, the Texas Senate rarely meets as a committee of the whole, only doing so for extremely limited purposes, such as the constitutional amendment affecting Texas' line of gubernatorial succession, during the 76th Legislature.

Because the Commission meets as committees of the whole, its process unintentionally limits public input.

Recommendation

Change in Statute

3.1 Require the Texas Parks and Wildlife Commission to accept public input before voting on major decisions whether in committee or as a full commission.

Define, for the purposes of the public input requirement, major decisions as voting on:

- rules and proclamations,
- contracts that require Commission approval,
- budgets,
- grants to political subdivisions,
- development plans for state parks and wildlife management areas,
- memorandums of understanding with other governmental agencies, and
- other decisions as determined by the Commission.

3.2 Require the Texas Parks and Wildlife Commission's committees that constitute a quorum of the full Commission to abide by all requirements for public input that apply to the full Commission.

These recommendations would give the Parks and Wildlife Commission the maximum flexibility to structure its committees and accept public input under its terms while giving the public an assurance that their voice will be heard before important decisions are made. The Commission could still organize its committees as committees of the whole as long as public input is accepted before votes are taken. Likewise, the Commission could organize its committees into groups smaller than a quorum of the Commission and not take public input until the full Commission meeting.

Impact

The intent of these recommendations is to provide the public with more effective and timely opportunities to participate in Commission decisions. Requiring the Commission to hear from members of the public before making decisions will improve the Commission's decisionmaking and its credibility.

Fiscal Implication

This recommendation has no fiscal impact.

¹ For example, in advance of a recent proposed change in the hunting and fishing regulations, the staff is conducting 20 public hearings across the state and is accepting written comments. *TPWD Press Release, February 14, 2000.*

² *Policy Manual of the Texas Parks and Wildlife Commission*; revised August, 1999; Policy CP-002.

³ Interest group correspondence to Sunset staff, November 1999.

Issue 4

Response to the Legislatively Required Analysis of Funding Alternatives for the Department.

Summary

Funding Alternatives

- The Legislature could consider three options regarding the statutory \$32 million cap on appropriations to the Parks and Wildlife Department from the Sporting Goods Sales Tax.
- The Legislature could consider replacing the Department's dedication of Sporting Goods Sales Tax revenue with the Boat and Boat Motor Sales and Use Tax.
- The Legislature could consider expanding the Boat Registration and Titling fees to include canoes, kayaks, and rowboats.
- The Legislature could consider requesting Texas voters to approve a new series of General Obligation Bonds for acquisition and development of park and conservation lands.

Key Findings

- Because of questions about funding the Texas Parks and Wildlife Department, the Legislature has requested the Sunset Commission to review the Department's sources of dedicated funding.
- TPWD's current funding structure is stable and predictable, but somewhat inflexible.
- The Texas Parks and Wildlife Department has not fully studied its spending patterns to find areas of savings.
- If the Legislature chooses to provide additional revenue, the Department could meet Texas' conservation and recreation needs more effectively.

Conclusion

Because of the Legislature's request, the Sunset Commission staff completed this review of the Texas Parks and Wildlife Department's sources of dedicated funding. The staff review found the current mix of license revenues and dedicated taxes to be stable and predictable. The Department's license revenue is somewhat inflexible as it is constrained by market forces. The review paid particular attention to the sporting goods sales tax, as the Department's primary source of general revenue, and to see if the tax is fully related to the mission of the agency. The review found that the agency has not fully reviewed all of its programs to find administrative savings. The review also found that while the sporting goods sales tax is not perfectly related to park use, no other significant tax or new user fee provides a greater connection to park use. The review noted that if the Legislature chooses to provide additional funding, the Department could provide additional services to better meet Texas' conservation and recreation needs. This report provides alternatives should the Legislature decide to make changes in the Department's funding structure.

Support

This report is in response to a legislative requirement to review TPWD's dedicated funding.

Approach: Because of questions about funding the Texas Parks and Wildlife Department, the Legislature has requested the Sunset Commission to review the Department's sources of dedicated funding.

- TPWD has significant funding needs and must compete with other important state programs for funding during the legislative appropriations process. Before the last session of the Legislature, two studies questioned the ability of the Department to adequately provide for its conservation and recreation functions within its current budget. A Texas A&M University report, *Texas Outdoors, A Vision for the Future*, found that the Department needed additional revenue to sustain and enhance current services and successfully undertake additional activities.¹ The State Auditor's Office also studied TPWD and found that the State Parks Division operated with only 80 percent of the necessary funding.²
- In response to the identified funding needs at the Department, the Legislature provided TPWD with a \$34 million appropriation in new funding for the current biennium from General Revenue and dedicated GR.³ Some of this new funding may not continue past this biennium because adequate fund balances and revenues may not be available. This new funding includes \$15 million for park operations; \$2.5 million for landowner priorities; \$10 million for outreach grants, urban space, transfer authority, and indoor park projects; \$6 million for capital projects; \$12 million for employee pay raises; and \$0.5 million for a Law Enforcement environmental crime unit joint project with the Texas Natural Resource Conservation Commission.⁴ An additional \$16.3 million in general obligation bond authority addressed conservation education projects such as the World Birding Center.⁵
- The Legislature also instructed the Sunset Commission to review the dedicated funding sources during its upcoming Sunset review.

General Appropriations Act Rider Directing Sunset Review of TPWD Dedicated Revenues

During the Sunset review process in the upcoming interim, the Parks and Wildlife Department and the Sunset Commission are hereby directed to include a review of appropriate sources of dedicated funding for the purpose of funding the programs administered by the Parks and Wildlife Department. This review should include an analysis of the ability to accurately identify the revenue stream of any funding source currently dedicated to the agency by statute, as well as any proposed funding source identified by the Department or adopted by the Seventy-sixth Legislature, Regular Session.

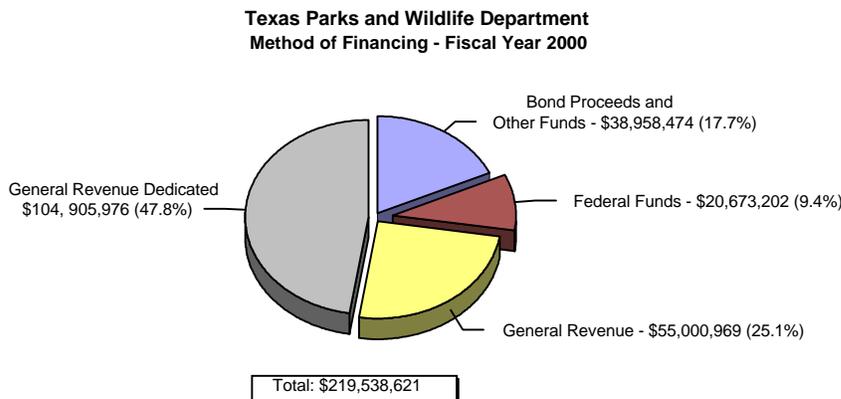
This approach was adopted by the Legislature through a provision in the General Appropriations Act, and similar provisions in Senate Concurrent Resolution 81 and House Bill 2954. The text of the rider is shown in the textbox, *General Appropriations Act Rider Directing Sunset Review of TPWD Dedicated Revenues*.

To fulfill the requirement of the rider and statute, Sunset staff first looked at the resources available through current appropriations to address Department needs. The review then examined the accuracy and stability of the Department's funding sources. The review also assessed the TPWD's use of resources and efforts to meet agency objectives through partnerships with private entities. After reviewing potential uses of current funding, staff looked at statutory changes that could provide new, predictable sources of dedicated funding for TPWD programs.

Current Situation: TPWD's current funding structure is stable and predictable, but somewhat inflexible.

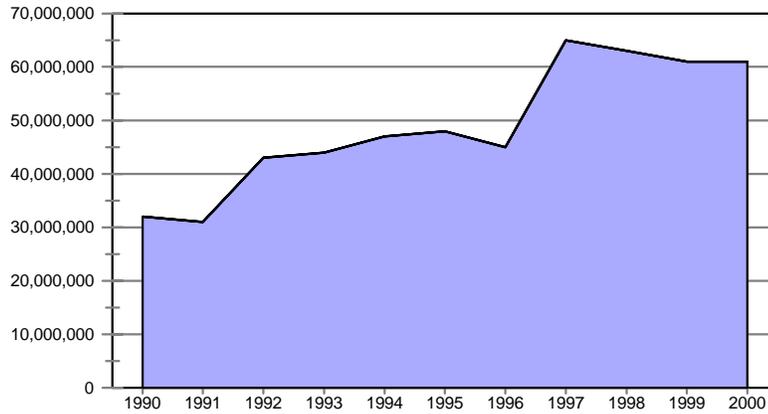
- The Department's funding structure, made up of fees and statutorily dedicated revenue, provides a stable and predictable source of income. Dedicated revenue including fees levied on hunters, anglers, boaters, and park users, and other sources account for more than 95 percent of the Department's budget. The pie chart, *Texas Parks and Wildlife Department Method of Financing — Fiscal Year 2000*, shows the Department's major funding sources.

The Department's ability to raise its fee and license revenue is limited by market forces.



- While the Legislature has given TPWD the ability to adjust most of its fees through agency rules, market forces limit fee and license increases. As a result, this source of revenue is fairly restricted. For example, the agency's experience has been that when fees are raised, sales volume decreases somewhat, although net revenues do increase. The graph, *License Sales Revenue*, outlines 10 years of hunting and fishing license sales. As shown in the graph, revenues peaked in 1997 following a fee increase and the implementation of an automated point-of-sale licensing system.

License Sales Revenue

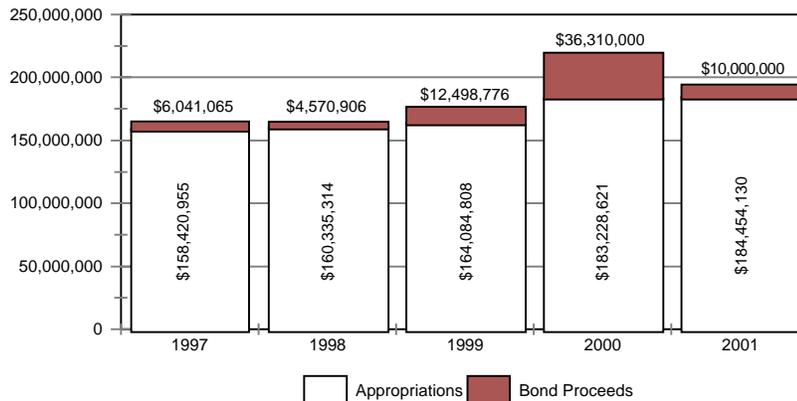


TPWD's dedicated funding limits its flexibility to allocate resources to meet its needs.

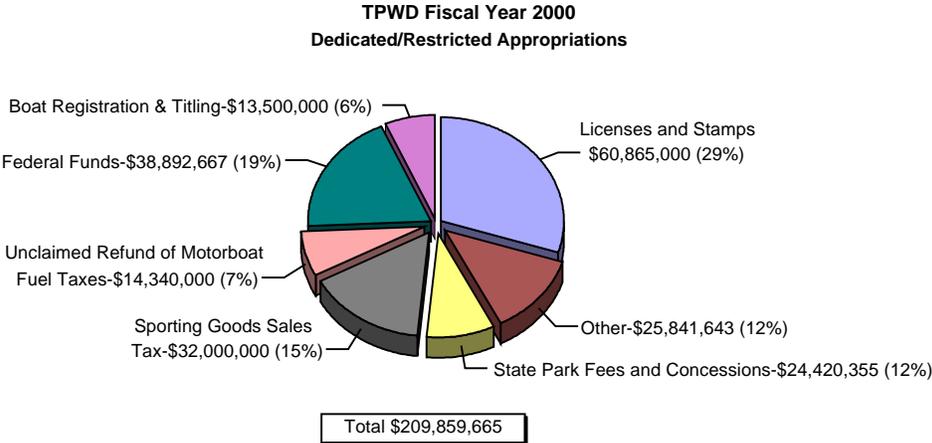
TPWD's user-pay method of financing also limits its flexibility. For example, state and federal laws require hunting and fishing license revenue to support the activities from which the fee is derived. While statutory dedication of revenue helps to ensure that user fees benefit those who pay the fee, dedications also limit an agency's ability to allocate resources to meet its most pressing needs.

- Although the Department's funding has increased significantly over the last seven years, much of the increase has come from the appropriation of bond proceeds for capital improvement projects. The chart, *TPWD Funding From All Sources, FY 1997 - 2000*, shows TPWD funding with and without bond proceeds. Disregarding bond proceeds, TPWD's funding for agency operations has increased 16 percent, or about \$26 million, over the five years from fiscal year 1997 to 2001.

TPWD Funding From All Sources
Fiscal Year 1997 - 2000



- The following material examines each of the Department’s major sources of dedicated funding. The graph, *TPWD Fiscal Year 2000 Dedicated/Restricted Appropriations*, displays the Department’s main categories of dedicated funding.



License Fees

The primary source of dedicated agency funding, about 29 percent or \$61 million in fiscal year 2000, comes from the sale of hunting and fishing licenses. These fees are dedicated to pay for hunting and fishing activities, such as the collection of scientific information, the setting of seasons and bag limits, and law enforcement. In addition to recreational hunting and sport fishing licenses, the Department regulates commercial fishermen. In its 1999 licensing year, TPWD collected \$2.6 million from 20,584 commercial licensees. The table, *Dedicated General Revenue Funding from License Fees — 1997 to 2001*, shows a five-year trend in license revenue by fiscal year.

Hunting and fishing licenses account for 29 percent of TPWD’s dedicated funding.

Dedicated General Revenue Funding from License Fees 1997-2001⁶	
1997	\$63,651,337
1998	\$60,277,505
1999	\$61,381,483
2000 est.	\$60,675,000
2001 est.	\$60,675,000

The Department sells more than 150 different types of licenses, stamps, tags, or permits ranging from wholesale alligator dealer permits to lifetime hunting licenses. The table, *Major TPWD License Sales — 1999*, shows the primary revenue-generating licenses for the most recently completed license year.

Major TPWD License Sales - 1999			
License	Price	Number	Revenue (in \$ Millions)
Super Combo License (Hunting and Fishing License and all Stamps)	\$49	245,509	11.5
Resident Combination Hunting and Fishing	\$32	247,460	7.5
Resident Hunting	\$19	277,056	5.0
General Non-Resident Hunting	\$250	18,413	4.4
Resident Fishing	\$19	884,036	16.0
Non-Resident Fishing	\$30	48,377	1.4
Other Licenses and Stamps	varies	1,421,139	16.6
Total		3,141,990	\$62.4

State Park Fees and Concessions

State Park fees account for 12 percent of TPWD's dedicated funding.

Total revenue from park fees generates more than \$24 million annually, or about 12 percent of total dedicated revenues. Of this amount, \$2 million is raised from sales of Conservation Passports, which permit unlimited park entry for an annual fee of \$50. In 1996, TPWD changed from per car pricing for park entrance to per person pricing. Although some parks are free, park entrance fees currently range from \$.50 to \$5. Camping fees (sites with electricity) range from \$9 to \$23.

Many State Parks also receive support from local concessions and 'friends' groups that provide volunteer services. Park stores and other revenue-generating concessions contribute about \$1.5 million to individual parks annually. While these funds seldom yield enough revenue needed to pay for major repairs, individual parks and projects have benefited from these concessions and the efforts of volunteers. The chart, *Dedicated General Revenue Funding from Park Fees — 1997 to 2001*, shows five fiscal years of park fees and concession revenue.

Dedicated General Revenue Funding from Park Fees - 1997-2001⁷	
1997	\$22,869,656
1998	\$24,298,055
1999	\$26,015,282
2000 est.	\$24,420,355
2001 est.	\$24,420,355

Dedicated Sporting Goods Sales Tax

Since 1993, the Department receives revenues from the portion of the State Sales Tax attributable to the sale of sporting goods. The Legislature dedicated this sporting goods tax to the Department to replace the revenues it used to receive from a tax on cigarettes. In FY 2000, the Department received \$32 million, or about 15 percent of its dedicated revenue, from the sporting goods sales tax.

The sporting goods sales tax is dedicated to both supporting state parks and providing grants for the development of local parks. The tax is statutorily capped at an annual amount of \$32 million, so it approximates the amount formerly brought in by the cigarette tax.⁶ Of the first \$27 million in revenues from the tax, half pays for TPWD operations and half is dedicated to local park grants. Of the remaining \$5 million, 40 percent is used for state park operations, 40 percent goes to local park grants, and 20 percent pays for TPWD capital projects. For example, in fiscal year 2000, the Department received \$32 million from the sporting goods sales tax with \$15.5 million going to State Park operations, \$15.5 million going to local park and recreation grants, and \$1 million going to TPWD's capital account.

Unlike taxes on specific items, the Comptroller of Public Accounts estimates sporting goods sales tax revenues based upon a definition of sporting goods that is shown in the textbox, *Legal Definition of Sporting Goods in Tax Code*. Because the Comptroller has no means of directly measuring the actual amount of sporting goods sold in the state, a national survey of the sporting goods market, conducted by the National Sporting Goods Association (NSGA), is used to estimate the portion of sales tax revenues resulting from the sale of sporting goods items.⁷ A recent analysis of this estimate of sporting goods sales in Texas concluded that the NSGA estimates are very low.⁸

While many types of sporting goods may be used outside of state parks and the local parks supported by TPWD grants, surveys have shown a clear relationship between the purchase of sports equipment and state park visitation.⁹ The top seven items contributing to sporting goods sales tax revenues are shown in the textbox, *Primary Sporting Goods Sales Tax Revenue Generators*.

The State sales tax on sporting goods funds both state parks and grants to develop local parks.

Legal Definition of Sporting Goods in Tax Code

Sporting goods means an item of tangible personal property designed and sold for use in a sport or sporting activity, excluding apparel and footwear except that which is suitable only for use in a sport or sporting activity, and excluding board games, electronic games and similar devices, aircraft and powered vehicles, and replacement parts and accessories for any excluded item.

Primary Sporting Goods Sales Tax Revenue Generators¹²

Fishing Tackle and Boat Accessories
Hunting and Firearms Equipment
Exercise Equipment
Camping or Picnicking Equipment
Bicycles and Accessories
Golf Clubs or Equipment
Binoculars and Spotting Scopes

Boat Registration and Titling

Dedicated Funding from Boat Registration and Titling, 1997-2001¹³	
1997	\$13,542,979
1998	\$14,369,522
1999	\$13,218,212
2000 est.	\$13,500,000
2001 est.	\$13,500,000

Texas' Water Safety Act requires motorboats, boat motors, and sailboats 14 feet and longer to be registered with the Department. The statute requires registration and titling fees which are dedicated to TPWD to pay the costs of enforcing water safety provisions. The registration and titling fee is good for two years. In FY 2000, the Department received \$13.5 million, or 6 percent of its dedicated revenue, from the registration and titling fees. The chart, *Dedicated Funding from Boat Registration and Titling — 1997 to 2001*, shows five fiscal years of information on these fees.

Boat Registration and Titling Fees		
Class	Boat Length	Biennial Fee
Class A	Less than 16 feet	\$25
Class 1	Between 16 and 26 feet	\$40
Class 2	Between 26 and 40 feet	\$55
Class 3	More than 40 feet	\$70

The registration fee varies according to size of the boat. The text box, *Boat Registration and Titling Fees*, displays the different classes of fees.

Boat and Boat Motor Sales and Use Tax

The Department receives a 5 percent collection fee on taxes on the retail sale of a taxable boat or motor and use taxes on boats or motors purchased in another state and brought to Texas. Tax law dedicates 5 percent of the taxes collected by TPWD to the Department and exempts canoes, kayaks, rowboats, and commercial boats longer than 65 feet from taxation. These taxes may also be paid to county tax assessor-collectors who would then retain the fees. For FY 1999, the Department received \$2.2 million from the collection fees. The Legislature has also appropriated to TPWD an additional \$5.6 million from Boat and Boat Motor Sales and Use Taxes for each year of this biennium. The full revenue brought into the treasury by the Boat and Boat Motor Sales and Use Tax in fiscal year 1999 was \$39.7 million.¹⁰ Recent estimates show the tax revenue as growing to \$41.2 million in fiscal year 2001.¹¹ Unlike the sporting good sales tax, which can only be estimated, the Boat and Boat Motor Sales and Use Tax can be clearly calculated by the Comptroller based upon the actual number of boats and motors sold or used.

Unlike the sporting goods sales tax, which is estimated, boat taxes are based on actual sales.

Unclaimed Refunds of Motorboat Fuel Taxes

State law dedicates gasoline taxes to the State's highway program. However, when motor fuels are purchased for vehicles that do not use highways, such as aircraft or boats, the tax collected may be refunded to the buyer. In practice, few recreational consumers of motorboat fuels request refunds. Of the unrefunded taxes on motor boat fuels, 75 percent are dedicated to TPWD. In FY

2000, these taxes are expected to produce about \$14.3 million for the Department and account for 7 percent of its dedicated revenues. The chart, *Dedicated Funding From Motorboat Fuels Taxes — 1997 to 2001*, shows five fiscal years of information on these fees.

1997	\$12,457,326
1998	\$14,060,000
1999	\$14,340,001
2000 est.	\$14,340,000
2001 est.	\$14,340,000

Federal Funds

The Department receives about \$38.9 million, or 19 percent of its dedicated revenue, from the federal government through apportionments, grants, and contracts. The largest federal source of funding is the Federal Aid in Sportfish Restoration Act, commonly known as the Dingell-Johnson Act, from which TPWD is apportioned \$12 million in FY 2000. The Federal Aid in Wildlife Restoration Act, also known as the Pittman-Robertson Act, provides the agency with \$9 million in FY 2000. These federal funds are raised through excise taxes on the sale of fishing equipment, firearms, and ammunition. The chart, *TPWD's Federal Funds — 1997 to 2001*, shows five fiscal years of information on these funds.

1997	\$29,804,717
1998	\$19,467,609
1999	\$26,421,888
2000 est.	\$38,892,667
2001 est.	\$22,200,000

Other less significant federal funding sources include the Department of the Interior's Outdoor Recreation, Acquisition, Development, and Planning program; funds received from the U.S. Department of Transportation for boating safety and highway planning and construction; and funding from the Department of Commerce to support the Interjurisdictional Fisheries Act.

Bond Revenues

In 1967, the Legislature and Texas voters authorized the sale of up to \$75 million in General Obligation bonds for park development. TPWD has used these bond proceeds to acquire, improve, and better equip state parks throughout Texas. The Department has used this bond authority through six separate bond sales from 1968 until 2000. With the FY 2000 bond sale of \$16.3 million, the Department has used all of the authority granted in 1967.

Thirty years later, in 1997, the Legislature authorized \$60 million in revenue bonds for critical park repair and maintenance projects. These funds cannot be used for expansion of the park system or purchase of conservation lands. TPWD used \$30 million of this bond authority in the FY 1998-1999 biennium and is scheduled to sell an additional \$30 million of bonds during the current biennium for repair projects.

TPWD has used bond revenues to both develop and repair state parks.

Problem: The Texas Parks and Wildlife Department has not fully studied its spending patterns to find areas of savings.

- To manage its resources effectively, the Department should fully examine its spending patterns to find areas where it can be more efficient. The Sunset review found a consistent pattern of inadequate program oversight that, if corrected internally, could improve the Department's spending. These improvements will help to ensure that TPWD's decisions are well-justified and make the best use of public resources.

TPWD needs better internal oversight to ensure that its programs achieve intended benefits.

For example, the Department does not have a process that assesses whether its many diverse activities achieve intended benefits. TPWD engages in a large number of commercial revenue-generating activities and educational initiatives with little overall coordination or assessment of the effectiveness of its activities. Issue 5 of this report discusses the need for an agency wide business plan that leads to periodic review of the effectiveness and financial impact of each significant agency activity. Issue 6 of this report discusses how the agency's education initiatives also lack internal oversight.

- The agency also needs to fully examine its decisionmaking processes. Issue 1 of this report looks at how TPWD makes decisions on acquisition, divestiture, local park grants, and management of its system of conservation and recreation lands. Sunset staff found the agency to have an inadequate basis for making these decisions. Better information about the network of Texas' conservation and recreation land, and a better system for making decisions about Texas' system, would improve the agency's operations and would likely result in savings from better planned acquisitions.

