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U.S. FISH AND WILDLIFE SERVICE: OVERSIGHT OF THE FEDERAL AID PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON FISHERIES, WILDLIFE, AND WATER

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

OVERSIGHT OF THE USE OF ADMINISTRATIVE FUNDS IN THE OPERATION OF THE FEDERAL AID PROGRAM OF THE U.S. FISH AND WILDLIFE SERVICE

JULY 19, 2000

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U.S. FISH AND WILDLIFE SERVICE: OVERSIGHT OF THE FEDERAL AID PROGRAM

U.S. SENATE,
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE,
SUBCOMMITTEE ON FISHERIES, WILDLIFE AND WATER,
WASHINGTON, DC.

The subcommittee met, pursuant to notice, at 9:32 a.m. in room 406, Dirksen Senate Building, Hon. Michael Crapo (chairman of the committee) presiding.

Present: Senators Crapo, Boxer, and Smith [ex officio].

OPENING STATEMENT OF HON. MICHAEL D. CRAPO, U.S. SENATOR FROM THE STATE OF IDAHO

Senator CRAPO. This hearing will come to order.

This is the Subcommittee on Fisheries, Wildlife and Water hearing on the U.S. Fish and Wildlife Service use of Federal Aid program administrative funds. I appreciate the witnesses joining us here today to explore the issue of the U.S. Fish and Wildlife administration of the Federal Aid program.

This program has been a great success. However, revelations of the use of administrative funds has cast a shadow on the program, and that's part of the reason that we are here today. we need to ensure that the faith placed in this program is restored. And the intent of this hearing is to find out what must be done to restore the trust and responsibility and accountability within the program.

It's rare to find citizens advocating a tax. But hunters, shooting enthusiasts, fishermen and boaters have all stepped up to the plate to help fund a program that helps wildlife and sports fish and all Americans. It's important that the people who pay into this program have the assurance that their money is going toward the programs that they were intended for, for State wildlife and sport fish restoration programs.

I would be remiss if I did not note all the hard work that Representative Don Young of Alaska, chairman of the House Resources Committee, has invested in this issue. It was Chairman Young who initiated the investigations into the problems with the program and brought public attention to the U.S. Fish and Wildlife Administration. Additionally, Chairman Young was the first to introduce legislation to help rebuild the trust in the program by reforming the administration of these funds in the Division of Federal Aid.

The House Resources Committee and General Accounting Office investigation into the U.S. Fish and Wildlife Federal Aid program have raised serious questions about the management and administration of the program. I anticipate that the General Accounting

Office will outline the findings of their investigation in their testimony.

I look forward to hearing the testimony of the GAO, the U.S. Fish and Wildlife Service and testimony from those who have so willingly contributed so much to the program, and those who benefit from that program. These testimonies and discussions will be helpful in discovering the problems and strengths of the program, and most importantly, what is necessary to fix the problem.

The problems uncovered by the House investigation and the General Accounting Office clearly indicate that fixes are necessary. A 423 to 2 vote in the House shows that this is not a partisan reform. It's obvious that legislation is necessary to restore faith in the system.

This is about good government. And although this is a hearing on administration of the program, I have no doubt that there will be discussions and critiques of the bills that have been introduced to address the problems with the administration of these funds. I look forward to this discussion.

Before we start, I'd also like to thank the many people who have submitted written testimony for the record. The public uses and benefits from the Federal Aid program projects and programs are vital to ensuring support for the program. Hunting, fishing, dog field trials, hunter education and improvement programs are all important and appropriate activities under the Federal Aid program. And we appreciate hearing from the advocates of each of these uses.

I look forward to a constructive hearing and one that will explore how we can best ensure that trust and accountability are restored to the Federal Aid and wildlife and sport fish restoration programs. I welcome our witnesses here today, and we will be calling you to the table after other members, if they show, are going to have an opportunity to share some comments.

Without objection, those who cannot join us will be permitted the opportunity to provide written testimony for the record.

