

Sen. Cowles, Rep. Kerkman: Audit analyzes use of forestry account funds

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MADISON - Today, the nonpartisan Legislative Audit Bureau (LAB) released its audit of the Forestry Account, which is administered by the Department of Natural Resources (DNR). The Forestry Account funds DNR's forestry program and related administrative activities. The largest source of revenue for the Forestry Account in fiscal year (FY) 2016-17 was the forestry mill tax, which was eliminated beginning with property tax assessments as of January 1, 2017. In FY 2016-17, DNR and other state agencies spent an estimated \$121.6 million in state and federal funds from the Forestry Account for staff salaries, fringe benefits, supplies and services, local aid, capital purchases, and debt service.

In response to questions about the uses of Forestry Account funds, LAB analyzed detailed program expenditures for FY 2016-17. LAB determined that an estimated \$65.1 million (53.5 percent) of expenditures were for activities directly related to forestry, an estimated \$49.2 million (40.5 percent) of expenditures were for activities that supported forestry in addition to other programs, and an estimated \$7.3 million (6.0 percent) of expenditures were for activities that were not directly related to forestry. LAB also found that an estimated \$25.9 million, or 21.9 percent of all Forestry Account expenditures made by DNR, was for administration.

"This audit is a great basis to look at the various programs that maintain state forests, prevent and fight forest fires, service debt on Stewardship holdings, and

elevate the health and economic productivity of public and private woodlands. I look forward to digging deeper into the different programs funded from the account at a hearing to discuss efficiencies and recommendations in the audit,” said Senator Robert Cowles (R-Green Bay).

LAB found that DNR did not comply with a statutory requirement to spend at least 4.0 percent of annual forestry mill tax revenue on the purchase of forests in a specified 16-county region located in southeastern Wisconsin, and LAB recommended that DNR comply.

“The Audit Bureau’s analysis and categorization of expenditures gives the legislature a great starting point for budget-related conversations about the Forestry Account,” said Rep. Samantha Kerkman (R-Salem Lakes). “Being from Southeastern Wisconsin, I’m especially interested in taking a closer look at the requirements for purchase of forests in that region.”

In FY 2016-17, five other state agencies spent \$3.0 million in Forestry Account funds. The largest amount was spent by the Department of Agriculture, Trade and Consumer Protection, which spent \$1.7 million to control gypsy moths and emerald ash borers. The University of Wisconsin (UW) System spent \$536,400 in Forestry Account funds in FY 2016-17 for grants, related administrative expenses, and for a paper sciences program. However, LAB found UW System did not comply with two statutory provisions governing the use of these funds. Specifically, UW spent more in Forestry Account funds than was permitted by each statute. LAB recommended that UW comply with all statutory provisions.

Copies of report 18-8 may be obtained from LAB’s website at www.legis.wisconsin.gov/lab or by calling (608) 266-2818. Report concerns related to state government activities, including those related to the Forestry Account, by calling the toll-free hotline at 1-877-FRAUD-17.