The agency also does not have an adequate means of making decisions on facility maintenance and repair. For example, the Department does not use a system to document facility maintenance and repair costs on life cycle basis, although such a system has been designed for use. Instead, local park managers propose a maintenance program to be approved by management. Because projects that exceed budget limitations are deferred, this proposal approach does not provide TPWD management with an ongoing, reliable, systemwide estimate of the future costs of repair and maintenance. Consequently, Department staff were unable to provide Sunset with a documented estimate of the total dollars needed to repair and maintain TPWD facilities. This information is essential to justifying future legislative appropriations for infrastructure needs. Greater information about the agency's infrastructure program is provided in Issue 7.

Opportunity: If the Legislature chooses to provide additional revenue, the Department could meet Texas' conservation and recreation needs more effectively.

- If TPWD were to set its internal spending oversight in place and gain legislative appropriation of additional funding, three opportunities exist to improve Texas' system of conservation and recreation lands: improved maintenance of existing facilities, acquisition of additional conservation and recreation lands, and the potential availability of additional federal matching funds.

Deferred maintenance has caused TPWD facilities to deteriorate over time. Estimates of the cost of repairing and maintaining TPWD's buildings and facilities have been as high as \$186 million.¹² For example, more than 60 percent of state parks have water and wastewater systems that are older than their life spans.¹³ In 1997, the Legislature provided \$60 million in bond authority to address the critical need for repair of water and wastewater systems and for compliance with the accessibility requirements of the Americans with Disabilities Act. In addition to bond funding, the Legislature, in 1999, provided new funding of \$3 million each year for small repairs and maintenance at Department facilities. Despite these advances, the Department's facilities may still need additional repair and maintenance funds, as the full cost of correcting infrastructure problems that have arisen through decades of neglect is high.

Using current funding levels, TPWD has been able to expand conservation and recreation lands primarily through donations — typically through partnership with private organizations such as The Conservation Fund. However, the Department's opportunity to add to state land holdings at a reasonable cost is quickly diminishing. This is because population growth, urban development, and the breakup of family ranches drive up the cost of land and threaten natural habitats.¹⁴

The U.S. Congress is considering the Conservation and Reinvestment Act (CARA), which, if enacted, would provide up to \$2.8 billion to the states from federal revenues for the lease of continental shelf lands for oil and gas exploration. These funds are expected to be earmarked for conservation purposes and will largely be available on a cost-matching basis. The textbox, *Conservation and Reinvestment Act Funds that May Be Available to Texas*, shows funding formulas that are part of the Act at this time.

If this federal legislation were to pass, TPWD and other Texas agencies would need additional appropriations for matching purposes to take advantage of the federal funds.

If TPWD improves its internal oversight and gains additional legislative appropriations, it could improve facility maintenance, acquire additional conservation and recreation lands, and potentially draw down new federal funding.

Conservation and Reinvestment Act Funds that May Be Available to Texas			
Title	Purpose	Texas' Potential Share (in Millions)	Required State Match
Title I	Coastal Conservation	\$131.7	None
Title II	Land and Water Conservation	\$73.5 (\$15 to TPWD)	50%
Title III	Wildlife and Wate Conservation	\$17.5	25%
Title IV	Urban Parks and Recreation	\$4.4	30%
Title V	Historic Preservation	\$2.5	None
Title VI	Federal and Indian Land Restoration	\$2.5	None
Title VII	Conservation Easements and Species Recovery	\$1.8	None

Funding Alternatives

To fulfill the legislative requirement that the Sunset Commission review the Parks and Wildlife Department's sources of dedicated revenue, Sunset staff identified statutory changes for consideration. If implemented, these changes could enhance funding for conservation and recreation in Texas. The funding alternatives described below are intended to be considered by the Department and the Legislature in light of the needs of the State as a whole and not in isolation. Because only the Legislature can fully weigh the funding needs of all areas of government, this report states alternatives and does not make recommendations.

Statutory Alternatives

4.1 The Legislature could consider three options regarding the statutory \$32 million cap on appropriations to the Parks and Wildlife Department from the Sporting Goods Sales Tax.

Because the sporting goods sales tax funds both State Parks and the Department's local parks grant program, the tax has a high relationship between the payers of the tax and the purposes of the tax revenue. State law directs that 50 percent of the income from the sporting goods tax (and 40 percent of the amount above \$27 million) be dedicated for local park development and acquisition grants. If the cap were removed or raised, the same percentage of additional funding could be allocated to local parks, or new funding could be allocated to solely meet TPWD needs. In addition, increases in tax revenue may be reasonably tied to increases in the recreational needs and activities of the public, regardless of whether state or local parks are used. The Sunset review identified three different options related to raising the Department's cap on the sporting goods sales tax.

- A. The Legislature could increase the statutory cap above \$32 million.** Under this approach, the Legislature could pass legislation to increase the dollar amount of the \$32 million cap that is specified in statute. The amount of the increase would depend on the ability of the Department to present information substantiating needs for additional resources. This new cap, however, would remain in statute and prevent the Legislature from increasing appropriations from this source in the future without once again having to amend the statute.
- B. The Legislature could remove the \$32 million cap and replace it with an authorization for the Legislature to set the cap each biennium in the General Appropriations Act.** Under this approach, the Legislature would assess the Department's needs each biennium and set the cap on sporting goods sales tax revenues as part of the appropriations process. Again, the amount of TPWD funding from this source would depend on the Department's ability to justify additional funding. While this approach removes the statutory limitation on the Legislature's ability to provide TPWD with sporting goods tax funding, the potential exists that the Legislature could choose to decrease formerly dedicated funding below the existing \$32 million cap.
- C. The Legislature could establish a floating cap based on a percentage of the total amount of revenue raised through the sporting goods sales tax.** Under this approach, as the total amount of sporting goods sales tax revenue changed, the amount assigned to the Department would also change. For example, in FY 1999 the tax was estimated to bring in \$84.6 million. If the tax brought in \$93 million in FY 2000, a 10 percent increase, the cap would also increase by 10 percent. In effect, under this example, the cap would increase to \$35.2 million in FY 2000. This approach would have the advantage of assigning a portion of increasing state revenues to TPWD without directly reducing appropriations for other state functions.

Another similar approach could be to have the cap float based on the dollar increase in Sporting Goods Tax revenue over and above a certain base year's receipts. This approach would directly increase the cap for every dollar received over the base year amount. If the State received \$2 million more in sporting goods tax receipts than the base year, the TPWD cap would increase by \$2 million. As the Comptroller currently estimates the sporting goods sales tax revenue to increase by \$2.2 million per year, the Department would receive a \$2.2 million increase in its level of dedicated funding each year for as long as this trend continued.

4.2 The Legislature could consider replacing the Department's dedication of Sporting Goods Sales Tax revenue with the Boat and Boat Motor Sales and Use Tax.

A primary disadvantage of the sporting goods sales tax is that its revenues cannot be directly tracked, but instead are estimated by the Comptroller of Public Accounts. The Comptroller's estimates are based upon a national household survey that some observers conclude does not reflect the full amount of tax revenue attributable to sporting goods. Unlike the sporting good sales tax, revenues derived from the boat and boat motor sales and use tax are directly tracked by the Comptroller with a specific revenue code. Replacing the Department's dedicated funding

from the sporting goods sales tax with the boat and boat motor sales and use tax would enable the Legislature to accurately assign a specific revenue source to the Department without needing to estimate totals.

A potential downside to replacing the sporting goods sales tax with the boat and boat motor sales and use tax is that this may add to the perception that all users of Texas Parks and Wildlife programs do not contribute fairly. Calculations provided by TPWD already show that boaters have the lowest return of benefits for direct payment of any of the Department's user groups.¹⁵ However, almost all boat owners are users of public waterways regulated by TPWD and, while park users also are frequent purchasers of sporting goods, many sporting good buyers do not use state parks or local parks funded through the Department's grants.

If the Legislature chooses to replace the current sporting goods sales tax with a full dedication of the boat and boat motor taxes, the Department would receive about \$41.2 million, a significant increase above its current cap of \$32 million. This increase in TPWD's dedicated funding would result in a corresponding decrease in the General Revenue Fund. The Legislature could also choose to either fund the entire extra amount to the Department or fund local park grants with some of the additional money, which is currently 40 percent of the sporting goods tax revenue above \$27 million.

4.3 The Legislature could consider expanding the Boat Titling and Registration fees to include canoes, kayaks, and rowboats.

The Department currently receives about \$13.5 million in dedicated revenues from the registration and titling of a boats and boat motors. These fees are payable to the Department on a biennial basis and are set on a sliding scale based on boat length. Owners of canoes, kayaks, and rowboats are exempted from the fees, but benefit from the Department's oversight of water safety provisions. Expanding the fees would bring in another \$1.7 million to the Department each biennium.¹⁶

4.4 The Legislature could consider requesting Texas voters to approve a new series of General Obligation Bonds for acquisition and development of park and conservation lands.

With the end of TPWD's park development bond authority, the Department is dependent on legislative appropriations or gifts for acquisition of lands and infrastructure development. Paying for major land or construction projects through bond proceeds is a common method of financing projects that would be far less expensive to buy or build now, than in the future. In addition, certain lands or cultural resources may only be available for preservation for a limited time. Without available bond proceeds, the State may not be able to purchase and preserve these properties.

Issue 1 in this report requires TPWD to assess the use and purpose of public resources and develop a strategy for future acquisition needs. New bonding authority would provide a means for TPWD to address identified needs. Actual sale and use of bond proceeds could not occur unless approved by the Legislature through the General Appropriations Act.

Impact

The Sunset review of the Parks and Wildlife Department's dedicated funding sources showed that the funding streams are stable and predictable, but may not be flexible enough to meet all of the Department's future needs. While the Department could accomplish some important tasks related to Texas' conservation and recreation needs with additional funding, the Sunset review did note a consistent pattern of ineffective management oversight of internal programs which should first be corrected. Issue 7 discusses a lack of coordination and oversight of the Department's construction-related programs. Issue 5 of this report examines the Department's lack of a central point of review for agency commercial ventures. Issue 6 also notes that no central point of review exists for the Department's many educational programs. One improvement to the Department's internal oversight could take the form of creating a central office of program review that would find and fix such problems as discussed in Issue 5. The Department could also consider improving its Internal Audit function to increase program oversight. These management recommendations, if fully implemented, would result in a more efficiently run organization.

Fiscal Implication

The fiscal implications of these funding alternatives would depend on the option chosen by the Legislature and improvements put in place by TPWD. Where known, the fiscal implications of individual options have been included in the discussion of each approach.

¹ Texas A&M University *Texas Outdoors, A Vision for the Future*, 1998.

² State Auditor's Office, *An Audit Report on the Texas Parks and Wildlife Department's Management of the State Park System*, September 1998, p. 1.

³ Legislative Budget Board, *Fiscal Size-Up 2000-2001*, January 2000, p. 202.

⁴ Jayna Burgdorf, TPWD Chief Financial Officer, TPWD Commission Finance Committee, June 2, 1999.

⁵ Legislative Budget Board, *Fiscal Size-Up 2000-2001*, January 2000, p. 202.

⁶ John Crompton, *An Analysis of the Sales Tax Attributable to Sporting Goods*, August 1998, p. 13.

⁷ Ibid.

⁸ Ibid. p. 21.

⁹ Ibid. p. i.

¹⁰ Texas Comptroller of Public Accounts, *1999 Annual Cash Report, Volume Two*, p. 2.

¹¹ Texas Comptroller of Public Accounts, *Biennial Revenue Estimate: 2000-2001*, p. 35.

¹² Estimate by TPWD in November 1995, as cited in State Auditor's Office, *An Audit Report on the Texas Parks and Wildlife Department's Management of the State Park System*, September 1998, p. 23.

¹³ John Crompton, *TPWD Funding Sources*, August 1998, p. 9.

¹⁴ Interview with Robert Potts, Texas Nature Conservancy, January 21, 2000.

¹⁵ TPWD, *User Pay - User Benefit*, information provided on October 12, 1999.

¹⁶ Mike Reissig, Texas Comptroller of Public Accounts, April 10, 2000.

Issue 5

TPWD Lacks Standard Business Oversight Mechanisms for Commercial Ventures and Other Department Operations.

Summary

Key Recommendations

- All significant statewide commercial ventures undertaken by TPWD should be supported by a business plan and approved by Executive Management.
- TPWD should develop an agencywide business plan to guide the Department's operational strategies.
- Require TPWD to assess the potential for outsourcing agency activities as part of the business planning effort, and use the services of the Council on Competitive Government where appropriate.

Key Findings

- The Department has developed numerous commercial ventures intended to generate new sources of revenue.
- Creating commercial ventures without business plans and proper oversight leads to duplication and loss of funds.
- TPWD uses unrealistic estimates of costs and revenues for certain commercial venture projects.
- TPWD does not consistently evaluate outsourcing opportunities for commercial ventures or other Department activities.

Conclusion

TPWD is missing several standard mechanisms to ensure that the Department's business activities and commercial ventures operate cost-effectively. First, TPWD needs an agencywide business plan to guide its business strategies.

Second, TPWD should manage its large commercial ventures like a business. The investment of public dollars for commercial purposes should yield a meaningful profit at minimal risk. To enhance the successes of money-raising ventures, TPWD needs to require each statewide commercial venture to be guided by a complete and achievable business plan. The Department's senior management should approve the full business plan and the financial plan, and monitor implementation to ensure cost-effectiveness.

Finally, TPWD has not taken a hard look at programs that could be considered for outsourcing. Opportunities for partnerships with the private sector exist in both commercial ventures and Department-operated functions. Significant savings and customer service improvements can result from such an examination.

Support

TPWD Commercial Ventures

Promotions

Outdoors-Woman Workshops
 Great Texas Birding Classic
 Bud Big One Fishing program
 Texas Dreaming Sweepstakes
 Texas Grand Slam drawn hunts
 Texas Exotic Safari
 Texas Birding Grand Slam
 The Gulf Coast Round-up
 Fish Texas
 Development of Nature Lodges
 and Aquatic Resource Centers

Sales and Prizes

Book and Poster Publishing
Texas Parks and Wildlife Magazine
 Camping and Fishing Equipment
 Sales of T-Shirts, Mugs, etc.
 Conservation License Plates

Current Situation: The Department has developed numerous commercial ventures intended to generate new sources of revenue.

- To meet its funding needs, TPWD has encouraged employees to adopt an entrepreneurial philosophy and develop commercial enterprises that will earn additional income for the agency. Commercial ventures may be statewide promotions run by TPWD headquarters staff as well as initiatives developed by the Department's staff in regional offices and at local parks.
- TPWD has numerous statewide commercial ventures, including hunting lotteries, sale of license plates, sale of clothing and home products, book publishing, the planned development of nature lodges, and other sales and promotions that mirror private business activities. The textbox, *TPWD Commercial Ventures* lists many of the Department's money-raising activities.

Problem: Creating commercial ventures without business plans and proper oversight leads to duplication and loss of funds.

- The Department develops most commercial ventures without a formal business plan. Instead, staff develops a proposed budget that is used to determine the viability of a venture. While quality business plans require precise estimates of costs and conservative projections of revenues or losses, TPWD commercial venture budgets do not reflect comprehensive analysis of costs and revenues. This situation places state funds at risk each time a commercial venture is proposed. For more information on business plans, see the textbox, *What Goes Into a Business Plan*.
- The Department has no formal approval process for commercial ventures. Division Directors and the Executive Director are generally made aware of commercial activities performed by employees. However, TPWD management has no formal process to review and approve a commercial venture other than the operating budget process.

This oversight gap creates the possibility that

What Goes Into a Business Plan¹

Description of the Business and the Product or Service - Characteristics of the business, customer benefits, expected demand, marketing strategy, location, accessibility, and demographics.

Management Information - Key Managers/ Decisionmakers and their experiences and accomplishments, organizational chart, sources of assistance, salaries, and personnel Needs/Duties.

Financial Data - Capital equipment needs, balance sheet, breakeven analysis, income and cash flow projections, pricing strategy, and costs for labor, material, services, and overhead.

A Financial Management Plan - Start-up budget, operating budget, accounting and inventory systems, and sales and profit goals.

agency employees may commit public resources to ventures that are unplanned, duplicate efforts, compete for the same customers, create excessive costs, and fail to take advantage of in-house resources. Also, commercial ventures are not proposed or evaluated under the guidance of an agencywide business plan.

- Although many of TPWD's current commercial ventures are relatively small marketing efforts that expose the Department to little financial risk, some recent and proposed ventures may create material financial risks.

For example, the Texas Freshwater Fisheries Center (TFFC) in Athens, constructed in 1998 at a cost of about \$18 million, is a fish hatchery, and educational center. While TPWD staff state that the Athens site was selected based on competitive offers from Texas cities, the location is not near a major population center. Attendance at TFFC has decreased since its first year of operation. Concerns about demography, attendance, food services, and gift shop income might have been avoided if the project had been done using a complete business plan.

In other examples, TPWD is currently accepting proposals from a private company to construct nature lodges that would offer shelter in a comfortable facility at state-owned recreation and wildlife areas. In addition, the Department is developing the World Birding Center in South Texas, and planning the Texas Rivers Center in San Marcos, a facility similar to the Texas Freshwater Fisheries Center. The Department does not have policies that would require large, complex ventures to develop a complete business plan that considers risks, markets, profitability, full development and operating costs, and contains a management plan for a facility.

- Agency publications offer one example of how TPWD duplicates commercial ventures. Employees are allowed to independently produce, publish, and market books and other documents, often at a financial loss, without the advice or approval of the Parks and Wildlife Press, which has been in operation since 1995. The Press maintains sophisticated business partnerships with the University of Texas Press and booksellers, including Internet-based sellers, who market publications to a large, nationwide audience. With its publishing experience, the Press is able to gauge the market for a publication, determine costs of production, and sell the publication with little direct involvement of TPWD employees.

Despite these in-house publishing resources, employees are allowed to produce, publish, and sell books without the advice and oversight of the Parks and Wildlife Press. Books published independently by employees include *Wetlands Plants of the*

TPWD commercial ventures often begin without close scrutiny or a complete business plan.

Western Gulf Coast, Threatened and Endangered Animals of Texas, the Wildlife Viewing Guide, Mottled Duck, and Wildscapes. Agency records show that sales of these books have not covered costs.

Problem: TPWD uses unrealistic estimates of costs and revenues for certain commercial venture projects.

- The actual net income or loss from a commercial venture is often uncertain because some estimates of net income do not include the costs of employee time spent on the project, and projections of project revenue may be unrealistically high. The Department does not consistently account for the cost of all employee time when employees work on money-raising projects.

For example, TPWD reported that the Big Time Texas Hunts promotion netted \$440,000 in fiscal year 1999. The project's budget maintained by the TPWD finance office shows net revenue of only \$140,357, and include only \$2,734 in employee salaries when arriving at the net figure. The cost of employee time spent promoting the hunts, developing and carrying out direct mail marketing, processing applications, selecting the winner, and arranging for the hunts, lodging, and taxidermy were not recorded and not considered in calculating net income. An examination of other commercial venture budgets showed similar problems.

TPWD does not adequately calculate the profit or loss from a business venture.

Problem: TPWD does not consistently evaluate outsourcing opportunities for commercial ventures or other Department activities.

- Interviews showed that TPWD does not evaluate private sector ability to carry out proposed commercial ventures. While many promotions and some sales would likely not be candidates for a shift to the private sector, other Department ventures are similar to private business ventures. For example, certain fishing competitions, guided tours, sale of camping equipment, and publishing of prints and books are all commercially available.
- An evaluation of outsourcing Department activities reveals a mixed picture. TPWD has effectively procured services from private sector vendors in several significant operational areas. The Department's information technology activities, licensing system, Internet park reservations, on-line catalog, segments of book publishing, certain print shop functions, and park concessions all have been subject to competitive outsourcing.

However, the Department has no process to systematically evaluate other opportunities for outsourcing. For example, TPWD has not conducted studies to evaluate the outsourcing potential of the parks reservation call center, the bulk of its printing operation, media production, and fish hatchery operation.

- No formal system is in place to evaluate the quality and effectiveness of Department programs. As a result, little information is available to determine whether consideration of outsourcing of programs is advisable. While many agencies have a program evaluation unit, often as part of an agency's budget operations, TPWD has no such function. Other issues in this report have called into question the efficiency of several agency programs or activities because of limited oversight and duplication of efforts. Lack of program evaluation and a business plan limit the Department's ability to assess both current operations and the potential for outsourcing activities.

Recommendation

Change in Statute

5.1 All significant statewide commercial ventures undertaken by TPWD should be supported by a business plan and approved by Executive Management.

TPWD's commercial ventures should be carefully controlled to ensure that they benefit the Department. Failure to plan a commercial venture effectively, and the use of optimistic estimates of the costs and revenue of a commercial activity, can contribute to inefficiency and detract from the Department's mission. Accurate records of the time spent by agency employees are key to determining the success of a commercial venture. The business plan of a statewide venture should be reviewed at least annually to assess the overall performance and value of the project. Projects that fail to meet financial objectives should be immediately adjusted or terminated.

Successful commercial ventures should be considered for outsourcing, if appropriate, in a manner similar to TPWD's merchandise catalog. Unsuccessful, money-losing projects that have a public relations value or an educational purpose should also be considered for privatization when non-profit entities, such as a foundation, may be available to assume responsibility for the initiatives. Outsourcing decisions, whether the venture loses money or is profitable, require a complete business plan and an accurate record of performance.

Judging the success of a commercial venture requires an accurate accounting for all the costs and reasonable projections of income from the project. TPWD should develop and use an activity-based costing methodology to record all project costs and accurately calculate the net income from a commercial venture.

The focus of this recommendation is on statewide promotions. Promotions and sales at local parks should not be subject to this review requirement.

5.2 TPWD should develop an agencywide business plan to guide the Department's operational strategies.

Lack of a business plan hinders the Department's ability to make effective decisions. Knowing whether a proposed commercial venture or even a new outreach program fits within the overall picture of the Department's business strategy is essential to effective decisionmaking. As with other state agencies' business plans, the TPWD effort should focus on the efficiency of current operations, as well as the potential for changes necessary to best meet the Department's overall goals. The development of the business plan should include a strategy for best use of outsourcing opportunities.

One key component of TPWD's business planning effort should be evaluation of the Department's existing programs and activities. As discussed in other issues of this report, poor business practices including duplication and lack of effective oversight of decisions exist in several areas of TPWD operations. These problems could be assessed and solutions proposed through the business planning process.

5.3 Require TPWD to assess the potential for outsourcing of agency activities as part of the business planning effort, and use the services of the Council on Competitive Government where appropriate.

Continuing budget pressures force state agencies to examine how best to use their resources. One approach is to require an agency to compare the services and products offered by government agencies to those from the private sector. This comparison can foster both increased savings and potentially improved customer service.

Management Action

5.4 TPWD should report the performance and estimate future revenues of its statewide commercial ventures in its Legislative Appropriations Request.

Failed commercial ventures create significant costs for the State and should be considered when the Legislature deliberates agency appropriations. Conversely, new income should be appropriated consistent with the agency's primary objectives. Improved legislative awareness of commercial ventures will help to ensure appropriate oversight of the use of agency resources.

Impact

This recommendation would promote effective oversight of an expanding area of TPWD activity. The Department's creative initiatives to increase income while balancing competing interests require that the costs and benefits of projects be clearly and accurately identified. Decisionmakers require accurate information to support TPWD activities that raise revenue, especially when the use of TPWD employees or resources may detract from other agency objectives.

Operating within a planned approach to business activities ensures the Department will better follow its overall goals and strategies for success. Better information for decisionmaking resulting from an agencywide business plan, as well as business plans for proposed commercial ventures, will assist the agency in its efforts to provide services to citizens and protect the environment.

Fiscal Implication

This recommendation would have a positive fiscal impact on the Department. Some TPWD commercial ventures have lost significant amounts of money. Oversight of TPWD commercial ventures would ensure that the actual costs of agency initiatives, as well as a reasonable estimate of the benefit of the initiative, are taken into consideration when committing public resources. Commercial ventures that do not create revenue for the agency would be more easily identified and terminated under this recommendation. Any costs in preparing the agencywide business plan will be more than offset by resulting savings. Exploring outsourcing alternatives should also lead to savings, either through reduced cost contracts or the Department streamlining its activities to match the private sector. The outsourcing alternatives, however, cannot be estimated.