I should say that we've had a lot of interest expressed in this. It may not appear so from the lack of attendance at this point. But I understand that the CARA markup—is that right?—is going on right now. So a lot of our friends on the committee and otherwise who would like to be here to either participate or listen are unavoidably at another location. We hope that they will be able to make it here for part of the hearing.

And I'll assure those of you who have prepared your testimony and made the effort to get here that even if some of them are held up in the CARA hearing for the entirety of this hearing, that your testimony will be read, reviewed and carefully evaluated.

And since we at this point do not have any other members present who may wish to make a statement, I believe that we will proceed immediately to the first panel. Our first panel is Mr. Barry Hill, the Associate Director for Energy, Resources and Science of the General Accounting Office; and the Honorable Jamie Clark, Director of the U.S. Fish and Wildlife Services. We welcome you both here today.

And Mr. Hill, we will have you go first. I will explain to all of the witnesses, including those who are not in the first panel, what

the rules are. We have a series of lights here. You'll be given 5 minutes to summarize your written testimony. That's never enough time to get through all of your written testimony, and so we encourage you to try to summarize it as best you can, so that the opportunity for give and take can take place between us in terms of questioning.

I assure you that your written testimony is very carefully evaluated.

And with that, oh, I should explain, the green light will stay on for 4 minutes. The yellow light will come on for the remaining minute, and then the red light means that you should wrap up your testimony so we can proceed.

Mr. HILL.

STATEMENT OF BARRY HILL, ASSOCIATE DIRECTOR FOR ENERGY, RESOURCES AND SCIENCE, U.S. GENERAL ACCOUNTING OFFICE

Mr. HILL. Thank you, Mr. Chairman.

Before I begin, I want to thank you for the opportunity to discuss the results of our work on the Fish and Wildlife Service's wildlife restoration program. And I'd like to point out that the information I'm presenting today is based on the work that we completed last September. Therefore we've not had an opportunity to update the work or to determine what actions the Fish and Wildlife Service has taken in response to our findings.

The work we did last year focused on the Service's management and oversight of the administrative funds associated with the wildlife restoration program, and to a lesser extent, the sport fish restoration program. Our results were provided to the House Resources Committee in testimonies on July 20th and September 29th, 1999. Funds for the wildlife and sport fish restoration programs are derived from excise taxes from the sale of firearms, ammunition, archery equipment, fishery equipment, and other items. These programs received about $550 million in fiscal year 1998, of which about $31 million was used for administration and implementation, $13.5 million for wildlife and $17.4 million for sport fish.

The Service's Office of Federal Aid has the responsibility for providing overall program support and direction for implementing both of the restoration programs.

Let me briefly recap our July 19, 1999 testimony. Last July, we identified numerous problems with the way the administrative funds were used and managed. We believed that these problems had spawned a culture of permissive spending within the Office of Federal Aid. The problems we identified were not trivial, and included inadequate controls over expenditures, revenues and grants, inability to track millions of dollars in program funds, non-compliance with basic principles and procedures for managing travel funds, non-compliance with basic internal control standards or Office of Management and Budget guidance for maintaining complete and accurate grant files, inconsistent use by regional offices of administrative funds and the use of these funds for purposes that were not clearly justified, inaccurate charges for Service-wide overhead, lack of routine audits to determine whether administrative

funds were being used for authorized purposes and questionable processes used for resolving audit findings involving States' use of program funds.

It's important to point out that many of the problems we identified were the same as those we previously reported on in 1993 pertaining to the sport fish restoration program. Therefore, the agency had not been entirely responsive to our earlier recommendations to correct the management problems.

Now, I'd like to turn my remarks to what we said about the options to improve the use of the administrative funds. In light of the broad scope of the management problems that we identified, we believe that there were at least three primary options to consider for controlling the use of administrative funds. First, the Office of Federal Aid could have been given additional time to correct the problems we identified in our work. This option would probably have had the least impact on the Office's current operations, but it would have required followup at some point in time to verify that the promised corrective actions had been taken.

Second, legislative limits could be placed on how the Service spends administrative funds. For example, the spending of administrative funds could be limited to functions necessary for the Office of Federal Aid to carry out its most basic responsibilities, such as administering the formula for getting grant funds to the states and other qualified government recipients. This option would likely result in less money being spent for the administration of the program and would make more funds available for distribution to the States and other qualified government recipients.

A third option would be to require the Service to use appropriated funds to administer the wildlife and sport fish restoration programs and devote all excise tax revenues to State and other qualified government recipient grants. This option would require the Service to annually justify to the Congress the amounts of funds it needs for administering the program.

Therefore, the programs would be more visible to the Congress and would be competing against other programs within the Department of Interior for appropriated funds.

Finally, Mr. Chairman, subsequent to our July 20th testimony, the House Committee on Resources asked us to respond to a number of questions that it had about issues raised at that hearing. We've included our responses to those questions as an appendix to my statement today.

Mr. Chairman, this concludes my prepared statement. I'd be happy to answer any questions that you have.

Senator CRAPO. Thank you very much, Mr. Hill.

And we'll ask questions after Jamie has concluded her testimony. So Ms. Clark, would you please proceed?

STATEMENT OF JAMIE CLARK, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE

Ms. CLARK. Thank you and good morning, Mr. Chairman.

I do appreciate the opportunity to talk with you about the Federal Aid program this morning. I know that you personally are aware of how important the Federal Aid program is to Fish and Wildlife and to hunting and fishing in our country.

The sport fish and wildlife restoration programs have provided reliable, consistent funding for conservation for many years, and will continue to do so in the future. They've brought back some of our most important game species. They've allowed for the growth of fish and wildlife management as a profession. And they've provided for hunter safety training. They also have provided facilities and opportunities for hunting, fishing and boating.

I must admit that when I became Director 3 years ago, I didn't expect to be spending so much time on strengthening the management of our Federal Aid program. The program's been in existence for over 60 years, and candidly, it seemed to be running along pretty well. In hindsight, the program had become perhaps so familiar and routine that as the years went by, it was not receiving the kind of top level management scrutiny that it needed.

In the last year, both the General Accounting Office and the majority staff of the House Resources Committee investigated the Service's management of the Federal Aid administrative dollars. They did find poor record keeping, citing deficiencies in our use of funds and other management concerns. And as the current Service Director, I have the responsibility for these programs and for these problems. And I'm committed to fixing them on my watch. These programs are way too important to be poorly managed.

There have been a number of allegations about diversion, waste, or illegal use of Federal Aid funds made by some parties. I don't want to spend a lot of time responding to these, but I'd like to briefly address a few of the inaccurate claims that have raised considerable concerns among our program's constituents. First, no Federal Aid money was ever granted to any anti-hunting organization, nor did the Service ever intend to issue such a grant. No employee was ever dismissed for refusing to grant money to an anti-hunting organization.

Second, and equally important, no money is missing. GAO auditors did find poor record keeping in our Washington division of Federal Aid Office, and there were discrepancies between accounting systems maintained in the division, in our Service-wide accounting system in Denver. These accounts have all been reconciled and every single dollar has been accounted for.

Finally, I'd like to point out that despite these various allegations, the GAO has never accused the Service of doing anything illegal. Interestingly, GAO has yet to even issue a final report on this audit, though I formally asked them for it, which seems surprising in view of their harshly worded House testimony last fall.

Although we strongly disagreed with some of their testimony, as detailed in my formal statement, we nevertheless took GAO's criticisms very seriously. We've undertaken a wide ranging review of the program, both internally and in cooperation with our State partners. And as a result, we've put in place a considerable number of changes to improve management.

With the help of the International Association of Fish and Wildlife Agencies, we convened a State Federal review team. The team issued recommendations in November, and we're in the process of implementing many of them right now. We've tightened oversight of spending with the Federal Aid program and are phasing in

spending reductions to lower the administrative costs to 4 percent of total receipts for each program.

We've eliminated the Federal Aid administrative grants and the Director's Conservation Fund, two grant programs with record keeping that was strongly and rightfully criticized by GAO. We've implemented a direct cost assessment for common service expenses.