TPWD's Finance Office records contain projected budget and expenditure data for some Department commercial ventures. The total projected FY 2000 expenditures for the projects, for which records are available, are \$2.3 million. Projected expenditures may not fully reflect the cost of each venture, and the total amount does not include projected expenditures of approximately \$2.8 million for *Texas Parks and Wildlife* magazine. Effective business planning should improve management of these commercial ventures and is estimated to result in a net gain of \$200,000 for each year of the next five years, or about 4 percent of the expenditures for commercial ventures and *TPW* magazine. Savings achieved by projects that have not been fully implemented cannot be estimated, but could be considerable in light of the large commercial ventures currently planned by TPWD.

Fiscal Year	Savings to the General Revenue Fund	Change in FTEs From FY 2001
2002	\$200,000	0
2003	\$200,000	0
2004	\$200,000	0
2005	\$200,000	0
2006	\$200,000	0

¹ Federal Small Business Administration, *The Business Plan, Road Map to Success*, www.sba.gov.

Issue 6

The Department Does Not Manage Its Outreach and Education Efforts Effectively.

Summary

Key Recommendations

- Require TPWD to assess all existing outreach and education programs for effectiveness and duplication.
- The Department should increase internal oversight of its outreach and education efforts.
- TPWD should develop more extensive partnerships with other state agencies, state universities, and national organizations to coordinate outreach and educational programs and events.

Key Findings

- TPWD operates an extensive array of education and outreach programs.
- The Department exercises inadequate management of its education and outreach efforts.
- TPWD does not use existing education and outreach opportunities effectively.

Conclusion

Outreach and education are important tools for the Texas Parks and Wildlife Department to use to accomplish its mission. As such, the Department places a large emphasis on these programs in its budget and assigns the mission of educating the public about conservation to every employee. Although these efforts permeate every aspect of the agency and affect every employee, the Department cannot identify how it spends education and outreach funds, show that the funds are used efficiently, or illustrate whether the programs effectively educate participants. This assessment found that although TPWD offers many needed and effective outreach programs, these efforts could be streamlined through more and stronger partnerships, internal coordination, and better program evaluation.

Support

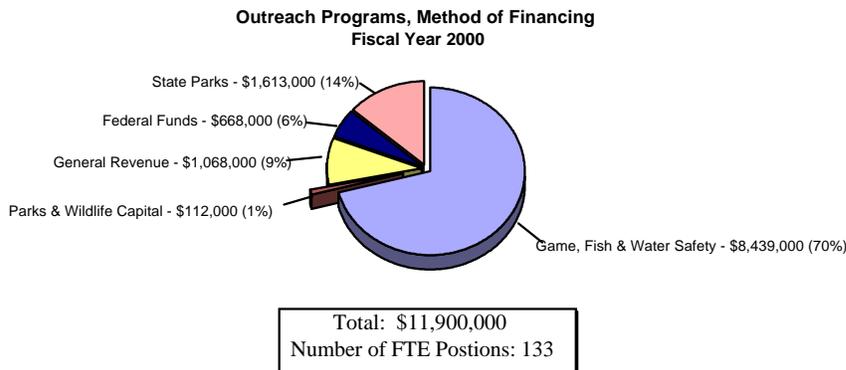
Current Situation: TPWD operates an extensive array of education and outreach programs.

- Outreach and education activities are a major emphasis at TPWD, involving every Division and every employee. In fiscal year 1999, TPWD held more than 3,500 events that reached an estimated 1.8 million Texans.¹ Examples of these outreach programs, ranging from fishing and hunting events to tours of the Department's fish hatcheries, are outlined in the table, *Selected Education and Outreach Efforts*.² TPWD's budget for outreach and education totals \$11.9 million in fiscal year 2000.³ Funding sources for TPWD's outreach efforts are shown in the graph, *Outreach Programs, Method of Financing, FY 2000*.⁴

TPWD Philosophy:

Providing outdoor experiences, whereby young minds form values, will be our greatest contribution to the future.

Selected Education and Outreach Efforts			
Program	Objective	Annual Participants	Cost
Texas Parks & Wildlife Magazine	Monthly conservation and recreation magazine	143,000 paid subscribers	\$2,927,947
Texas Wildlife Expo	Introduce Texans to outdoor opportunities available throughout the state	44,500	\$486,648
Texas Parks & Wildlife Television show	Conservation and recreation events program	284,000 viewers per week	\$289,810
Angler Education	Fishing techniques, aquatic ecology, and fishing law	300 instructors certify 3,000 students	\$229,963
Mobile Target Rangers	Hunter education on firearms safety and outreach services	20,000 shooters, including 40-50 percent new shooters	\$130,084
Hunter Education	Mandatory training to teach safe hunting, hunting laws, outdoor preparedness, and wildlife conservation	2,800 instructors certify 30,000 students	\$115,657
Project Wild/Aquatic Wild	National wildlife and environmental curricula available to K-12 teachers	2,000-2,500 teachers trained, 60,000 students	\$71,134
Boater Education	Mandatory for boaters under 18, emphasizes safe boating and water safety law	1,200 instructors certify 15,000 students	\$14,645
Electronic Field Trips	Internet broadcast for teachers and students	40,000	\$474
Parrie Haynes Youth Conservation Ranch	Youth camp for disadvantaged youth and organizations	4,000	\$75,000
Becoming an Outdoors Woman	Workshops to teach camping, survival, and outdoor skills to women	450	\$60,000



- Some of the Department's education programs are legislatively mandated, such as the boater and hunter education programs.⁵ Volunteers primarily teach the courses, with Department personnel serving in a "train-the-trainer" role. In FY 1999, about 34,000 students took hunter education and 8,000 took boater education.⁶ TPWD's 27-employee Education Branch oversees both of these courses.
- With a projected decrease in public interest in outdoor activities, however, TPWD has established many discretionary educational programs. The objective of these programs is to educate the public about conservation and recreation, and to increase the use of outdoor activities. Ultimately, the Department hopes to institute behavioral changes in participants that will increase hunting and fishing license sales.⁷ The Department's philosophy — to increase revenue and provide direct outdoor and educational experiences to Texans— reflects this objective.⁸

Problem: The Department exercises inadequate management of its education and outreach efforts.

- The Department's unorganized approach to education and outreach programs causes duplication and inefficiencies. Each Division receives money for education and outreach, which is spent on a variety of programs and events. However, no single Division or staff member oversees the outreach efforts, and the Department has never set its objectives into an agencywide plan for outreach. As a result, programs may duplicate each other and not fit in with the agency's mission and goals; and, the Department may miss opportunities to share innovative or successful programs.⁹

TPWD has an Education Branch, which is part of the Department's Resource Protection Division and reports to the Director for Aquatic Resources. The Branch supports the Department's education efforts, but plays no oversight or coordination role. Most of the Education Branch staff's efforts

The Department
hopes to institute
behavioral changes
in education
program participants
that will increase
hunting and fishing
license sales.

apply to aquatic, law enforcement, or wildlife programs. The Branch does not significantly support other divisions, such as State Parks, because of funding limitations.

In a partial effort to address these problems, in January 2000, TPWD named an Outreach Coordinator. However, employees do not have to consult with the Coordinator before developing outreach and education programs. The Coordinator has no staff and reports to the Director for Aquatic Resources.

- TPWD has no means to measure the effectiveness of its education and outreach programs.¹⁰ While Department employees can show output levels, such as the number of participants in a particular program, they cannot show outcomes, such as whether the program actually caused participants to change their behavior.

A June 1999 report commissioned by TPWD sought to evaluate the Department's angler, boater, and hunter education and Becoming an Outdoors Woman programs. The report states that program evaluation should become an integral part of daily operations.¹¹ The difficulty these programs face in influencing the population of Texans is illustrated by the fact that demographic trends in participation in outdoor activities have not changed since the institution of these programs.

- TPWD also cannot account for how it uses all of its \$11.9 million in education and outreach funds. Because the Department splits its education and outreach dollars among all Divisions, accounting for where employees spend the funds proves difficult. Most employees categorize their outreach and education efforts as general information and education, a vague catchall description that does not accurately distinguish which outreach programs employees work on, and how many hours employees spend on particular outreach programs.¹²
- Although TPWD's outreach appropriation directly funds only 133 FTEs, all employees are told to consider outreach and education as part of their jobs. Employees throughout the Department have an outreach component in their job descriptions and performance plans. In some instances, these requirements encourage employees to spend an excessive amount of their time on public relations and outreach efforts, instead of focusing on primary job responsibilities. Moreover, TPWD does not track the cost of these types of activities.

For example, the Law Enforcement Division has a program, Operation Outdoors, which includes Game Wardens taking youth on hunting trips. While this one-on-one contact may make an impression on that one child, the Game Warden's region loses an entire day of patrol during hunting season. In fiscal year 1999,

TPWD has not set concise and measurable goals for many of its education and outreach efforts, making it difficult to evaluate a program's effectiveness.

Game Wardens spent 2,336 hours taking kids hunting, fishing, and boating—more than the equivalent of a full-time employee.¹³

Problem: TPWD does not use existing education and outreach opportunities effectively.

- The Department spends a significant amount of time and resources on its outreach efforts, but could achieve more efficient outcomes if it were to partner more effectively with other entities. For example, TPWD focuses many of its outreach efforts on youth and on developing curricula for teachers. Other entities, such as the Texas Education Agency or the National Wildlife Federation, offer programs and curricula with similar messages. Collaborating with such organizations could strengthen TPWD's outreach and education efforts. These groups often already have the financial and staff resources, materials, programs, and events that accomplish goals similar to those of the Department.
- As a lead agency on agricultural education, the Texas Agricultural Extension Service works with many of the people TPWD targets with its outreach programs, and offers significant opportunities for the Department to provide education and outreach programs to Texans. With a presence in every county in the state, the Extension Service uses education efforts to improve the stewardship of Texas' natural resources.¹⁴ TPWD does work effectively with the Extension Service on some programs, such as the Texas Master Naturalists program, but other opportunities to partner with the Extension Service could be explored.¹⁵

Partnering with non-profit organizations and other government agencies can offer TPWD more opportunities to provide education efforts.

Recommendation

Change in Statute

6.1 Require TPWD to assess all existing outreach and education programs for effectiveness and duplication.

TPWD should thoroughly examine all existing efforts to ensure they closely fit within the Department's mission, they do not duplicate other efforts within or outside of the Department, and their effectiveness can be measured. TPWD should complete this review by September 1, 2002, and report its findings to the Parks and Wildlife Commission, and legislative oversight and appropriative committees. During the review, the Department should scale back its expenditures on outreach and education programs unless staff can prove that the program or event is successful or statutorily required.

Management Action ---

6.2 The Department should increase internal oversight of its outreach and education efforts.

TPWD has taken a step in this direction with its recent appointment of an Outreach Coordinator. However, the Department must further allow this new position to play a role in the development and measurement of its outreach and education efforts. Also, the Department's Education Division should serve in a broader capacity, as its name implies. Currently, the Division focuses on hunter and boater education. Housing the Outreach Coordinator in this Division, and expanding the Division's responsibilities to include overseeing and coordinating outreach efforts, will provide stability to outreach and education efforts, and allow TPWD to better monitor its programs.

6.3 Evaluate all proposed new outreach and education programs and events to determine if they are needed, and if they duplicate other internal activities or efforts of other agencies and organizations.

Before investing substantial funding, staff time, or other resources on a new outreach effort, the Outreach Coordinator and Education Division staff should thoroughly examine the potential program's objectives and make sure that these goals could not be reached through existing Department programs, or through a partnership with other entities.

6.4 TPWD should develop more extensive partnerships with other state agencies, state universities, and national organizations to coordinate outreach and educational programs and events.

TPWD should work with other entities such as the Texas Education Agency, the Texas Agriculture Extension Service, the Texas Wildlife Association, and the National Wildlife Federation to address and develop a framework for outreach and education in Texas. For example, TPWD could be more effective in informing Texans about agency programs by expanding the use of the educational resources of the Extension Service, which maintains a strong statewide presence and already works with many of the people and organizations TPWD targets. As another example, TPWD could reduce duplicative outreach efforts in urban areas by partnering with the National Wildlife Federation's Backyard Wildlife Habitat Program, which is similar to the Department's Texas Wildscapes Program.

Impact ---

Outreach and education are important components to conservation and recreation in Texas, and TPWD has recognized this. But, the Department cannot shoulder the task of providing educational opportunities to Texans by itself. These recommendations enable TPWD to develop stronger partnerships with entities that also have a stake in conservation and recreation activities in Texas. Allowing other organizations and agencies to assist with outreach efforts ensures that TPWD's outreach efforts do not detract from its required regulatory responsibilities.

These recommendations also would streamline the Department's outreach and education efforts internally by developing a more organized approach to outreach agencywide. Strengthening the responsibilities of the Education Division and the Department's Outreach Coordinator provide central authority to oversee how TPWD goes about developing, evaluating, coordinating, and accounting for its outreach efforts.

Fiscal Implication

Eliminating duplicative and ineffective outreach and education programs will increase the availability of funds for the best outreach programs, or allow the Department to use the funds for its basic responsibilities. TPWD's existing Outreach Coordinator should manage the assessment of current programs without additional costs. Efforts to develop improved education partnerships with other agencies will have similar positive fiscal benefits to TPWD. The fiscal impact of these improvements could not be estimated for this report.

¹ Texas Parks and Wildlife Department, *On the Wing: 1999 Texas Parks and Wildlife Annual Report*, January 2000, p. 18.

² Texas Parks and Wildlife Department, *Operating Budget*, Fiscal Year 2000, p. 16.

³ *Ibid.*, p. 17.

⁴ Texas Parks and Wildlife Department, *Natural Agenda: A Strategic Plan for Texas Parks and Wildlife*, June 15, 1998, p. 40.

⁵ Texas Parks and Wildlife Code, Ann., ch. 31, section 31.108; and ch. 62, sec. 62.014.

⁶ Texas Parks and Wildlife Department, *On the Wing: 1999 Texas Parks and Wildlife Annual Report*, January 2000, p. 18.

⁷ Texas Parks and Wildlife Department, *Natural Agenda: A Strategic Plan for Texas Parks and Wildlife*, June 15, 1998, pp. 14-21, and p. 40.

⁸ *Ibid.*

⁹ Texas Parks and Wildlife Commission, Ad Hoc Outreach Committee Meeting, Dr. Larry McKinney, Senior Director, Aquatic Resources, Texas Parks and Wildlife Department, Austin, Texas, January 19, 2000.

¹⁰ *Ibid.*

¹¹ Texas Agricultural Experiment Station, *Outdoor Education Programs Evaluation*, June 1999, p.9.

¹² Texas Parks and Wildlife Department, "Education and Outreach Projects Hours and Costs," Fiscal Year 1999.

¹³ Information provided by Jack King, Director of Policy and Planning, Law Enforcement Division, Texas Parks and Wildlife Department, Austin, Texas, April 5, 2000.

¹⁴ Texas Agriculture Extension Service, Online: <http://agextension.tamu.edu:80/MISSION.HTM>. Accessed: March 16, 2000.

¹⁵ Texas Parks and Wildlife Department, "Volunteers a 'Natural' for Conservation" (news release), Feb. 1, 1999. Also, Texas Parks and Wildlife Department, "Texas Master Naturalist Program Receives National Award" (news release), March 27, 2000.

Issue 7

Staffing Policies and Funding Methods for Capital Projects Cause Delays and May Increase Costs.

Summary

Key Recommendations

- Require TPWD to examine the costs and benefits of increasing the outsourcing of its construction-related services.
- TPWD should consider methods to maximize the use of bond and other project-dedicated proceeds to pay for costs of capital projects.
- The Infrastructure Division should approve or manage all significant capital projects and ensure that TPWD builds all projects under standards set by the Division.

Key Findings

- Construction and maintenance of facilities in state parks, fish hatcheries, and wildlife management areas require a large effort by TPWD.
- TPWD places an unnecessary strain on limited revenue by not paying for all eligible capital project costs through bonds.
- In-house staffing constraints increase project development costs and require projects to be scheduled into subsequent fiscal years.
- Lack of a single point of accountability for capital projects may waste resources and allow for non-compliance with state policies.

Conclusion

Without complete information about the costs of its in-house construction services, TPWD cannot document whether it should contract with private companies for planning, design, and construction services or whether those services should be performed by agency staff. In addition, TPWD cannot ensure that the most appropriate source of funds — bond proceeds or general revenue — pays for project costs.

Although TPWD currently manages more than \$82 million for maintenance, repair, and construction projects, the agency has no single point of accountability for capital projects. The Department cannot ensure that all projects follow state purchasing laws, that agency records document significant business decisions and justify additional project costs, or that projects are carried out as planned, and in a manner that follows standard design and construction protocols.

Support

TPWD is managing \$82 million in capital projects, but has difficulty accounting for the total cost of each project.

Current Situation: Construction and maintenance of facilities in state parks, fish hatcheries, and wildlife management areas require a large effort by TPWD.

- TPWD was appropriated more than \$36 million for new capital projects in FY 2000 to meet critical repair and maintenance needs. The agency currently has about \$82 million in capital projects at various stages of completion, from planning to construction.
- To oversee its construction program, TPWD created the Infrastructure Division in 1996, and staffed the new Division, for the most part, with employees transferred from the State Parks Division. The Division is responsible for planning, engineering, designing, and managing the construction of TPWD capital projects, with a staff of 140 and an operation budget of \$4.5 million. The Division relies on both in-house staff and private consulting engineers to perform architectural, engineering, and construction management work.

Problem: TPWD places an unnecessary strain on limited revenue by not paying for all eligible capital project costs through bonds.

- TPWD does not account for the costs of services provided by in-house staff, such as engineering, architecture, and construction services. Because the agency does not always know the total cost of each capital project, it cannot allocate project costs to appropriate funding sources. This lack of information also prevents the Department from performing an adequate cost comparison when considering outsourcing projects. TPWD is currently implementing a project management system that should allow the Department to calculate a project's time and costs in the future.
- Because the full cost of a capital project planned, designed, and managed by Infrastructure Division staff is not established, bond and other dedicated proceeds for capital projects do not pay all project costs. Instead, project costs are supplemented by general revenue and other funding sources. However, when projects are outsourced, complete project cost information is available and is charged to the appropriate dedicated revenue. In effect, capital projects managed in-house place a greater demand on limited general revenue funds than do outsourced projects.

Problem: In-house staffing constraints increase project development costs and require projects to be scheduled in subsequent fiscal years.

- The Legislature has granted TPWD authority to issue \$60 million in bonds to complete critical repairs at agency facilities. TPWD decisions on managing its bonds, including bond issuance dates and amounts, are based on the agency's ability to control the workload. The fixed number of TPWD staff has caused the Department to issue bonds in small amounts over several years, delaying needed projects and slightly increasing the cost of managing the bonds. The workload capability of TPWD could be expanded, and completion of projects expedited, through increased outsourcing of project design and management work. Currently, TPWD outsources about 50 percent of this work.
- Covenants placed on tax-free bonds at the time of sale require the expenditure of funds within a set period of time or the payment of an arbitrage penalty. A more detailed explanation can be found in the textbox, *Arbitrage Penalties*. The Infrastructure Division's staff has struggled to expend bond funds within the time frames to avoid arbitrage penalties, but in 1998 could not meet its spending commitment and had to pay \$168,000 in arbitrage adjustments. If bond funds were spent to pay for the front-end costs of a project managed by TPWD employees, just as bond funds are spent to pay private contractors, the pressure to quickly spend bond proceeds at the construction phase would be reduced.

Arbitrage Penalties

The term arbitrage refers to the profit made when money from the sale of bonds is invested at a higher interest rate than the interest rate paid on those bonds. Federal tax laws prevent governmental entities from issuing bonds solely for the purpose of earning arbitrage. These laws establish time frames in which the bond proceeds must be spent and penalties for not spending proceeds within the time frame.

Problem: Lack of a single point of accountability for capital projects may waste resources and allow for non-compliance with state policies.

- Although TPWD created the Infrastructure Division to manage all capital projects, in practice, this consolidation has not fully taken place. In FY 1999, only 72 percent of TPWD's 686 capital projects were managed and controlled by the Infrastructure Division. The State Parks Division manages most of the 192 projects not overseen by the Infrastructure Division.
- TPWD does not require its Divisions to use the Infrastructure Division's services and the Division exercises little control over capital projects managed by others, other than requiring a standard contract form. A 1998 State Auditor's Office report found that TPWD does not require Divisions to document important actions such as competitive procurement, the need for change orders, changes in project scope, significant delays or project abandonment, failures in

TPWD's Infrastructure Division, created to manage capital projects, does not oversee all projects and has little control over projects managed by others.

contractor performance, or other important project information.¹ In addition, the Infrastructure Division does not audit project files of other Divisions to ensure compliance with Department and state policies.

Infrastructure Division - Improvements Recommended by the State Auditor	
Recommended	Status
Analyze alternative bond issues and staff workload	Completed
Formalize project management processes and define information needs to monitor projects	Not Completed
Complete development of infrastructure contracting policies and procedures	Completed
Complete implementation of the Facility Management Information System	Not Completed
Improve controls over projects managed by other Divisions	Not Completed

- The Department has not completed work to implement recommendations from the 1998 audit. Review of the Division's strategic plan for fiscal years 1998-2002 reveals that the agency has completed only one of the State Auditor's recommendations. TPWD has not established an action plan, designated responsible staff, or set a target date for completing the other recommendations. For a list of the Auditor's recommendations and their status see the textbox, *Infrastructure Division — Improvements Recommended by the State Auditor*.
- TPWD does not use a single office or system to oversee all of its capital projects, even though projects managed by Divisions, other than the Infrastructure Division, have experienced delays, changes in the scope of the projects, and in some cases, abandonment. TPWD executives state that park managers, not the Infrastructure Division, should be responsible for projects that cost less than \$25,000
- The Infrastructure Division's lack of authority over all capital projects threatens the success of the agency's new Facility Management Information System (FMIS). At present, TPWD does not have a reliable system for determining the cost of facility repair and maintenance. The Division developed FMIS to maintain an automated inventory of all Department facilities, establish facility life cycle costs, and result in a systematic repair and maintenance program. Although programming is complete, FMIS will not be usable until data collection is completed in September 2003. Because

the Infrastructure Division has no authority to require other Divisions to provide labor-intensive, detailed, accurate, and current data about facilities, the full implementation of FMIS and the resulting documentation of capital repairs is at risk.

Recommendation

Change in Statute

7.1 Require TPWD to examine the costs and benefits of increasing the outsourcing of its construction-related services.

TPWD does not have information needed to compare the cost of in-house services with services available in the private sector. The Department should calculate project costs using the direct and indirect costs of TPWD employees that perform necessary project tasks. The Council on Competitive Government has performed similar studies for other agencies and could provide assistance in objectively evaluating the feasibility and costs of outsourcing Infrastructure Division functions.

Management Action

7.2 TPWD should consider methods to maximize the use of bond and other project-dedicated proceeds to pay for costs of capital projects.

In general, state agencies using bond proceeds for capital projects use those proceeds to pay for all elements of project costs. TPWD needs to closely examine the impact of using bond proceeds to pay for in-house design and engineering costs of its bond funded projects. Activity Based Costing guidelines will assist TPWD to allocate in-house costs to the appropriate projects.

7.3 The Infrastructure Division should approve or manage all significant capital projects and ensure that TPWD builds all projects under standards set by the Division.

The Department should increase its efforts to centralize capital project management and oversight to ensure that projects are started and completed on time and that funds are spent appropriately. Oversight of project management will provide project consistency, timeliness, and adherence to quality standards. The Department should establish standards for the type and size of project that should be subject to Infrastructure Division management or approval. With this authority, the Infrastructure Division should be held accountable for ensuring that decisions regarding capital projects comply with applicable federal and state laws and regulations, and are clearly documented.

7.4 TPWD should develop policies, procedures, file guides, and best practices to ensure that agency capital projects are appropriately documented. Charge the Infrastructure Division with enforcing the policies in cooperation with the Department's Internal Auditor.

7.5 The Infrastructure Division should collect and maintain information about facility conditions and life cycle cost and give the Division the requisite authority to collect the information.

As discussed in this issue, collecting the initial information for a facilities management system will be labor intensive and must be extremely accurate to be effective. Management should give the Division the appropriate authority and tools to assemble this necessary data.

Impact

TPWD has made great strides over the last few years toward better oversight and coordination of its capital projects. However, the Department has not placed sufficient oversight and management controls in place to ensure the most efficient use of capital funding and best practices in project management. The recommendations outlined above provide direction for the department to improve its capital project processes.