We're now testing a new computer interface for communication between the Federal Aid accounting system and the Service's main financial system to avoid any future discrepancies in accounting for program funds in the future. We've also initiated an outside audit of our Federal Aid administrative expenses, and the Washington office of Federal Aid now has new leadership while organizational changes and personnel changes have been made both in Washington and the regions.

In short, our critics did identify some real administrative problems that clearly needed corrections. My formal statement has more details on what we're doing to resolve these problems. The Service has many very dedicated professionals who are working to put the program back on course, who are working with States and constituent groups to ensure that the Federal Aid program not only improves, but prospers.

And I pledge to you, Mr. Chairman, and to all of America's hunters, boaters and anglers that the Service can and will do a better job and a more effective job of administering these critically important programs.

I'd like to touch briefly on the pending legislation. We have three concerns. First, the funding level is insufficient to permit proper management of the program. We've proposed to reduce the amount of administrative funds from the wildlife restoration fund by 50 percent and from the sport fish funds by one third, so that we would not use more than 4 percent from either program for administration.

That's a major reduction. To cut further would require us to eliminate staff. Neither GAO nor any of the other program constituency groups has ever contended that our program is overstaffed.

Second, there's no flexibility to permit us to meet legislative but unanticipated expenses. We propose a process similar to reprogramming to address this, in which we'd give the committee and House Resources written notice, 30 days in advance, for the justification prior to making any such expenditure.

And last, the bill in Title III directs that specific staff positions within this program be created and abolished. That's unnecessary micromanagement, which I hope you'll resist.

Mr. Chairman, both you and Congress and those who pay for these programs have a right to expect the funds for the Federal Aid program to be wisely used. With the changes we've initiated, we expect this will be the case, and we welcome any oversight hearing at this time next year to further review and measure the efficiencies we're implementing in our administration of the Federal Aid program.

This concludes my statement and I'd be pleased to respond to questions.

Senator CRAPO. Thank you very much.

Let me begin first with you, Mr. Hill, and some questions. In your statement, you noted that there had been an absence of routine audits in the Federal Aid's use of administrative funds. Given the problems that you found, who should conduct those audits and how often should such audits be performed?

Mr. HILL. We have not carefully examined either the House bill or the Senate bill. But I do believe that the Senate bill, 2609, does include independent audits to be done every 2 years. We think this would be a very good idea. That kind of audit oversight is necessary, and I believe it calls for an independent auditor to basically conduct these audits, which we would also support.

Senator CRAPO. Thank you. When you completed your work last September, the Office of Federal Aid said that it was taking a number of initiatives to address the concerns that were raised. Can you review some of the steps that were promised, or promised actions, and do you think that those actions are sufficient if they are implemented?

Mr. HILL. Yes, Mr. Chairman. As a matter of fact, those corrective actions were sent to us in an August 10th letter from the Fish and Wildlife Service. And if I could, I'd like to submit that for the record.

Senator CRAPO. Without objection.

[The information referred to follows:]

U.S. DEPARTMENT OF THE INTERIOR,
FISH AND WILDLIFE SERVICE
Washington, DC 20240, August 10, 1999.

Mr. BARRY T. HILL, *Associate Director,*
United States General Accounting Office,
Washington, DC 20548

DEAR MR. HILL: The General Accounting Office raised a number of important issues at the July 20, 1999, oversight hearing by the House Resources Committee regarding the Fish and Wildlife Service's administration of the Federal Aid program. As the hearing was recessed before we had the opportunity to present testimony, we are writing to clarify several issues and inform you about a number of important initiatives and actions the Service has already taken, or has begun, to improve the overall effectiveness of the Federal Aid program. The Service is committed to assuring the quality and integrity of the Federal Aid program.

FISH AND WILDLIFE SERVICE INITIATIVES TO IMPROVE THE FEDERAL AID PROGRAM

First, we want to highlight a number of corrective measures that were initiated by the Service well before the beginning of the current GAO audit. In September 1998, we published a Federal Register query to solicit public input to identify better ways to manage the administrative grants. Subsequently, we decided to terminate both the administrative grants program and the Director's Conservation Fund. While due in part to budgetary constraints, the decision was also in recognition of concerns received in response to the Federal Register notice regarding the management of these grants. In a May 12, 1999, letter to the International Association of Fish and Wildlife Agencies (IAFWA), the Service officially announced its plans. We then published a Federal Register notice terminating Federal Aid administrative grants.

At an early May meeting with the IAFWA, the Service initiated an oversight evaluation of Washington and regional-level administration of the Federal Aid program to be conducted in cooperation with our State partners. The State/Service Review Team met formally for the first time on July 27 and 28, 1999, and then again on August 4—6, 1999,

to identify ways in which Federal Aid can be refined and improved to meet the challenges ahead. During this evaluation, the Review Team will also carefully consider current and previous GAO findings and recommendations to improve program management.

GAO POINTS THAT HAVE BEEN OR ARE BEING ADDRESSED

First, GAO's testimony correctly refers to an $85 million discrepancy due to administrative errors, such as clerical mistakes, as the Service attempts to reconcile accounts in its new grant financial management and information system. However, this figure is not put in context. Many of these "errors" were nothing more than differences between informal accounts maintained by staff and actual postings by our Financial Service Center. Such differences arose due to the timing of official postings. In 1998 in order to address this and other problems, Federal Aid and the Service's Division of Finance commenced a joint effort to identify the specific grant records, correct data errors, and most importantly, create a new data management system. This reconciliation has been a time and labor intensive effort, but much progress has been made. In fact on the date of the hearing, the discrepancy had been reduced to less than $7.5 million, and we soon expect to have full reconciliation. We are also confident that we will complete the new management system in the fall of 1999, and it will eliminate recurrence of this problem.

There is also a reference in GAO's testimony to a "missed opportunity to earn over $400,000 in interest income." The Service's transfer of $9.7 million for work on the National Survey of Hunting, Fishing and Wildlife Associated Recreation represented the amount we believed at the time was essential for the Bureau of the Census to ensure on-schedule completion of the survey. We recognize that interest income was lost. To avoid similar future losses, we will make only those payments essential for incremental progress in carrying out the survey. We would note that the Service was cost-conscious in its planning for the 1996 Survey and was able to complete this project at a cost almost $5 million less than the 1991 National Survey.

GAO testimony notes travel discrepancies in the Of lice of Federal Aid. Concurring that this problem warrants immediate attention, the Service has suspended the Limited Open Travel Authorization for the entire of lice and re-apprised all staff of Service travel rules and regulations. In addition, the Chief of the of rice was directed to submit all future travel vouchers to his supervisor, the Assistant Director for External Affairs, for appropriate review.

GAO testimony notes that the Service does not have a routine audit program for the review of the use of administrative funds. In 1998, the Service initiated efforts with the Defense Contract Audit Agency (DCAA) to establish such an audit program, but DCAA ultimately advised us they would be unable to develop this program. The Service agrees that an audit program for administrative funds is important and has asked the State/Federal review team to offer guidance as we establish an audit procedure.

GAO states that there is neither uniformity nor guidance concerning regional office uses of administrative funds. The Service has sought to provide a workable degree of consistency—recognizing that our State clients and their needs vary dramatically from Region to Region. As part of our annual budget guidance, the Service has directed Regional Directors as follows: "No assessments may be levied against any program, budget activity, subactivity, or project funded by the [Federal Aid in Wildlife Restoration] Act unless advance notice of such assessments and the basis therefore are presented to the committee on Appropriations and are approved by such committee." The Service acknowledges that not all Regions have followed this guidance. In order to assure accountability and adherence to budget guidance, the Service will identify and adopt specific steps to help provide consistency and uniformity. Additionally, the Service will seek guidance in this area from the State/Service Federal Aid Review Team.

GAO POINTS THAT NEED CLARIFICATION OR CORRECTION

GAO made a number of points in their testimony we believe were based on incomplete or erroneous information or assumptions.