First, the Department should examine potential cost saving opportunities through increased outsourcing. TPWD would also take a hard look at which components of its capital projects are bond-funded, to increase flexibility for the use of general revenue dollars and to decrease the likelihood of incurring arbitrage penalties. Finally, staff recommends increasing the Infrastructure Division's role in project oversight to ensure that all projects, regardless of the TPWD division directly managing the project, meet contracting and construction-related standards, as well as state and federal laws.

Fiscal Implication

The use of bond proceeds, endowments, and other dedicated sources to pay for the full costs of all eligible projects, including project planning and management, could have a significant fiscal impact. At present, the Infrastructure Divisions' budget of \$4.5 million is funded solely through the agency's operating funds, primarily general revenue and fee income. By paying for costs of an employee's work on bond-funded projects with bond proceeds, charges to general revenue and fee income could be reduced.

The exact amount of the Division's operating budget that might appropriately be funded from bond proceeds would be determined by accounting for the time of employees who directly work on a project and allocating that portion of their salaries and indirect costs to bond proceeds. Salaries of some employees of the Division who provide indirect support to capital projects would not be considered.

Any General Revenue Funding replaced by bond proceeds could be used to address other funding needs of the agency, or to support capital projects either directly or through payments for debt service associated with the bond proceeds. However, transfer of in-house staffing costs to the bond program could reduce the number of projects funded with bond proceeds.

Increased outsourcing of the planning, management, and design of capital projects could reduce the Department's costs, but the efficiency of in-house versus contracted labor cannot be compared until TPWD implements a method of calculating the total costs of every project, including those designed and managed in-house.

¹ State Auditors Office, *An Audit Report on the Texas Parks and Wildlife Department's Management of the State Park System*, September, 1998

Issue 8

The Department Does Not Focus Its Conservation Assistance to Private Landowners.

Summary

Key Recommendations

- Require TPWD to assess the state's critical conservation needs and use this information to prioritize projects when working with private landowners.
- TPWD should seek and promote stronger partnerships and better information sharing with other entities to maximize incentives and reduce duplication of efforts.

Key Findings

- Conservation in Texas depends on the involvement of private landowners.
- TPWD's shotgun approach to its landowner assistance efforts limits its effectiveness.
- TPWD does not focus its funding for landowner assistance programs by effectively coordinating with other governmental agencies and private groups.

Conclusion

TPWD must enlist the help of private landowners, or its efforts to manage and conserve the state's natural and cultural resources will fail. The Department recognizes this and has developed programs to facilitate conservation on private lands. However, to truly make headway, TPWD must strengthen its efforts.

The Department's landowner assistance efforts have been well-received by Texas landowners, but TPWD has not devised a biologically based plan for approaching conservation on private lands. As a result, the Department has embarked on a shotgun approach that limits the effectiveness of its conservation efforts. In fiscal year 1999, 6.9 percent of private land acreage in Texas was managed, under TPWD's guidance, to enhance wildlife.¹

To address this, TPWD must focus private lands conservation on areas in the state that most need the assistance as well as increase the number of participants in its programs. The Department must also take advantage of opportunities to partner with other conservation organizations and government entities that offer similar landowner assistance programs.

Support

Opportunities for TPWD and private landowners to work together to conserve land are dwindling, as land across the state becomes increasingly fragmented.

Current Situation: Conservation in Texas depends on the involvement of private landowners.

- Because 87 percent of Texas land is privately owned, private landowners are essential to the state's conservation efforts. The public entities that own land in Texas and the acreage of their holdings are outlined in the table, *Public Lands in Texas*. With high acquisition, maintenance, and operating costs, TPWD cannot continue to buy and manage large tracts of land, and can never be the sole player in Texas' conservation efforts. To fully reach its goal of conserving Texas' wildlife and habitats, TPWD must gain the voluntary compliance of private landowners.
- The window of opportunity to secure partnerships with landowners is closing, as population, development, and breakup of family lands increase. Once land is fragmented, restoring its conservation values is almost impossible.²

TPWD has recognized that the continued breakup of family-owned property is one of the most significant factors affecting Texas' landscape.³ Other organizations also see land fragmentation as a problem and cite the loss of wildlife habitat and recreational opportunities as results of this fragmentation.⁴

- To address wildlife management on private lands, TPWD has developed voluntary landowner assistance programs to encourage and facilitate conservation. The Legislature has recognized that TPWD must enlist the help of private landowners in its conservation efforts, and has encouraged these programs.⁵ See the table, *TPWD Landowner Assistance Programs*, for more information.

Public Lands in Texas ⁶		
Jurisdiction	Acreage Owned	Percent of Land in Texas
Federal Agencies	2,804,397	1.6
State Agencies	2,090,099	1.2
Permanent School Fund	13,335,678	7.6
Permanent University Fund Asylum Lands, Veterans Land Board Lands, and GLO Lands	4,929,592	2.8
Cities and Counties	222,186	0.1
River Authorities	4,743	<0.1
Total Public Lands	23,386,695	13.3%

TPWD Landowner Assistance Programs - FY 1999 ⁷						
Program	Objective	Benefits to Landowner	Participants	Acres	Funding	Funding Amount
Private Lands Enhancement Program	Manage and preserve wildlife and wildlife habitat	Short-term technical assistance	7,921	11,559	\$770,000	TPWD's Game, Fish & Water Safety Account
Wildlife Management Plans	Integrate wildlife and habitat improvements into current land practices	Technical assistance to produce a written plan	2,422	10,277,087	\$676,000	Game, Fish & Water Safety Account
Landowner Incentive Program	Conserve rare, threatened, and endangered species, and their habitats on private lands	Matching grants for projects that help rare species and their habitats	15	10,628	\$223,937	Federal Endangered Species Act funds
					\$625,000	Game, Fish & Water Safety Account
Texas Land Trust Council	Promote and sustain conservation efforts of land trusts	Free technical assistance, and organizational and developmental help setting up a land trust	180	121,000 ⁸	\$70,000	Game, Fish & Water Safety Account

Problem: TPWD's shotgun approach to its landowner assistance efforts limits its effectiveness.

- TPWD operates its landowner assistance programs on a first-come, first-serve basis. As a result, its habitat protection efforts often are not focused on areas with the greatest resource protection needs. With limited resources, the Department cannot fund projects scattered throughout the state and have a significant impact on conservation.⁹ The Department's practice of developing isolated habitat and species management plans one by one, without regard to other active plans in the area, limits the benefits that could be realized beyond a landowner's property line.
- TPWD has never developed a statewide plan guiding how a single landowner's efforts fit into the State's conservation objectives. For example, the Department does not build its conservation efforts on private lands from an ecosystem approach. TPWD's Landowner Incentive Program, instead, strives for a diversity of projects throughout the state.¹⁰
- TPWD's lack of an assessment of the state's critical needs and a plan to focus its efforts has resulted in a shotgun approach to conservation. Without a statewide plan outlining which areas are most critical for conservation, the agency cannot prioritize its efforts to assist

TPWD does not focus its landowner assistance efforts on areas with the greatest resource protection needs.

landowners. As a result, TPWD uses its limited resources in areas of the state that are not as critical or do not have as much of a statewide significance as other areas.

Problem: TPWD does not focus its funding for landowner assistance programs by effectively coordinating with other governmental agencies and private groups.

- The Department does not frequently coordinate with landowner assistance programs offered by other government agencies, such as the U.S. Fish and Wildlife Service and the U.S. Department of Agriculture. TPWD staff at times recommends a landowner look into a program offered by another agency or organization, but the Department itself rarely coordinates its efforts with these groups. By working with other agencies with similar landowner assistance programs, TPWD could reduce duplication of efforts and maximize funding abilities for Texas landowners. See the table, *Governmental Funding Opportunities for Landowners*.

Potential funding sources for landowner assistance programs remain underused or unexplored by TPWD.

- TPWD has not fully explored the use of the Parks and Wildlife Foundation as a potential fund-raising source for private lands enhancement. The Foundation works with the Department to conserve and protect the natural and cultural resources of Texas. Because the Foundation has a good relationship with many Texas landowners, TPWD could utilize the Foundation for assistance with conservation on private lands.

This relationship could be similar to that between the U.S. Fish and Wildlife Service, and the National Fish and Wildlife Foundation, which works with the federal agency to address habitat protection and restoration on private lands.¹¹ In fact, the National Fish and Wildlife Foundation gave a \$500,000 grant to the Parks and Wildlife Foundation of Texas to enhance habitat on private land.

- TPWD does not coordinate with non-profit organizations to implement a systemwide plan that avoids duplication of assistance efforts and ensure the Department maximizes the impact of state funds. These organizations have been proactive in the use of conservation easements, cooperatives, financial incentives, and technical assistance, which TPWD either already uses or could readily employ.

Non-profit organizations such as The Nature Conservancy and Ducks Unlimited have recognized the need to work with private landowners, and have established landowner assistance programs as detailed in the table, *Non-Governmental Landowner Assistance Programs*.¹²

Governmental Funding Opportunities for Landowners			
Source	Program	Objective	Amount
US Department of Agriculture, Farm Service Agency	Conservation Reserve Program	Reduce soil erosion, improve wildlife and water quality	Annual rental payments, and up to 50% cost-share for planting vegetative cover
US Department of Agriculture, Natural Resources Conservation Service	Wetlands Reserve Program	Restore and protect farmed wetlands, prior converted wetlands, riparian areas, and eligible buffer areas	Direct payment for specified use
	Wildlife Habitat Incentive Program	Develop habitat for upland wildlife, wetland wildlife, endangered species fisheries, and other wildlife on private lands	\$50 million available between 1996 and 2002 for cost-sharing with landowners
US Fish and Wildlife Service	Partners for Wildlife Program	Restore wildlife habitat, including degraded or converted wetlands and those upland habitats that meet specific eligibility criteria, based on 10-year agreements	Up to 100% cost-share
	Safe Harbor Agreements	Promote voluntary management for listed endangered and threatened species on non-federal property	Free technical assistance and assurance that no additional future regulatory restrictions will be imposed if landowners manage their lands for endangered species
	Candidate Conservation Agreements with Assurances	Promote voluntary management for proposed or candidate endangered species on non-federal property	Free technical assistance and assurance that no additional future regulatory restrictions will be imposed if landowners manage their lands for endangered species
	Challenge Cost Share Program	Conserve fish and wildlife resources and natural habitats on public and private lands	Up to 50% cost-share

Non-Governmental Landowner Assistance Programs			
Source	Program	Objective	Amount
The Nature Conservancy	Texas Land Stewards' Society	Find, protect, and maintain the best examples of communities, ecosystems, and endangered species in the natural world	Free technical consultations on management practices and property protection measures (some of which may include tax benefits)
	Conservation Buyer Program	Matches conservation minded people with ecologically valuable lands, and provides an opportunity to acquire and retain ownership of land while preserving the property in perpetuity	Possible significant tax benefits
Environmental Defense	Landowner Conservation Assistance Program	Conservation of endangered species and their habitats	\$100,000 for program over two-year period plus free technical assistance
Ducks Unlimited	Matching Aid to Restore States Habitat (MARSH)	Develop, maintain, restore, and preserve wetland and associated upland habitat	Matching funds and grants to public and private cooperators for long-term projects benefitting waterfowl

Recommendation

Change in Statute

8.1 Require TPWD to assess the state's critical conservation needs and use this information to prioritize projects when working with private landowners.

Instead of taking a shotgun approach, TPWD can more effectively practice conservation if the Department targets priority areas. Because plant and animal species and their habitats do not recognize property lines, TPWD should base decisions on natural, ecological-defined boundaries when working with private landowners. This approach will focus limited funding on areas where TPWD and the landowners can have the greatest impact on wildlife and habitat. A project that is not in the target area can still be approved or funded, but its statewide significance and critical needs must be heavily considered. The Department should build upon the biological component of its statewide inventory as recommended in Issue 1 of this report to produce the assessment and plan.

Management Action

8.2 TPWD should seek more federal funding opportunities for private landowners' conservation efforts.

TPWD can expand its efforts to work with private landowners if they successfully pursue additional funding sources for landowners. The current Congressional consideration of the Conservation and Reinvestment Act (CARA) provides great potential for increased federal funding to be passed

directly to the Department. TPWD staff estimates that CARA would bring the Department's Wildlife Division an additional \$17 million, of which up to half would be directed to landowner assistance programs.¹³

8.3 TPWD should seek and promote stronger partnerships and better information sharing with other entities to maximize incentives and reduce duplication of efforts.

Technical and financial assistance are provided to landowners by other governmental agencies and private groups. TPWD should promote cooperative efforts with these entities to provide the maximum benefit to Texas landowners.

8.4 TPWD should be more proactive in recruiting participants in its landowner assistance programs.

TPWD should do a better job of following up with landowners who express interest in the Department's incentive programs. These efforts includes contacting landowners who attend TPWD presentations in the field, as well as reducing the time it takes to get to a landowner who has signed up for technical assistance. TPWD should pay particular attention to landowners with potential prime habitat in targeted areas so as to maximize the wildlife benefit of these programs.

Impact

Without the assistance of private landowners, conservation efforts in Texas will fail. As the state agency responsible for land and wildlife conservation, TPWD must build strong relationships with Texas landowners. The Department must improve coordination with other governmental agencies and non-profit organizations to maximize efforts to assist landowners willing to practice good conservation techniques on their land.

Because TPWD cannot single-handedly accomplish all of the state's conservation needs, the Department also needs to set priorities and not try to be all things to all people. Taking a systematic approach to private lands conservation and partnering with other organizations will allow TPWD to attract more participants from critical areas to its programs and pursue more funding avenues. Ultimately, these recommendations will lead to more beneficial conservation efforts for both TPWD and Texas landowners.

Fiscal Implication

These recommendations will require the Department to target its current program budget toward critical habitat areas. The inventory and planning efforts discussed in Issue 1 of this report will help identify targeted areas. If TPWD actively and successfully pursues alternate funding sources as discussed in the management recommendations, the Department will be able to expand existing programs and create additional efforts to preserve Texas wildlife.

- ¹ Texas Parks and Wildlife Department, Operating Budget, Fiscal Year 2000, Table II. page 9.
- ² Interview with Robert Potts, State Director, The Nature Conservancy of Texas, Austin, Texas, January 21, 2000.
- ³ Texas Parks and Wildlife Department, *Conservation Easements: A Guide for Texas Landowners*. (booklet) p. 1.
- ⁴ Cattlemen on the Hill, National Cattlemen's Beef Association. Proceedings, Public Lands Dialogue, Ranching and Sportsmen's Issues Summit II. Online: <http://hill.beef.org/fedlan/ppsum/f.htm> Accessed: March 7, 2000.
- ⁵ Texas Parks and Wildlife Code Ann., ch. 12, sec. 12.025.
- ⁶ U.S. General Services Administration, *Summary Report of Real Property Owned by the United States throughout the World*, Table 6, "Federally Owned Property in the United States, by States as of Sept. 30, 1998." Also, Texas General Land Office, *State Real Property Inventory, Summary for FY '98*, pp. 1-2. And, Texas Environmental Center, *1999 Texas Environmental Almanac*, Chapter 3 - Public Lands, p. 4. All percentages are based on a total state acreage of 176,266,000.
- ⁷ Texas Parks and Wildlife Department, Wildlife Division, Austin, Texas, March 2000.
- ⁸ The number of acres held by land trusts in Texas is cumulative.
- ⁹ Interview with David Frederick, Administrator, U.S. Fish and Wildlife Service, Austin, Texas, Ecological Services Field Office, Austin, Texas, February 7, 2000.
- ¹⁰ Texas Parks and Wildlife Department, *Draft Texas Parks and Wildlife Landowner Incentive Program Guidelines*, Rev-9 1/14/00.
- ¹¹ National Fish and Wildlife Foundation. Online: <http://www.nfwf.org/guidelines.htm>. Accessed March 8, 2000.
- ¹² Both of these organizations have been a tremendous help to Texas conservation efforts in other ways. The Nature Conservancy has helped the Department acquire many of its State Park lands. Ducks Unlimited has acquired large tracts of prime migratory waterfowl summering habitat in Canada and has greatly enhanced conservation education efforts in Texas.
- ¹³ Phone interview with Kirby Brown, Director, Private Lands and Habitat Enhancement Program, Texas Parks and Wildlife Department, Austin, Texas, March 9, 2000.

Issue 9

The Department Does Not Have an Opportunity to Review State Lands for Conservation and Recreational Resources Before They Are Sold.

Summary

Key Recommendations

- Require the Texas Parks and Wildlife Department to review potential state real estate sales for conservation and recreational values.
- Require state agencies to notify TPWD when they prepare to sell properties.

Key Findings

- The State of Texas owns a great amount of land, much of which has not been assessed for conservation and recreational values.
- The State loses valuable lands through sale because no process exists to evaluate them for their conservation or recreation value.
- The Legislature has established other processes to review lands before their sale to ensure that the State does not lose properties with historical value.

Conclusion

The Department manages about 4 percent of state lands in Texas for their conservation and recreational values. However, other state-owned lands also offer such values. State agencies own lands that have attributes desirable to TPWD, but the agencies are unlikely to consider such conservation or recreational potential when these agencies sell land.

TPWD does not have an opportunity to review state-owned lands for conservation or recreational potential before the properties are sold. In fact, TPWD frequently does not even know that lands are being sold. This has negative ramifications for TPWD, and ultimately for the State, as agencies unknowingly sell lands that no longer benefit them, but still offer great benefit to the State of Texas. These may be irreplaceable resources that the Department wants to purchase at fair-market value, or a resource that the Legislature believes should be transferred to TPWD.

The Sunset review examined the Department's role in state land sales and identified ways that TPWD could review state lands for significant conservation and recreational values. Ultimately, allowing TPWD to review these lands will help ensure that the State does not unknowingly divest lands that significantly benefit Texans.

Support

Current Situation: The State of Texas owns a great amount of land, much of which has not been assessed for conservation and recreational values.

Selling Texas Lands

The General Land Office's Asset Management Division recommends to the Legislature and the Governor state properties it believes should be sold.

The Governor or the Legislature can approve the recommendation, and GLO will sell the land for the agency. Also, the Legislature can transfer property from one agency to another.

Several agencies, such as the Texas Department of Transportation, the Employees Retirement System, the Teacher Retirement System, and institutions of higher education, can sell their lands without GLO oversight.

- Most state agencies do not assess their properties for conservation and recreational values. These agencies often do not have a reason for a biologist to study their lands, to inventory for special habitats, or to manage to protect wildlife. While most state agencies do not have a primary interest in the conservation and recreational potential of their lands, the lands do have value to the State of Texas.

- The State disposes of land almost every month.¹ The State can sell its lands in several ways, including open-market bidding and legislative transfer, as outlined in the table, *Selling Texas Lands*.²

- The State owns approximately 20 million acres of land, or about 13 percent of all land in Texas, as illustrated in the table, *Texas State Lands*. This number includes state agency lands, highway rights of way, Permanent School Fund lands, and lands belonging to institutions of higher education. Of state-owned land, TPWD manages 4 percent.³

Texas State Lands ⁴		
Agency	Total Acres	Percent of State-Owned Land
Texas Parks and Wildlife	911,203	4.4%
Texas Department of Transportation (includes right of way)	1,108,771	5.4%
Permanent School Fund	13,335,678	64.9%
Permanent University Fund	2,109,067	10.2%
Other State Agencies	3,097,523	15.1%
Total	20,562,242	100%

- The Legislature has stated that conserving natural resources and providing opportunities for recreation are goals of state government, and designated TPWD as the agency primarily responsible for these goals.

Problem: The State loses valuable lands through sale because no process exists to evaluate them for their conservation or recreational value.

- TPWD misses opportunities to acquire state-owned lands with significant conservation or recreational value because other state agencies do not notify TPWD when they sell their land. Because the Department is unaware of when state lands are up for sale, it has no opportunity to review lands for conservation or recreational qualities before the sale.

For example, in October 1978, the Smith estate deeded 300 acres near TPWD's headquarters office in Austin to the State of Texas. The property offered TPWD its only opportunity to expand its offices without destroying valuable natural resources. Because the Smiths did not specify a particular agency to receive the land, the property went to GLO, which manages general state lands. GLO divided the land into several parcels and put it up for bid without notifying TPWD. A private company bought part of the land.

Another example occurred in East Texas, near Caddo Lake State Park. GLO owned property that had a significant natural resource – old growth cypress trees. When GLO sold the land, the agency did not consider the potential conservation or recreational value of the land to TPWD, and did not notify TPWD of the potential sale. Ultimately, the property was clear-cut.

- State agencies do not first offer their unwanted properties to other agencies, such as TPWD, before putting them up for sale. If TPWD learns that a state agency is selling property, TPWD must compete in the open market with other buyers. Regardless of the conservation and recreational values of the land, if TPWD is not the highest bidder, the State loses the opportunity to maintain the property for these values.

One exception exists. If the land falls within the boundaries of or adjacent to any state park, refuge, natural area, or historical site managed by TPWD, the Department has a preference right to purchase the land before it is made available for sale to any other person. TPWD must buy the land for no less than fair market value.⁵

- State agencies rarely sell property for conservation or recreational purposes. Even if selling to other state entities, an agency must sell its land for fair market value.⁶

For example, much of the state property sold occurs in or near urban areas. Local citizens may want a property to become a community recreation center, park, or open space, but the appraisal may indicate the property should be used as commercial

TPWD is usually unaware that another state agency is selling properties with potential recreation or conservation values.

development because of its proximity to the urban area. However, the property may be a good place for a much-needed youth center. Through its community outreach grants program, TPWD could help a local organization or agency acquire the property.

- The General Land Office, which handles real estate transactions for many state agencies, recommends selling state lands it appraises as economically underused, or that are not being used for agency functions. Conservation and recreation are not part of the appraisal criteria. The criteria GLO uses to evaluate whether state land should be sold include the agency's needs and projected uses; the facility's physical condition; the appraisal findings, including highest and best use determination; and existing market conditions. Also, while GLO plays a significant role in managing the State's lands, the agency does not have a long-term view of TPWD's strategic acquisition needs.

Comparison: The Legislature has established other processes to review lands before their sale to ensure that the State does not lose properties with historical value.

Unlike TPWD, the Texas Historical Commission reviews state lands for cultural resources before lands are sold.

- Each state agency must give GLO an annual report about its properties with potential historical value. Statute requires each agency to submit information to GLO about, and a photograph of, any building it owns that is at least 45 years old. GLO shares this information with the Texas Historical Commission.⁷
- The Texas Historical Commission (THC) and the General Land Office have a Memorandum of Understanding that calls for GLO to allow THC to comment on the cultural resource value of all state agency lands that the Land Office recommends for lease or sale.⁸ No similar agreement exists between GLO and TPWD for review of lands for conservation and recreation purposes.
- The General Services Commission (GSC) reviews GLO's recommendations for state land sales. It also reviews some other agencies' recommendations for lands to sell. However, GSC only looks at facility needs of state agencies; it does not look at the potential conservation or recreational uses of the lands.
- For land with archeological or historical value, the Legislature declared it public policy for state agencies and other government entities to work together to locate and protect cultural resources.⁹ However, a similar directive does not exist for conservation.¹⁰

Recommendation

Change in Statute

9.1 Require the Texas Parks and Wildlife Department to review potential state real estate sales for conservation and recreational values.

TPWD will not have any “veto” power or be able to prevent GLO or other agencies from selling or leasing their properties. Instead, the Department will be given the responsibility of seeing that the State does not dispose of properties that have valuable or irreplaceable conservation or recreational values. The Department’s review would be voluntary; if staff could immediately determine that TPWD would not find any value in a particular property, then no need to perform a full review exists.

9.2 Require state agencies to notify TPWD when they prepare to sell properties.

Because each agency is most familiar with its inventory, an agency should evaluate its properties for conservation and recreation values and provide this information to TPWD.

9.3 Require the Department and the General Land Office to develop a Memorandum of Understanding that allows TPWD to review, for conservation and recreational values, the properties GLO recommends for sale.

The MOU could be structured similar to the one between GLO and the Texas Historical Commission. TPWD’s review could coincide with the Texas Historical Commission’s review, so no additional time would be added to the land sale process.

Impact

The intent of these recommendations is to ensure that the State does not unknowingly dispose of any of its lands that offer significant conservation or recreational resources. With these recommendations, TPWD will be aware of potential sales of State lands and given the opportunity to voluntarily review the lands before they are sold. TPWD could use this information when drafting a comprehensive plan for managing the State’s public resources as discussed in Issue 1 of this report. Although most land in Texas is privately owned, the State does own a significant amount of land. The Department would provide a needed check and balance to see that the State retains ownership of its lands that offer Texans significant opportunities for conservation and recreation.