GAO's testimony refers to an accumulation of "over $100,000 in contract generated fees, the disposition of which is unclear." The Service has thoroughly reviewed the contract in question and finds no ambiguity whatever regarding the "fees" generated under this contract. The contract specifically states that the Government pays to the contractor the costs of providing services to cooperators. The contractor is allowed to charge non-cooperators, primarily non-government organizations and private researchers, costs for copying, compiling, and mailing information they request. Thus, the "generated funds" are not "profits" to the contractor, but are fees the contractor collects to offset its costs. Nonetheless, the Service's contracting officer will make necessary modifications to clarify language to avoid possible misinterpretation.

GAO also notes that the Service has completed audit reports on how grant funds are being used in 22 States, and that the resolution in the case of two states may

not comply with legal program requirements. In the view of our Solicitor, these resolutions are consistent with legal requirements and the Service may decide these matters within its policymaking authority.

ADDITIONAL CONCERNS

Other witnesses at the hearing made misleading and inaccurate statements about Federal Aid grant recipients. Therefore, we hope that GAO will respond quickly to the committee's request to specify the recipients of the Director's former Administrative Grants and the Director's Conservation Fund moneys. It is important to clarify that none of the Federal Aid grant funds have been directed to animal rights or anti-hunting groups. Your response to the committee will help them verify that the Service has issued grants only to groups representing the recipients authorized by law—hunters, anglers, and boaters—or to projects of benefit to State wildlife agencies and managers.

In summary, it is important to note that Service management is providing leadership in identifying and dealing with Federal aid issues. The Service acknowledges the accuracy and merit of many of the GAO findings and welcomes your assistance in our efforts to improve our management of the Federal Aid Program. At the same time, we hope that GAO will take note of our efforts to address criticisms of our administration of Federal Aid. The success of this time-tested program is essential, not only to our State partners, but also to the natural resources of this nation.

Sincerely,

JOHN G. ROGERS, DIRECTOR.

Mr. HILL. Basically, there were a number of actions promised, and some of these actually were promised prior to the conclusion of our audit work. For example, they terminated both the administrative grant program and the Director's Conservation Fund.

In dealing with the travel voucher approval situation they re-appraised all the staff of what the rules and regulations were. They advised the chief of the Office of Financial Aid to only have a supervisor sign his travel vouchers and not have subordinates sign them.

And they also said they were going to deal with the issue of the lost interest income by making payments to the Census Bureau for studies and surveys on a more incremental basis, rather than in an up-front lump sum.

Senator CRAPO. And have those actions been completed, to your knowledge?

Mr. HILL. That I do not know. We have not done any additional followup work. So we don't know what the status of those actions or if they have been implemented effectively.

Senator CRAPO. That was going to be my next question. If they are or were implemented already, or if they are ultimately implemented, do you think that those actions are adequate?

Mr. HILL. I think the actions that are outlined in the August 10th letter, if implemented effectively, would go a long way toward correcting many of the problems and the abuses that we found operating in the program.

Senator CRAPO. Let me just briefly shift over to you, Director Clark. With regard to those actions promised in that letter, have they been fully implemented at this point?

Ms. CLARK. Many of them that Mr. Hill mentioned have. In fact, all the ones that he has mentioned. We had suspended, GAO did find some very serious management discrepancies. And we took swift action to address those.

We suspended or eliminated the two funds that he mentioned prior to this review, for financial reasons and management reasons. The travel issue that he brought up and the signing of travel

vouchers and travel papers, were also suspended. We have new leadership in the whole Office of Federal Aid and are undergoing an entire management review of the operation, both in Washington and the regions. All the money has been accounted for and we have an outside contractor that's reviewing and auditing the Federal Aid administrative unit and the administration of funds within the Federal Government.

Senator CRAPO. Thank you.

Let me say, as I proceed with further questions for you, Director Clark, I want to say first of all, I have appreciated working with you on many issues, and have trust in your management and your commitment to address this issue and find solutions to it. And I believe that when you say that you recognize a problem exists and you're going to solve it that you will. And so I appreciate that very much.

In fact, I also appreciate your candor in indicating that this was a program that maybe fell between the cracks in terms of its oversight, and that it's become a problem that you're now aware of and you're going to address it. And I think that's a very candid explanation of what may have brought us to this point.