Fiscal Implication

This recommendation would not create a fiscal impact. TPWD will still pay fair market value for land sold by other agencies if the Legislature has appropriated funds to do so. Alternatively, if TPWD cannot afford to purchase the property, the Department may choose to work with a

nonprofit or foundation that could buy the land and donate it or sell it to the State. Because the review is voluntary, Department staff indicate that reviewing potential land sales would not create an added burden, and would not require additional staff.¹¹

¹ Interview with Hal Croft, Manager of Analysis & Evaluation, Asset Management Division, Texas General Land Office, and Bob Hewgley, director of Real Estate, Asset Management Division, Texas General Land Office, Austin, Texas, February 1, 2000.

² Texas Natural Resources Code Ann., ch. 31, sec. 31.151 et. seq.

³ “On the Wing” 1999 Texas Parks and Wildlife Annual Report. p. 17. This number includes state park and wildlife management area lands owned by TPWD, as well as wildlife management area lands leased by the Department.

⁴ Texas Parks and Wildlife acreage includes state park and wildlife management area lands owned by the Department. It does not include lands that TPWD leases. Texas Parks and Wildlife Department, *On the Wing, 1999 Texas Parks and Wildlife Annual Report*, p. 17. For other totals, see: Texas General Land Office, *State Real Property Inventory, Summary for FY '98*, pp. 1-2.

⁵ Texas Natural Resources Code Ann., ch. 51, sec. 51.052(g).

⁶ Texas Natural Resources Code Ann., ch. 51, sec. 51.052(j).

⁷ Texas Natural Resources Code Ann., ch. 31, sec. 31.160.

⁸ Memorandum of Understanding Between Texas General Land Office and Texas Historical Commission.

⁹ Texas Natural Resources Code Ann., Antiquities Code, ch. 191, sec. 191.174(a).

¹⁰ Texas Natural Resources Code 40.002(b) states that the natural resources of the state, “are important for their existence and their recreational, aesthetic, and commercial value. It is the policy of the state to protect these natural resources and to restore, rehabilitate, replace, and/or acquire the equivalent of these natural resources with all deliberate speed when they have been damaged.” However, it does not require governmental agencies to work together.

¹¹ Phone interview with Mike Herring, director of Land Conservation Program, Texas Parks and Wildlife Department, Austin, Texas, February 18, 2000.

Issue 10

The Public Has Very Limited Opportunities to Use Appropriate State-Owned Lands for Hunting.

Summary

Key Recommendation

- Require TPWD and appropriate state agencies to assess the viability of state-owned land for public hunting programs.

Key Findings

- TPWD's public hunting program is important to Texas, but very limited.
- The State is not maximizing the potential for hunting on public lands.

Conclusion

The citizens of Texas own enormous amounts of public lands through state agencies and universities. However, little of the land is made available to the public for hunting. TPWD's ability to provide public hunting opportunities is limited by the lack of interagency cooperation on hunting on publicly owned lands. TPWD has been unable to determine which state properties can be hunted or to encourage discussions with agencies regarding the potential leasing of lands for this purpose. As a result, the State is not maximizing lands currently owned by agencies for public use and Texans have extremely limited public hunting opportunities.

The Sunset review examined Texas' approach to providing opportunities for hunting on public lands. After reviewing the vast inventory of state-owned lands not being used for public hunting, the need for interagency discussions to determine the hunting viability of state-owned lands was apparent. The recommendations would require all agencies with significant amounts of undeveloped land to work closely with TPWD on determining the potential for public hunting on those lands.

Support

Current Situation: TPWD's public hunting program is important to Texas, but very limited.

- TPWD's mission is to conserve and manage natural resources, and provide recreational opportunities. To this end, the Department manages wildlife habitats and provides public hunting opportunities in Texas. The public hunting system consists of state parks, state recreation areas, wildlife management areas, state natural areas, and one state historical park, totaling approximately 300 available locations. Texans may hunt through four permitting opportunities: Special Permits; Annual Public Hunts Permits; Regular (daily) Permits; and the Big Time Texas Hunt Permits. For an explanation of the permits, see the chart, *TPWD Hunting Permits - 1999*.

TPWD Hunting Permits - 1999			
Type	Explanation	Number of Applicants	Number of Permits
Special Permits	Supervised hunts held on about 60 locations. Considered to be the highest quality public hunts and most attractive public hunting option. Permits are available to interested hunters only by drawing. A limited number of applications are selected by computer. Selected applicants are awarded a one-to-four-day hunt with a \$50-\$100 adult hunting permit fee.	65,893	5,971 ¹
Annual Public Hunt Permits	Holders of this \$40 permit may hunt unsupervised on any of the approximately 200 hunt areas comprising one million acres owned by Texas or the federal government. Holders have no limit on the number of times that they may hunt during the legal season. The program has a limit as to the number of hunters that may participate at any given time.	Not Applicable	38,000 ²
Regular Permits	These are daily \$10 permits. Issuance depends upon the availability of manpower used to sell permits and check hunters in and out of limited, designated areas.	Not Applicable	8,000 ³
Big Time Texas Hunt Permits (BTTH)	BTTH creates new funding for wildlife management and public hunting in Texas through \$10 drawings for special hunting packages. In 1999, this program cost the State \$50,000 and generated \$400,000, which was used to pay for other public hunting opportunities. These are premium packages that include professional guide services, food, and lodging.	71,000	18 ⁴

- The table, *TPWD Hunting Public Lands - 1999*, illustrates TPWD's performance in offering hunting opportunities last year, which reached 92 percent of the target.⁵ Even though the agency was able to provide 1.3 million acres of public hunting areas, these lands supported only 4 percent of those who bought hunting licenses in 1999.⁶

- The numbers of applicants for the limited Special and BTTH permits and more than 900,000 hunting licenses sold each year in Texas indicate a strong desire of Texans to participate in hunting activities. The chart, *TPWD Hunting Permits - 1999*, shows the number of applicants compared to number of available permits. Despite the popularity of public hunting, the limited access to hunting areas has contributed to the decline in hunting license sales.⁷
- Feedback from hunting groups indicated that the lack of public hunting areas translates into decreased quality hunts. According to the *Texas Hunting Directory*, more sportsmen than ever are competing for less hunting habitat.⁸
- Rural areas often depend upon the economic impact of hunting-related activities, such as lodging, purchases of equipment other than guns and ammunition, and eating out. According to the International Association of Fish and Wildlife Agencies, sportsmen in Texas spent approximately \$1.5 billion in retail sales, resulting in more than 40,000 jobs and \$80 million in sales taxes.⁹

TPWD Hunting Public Lands - 1999	
Acreage Provided	Public Hunters
1,333,959 (Target - 1,450,000)	38,000

Problem: The State is not maximizing the potential for hunting on public lands.

- The State is not making full use of public lands for public hunting purposes. Looking only at unused and underused lands recommended for sale or lease by the General Land Office (GLO), other state agencies have tracts of land potentially suitable for hunting. For examples, see the chart, *Texas State Lands Recommended for Sale or Lease by the GLO*. TPWD estimates that 96 percent of the lands detailed in the chart could be viable hunting areas.¹⁰ The chart shows only a small percentage of publicly owned lands that could be hunted. In addition to lands recommended for sale or lease, agencies retain and use large tracts of lands with hunting potential for other purposes. For example, TPWD has stated that many of the tracts of land owned and set aside for agricultural purposes by the Texas Department of Criminal Justice could be safely hunted.

Many tracts of state lands, set aside for various purposes, could be safely hunted.

Texas State Lands Recommended for Sale or Lease by the General Land Office ¹¹		
Agency	Number of Acres	GLO Characterizations of Land Included in Recommendations
Texas Department of Criminal Justice ¹²	11,064	Flood plains, agricultural, native hardwood timber acreage, city growth corridor
Texas Department of Transportation ¹³	5,684	Unimproved yards, rural lands

Thousands of acres of publicly owned land are not made available to hunters with public hunt permits.

- State agencies often lease lands to individuals for private hunting rather than leasing to TPWD for public hunting. GLO leases its lands for various purposes including oil and gas production, commercial, and agricultural use. GLO conveys the hunting rights along with the leases, thus hunting opportunities on these state lands are not offered to the public. See the chart, *GLO Properties Leased for Agricultural or Recreational Use - 1999*, for an illustration of GLO's current grazing and recreational leases.

Four million acres of coastal lands, including both upland and submerged acres comprising the Permanent School Fund lands, are leased commercially by GLO. Approximately 850,000 of these acres may be viable for public hunting. However, hunting rights are conveyed with the commercial leases making them inaccessible to the general public.

GLO Properties Leased for Agricultural or Recreational Use - 1999¹⁴			
Properties with a minimum of 5000 acres*		Properties with 1,500-5,000 acres	
County	Acres	County	Acres
Brewster	35,762 ¹⁵	Haskell	1,622
Briscoe	9,540	Jeff Davis	3,479
Culberson	14,037	Knox	2,649
Duval	5,921	Loving	3,585
El Paso	24,203	Mcmullen	1,616
Hudspeth	161,171	Pecos	1,536
Presidio	28,660		
Total	279,294	Total	14,487

* Preferred by TPWD for hunting large game. Smaller game, such as doves, can be hunted on as little as 100 acres.

- Public lands that are part of the Permanent University Fund system also are leased for agricultural purposes, which includes all hunting rights.¹⁶ One hundred and seventeen leased lands, ranging in size from 2,000 to 100,000 acres, total 2 million acres. While the agricultural leases incorporate a fee equivalent to the estimated value of a hunting lease, hunters in the general public lose access and do not benefit from the sale of hunting rights on these lands.
- Currently, TPWD issues an average (combining the numbers of those who hunt small or large game) of 316 permits for every 1,000 acres of available hunt lands. The agency estimates that for every 100,000 acres made available, the State could offer public hunting opportunities to approximately 2,000 small-game hunters,

300 large-game hunters, or a combination of both, depending upon the habitat. For an illustration of how this translates into potential new license and permit sales, see the chart, *Estimated Sales of Annual Public Hunt Permits and Hunting Licenses*.

Estimated Sales of Annual Public Hunt Permits and Hunting License Sales				
Number of Acres	Number of Hunters	Annual Public Hunt Permit Sales*	Annual Hunting License Sales**	Total
1000	316	\$12,640	\$5,056	\$17,696
10,000	3,160	\$126,400	\$50,560	\$176,960
20,000	6,320	\$252,800	\$101,120	\$353,920
50,000	15,800	\$632,000	\$252,800	\$884,800
100,000	31,600	\$1,264,000	\$505,600	\$1,769,600

* Using the \$40 fee for the Annual Public Hunt Permit.

** Using the minimum cost of a Texas hunting license of \$16.

Comparison: Wildlife agencies in other states currently lease public land for public hunting.

- Other states' wildlife agencies use intrastate agency leases as a means of acquiring public lands for public hunting opportunities. See the chart, *Other States' Leasing of Lands for Public Hunting*, for an illustration.

Other States' Leasing of Lands for Public Hunting¹⁷	
State	Lands Leased
Washington	The Department of Fish and Wildlife leases land for public hunting from several other state agencies.
Nevada	All publicly owned land is open to public hunting unless otherwise posted.
Montana	Under a cooperative "block management program", used to provide public hunting opportunities, the Fish, Wildlife and Parks agency leases land from both private land owners and other state agencies.
Florida	The Fish and Wildlife Conservation Commission manages public hunts on land owned by water management entities and Florida's criminal justice agency. By arrangements established when the State acquires property, Florida does not "lease" lands between agencies.
New Mexico	The Wildlife Division leases all State Land Office lands that have access by public road to provide public hunting opportunities.

Recommendation

Change in Statute

10.1 Require TPWD and appropriate state agencies to assess the viability of state-owned land for public hunting programs.

This recommendation would require TPWD to contact state agencies and institutions, including the Permanent University Fund, that may hold lands which could be used for public hunting. Agencies and institutions that are contacted by TPWD should assess their holdings and provide a lands inventory to TPWD. The Department would identify land potentially appropriate for it to manage for public hunting purposes and send proposals to the affected agency or institution. The agencies would meet to determine the viability of operating TPWD public hunting programs on those lands. Both agencies must agree with the public hunting proposal before arranging a lease and beginning a program. TPWD and the agencies should update the public hunt analysis every two years. In addition, the statute should express legislative intent that TPWD and agencies holding state-owned land should maximize opportunities for the citizens of Texas to participate in public hunting programs.

10.2 Require TPWD to submit a report to the Legislature on the status and effectiveness of expanding public hunting programs on state lands.

This recommendation would require TPWD to submit a report to the Legislature that has been prepared using input from all agencies and institutions participating in the meetings discussed above. The report will outline the reasons why state-owned lands have or have not been made available for public hunting programs.

Impact

Opening up other state-owned properties to the public hunting system could result in greater participation in hunting by Texans, with increased revenue and economic impacts.

In turn, should lands be deemed viable for hunting and opened up to TPWD management, the State benefits from TPWD's expertise in habitat and wildlife management. Although GLO's goal is to enhance the value of the State's land assets and generate maximum revenue, GLO acknowledges it must be mindful of the importance of protecting the natural resources found on the lands.¹⁸ TPWD is the agency designated by the Legislature to have the expertise and responsibility for protecting Texas' natural resources and would incur an increased responsibility for managing and conserving the natural resources on state lands opened up to public hunting.

TPWD has made leasing land and expanding public hunting opportunities a priority. Every year the agency attempts to lease new lands from both public and private landowners to increase public hunting programs. However, nothing in state law requires interagency negotiations, and TPWD has been unable to determine the viability of public lands for hunting. By identifying

more state-owned lands for public hunting and ensuring that TPWD has the opportunity to discuss potential lands with other state agencies, Texas could dramatically increase the availability of public hunting areas.

Fiscal Implication

Since its inception 17 years ago, TPWD's hunting programs has operated under a requirement that the program pay for itself through user fees. The agency will not offer any new public hunting opportunities unless the combined revenue from all public hunting lands continues to pay for the program.

If the Department is able to lease additional lands for public hunting programs, the cost-recovery requirement would continue to apply to any interagency leasing contracts. However, depending upon the terms of those contracts, some initial start-up costs should be expected to provide necessary infrastructure and staff to new areas. TPWD staff estimate the cost of acquiring and maintaining new leases at \$2 per acre per year, including lease payments to the agencies owning land, such as GLO.¹⁹

Over time, any initial costs should be defrayed through increased hunting license and permit sales and possibly increased revenue generated by an excise tax on sporting goods. For example, the promise of new hunting opportunities such as the Big Time Texas Hunt has brought in substantially more revenue than TPWD expended on the program. Also, because most agricultural and hunting activities can occur on the same land, the State is not at risk of losing revenue that it may receive from current surface leases. Instead, retaining the hunting rights currently conveyed with agricultural leases on State lands could increase the leasing agency's income, currently generating only cents-per-acre, ensuring that the State and the public benefit directly from the sale of hunting rights.

¹ Texas Department of Parks and Wildlife, *On the Wing: 1999 Texas Parks and Wildlife Annual Report*, Austin, Texas, p. 18.

² Interview with Herb Kothmann, Public Hunting Program Director, Wildlife Division, Texas Parks and Wildlife Department, Austin, Texas, January 20, 2000.

³ Ibid.

⁴ Online: <http://www.tpwd.state.tx.us>. Accessed: January 2000.

⁵ Figures, taken from TPWD Quarterly Performance Reports, illustrate acreage provided during TPWD's Annual Public Hunt Season, which falls during the first quarter of every fiscal year.

⁶ Texas Department of Parks and Wildlife, *On the Wing: 1999 Texas Parks and Wildlife Annual Report*, Austin, Texas, p. 18.

⁷ Interview with Herb Kothmann, Public Hunting Program Director, Wildlife Division, Texas Parks and Wildlife Department, Austin, Texas, January 20, 2000.

⁸ "Letter From the Editor," Mr. Kim M. Hicks, *Texas Hunting Directory*, homepage.

⁹ International Association of Fish and Wildlife Agencies for the U.S. Fish and Wildlife Service, *The Economic Importance of Hunting: Economic Data on Hunting Throughout the Entire United States* (Washington, D.C., 1996), p.6.

¹⁰ TPWD Wildlife Division staff used the *Real Property Evaluation Reports* published by the General Land Office to determine what lands had hunting potential.

- ¹¹ Recommendations are made based upon whether the land is currently unused or underutilized for agency operations.
- ¹² *Real Property Evaluations Reports: Texas Department of Criminal Justice*, Asset Management Division, Texas General Land Office, December 31, 1998.
- ¹³ *Real Property Evaluation Reports: Texas Department of Transportation*, Asset Management Division, Texas General Land Office, September 1, 1998.
- ¹⁴ Figures provided by General Land Office, February 2000.
- ¹⁵ Currently leased by TPWD as the Black Gap Wildlife Management Area.
- ¹⁶ Phone Interview with Steve Hartman, Executive Director, University of Texas Lands Office, Midland, Tx, February 14, 2000.
- ¹⁷ Information gathered from a phone survey conducted by Sunset staff, January - February 2000, and from state wildlife agency homepages.
- ¹⁸ Online: General Land Office homepage, <http://www.glo.state.tx.us>. Accessed: January 2000.
- ¹⁹ Interview with Herb Kothmann, Public Hunting Program Director, Wildlife Division, Texas Parks and Wildlife Department, Austin, Texas, March 8, 2000.

Issue 11

Texas Has a Continuing Need for the Texas Parks and Wildlife Department.

Summary

Key Recommendation

- Continue the Texas Parks and Wildlife Department for 12 years.

Key Findings

- Texas has a continuing interest in protecting its fish and wildlife resources, and in providing recreational opportunities.
- The Texas Parks and Wildlife Department has generally accomplished its mission of managing the wildlife, recreational, and cultural resources of Texas.
- No other federal, state, local, or private entity exists that can perform the functions of Texas Parks and Wildlife Department.
- While organizational structures vary, all other states use statewide agencies to provide for wildlife protection and recreational opportunities.

Conclusion

The Texas Parks and Wildlife Department's mission — to manage and conserve the State's natural and cultural resources for the use and enjoyment of present and future generations — is important to Texans. Although the Department clearly has opportunities to improve its operations, the State has benefited greatly by TPWD's conservation and recreation programs and no other state or federal agency has the means to provide these resources.

The Sunset review evaluated the continuing need for a single, independent agency to manage and conserve the State's natural and cultural resources and provide for recreation. The review assessed whether the Department's functions could be successfully transferred to another agency and looked at how other states provide for conservation and recreation.

Support

Conservation and recreation activities provide valuable economic benefits to communities across Texas.

Current Situation: Texas has a continuing interest in protecting its fish and wildlife resources, and in providing recreational opportunities.

- Under state law and through long established common law principles, all wildlife resources in Texas belong to the State. Without regulation of the harvest of fish and wildlife, these resources would be threatened. Before Texas regulated the harvest of its wildlife, many species were hunted to extinction or near extinction. For example, in the late 1800s, the number of white-tailed deer in Texas had dwindled to about 10,000.¹ In 1999, Texas hunters harvested 390,000 deer from a total population of 4 million.²
- Hunting and fishing are important economic forces in Texas. Local economies, rural areas in particular, often depend upon the economic impact of hunting- and fishing-related activities such as lodging, dining out, and purchasing equipment. Money spent by hunters in Texas equals about \$1.5 billion in retail sales, and creates more than 40,000 jobs and \$80 million in sales taxes.³ The economic impact of both sport and commercial fishing is estimated at more than \$276 million and more than 85,000 jobs.⁴
- The State also assists local governments with creating recreational parks, facilities, and programs. The chart, *State Recreation Grants to Local Governments, 1998-2000*, shows the numbers and amounts of

State Recreation Grants to Local Governments 1998 - 2000		
Year	Number of Grants	Total Amount of Grants
1998	55	\$15,470,715
1999	85	\$17,593,280
2000	65	\$16,452,581

recreation grants for the past three years. These grants provide financial assistance to local governments wishing to develop both indoor and outdoor recreational facilities. In sharing the responsibility of providing these programs, the State maximizes resources and helps ensure that all Texans have the opportunity to experience and appreciate the value of natural and cultural resources.

Current Situation: The Texas Parks and Wildlife Department has generally accomplished its mission of managing the wildlife, recreational, and cultural resources of Texas.

- In addition to regulating the harvest of fish and wildlife to prevent depletion, the Department has a role in replenishing these resources. TPWD uses a variety of means to replenish wildlife resources, including establishment of wildlife management areas to provide habitat. TPWD also hatches and stocks freshwater and saltwater

fish, and provides technical assistance to Texas landowners to improve wildlife habitat on private lands.⁵

- The presence of TPWD law enforcement officers (Game Wardens) in the field provides a preventive measure and helps ensure that Texas' conservation and recreation lands are safe for users. Illustrating the success of these efforts is the fact that, over the last three years, arrests by Game Wardens have declined 11 percent.⁶
- The Department is a major provider of recreation through not only state parks and wildlife management areas, but also through the provision of hunting and fishing opportunities. The chart, *Users of Texas Parks and Wildlife Programs — Fiscal Year 1999*, illustrates usage statistics for TPWD's recreation facilities and programs.⁷
- Public support for the Department is also demonstrated by donations of money and time to the agency. In 1998, the agency's non-profit support foundation, the Parks and Wildlife Foundation of Texas, Inc., received more than \$1.3 million in donations.⁸ Volunteers in state parks alone donated more than 700,000 hours of labor to the agency in 1999. In addition, most state parks have a Friends Group that is funded and staffed entirely by donations from private individuals.

Users of Texas Parks and Wildlife Programs - Fiscal Year 1999	
Program	Users
State Parks	21.8 million
Hunters	1 million
Anglers	1.6 million

Need for Agency Functions: No other federal, state, local, or private entity exists that can perform the functions of Texas Parks and Wildlife Department.

- Through several agencies, the federal government provides services similar to the functions of the Department. The National Marine Fisheries Service regulates coastal fishing in the waters between the state boundary of nine miles from the Texas coastline and the federal boundary of 200 miles. The U.S. Fish and Wildlife Service protects federally designated endangered species and provides wildlife refuges. This federal agency, however, has no authority to regulate the state-owned species which constitute the bulk of wildlife in Texas.

The National Park Service (NPS) maintains parks and historic sites in Texas that are similar to those maintained by TPWD. However, national parks do not generally provide the range of recreational activities provided by state parks, and are usually areas of national, not statewide, significance. NPS has expressed no interest in managing the Texas system. For information comparing the two park systems see the chart, *Recreational Properties in Texas Maintained by the Department and the National Park Service*. The chart, *Visitation at Major National*

Texans illustrate their support for state parks by contributing a significant amount of volunteer hours and donations every year.

Recreational Properties in Texas Maintained by the Department and the National Park Service			
Agency	Number of Units	Number of Acres	Total Annual Visitation
Texas Parks and Wildlife Department (Parks and Wildlife Management Areas that permit recreational use)	173	1,400,000	21,000,000
National Park Service	13	1,185,000	5,900,000

Visitation at Major State and National Parks			
Agency	Unit	Size in Acres	Annual Visitation
Texas Parks and Wildlife Department	Mustang Island State Park	4,000	1.7 million
	Cedar Hill State Park	1,800	1.1 million
	San Jacinto Battlefield	1,120	1.1 million
	Buescher and Bastrop State Parks	4,500	646,000
	Lake Livingston State Park	600	592,000
National Park Service	Lake Meredith National Recreation Area	45,000	1.6 million
	Amistad National Recreation Area	57,000	1.1 million
	San Antonio Missions National Historic Park	400	1.1 million
	Padre Island National Seashore	130,000	700,000
	Big Bend National Park	775,000	340,000

and State Parks, compares the top five national and state parks by size and number of visitors.

- Other state agencies and private organizations are economically unable or have differing missions that prevent them from taking over the functions of the Department.

The Texas Natural Resource Conservation Commission (TNRCC) could perform some of TPWD's wildlife regulation. However, TNRCC's primary function, the issuance of industrial emission and waste permits, is at odds with TPWD's mission to conserve and maintain the environment and habitat in their natural state. Also, TNRCC does not have any functions similar to the Department's role in providing recreational facilities.

While the Texas Historical Commission (THC) may have the

expertise to take over operations of TPWD's 42 historic sites, THC has no statewide infrastructure and the agency would have to replicate the regional structure already operated by TPWD at an additional cost to the State. In addition, THC would not be an appropriate agency to take on the functions of regulating the wildlife and aquatic resources, or to provide the recreation that is part of some historic sites.

The State's political subdivisions are also unable to take over the functions of TPWD. River authorities and counties provide some recreation facilities, but the focus of their operations is limited to specific regions; they do not have statewide authority. In addition, Texas counties used to regulate wildlife, but, to provide consistent statewide regulation, the Legislature transferred this authority to the Department in 1983.

Some private, non-profit organizations, such as the Nature Conservancy and the Trust for Public Land, are also involved with conservation. However, these organizations exist primarily to help state and local governments acquire and maintain properties, not to operate individual state park systems. Also, as private organizations, they cannot exercise the power of the State to regulate wildlife or provide law enforcement.

TPWD is uniquely
equipped to provide
recreation and
conservation
opportunities in
Texas.

Comparison: While organizational structures vary, all other states use statewide agencies to provide for wildlife protection and recreational opportunities.

- All states have chosen to regulate hunting and fishing on a statewide basis through a state agency. In 24 states, hunting and fishing are regulated through a bureau attached to a larger natural resource agency, while 26 states regulate hunting and fishing through an independent agency, like Texas.⁹
- Each state has also chosen to provide a state park system managed by a state agency. In 30 states, management of the state park system is accomplished through an agency that is part of a larger natural resource agency. In 20 states, parks are managed similarly to Texas, through an independent agency that may have other related duties such as wildlife management or tourism promotion.¹⁰

Recommendation

Change in Statute

11.1 Continue the Texas Parks and Wildlife Department for 12 years.

Impact

This recommendation would continue the Texas Parks and Wildlife Department as an independent agency, responsible for providing recreational opportunities such as parks, regulating hunting and fishing activities, and managing and preserving the cultural and natural resources of Texas.

Fiscal Implication

If the Legislature continues the current functions of TPWD, using the existing organizational structure, the Department's average annual appropriation of \$206 million would continue to be required for the operation of the agency.

¹ Trey Carpenter, TPWD Biologist, quoted in *The Greatest Comeback*, The River Cities Tribune, November 8, 1999, by Daniel Clifton.

² *On the Wing*, 1999 Texas Parks and Wildlife Department Annual Report, p. 19.

³ International Association of Fish and Wildlife Agencies for the U.S. Fish and Wildlife Service, *The Economic Importance of Hunting: Economic Data on Hunting Throughout the Entire United States* (Washington, D.C., 1996), p. 6.

⁴ American Sportfishing Association, *The 1996 Economic Impact of Sportfishing in Texas*, (Alexandria, Virginia, 1996), p. 6; Department of Agricultural Economics, Texas A&M University, *Executive Summary: Economic Impacts of Recreational Activities and Commercial Fishing on the Texas Gulf Coast*, Prepared for the Texas Water Development Board, March 1998, p. 20.

⁵ *On the Wing*, 1999 Texas Parks and Wildlife Department Annual Report, p. 19.

⁶ Ibid.

⁷ Ibid, p. 18.

⁸ *1998 Income Tax Return of Organization Exempt from Income Tax*, Parks and Wildlife Foundation of Texas, Inc. (Austin, Texas, 1998) p. 1.

⁹ Wildlife Management Institute, *Organization, Authority and Programs of State Fish and Wildlife Agencies*, Wildlife Management Institute, Washington, DC, 1997.

¹⁰ Sunset staff review of other state information done in November 1999.

ACROSS-THE-BOARD RECOMMENDATIONS

Texas Parks and Wildlife Department	
Recommendations	Across-the-Board Provisions
	A. GENERAL
Update	1. Require at least one-third public membership on state agency policymaking bodies.
Update	2. Require specific provisions relating to conflicts of interest.
Update	3. Require that appointment to the policymaking body be made without regard to the appointee's race, color, disability, sex, religion, age, or national origin.
Apply	4. Provide for the Governor to designate the presiding officer of a state agency's policymaking body.
Update	5. Specify grounds for removal of a member of the policymaking body.
Update	6. Require that information on standards of conduct be provided to members of policymaking bodies and agency employees.
Apply	7. Require training for members of policymaking bodies.
Update	8. Require the agency's policymaking body to develop and implement policies that clearly separate the functions of the policymaking body and the agency staff.
Already in Statute	9. Provide for public testimony at meetings of the policymaking body.
Apply	10. Require information to be maintained on complaints.
Update	11. Require development of an equal employment opportunity policy.

AGENCY INFORMATION

Agency Information

AGENCY AT A GLANCE

In 1963, the Legislature merged the Game and Fish Commission with the State Parks Board to create the Texas Parks and Wildlife Department (TPWD). To meet its mission, the Department:

- protects and conserves the state’s fish and wildlife resources by regulating the taking of fish and wildlife in Texas;
- employs more than 485 Game Wardens to regulate hunting, commercial and recreational fishing, and boating in the state;
- operates a system of public lands, including 122 state parks, natural areas, and historic sites; and 51 wildlife management areas, covering approximately 1.4 million acres of conservation and recreation lands;
- aids local political subdivisions in developing recreational facilities through grants and technical assistance;
- operates eight fish hatcheries that support an extensive fish stocking program in both coastal and freshwater settings;
- protects the environment by monitoring and conserving aquatic and wildlife habitat;
- educates the public regarding the laws and rules regulating fish, game, environmental habitat, boating safety, firearm safety for hunters, and fish and wildlife conservation;
- provides technical guidance and conservation incentives to private landowners, develops management plans for about 10 million acres of private land, and promotes recreational opportunities on those private lands; and
- publishes *Texas Parks and Wildlife* magazine and produces a weekly television show aired on public broadcasting stations.

The mission of the Texas Parks and Wildlife Department is to “manage and conserve the natural and cultural resources of Texas for the use and enjoyment of present and future generations.”

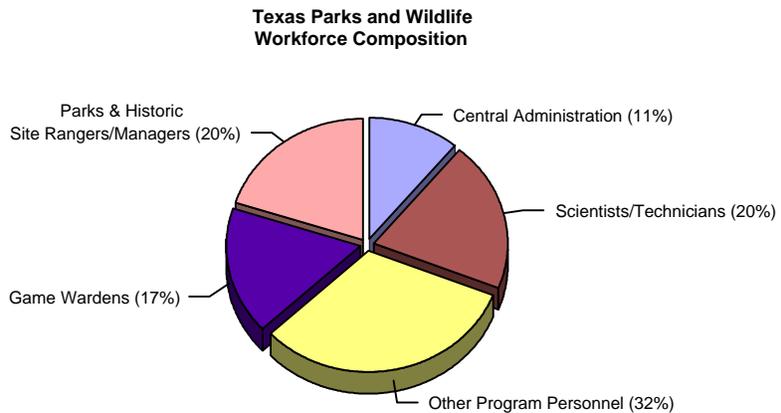
Key Facts

- **Funding.** TPWD’s total budget is \$256.3 million for fiscal year 2000, broken out as follows: \$177 million for ongoing agency operations, \$50.3 million for capital projects, and \$29 million for grants.

Texas Parks and Wildlife on the Internet: Information about TPWD, including the agency’s history, calendars, proposed rules, and extensive information about other agency activities, is available on the Internet at <http://www.tpwd.state.tx.us/>

The State Parks Division receives the largest share of the operating budget, \$49.7 million, or 28.1 percent. The Law Enforcement Division has the second largest piece of the budget, approximately \$39.9 million, or 22.5 percent; and Inland Fisheries, Coastal Fisheries, and Wildlife jointly make up 24.1 percent of the agency budget, or \$42.5 million.

- **Sources of Revenue.** Regulatory and user fees make up the majority of the Department’s budget (\$146 million or 72 percent). Federal funds provide \$20.6 million, or 10 percent of the budget; state general revenue provides \$22.6 million, or 11 percent; and various other sources provide the remaining \$14 million, or 6 percent.
- **Staffing.** TPWD has 2,954 budgeted full time equivalent employees stationed at more than 225 locations throughout the state. Staffing is depicted in the chart, *Texas Parks and Wildlife Workforce Composition*.



- **Fish and Wildlife Conservation.** TPWD licenses the state’s hunters and anglers, and sets and enforces game seasons and bag limits. TPWD protects and enhances wildlife habitat through land acquisition, conservation easements, developing or improving reef habitat, and partnerships with private landowners, businesses, and conservation organizations. The Department provides technical assistance to private landowners in preserving wildlife habitat and

managing wildlife populations, and operates and maintains 51 wildlife management areas on 760,000 acres owned or leased by TPWD.

- **State Parks.** TPWD oversees more than 650,000 acres of land owned by the Department, including 122 state parks, historic sites, and natural areas. More than 6 million paid visits are made to TPWD park facilities annually.
- **Coastal and Inland Fisheries.** The Department manages the marine fishery resources of Texas' 4 million acres of saltwater and regulates 15,000 commercial fishermen. In addition, TPWD regulates sport fishing on Texas' 80,000 miles of inland rivers and streams and 800 public impoundments.
- **Resource Protection.** TPWD investigates environmental contamination that may cause loss of fish or wildlife and monitors the condition of bays, estuaries, aquatic vegetation, and other habitats.

Parks and Wildlife Laws and Rules

Laws establishing and governing TPWD are maintained by the Texas Legislative Council on the Internet at <http://tis/statutes/PWtoc.html>.

Rules adopted by the TPW Commission are maintained by the Texas Secretary of State on the Internet at <http://www.sos.state.tx.us/tac/31/ll/index.html>

MAJOR EVENTS IN AGENCY HISTORY

- The Legislature first created the office of the Fish Commissioner in 1895 to regulate fishing, and subsequently expanded the role of the Commission to include regulation of the oyster industry. The Fish and Oyster Commission was further expanded to include a Game Department in 1907.
- The State Parks Board was created as an agency, separate from the Fish and Game Commission, in 1923. The importance of the Parks Board grew in the 1930s as projects conducted by the federal Civilian Conservation Corps substantially added to the state's parklands.
- The State Parks Board and the Texas Game and Fish Commission existed as independent agencies until 1963, when they were consolidated to form the Texas Parks and Wildlife Department (TPWD).
- In 1983, the Legislature passed the Wildlife Conservation Act placing authority for managing fish and wildlife resources in all Texas counties with the Parks and Wildlife Department. This statutory change centralized and expanded state authority to manage fish and wildlife. Previously, local commissioners' courts had set game and fish laws in many counties, and counties had veto power over some TPWD regulations.

ORGANIZATION

Policy Body

Texas law establishes the Texas Parks and Wildlife Commission as the policymaking body of the Texas Parks and Wildlife Department. With the consent of the Senate, the Governor appoints nine representatives of the general public to the Parks and Wildlife Commission to serve staggered six-year terms.

Texas Parks and Wildlife Commissioners and Their Terms	
TPWD Commissioner	Expiration
Lee M. Bass, Fort Worth (Chair)	February, 2001
Richard W. Heath, Carrollton	February, 2001
Nolan Ryan, Alvin	February, 2001
Ernest Angelo, Midland	February, 2003
John Avila, Jr., Fort Worth	February, 2003
Carol E. Dinkins, Houston	February, 2003
Katherine Armstrong Idsal, Dallas	February, 2005
Alvin Henry, Houston	February, 2005
Mark E. Watson, Jr., San Antonio	February, 2005
Perry R. Bass, Fort Worth	Chairman Emeritus

The Chair of the Commission is designated by the Governor. The Commissioners hire the Department's Executive Director, approve Department budgets, and set the general policy direction of the Department. Key decisions made by the Commission include adoption of Texas' hunting and fishing regulations, approval of about \$23 million annually in outdoor recreational/outreach grants to local governments, and approval of acquisition of properties for parks or wildlife preservation.

STAFF

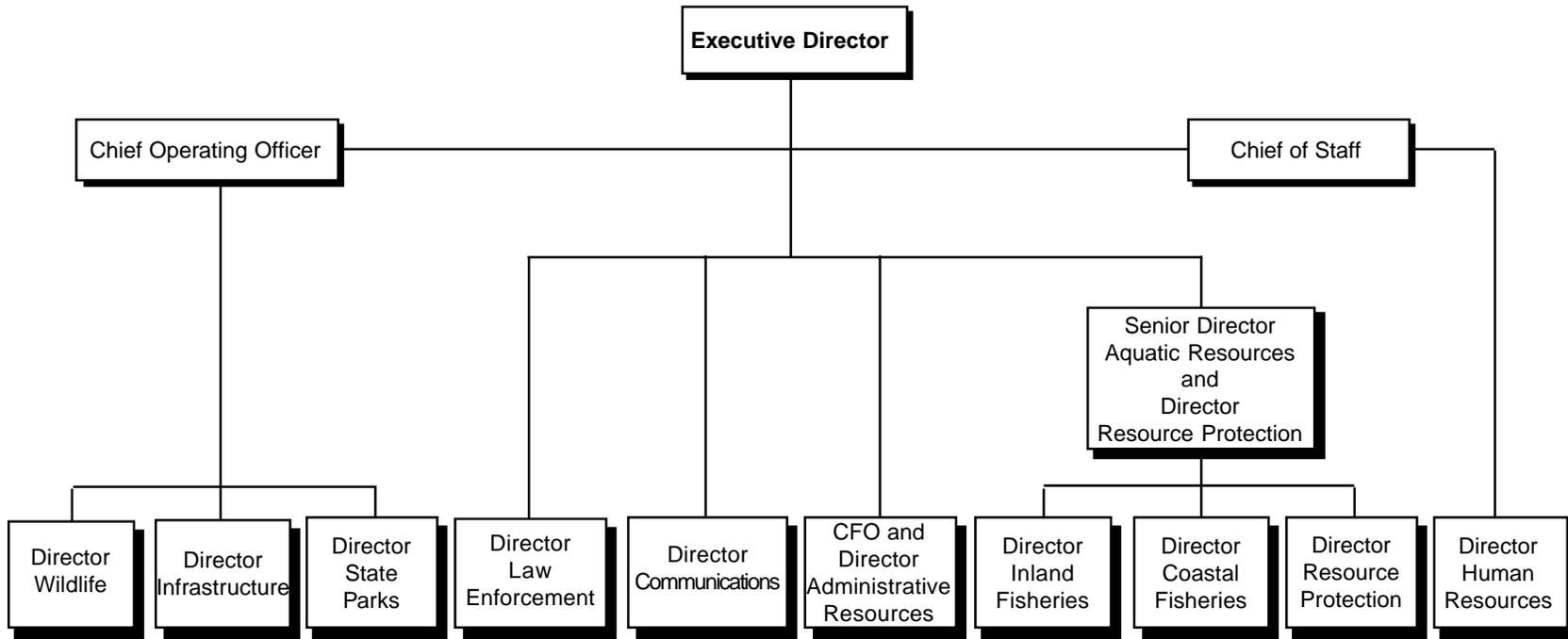
TPWD’s Executive Director oversees agency operations. The Department is functionally organized into 11 divisions that range in size from about 20 positions to more than 1,125 full-time positions. One Senior Director, responsible for aquatic policy, the Chief Operating Office, responsible for land policy, and the Chief of Staff, responsible for administrative matters, all report directly to the Executive Director. All divisions of the Department, except for the administrative divisions, have staff located both in Austin and at regional and field site offices throughout the state. In fact, 75 percent of TPWD’s employees are stationed away from the headquarters office in Austin. The *Parks and Wildlife Department Organization Chart*, shown on the following page, depicts the organization of the Department’s divisions. A comparison of TPWD’s workforce composition to the minority civilian labor force is provided in Appendix A.

Seventy-five percent of Department staff work outside Austin headquarters.

The Department maintains several regional offices to carry out its functions. The following chart lists the various divisions that maintain regional and local office structures and the number of those units. Appendix E displays a map of Texas showing TPWD’s field offices, hatcheries, parks, and wildlife management areas.

Division	Regional Offices	Local Offices
Parks	8	113
Wildlife	4	12
Law Enforcement	9	19
Coastal Fisheries	2	9
Inland Fisheries	3	21

Texas Parks & Wildlife Department Organizational Chart

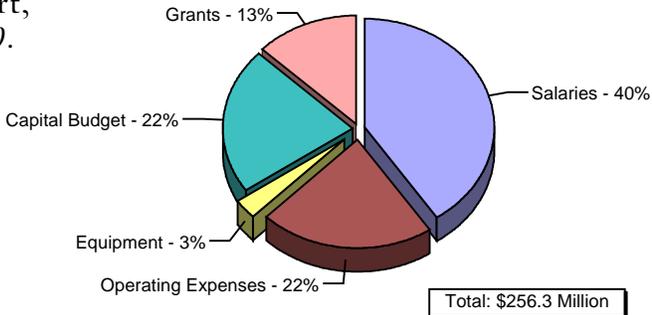


FUNDING

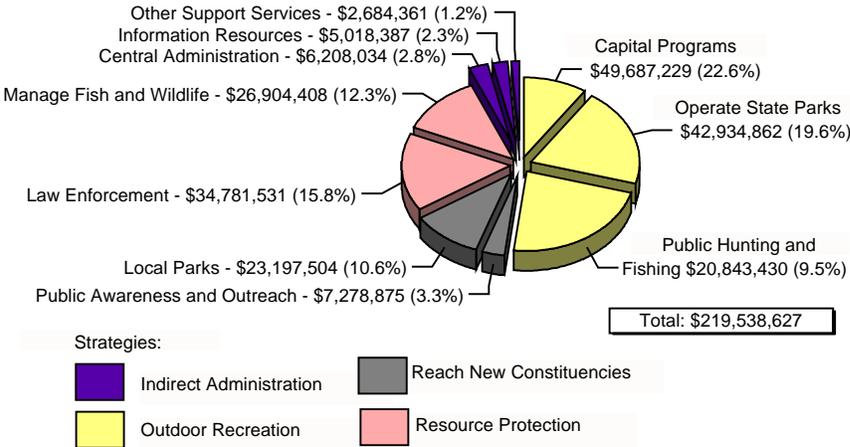
TPWD has a budget of \$256.3 million for fiscal year 2000. Of this amount, \$177 million supports agency operations, salaries, equipment, and other operating expenses; \$50.3 million is allocated to capital projects; and \$29 million is budgeted for grants, as shown in the chart, *Budget by Category, Fiscal Year 2000*.

The Department’s appropriation for the current biennium is shown below in the chart, *Appropriations by Strategy, Fiscal Year 2000*. Direct legislative appropriations of \$219 million include approximately \$36 million in bond proceeds, and are supplemented by miscellaneous appropriations carried forward from prior years, to yield the total FY 2000 agency budget of \$256.3 million.

**Budget by Category
Fiscal Year 2000**

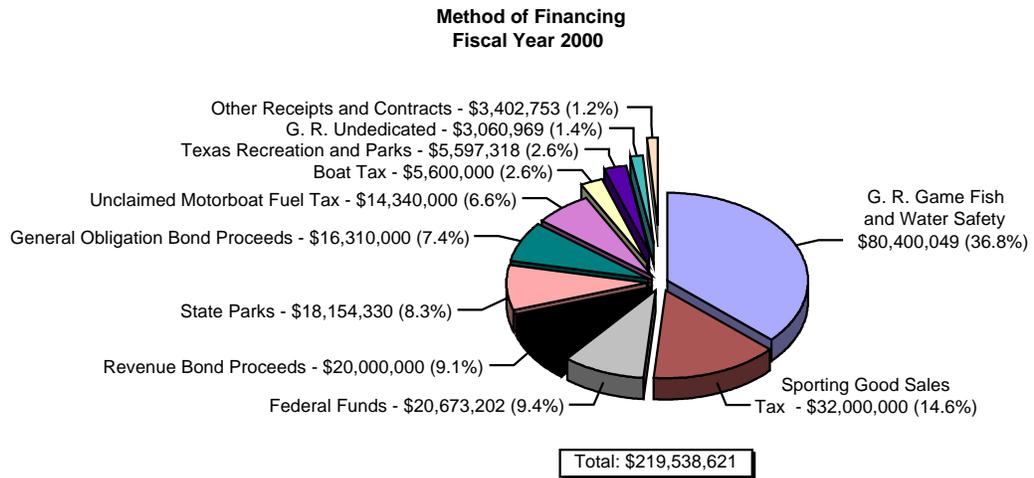


**Appropriations by Strategy
Fiscal Year 2000**

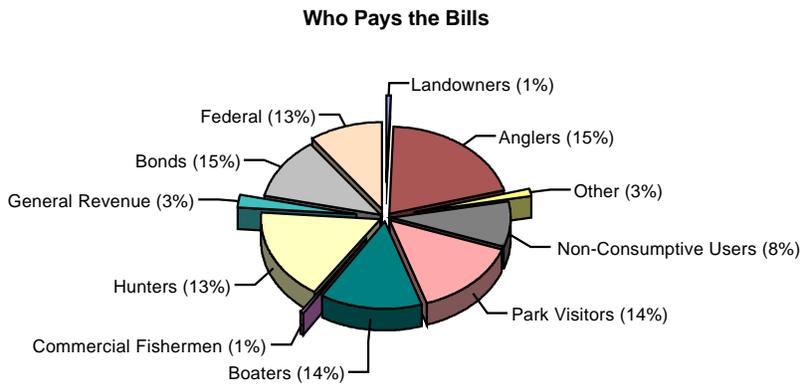


Revenue

While the chart above shows how the Legislature has appropriated funds for TPWD operations, the chart, *Method of Financing, Fiscal Year 2000*, shows the sources of revenue for these legislative spending decisions.

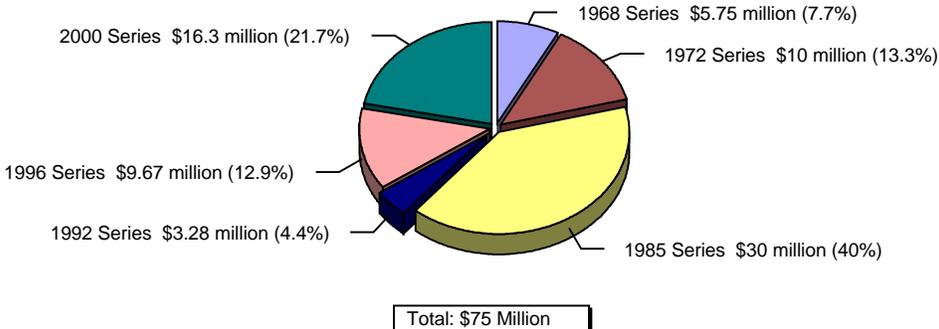


The chart, *Method of Financing, Fiscal Year 2000*, shows several sources of dedicated funding for TPWD. TPWD collects more than 150 separate fees, with hunting and fishing fees providing the majority of revenue as shown in the chart, *Who Pays the Bills*. In general, the Legislature has given TPWD the flexibility to adjust the amount of its fees through agency rules. Additional detail on TPWD's array of revenue sources can be found in Appendix B.



Sale of bonds provide another source of funding for TPWD. In 1967, TPWD was granted the authority to issue up to \$75 million in park development bonds for the purposes of acquiring, improving and equipping state parks, as shown in the chart, *Park Development Bonds*. The final \$16.3 million of the \$75 total will be issued in FY 2000.

Parks Development Bonds



In 1997, the 75th Legislature authorized TPWD to issue an additional \$60 million in revenue bonds to begin critical facility repair. The Department issued \$18 million of the bonds in FY 1998 and \$12 million in FY 1999; and will issue \$20 million in FY 2000 and \$10 million in FY 2001.

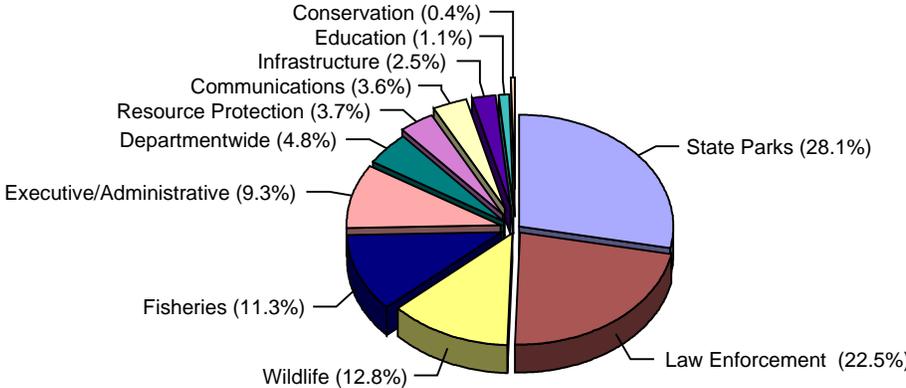
Expenditures

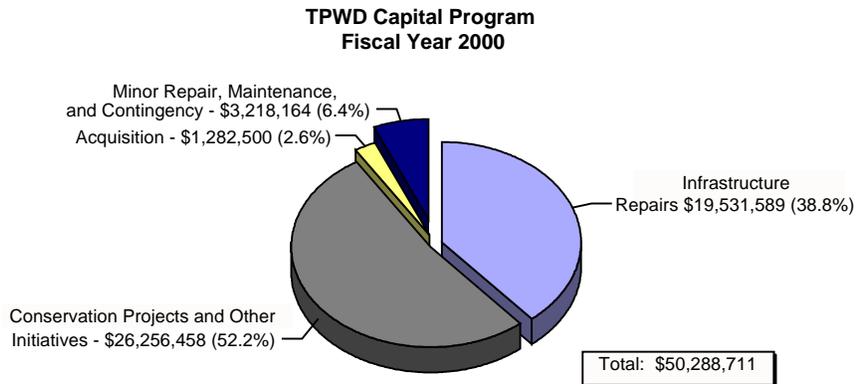
While TPWD expended \$207,011,534 in fiscal year 1999 for agency operations and capital expenses, a discussion of the Department’s current budget of \$256.3 million is more illustrative of how the money is being used today. Although the revenue chart in the previous discussion shows the spending for TPWD by each of the legislatively approved strategies, the chart, *FY 2000 Operating Budget by Division, Fiscal Year 2000*, shows how TPWD allocates the \$177 million operating budget internally.

TPWD operates an extensive capital program for construction, repair, and maintenance of facilities and for equipment. The capital expenditures program is shown in more detail in the chart, *TPWD Capital Program, Fiscal Year 2000*. Details of each of these capital program areas of spending can be found in Appendix D.

Parks and Wildlife Laws Authority for Park Development and Repair*	
<u>Budgeted in FY 2000</u>	
1967 Development Bonds	\$16.3 million
1997 Facility Repair Bonds	\$20 million
<u>Budgeted in FY 2001</u>	
1997 Facility Repair Bonds	\$10 million
*Debt service on 1967 bonds issued in FY 2000 will be paid from General Revenue appropriations to the Texas Public Finance Authority. Debt service on the 1997 series bonds will be paid from TPWD General Revenue appropriation.	
Source: TPWD Operating Budget, FY 2000	

Operating Budget by Division Fiscal Year 2000





Another piece of TPWD expenditures is its grants and technical support provided to almost 100 local governments for public park and recreational activities. Grant programs include 50 percent matching grants for acquisition and development of recreation facilities; grants for outdoor outreach; landowner incentives to conserve important habitat; boat ramp construction, and local park planning; and grants for the development of National Recreation Trails.

Texas Parks and Wildlife Grants and Technical Support Budget Fiscal Year 2000	
Local Park Grants	\$15,250,000
One-Time Grant to Travis County for the Balcones Canyonland Conservation Plan	5,500,000
National Recreational Trails Grants	2,072,130
Regional Grants	1,000,000
Site Transfers/Partnerships	2,000,000
Outreach Grants	1,407,791
Landowner Incentive Grants	625,000
Target Range Program	100,000
East Texas Forested Wetlands	90,000
Total	\$29,044,921

TPWD’s use of Historically Underutilized Businesses (HUBs) in purchasing goods and services can be seen in Appendix B.

AGENCY OPERATIONS

TPWD’s numerous recreational and natural resources programs can be organized into the general areas of Wildlife Management, Parks Management, Management of Aquatic Resources, Law Enforcement, and Support Programs.

Wildlife Management

Texas law provides that “all wild animals, fur-bearing animals, wild birds, and wild fowl inside the borders of this state are the property of the people of this state.”¹ The Wildlife Division of TPWD manages and conserves the wildlife and natural resources of Texas for the use and enjoyment of present and future generations. TPWD shares management authority for migratory wildlife and federally listed threatened and endangered species with the Fish and Wildlife Service. In FY 2000, the Wildlife Division has a budget of \$23.2 million and 294 budgeted employees. Two-thirds of Wildlife Division staff are stationed in field offices where they work directly with landowners and wildlife resource managers. Several major activities are described below.

Key Performance Indicators

- Number of licensed hunters - 1 million
- Acres of land under management plans - 10,277,087

Wildlife Division

Private Land Enhancement and Habitat Assessment Program - TPWD assists Texas landowners by developing wildlife management plans and funds landowner projects for management of rare species through the Landowner Incentive Program (LIP). Program staff annually assist 70,000 landowners and develop 2,400 new land management plans covering more than 10 million acres of private land. Private landowners who have demonstrated exemplary wildlife conservation programs on their lands are eligible for Lone Star Land Stewards Awards. Twelve landowners received this honor in 1999.

Threatened and Endangered Species

The Legislature has authorized the Texas Parks and Wildlife Department to establish a list of endangered animals and endangered plant species in the state. Endangered species are those species which the Department’s Executive Director has named as being “threatened with statewide extinction.” Threatened species are those species which the TPW Commission has determined are likely to become endangered in the future. TPWD regulations prohibit the taking, possession, transportation, or sale of any of the animal or plant species designated by state law as endangered or threatened without the issuance of a permit. In addition, some species listed as threatened or endangered under state law are provided additional protection by the U.S. Fish and Wildlife Service.

Public Hunting and Wildlife Management Program - Each year, more than 6,000 hunters participate in special permit hunting on the 1.4 million acres of TPWD-managed land. The Department also provides hunting opportunities to approximately 38,000 people who annually purchase a \$40 dollar Annual Public Hunting Permit to hunt deer, dove,

More than 6,000 people hunt on TPWD lands each year.

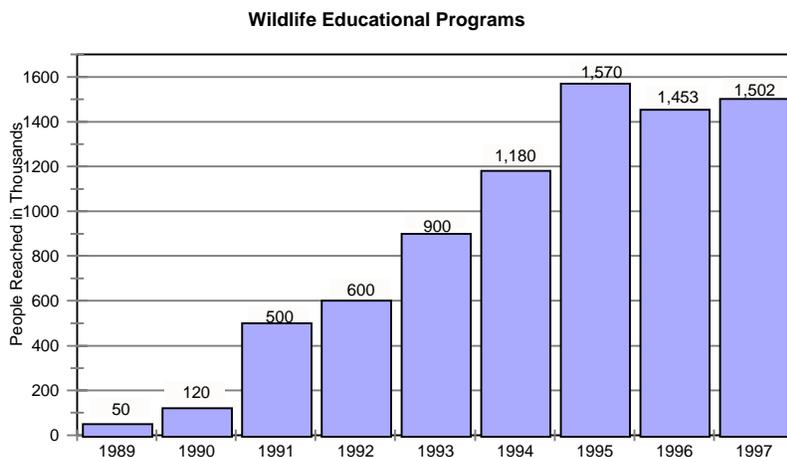
waterfowl, feral hog, quail, squirrel, and rabbit on state-owned or leased lands. Staff also maintain the 51 wildlife management areas, totaling 760,000 acres, owned or leased by TPWD. Wildlife management areas are located across the state and include the Elephant Mountain Wildlife Management Area in West Texas (that preserves habitat for desert bighorn sheep), waterfowl habitat on the Texas Coast, white-tailed deer lands in the Hill Country, and wild turkey recovery lands in East Texas.

Migratory Wildlife - Program staff develop regulations for the hunting of migratory game birds in coordination with the U.S. Fish and Wildlife Service, conduct research, and participate in implementing the North American Waterfowl Management Plan in Texas through habitat joint ventures in the Coastal, East Texas, and Playa Lakes regions. In addition, staff oversee state duck stamp and white-winged dove stamp funds set aside for acquiring, developing, and managing wetlands and upland habitats.

Upland Wildlife Ecology - Program staff develop hunting regulations contained in the Statewide Hunting and Fishing Proclamation, adopted by the TPW Commission. Regulations relate to hunting of Texas big game and upland game species, including white-tailed deer, mule deer, pronghorn antelope, bighorn sheep, turkey, and quail. In addition, the program regulates the trapping, transporting, and transplanting of wildlife.

Wildlife Diversity Program - Program staff monitor 1,100 vertebrate wildlife species and recommend conservation strategies to TPW Commissioners. Program staff also coordinate wildlife research projects and maintain a biological database of rare species populations. In addition, staff issue and monitor more than 2,000 various wildlife

permits for collectors and sellers of non-game species. Outreach and public education efforts include providing information and materials to schools, promoting Texas nature tourism and birdwatching, and working in Texas metropolitan areas to promote awareness of wildlife and conservation. The chart, *Wildlife Education Programs*, shows the number of people reached by all wildlife education programs at the Department.



State Parks Management

The State Parks Division is the steward of more than 650,000 acres of public land divided among 122 state parks, natural areas, and historic sites across Texas. More than 6.25 million paid visits are made to Texas state parks each year. Through the preservation and compatible public use of state parks, and through grants to local governments for providing recreation opportunities and parklands, the Division seeks to ensure that open spaces and significant natural and cultural resources are protected and available for future generations.

Texas Parks

Extensive information about TPWD parks, historical sites, and wildlife management areas can be found on the Internet at <http://www.tpwd.state.tx.us/park/parks.htm>.

The State Parks Division is located at the Austin headquarters, and operates with a budget of \$49.7 million and 1,125 employees for FY 2000. In addition, \$23.4 million for capital improvements is allocated to state parks for facility improvements, compliance with the Americans With Disabilities Act, and repairs and maintenance. Parks staff located in Austin support eight regional park field operations offices and 122 state parks, including 41 historical sites and state natural areas. Key park program areas are described below.

Field Operations - Park staff responsibilities vary from site to site. Responsibilities include law enforcement and safety, visitor services, and education and interpretation. Employees also work with friends groups and coordinate volunteer programs, TDCJ labor management, maintenance programs, and concessions.

TPWD - State Parks Division Capital Budget, FY 2000	
Infrastructure Repairs	\$13,956,000
Minor Repairs	2,375,000
Historical Sites - Repairs, Restoration, and Research	3,118,500
Boat Ramps	2,228,441
Access to Parks and Other Areas	1,775,500
Total	\$23,453,441

Park Reservations Program - The Program processes more than 260,000 state park reservations and associated park information requests annually. Program staff maintain the State Parks Division website, support field staff with technical assistance and check-in of customers at the parks, and maintain customer database and statistical information.

Natural and Cultural Resources Program - In general, program staff manage the environmental, physical, and paleontological resources found on public lands. Tasks include:

- promoting conservation, biological, ecological, and community-based stewardship;
- ensuring compliance with state and federal antiquities laws, other laws dealing with cultural resources, and policies set by other agencies; and
- conducting archeological inventories of state parks and curating artifacts.

Key Performance Indicators	
•	Number of visits to state parks - 6.25 million paid visits
•	Percent of operating costs for public park lands recovered from revenues - 58 percent (targeted), actual performance, FY 99 - 60.7percent

Historic Sites Program - Staff provide technical guidance in support of 41 historic sites in the State Park System. They also coordinate program activities with external constituents and other agencies, particularly the Texas Historical Commission, and provide project management for historic planning and development projects.

Interpretation and Exhibits Program - Program staff develop interpretive master plans for parks and historic sites, and plan, design and produce exhibits, outdoor waysides, and orientation kiosks. Staff also manage the Department’s historical artifact collections at historic sites.

Public Safety Program - Staff provide technical and consultative support to the operations of state parks in the areas of visitor services, resource protection, and employee safety and health. The Program manages the park police program for commissioned officers stationed in state parks.

Recreation Grants Program - Staff administer the grant solicitation and review process leading to the selection of recipients for Outdoor Park Acquisition Grants (15 grants were awarded in the first half of FY 2000, totaling \$6.5 million, and another 15 grants totaling \$6.5 million will be awarded in August 2000); Indoor Recreation Facility Grants (eight in FY 2000, totaling \$3.35 million); National Recreational Trail Fund Grants (41 grants - \$1.8 million), and target range planning grants.

Texas Parks and Wildlife Local Park Funding Fiscal Year 2000	
Seabrook The Park on Repsdorph	\$317,000
Brazoria County Camp Mohawk County Park	500,000
Arlington Southeast Community Park	500,000
Van Alstyne Forrest Moor Park	500,000
Wills Point Jack Lester Community Park	500,000
Lockhart Town Branch Greenbelt	475,876
Aransas Pass Swimming Pool Complex	500,000
Redwater Community Park	320,000
Decatur City Park	500,000
Caldwell Davidson Creek Park	268,350
Zavala Co. Crystal City Recreational Improvements	490,108
Hallettsville City Park III	491,019
Sulphur Springs Coleman Lake Park	500,000
Paradise West Park	213,015
Burkburnett Memorial City Park	393,413
TOTAL	\$6,468,781

Management of Aquatic Resources

TPWD manages the State’s aquatic resources through its Inland Fisheries, Coastal Fisheries, and Resource Protection Divisions. For FY 2000, these three divisions account for \$26.5 million of the agency’s operating budget; \$10.9 million, \$9 million, and \$6.5 million, respectively.

Inland Fisheries Division

The Division seeks to provide the best possible fishing while protecting and enhancing freshwater aquatic resources. Texas freshwater fishing resources include approximately 800 impoundments (lakes, ponds, etc.), covering 1.7 million acres, and more than 80,000 miles of rivers and streams. The Division contains three branches - Resource Management, Fish Hatcheries, and Outreach, and is staffed with 189 budgeted positions for FY 2000. Regional managers are stationed in San Angelo, Waco, and Tyler.

Key Performance Indicators

- Number of licensed recreational anglers - 1.6 million
- Number of saltwater and freshwater fingerlings stocked each year - 54.1 million

Resource Management - Staff monitor and assess fish populations in public reservoirs and rivers. In addition, staff survey anglers to determine the hours they fish, what they catch, the economics of fishing, and anglers' opinions about fishing. TPWD uses this information to establish harvest regulations, plan fish stockings, and educate the public about fishing. Staff are stationed in 15 field offices and at a research facility in Ingram.

Each year, Texas' 80,000 miles of public rivers and streams and 800 public impoundments are used by more than 2 million recreational anglers who generate more than \$4.3 billion annually.

Fish Hatcheries - TPWD staff produce fish to stock public waters at fish production facilities in San Marcos, Graford, Electra, Jasper, and Athens. Each year, hatcheries stock approximately 20 million fingerlings from as many as 15 species in more than 500 public bodies of water in Texas. In addition, fish hatcheries serve as facilities for public outreach and education.

Public Outreach - Outreach is centered at TPWD's Texas Freshwater Fisheries Center (TFFC) in Athens. TFFC opened in November 1996, and includes aquaria, a dive tank, a children's fishing pond, and a fish hatchery. Staff at the Center provide direction and organization for local fishing outreach efforts conducted throughout Texas.

Why Does TPWD Stock Fish?

- To establish fish in a habitat;
- Supplement small fish populations;
- Modify genetic makeup;
- Increase species diversity;
- Restore a species; and
- Increase angler opportunities.

Coastal Fisheries Division

The Division manages the marine resources of Texas' bays, estuaries, and the Gulf of Mexico out to nine nautical miles. The estimated value of the fisheries within the four million acres exceeds \$2 billion.³ The Division has an operating budget of \$9 million in FY 2000 and 140 staff stationed at 10 field offices located on the coast from Port Arthur to Brownsville. The Division works with 900,000 sport fishermen; and regulates the 15,000 commercial fisherman in Texas

Coastal Fishing on the Internet

Weekly Coastal Fishing Reports and other information about coastal fishing is available from TPWD on the Internet at <http://www.tpwd.state.tx.us/fish/recreat/recreat.htm>.

waters by setting specific eligibility requirements for the 33 types of licenses or permits required to harvest fish, oysters, shrimp, and crabs.

Marine Resource Assessment - Staff conduct annual assessments of finfish and shellfish populations, harvest effort and time spent in recreational fishing, and landings of the commercial fishing industry. These assessments direct the Department's management plan for marine resources, which seeks to balance the economic importance of fishing with the need to protect aquatic resources. Division staff work directly with recreational and commercial fishermen to obtain their input regarding resource planning issues.

Marine Enhancement - Coastal fish hatcheries stock more than 35 million fingerlings and research saltwater fisheries. Public outreach and education functions are provided at hatcheries such as Sea Center Texas, where about 100,000 visitors a year see marine species, wetlands habitats, and fish production activities.

Artificial Reef Program - The Artificial Reef Program was created to oversee development and maintenance of artificial reefs off the Texas Coast. The Rigs to Reefs portion of the program specially uses obsolete petroleum rigs as new habitat for many species of reef fish. Reefs thus created are evaluated for their value to marine species, anglers, and divers.

Resource Protection Division

The Division protects Texas fish, wildlife, plant, and mineral resources from degradation or depletion. Staff also assess any damage to natural resources resulting from unauthorized discharges of oil or releases of hazardous substances, and seeks restitution from responsible parties. The Division operates with a staff of 89 employees in FY 2000 and a budget of \$6.5 million. Several major activities are described below.

Resource Protection on the Internet

Additional information on the Resource Protection Division of TPWD is located on the Internet at: http://www.tpwd.state.tx.us/admin/about_vs/rpmain.htm.

Resource Conservation Branch - This Branch manages public wetlands, provides information to the public on the importance of wetlands to fish and wildlife, and works with regulatory agencies to ameliorate the impacts of filling state waters and wetlands. Key activities include:

- working with other state agencies to implement legislation related to water use and planning, and providing resource information to assist regional water planning advisory groups;

- providing comments to the Texas Natural Resource Conservation Commission on discharge permits and actions affecting fish and wildlife resources;
- protecting estuaries by calculating the freshwater inflow needed to ensure that estuaries remain healthy and productive;
- reviewing applications for permits granted by the U.S. Army Corps of Engineers to do work in wetlands and navigable waters; and
- responding to incidents which cause mortality of fish and wildlife, pursuing civil restitution for the value of the fish or wildlife damaged, and overseeing restitution projects.

Key Performance Indicators

- Number of entities inspected or audited by TPWD - 1,716,818
- Number of complaints received by Resource Protection - 202

Education - Staff administer the State's mandatory hunter education, boater education, and water safety programs, and outreach efforts. Many of the TPWD educational efforts are directed at youth.

Freshwater Conservation - TPWD conducts research and investigates fish and wildlife kills through the following programs:

- River Studies Program - Conducts research on aquatic ecosystems, especially riverine systems, to determine water quality and instream flow requirements for healthy fish and wildlife communities.
- Inland Kills and Spills Program - Conducts pollution and fish and wildlife kill investigations to determine impacts to fish and wildlife resources, and seeks restitution or restoration from the responsible party.
- Trustee Assessment and Restoration Program - Conducts research studies concerning contaminant impacts to fish and wildlife resources and their ecosystems.

TPWD Public Education

The Department offers a variety of educational programs related to outdoor activities. Some are directed at individual participants while others involve classroom curriculum. These programs are described on the Internet at <http://www.tpwd.state.tx.us/involved/programs/programs.htm>.

Law Enforcement

Texas Game Wardens trace their history to the legislative creation of Fish and Oyster Commissioners in 1895 to enforce laws regulating saltwater species in coastal counties. The role of the Game Warden has evolved so that wardens now enforce all regulations protecting natural resources, wildlife, and fish in the state. Game Wardens also provide public safety on the state's waterways by enforcing provisions of the Texas Water Safety Act and Boating While Intoxicated statutes.

Key Performance Indicators

- Arrests for game and fish violations — 20,693
- Arrests for water safety violations — 10,629
- Field contacts by Game Wardens — 1.5 million

Game Wardens have the same law enforcement authority of any state peace officer. The textbox, *Law Enforcement Division Key Performance Indicators*, shows the major workload of the Division.

The Law Enforcement Division enforces fish, game, and water safety laws through the efforts of 485 commissioned peace officers, 120 civilian employees, and with an annual budget of almost \$40 million in FY 2000. The Division is organized into three sections — Headquarters, Field Operations, and the Training Academy.

Law Enforcement has 485 commissioned peace officers.

Headquarters

Headquarters oversees the other sections, provides legal services and budget and administrative support, develops policy, and administers Operation Game Thief. To promote public participation, the Division created Operation Game Thief, which provides a toll-free number for reporting game law violations, and pays rewards for information. Similar to Crime Stopper programs, Operation Game Thief is funded by private donations.

Field Operations

Most of the Law Enforcement Division's officers and personnel are assigned to Field Operations. This Section carries out the field-level enforcement of Texas game, fish, and water safety laws primarily through routine patrols, and checks of hunting and fishing camps and recreational boaters. Game Wardens enforce water safety laws such as the Boating While Intoxicated statute, and respond to disasters and situations that require law enforcement. This Section also operates 27 offices across the state where the public can buy hunting and fishing licenses, register and title boats, and obtain information on all Department programs.

Training

The Division's Training Academy, located in North Austin, conducts a seven-month course for cadet training and provides continuing officer education for licensed Game Wardens.

Support Programs

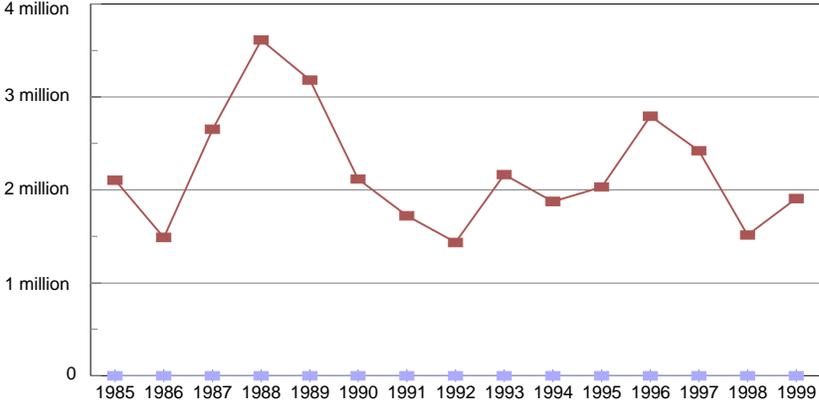
Infrastructure Division

The Division administers TPWD's Capital Program which includes all new construction, restoration, renovation, maintenance, and repair projects. During FY 2000, the Division expects to administer 470 repair and capital improvement projects. The Infrastructure Division serves

TPWD has more than 600 infrastructure projects scheduled for FY 2000.

all other TPWD Divisions, including field-based regional and facility staff, to develop facilities and resources for public use. In FY 2000, more than 600 projects are scheduled for design, construction, or repair of facilities. The Division is staffed with 140 budgeted positions and has a budget of almost \$4.5 million.

Capital Budget Expenditures
Fiscal Years 1985-1999



A capital project is led by a project manager who directs a regional team consisting of architects, engineers, planners, surveyors, inspectors, and support staff. These teams use field-based construction managers to direct local projects. The steps to complete a capital project are listed in the textbox, *Completing a TPWD Capital Program Project*.

Executive and Administrative Functions

TPWD regulatory, recreation, conservation, and outreach programs receive administrative support from the Executive Office and three administrative divisions — Administrative Resources, Communications, and Human Resources.

Executive Office - The Executive Office supports the functions of the Executive Director and the Parks

Completing a TPWD Capital Project

Project Needs Identification: The Capital Program Administrator matches available funds to the projects on Division priority lists developed during the needs identification process.

Accounting and Approval: Projects are approved for funding by the Customer Division Director and by TPWD executives before the budget is presented to the TPW Commission for approval.

Project Management Planning: All projects require planning; large or complex projects require more detailed planning.

A/E Selection: As required by Texas law on professional services contracts, the selection of an A-E (Architectural-Engineering) firm is conducted.

Design: Created by either in-house staff, an outside A-E firm, or by a combination of the two.

Construction Bid: The construction bid process is completed only when construction is to be performed by an outside company.

Construction Administration: Construction administration starts when the Notice to Proceed (NTP) is issued, establishing the first day of a contract.

Project Close: Project close focuses on receiving and distributing information required for future maintenance of the newly constructed work, as well as closing the contract and financial reviews.

Technical Assistance: Technical assistance requests are processed when customers need specialized expertise or studies performed by the Infrastructure Division to develop project scope, plan for future facility development, or solve problems.

Texas Parks and Wildlife Foundation

The non-profit Parks and Wildlife Foundation was incorporated in 1991 for the purpose of assisting TPWD in carrying out the Department's public mission. In coordination with the TPWD Executive Office, the Foundation administers the Lone Star Legacy program with the objective of establishing endowments for TPWD sites across the system. Donors may allow their tax deductible contributions to be distributed across all units or may direct donations to a specific sites. Only the interest generated from the donations can be spent. The Foundation also assists the Department in acquiring and developing land and facilities.

and Wildlife Commission, and has a budget of \$1.6 million and 21 positions for FY 2000. Activities of the Executive Office include providing strategic direction, management of special projects, planning, policy development, fund raising; and serving as the Department liaison with other agencies, the Legislature, and the Parks and Wildlife Foundation. Executive administration oversees the Internal Affairs Program, which investigates and resolves misuse of Department resources. The administration also oversees the Internal Audit Program, which conducts financial, management, and electronic data processing audits in accordance with the annual audit plan.

Land conservation initiatives focus on protecting or enhancing the State's resources through acquisition of land, and through development of conservation easements, habitat development, and mitigation. The program takes the lead in implementing plans for river access and trail and greenway corridor development. The program helped acquire 8,617 acres of land in 1999.

Administrative Resources Division - The Division maintains agency information through automated information systems and provides a variety of financial reporting, accounting, information resources, and general services. The Division is staffed with 245 positions and has a budget of \$13.4 million.

Communications Division - The Division promotes awareness of conservation in Texas through internal and external media. The Division is staffed with 49 positions and has an annual budget of \$6.4 million. Products of the Division include weekly news release packets, the TPWD television show, video news reports, and the TPWD Passport to Texas radio series. The Division publishes *Texas Parks and Wildlife* magazine, which reaches 143,000 paid subscribers. The Division also develops marketing strategies to increase awareness of the Department's programs, products, and services.

Human Resources Division - The Division provides services to attract, retain, and manage the TPWD workforce. The Division is staffed with 25 positions and has a budget of \$1.5 million for FY 2000. Functions include managing the employee grievance process, guiding employees in complaint management and resolution, administering employee benefits, and recruiting and selecting employees. The Division also provides training services to employees and provides technical assistance and recommendations on legal issues related to employment.

¹ Texas Parks and Wildlife Code Ann., ch.1, sec. 1.011.

² Phil Durocher, Director, Inland Fisheries Division, Texas Parks and Wildlife Department, Austin, Texas, Oct. 12, 1999.

³ Hal Osburn, Director, Coastal Fisheries Division, Texas Parks and Wildlife Department, Austin, Texas, Oct. 12, 1999.

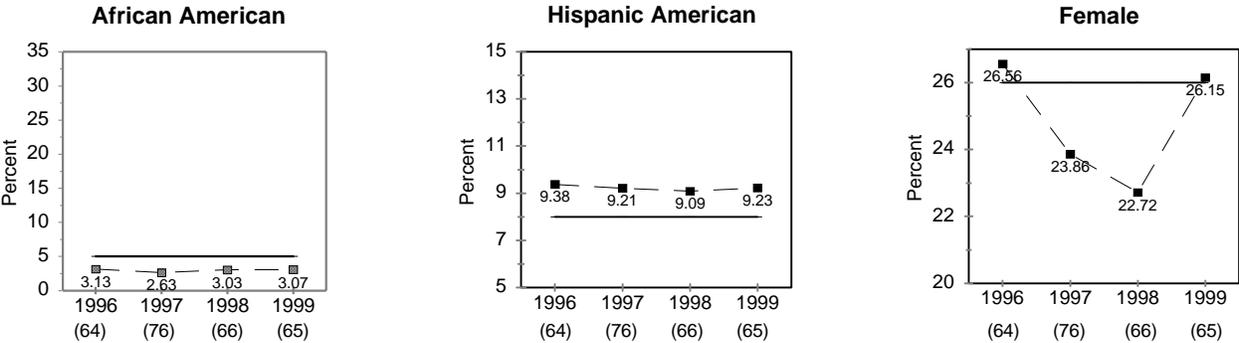
APPENDICES

Appendix A

Equal Employment Opportunity Statistics Fiscal Year 1996 to 1999

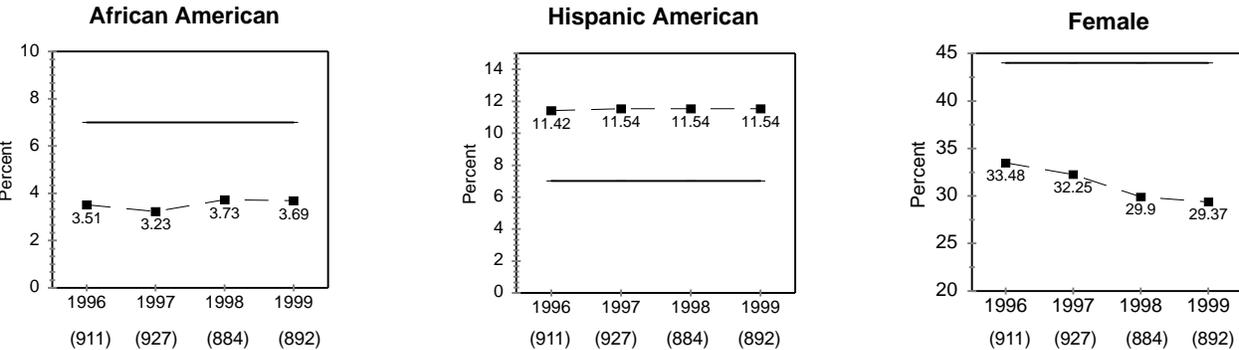
In accordance with the requirements of the Sunset Act,¹ the following material shows trend information for the Texas Parks and Wildlife Department’s employment of minorities and females. The agency maintains and reports this information under guidelines established by the Texas Commission on Human Rights.² In the charts, the flat lines represent the percentages of the statewide civilian labor force that African Americans, Hispanic Americans, and females comprise in each job category. These percentages provide a yardstick for measuring agencies’ performance in employing persons in each of these groups. The dashed lines represent the Department’s actual employment percentages in each job category from 1996 to 1999. Finally, the number in parentheses under each year shows the total number of positions in that year for each job category.

State Agency Administration



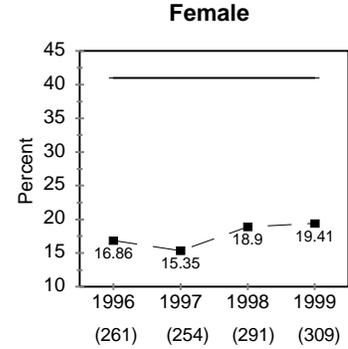
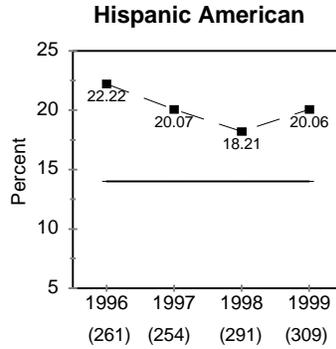
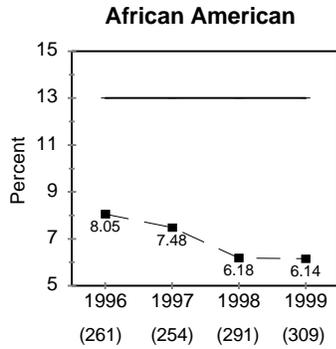
The Department has met the civilian labor force percentage for Hispanics in each year and met the percentage for females in 1996 and 1999. The Department has not met the percentage for African Americans.

Professional



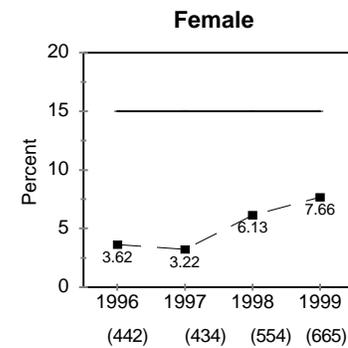
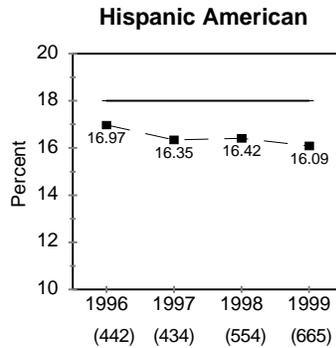
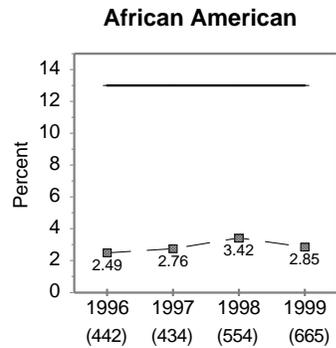
The Department has consistently exceeded the civilian labor force percentages for Hispanics and has consistently not met the percentages for African Americans and females.

Technical



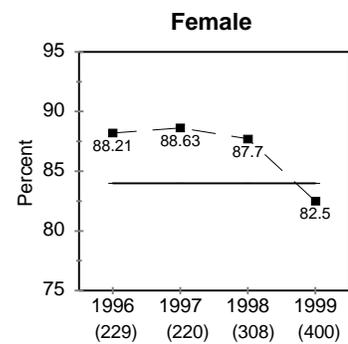
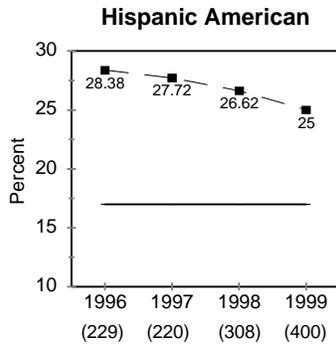
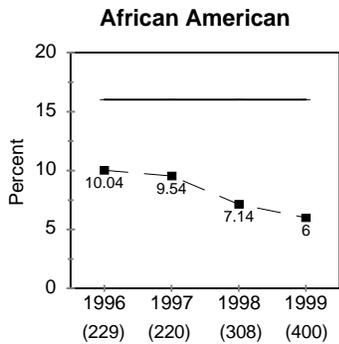
The Department falls below the civilian labor force percentages for African Americans and females, but has met the percentages for Hispanics.

Protective Services



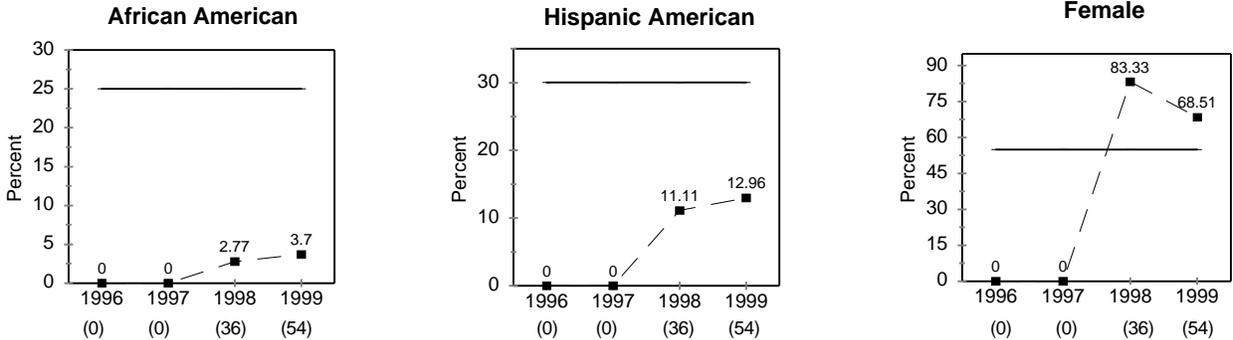
For Protective Services, the Department falls below the civilian labor force percentages in each class.

Administrative Support



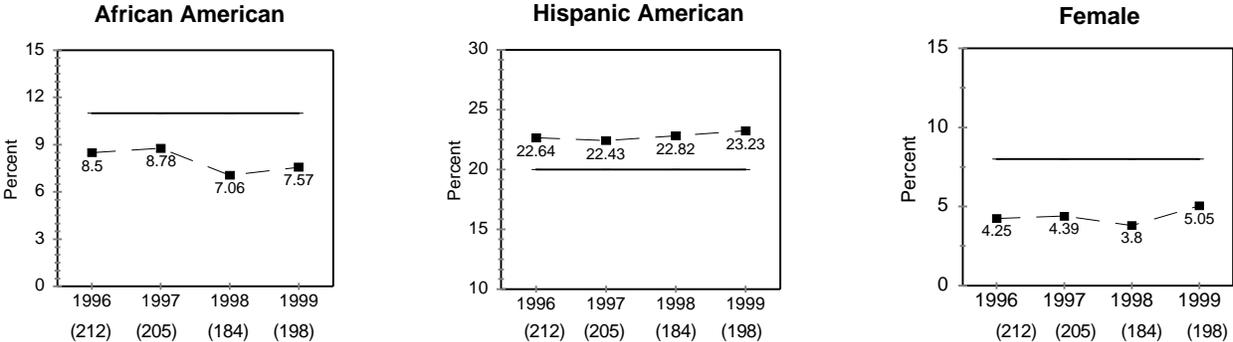
While the Department exceeded the civilian labor force percentages for Hispanics and females in most years, the data show a downward trend. TPWD has not met the percentage for African Americans.

Paraprofessional



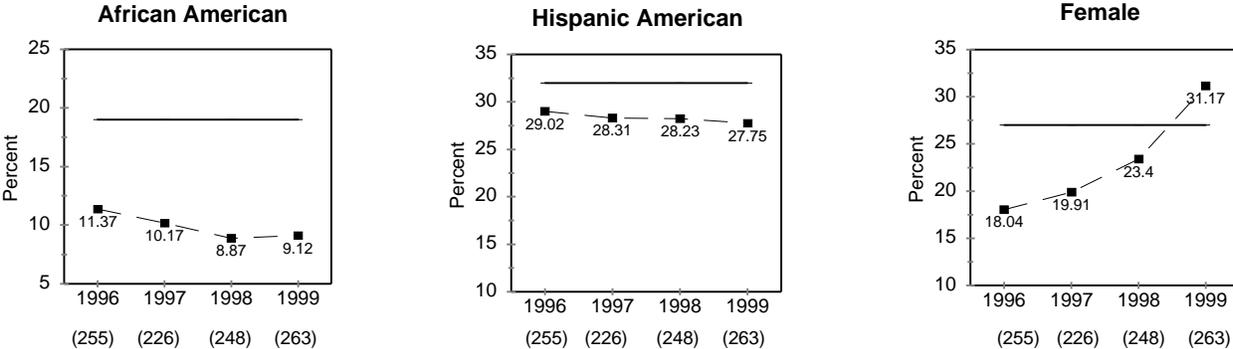
TPWD has improved its hiring of minority paraprofessionals, but still lags behind the civilian labor force for African American and Hispanics.

Skilled Craft



The Department has exceeded the civilian labor force percentages for Hispanic Americans but has not met the percentages for African Americans and females.

Service/Maintenance



The Department has improved and now exceeds the civilian labor percentages for female Service Maintenance personnel but still falls below the averages for African and Hispanic Americans.

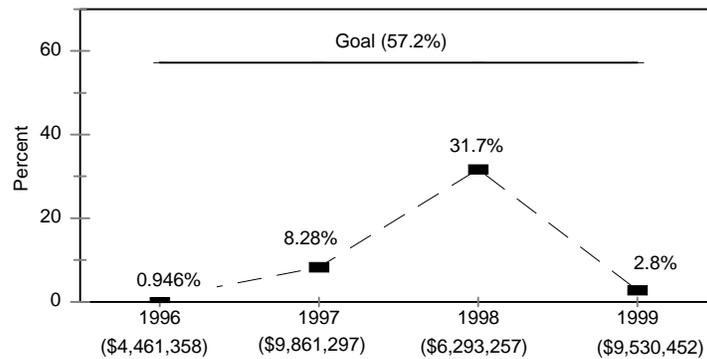
¹ Tex. Gov't. Code ch. 325, sec. 325.011(9)(A) (Vernon 1999).
² Tex. Labor Code ch. 21, sec. 21.501 (formerly required by rider in the General Appropriations Act).

Appendix B

Historically Underutilized Businesses Statistics Fiscal Year 1996 to 1999

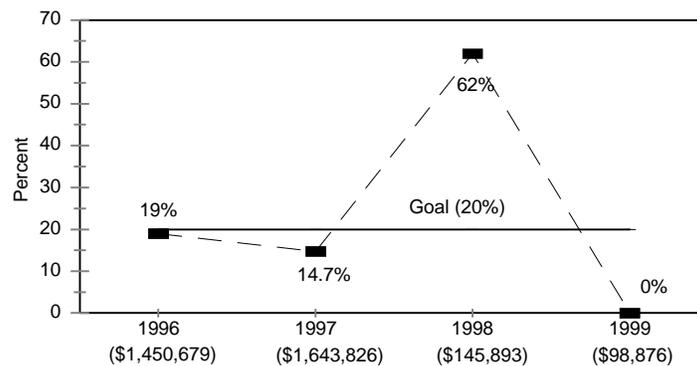
The Legislature has encouraged state agencies to use Historically Underutilized Businesses (HUBs) to promote full and equal opportunities for all businesses in state procurement. In accordance with the requirements of the Sunset Act,¹ the following material shows trend information for TPWD's use of HUBs in purchasing goods and services. The Department maintains and reports this information under guidelines in the General Services Commission's enabling statute.² In the charts, the flat lines represent the goal for each purchasing category, as established by the General Services Commission. The dashed lines represent the Department's actual spending percentages in each purchasing category from 1996 to 1999. Finally, the number in parentheses under each year shows the total amount TPWD spent in each purchasing category.

Special Trade



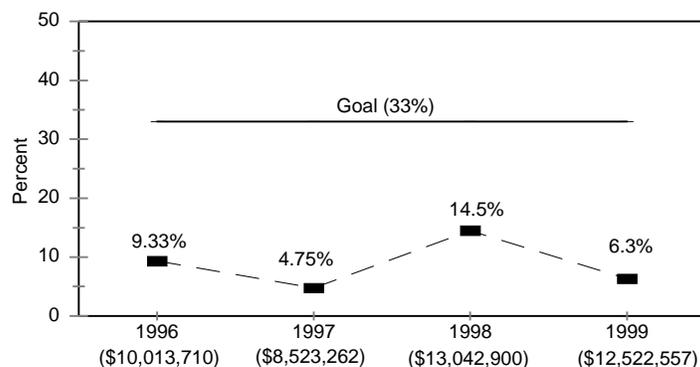
The Department fell below the State goal each year even though its average annual spending on Special Trade services was more than \$7.5 million.

Professional Services



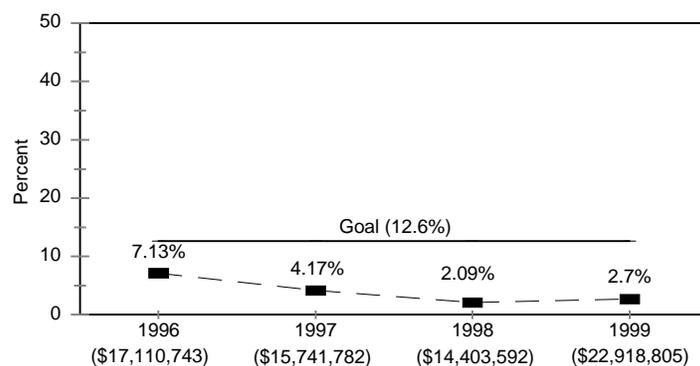
In three of the past four years the Department did not meet its HUB purchasing goals for Professional Services. The Department significantly exceeded the goal for 1998.

Other Services



Despite average annual expenditures of more than \$11 million for Other Services, the Department has not met the State goal for HUB purchases.

Commodities



The Department's average annual spending on Commodities is greater than \$17.5 million, but did not meet the State's HUB goal.

¹ Tex. Gov't. Code ch. 325, sec. 325.011(9)(B) (Vernon 1999).

² Tex. Gov't. Code ch. 2161 (Vernon 1999). Some provisions were formerly required by rider in the General Appropriations Act.

Appendix C

Detail of Texas Parks and Wildlife Revenue Sources

State revenue comes from four major state funds. In FY 2000, the General Revenue Fund provides \$23 million of agency revenue. The primary source of general revenue funding is the statutory dedication to TPWD of 75 percent of the unclaimed motorboat gasoline taxes. Taxes paid on motor fuels used for non-highway purposes are refundable; however, most users do not claim the refund. Unclaimed gasoline taxes provide \$14.3 million of the Department's FY 2000 budget. Proceeds from the unclaimed motorboat gasoline taxes can be spent for any purpose within the responsibilities of the Department. Historically, general revenue has also been used to subsidize park operations and support administrative functions. The Department's FY 2000 budget includes \$3 million in undedicated general revenue, primarily to pay for debt service on revenue bonds.

The largest special account that supports TPWD operations is the Game, Fish and Water Safety Account (Account 009), which provides almost half (\$80.4 million) of the Department's operating revenue. Amounts in the account come from hunting and fishing licenses; federal funds for sportfish and wildlife restoration; boat registration and titling fees; fines and penalties; and the sale of sand, shell, and gravel. Account 009 may be used only for purposes related to the regulation and conservation of the State's fish and game and the enforcement of water safety laws.

The State Parks Account (Account 064) is the source of more than \$33.6 million of the Department's appropriations. The sources and uses of the account are associated with the operation of state parks, historical sites, and natural areas. Forty-six percent of the account's revenue comes from park entrance and use fees; the sales tax on sporting goods provides 34.9 percent of the revenue, and park concessions, fines, and penalties making up the balance of revenue. The Department was first funded by a portion of the sporting goods sales tax in FY 1994.

Before FY 1996, state law required proceeds of the sporting goods sales tax, up to a cap of \$27 million, be split between Account 064 for state parks and Account 467, the Texas Recreation and Parks Account, used for local parks projects. Grants from Account 467, which may not be used to operate or maintain local parks, are available to local political subdivisions on a 50 percent matching basis for the acquisition and development of local parks. Beginning in FY 1996, the state split amounts above \$27 million, up to a statutory cap of \$32 million, as follows; 40 percent to Account 064 for state parks; 40 percent to Account 467 for local parks; and 20 percent to a separate capital account.

Federal Revenues

For FY 2000, approximately \$34.5 million of TPWD revenue comes from federal apportionments, grants, and contracts. At least 12 federal agencies, each with specific funding requirements and match ratios, fund TPWD programs. The largest source of federal funds at TPWD were apportionments allocated by the U.S. Fish and Wildlife Service to states by formula under the Wildlife Restoration Act (Pittman-Robertson program) and the Sportfish Restoration Act (Dingell-Johnson and Wallop-Breux programs). These funding sources account for \$19 million, or 55 percent of the federal funds received by TPWD.

Appendix D

Staff Review Activities

The Sunset staff engaged in the following activities during the review of TPWD.

- Worked extensively with agency staff at the Austin headquarters and in field offices.
- Visited TPWD field offices and facilities, and attended TPWD sponsored field hearings and meetings in Beaumont, Grapevine, McAllen, San Marcos, San Antonio, Seguin, Rockport, Fulton, Corpus Christi, Lake Jackson, West Columbia, Athens, El Paso, Fort Davis, Lajitas, Alpine, Presidio, and the Big Bend area.
- Attended a TPWD sponsored public hearing regarding private landowners hunting permits at Canyon of the Eagles, Lake Buchanan, Austin.
- Attended TPW Commission board meetings and public hearings.
- Met individually with TPW Commissioners.
- Held phone interviews with former TPWD staff.
- Met with staff of legislative oversight and appropriate committees.
- Met with staff of the Legislative Budget Board.
- Held phone interviews and met with staff of the Comptroller of Public Accounts.
- Attended a meeting of the State Agency Tourism Council.
- Attended interagency meetings on state tourism.
- Met with the staff of the General Land Office.
- Met with in person or held phone interviews with the staff of the Texas Historical Commission.
- Held phone interviews with staff of the University of Texas System Lands Office.
- Held phone interviews with staff of the Texas Department of Mental Health and Mental Retardation.
- Met with local parks and recreation employees.
- Met with in person or interviewed over the phone both local, state, and national environmental, conservation, and recreation interest groups.
- Surveyed other states for information on their environmental, natural resources, parks, and tourism agencies.
- Performed background and comparative research using the Internet.

**TEXAS PARKS AND WILDLIFE
DEPARTMENT**

Report prepared by:

Steve Hopson - Project Manager

Robert Morris
Erica Wissolik
Meredith Whitten
Susan Kinney

Ken Levine - Project Supervisor

**JOEY LONGLEY
DIRECTOR**

Sunset Advisory Commission
P.O. Box 13066
Robert E. Johnson Bldg.
1501 N. Congress Ave., 6th Floor
Austin, Texas 78711
<http://www.sunset.state.tx.us>

(512) 463-1300
FAX (512) 463-0705