Certainly with a program that's 60 years old and had the kind of public support that this did, one would think that perhaps it had found itself a groove and was operating properly. And apparently that's not the case, and so we're here to find out how to fix it. But I do want to say that I appreciate your attention to these matters, and have confidence in your commitment that you will try to solve them.

Nonetheless, we are going to go through and evaluate this very carefully, and that's one of the purposes of this oversight hearing.

In your testimony, you indicated that no anti-hunting groups had been given any funds and that no one had lost their job for refusing to approve grants to anti-hunting groups. I'm sure you're aware of the allegations that have been made. I just wanted to go over that again with you carefully, because I've seen information that raises a big question about that. But you are indicating that no money has been used out of this fund for groups that are anti-hunting, and that there is no pressure within the agency to cause employees of the agency to direct funds in that direction?

Ms. CLARK. Absolutely not. I mean, it's very clear what these funds are to be used for. That doesn't mean we don't get grant requests. I can't control the incoming. But certainly we have an obligation to manage the outgoing. And there have been no moneys granted to anti-hunting organizations, and as my testimony indicates, no employee was ever dismissed for failing to do so.

Senator CRAPO. And you would agree, wouldn't you, that the purpose of these funds, that it is not a proper purpose or a proper use of these funds to support anti-hunting efforts, such as those which are at issue in these allegations?

Ms. CLARK. I would agree.

Senator CRAPO. You also indicated that no money was missing. And my understanding was that in about 1998, the Service undertook a strong effort to reconcile the financial and reporting systems that tracked sport fish and wildlife obligations. It was my understanding that as of about August of last year, there was still a dis-

crepancy of about $7.5 million. And I understand then that today you're telling me that that discrepancy has also been closed, and that you are in a position to account for all of the dollars.

Ms. CLARK. The discrepancy is zero.

Senator CRAPO. Good. You also raised some legislative concerns. Your first concern was the concern with regard to the funding levels being insufficient. As you're aware, the funding levels in the Senate bill have been raised above that which was in the House bill. But do you still believe the Senate bill is insufficient?

Ms. CLARK. Yes, I do. And I say that with some hesitation, because I think it's awkward to react to an amount while we're undergoing a review, we're undergoing a pretty significant review about what is the appropriate Federal oversight role. And so rather than saying it's $10 million or $15 million or $30 million, or a percentage, you know, we worked hard or are working hard to describe the legitimate uses and the legitimate roles. And in our review thus far, we believe ratcheting down to 4 percent of whatever the total is is appropriate, which will cause some streamlining and some consolidation.

But clearly, the numbers in the House bill would have sent us beyond, I think, any appropriate Federal oversight limits. That's something we'd like to work with the committee on.

Senator CRAPO. And then you also indicated, I think your second concern was the concern with regard to how you would deal with unanticipated expenses. What would your proposal be there?

Ms. CLARK. I certainly agree—I'm right there with the committee about refining and clarifying and making very transparent the appropriate uses of these two funds, these two accounts, you know, what is a legitimate use and what are the kinds of projects and proposals that should be funded.

But clearly, and I've learned this in other programs, the minute you have a closed loop process, something can pop out. And so that happens with appropriations at times, and we have the reprogramming process that allow the agency, the Department to come to Congress to engage in a conversation or a debate on whether or not that could also be considered appropriate.

So I don't mind at all the list of allowable uses. But we think that having a kind of reprogramming like capability to address unforeseen circumstances, that may be in the Congress's mind, would be an appropriate use. But it just wasn't anticipated when we were creating the list for the legislation. But the process would involve Congress in that kind of deliberation.

Senator CRAPO. So now, in Mr. Hill's testimony, he talked about several different possible ways to approach this, one of which would be to have an annual appropriations approach by Congress. I assume you're not suggesting that for the overall administrative funds section. But do I understand you to be suggesting perhaps something like that in the context of unanticipated expenses, where you would come to Congress and ask for reprogramming?

Ms. CLARK. It's a reprogram-like exercise. I believe it would be prudent for us to have the flexibility, at any given time during the year to come back to the Congress if there was an opportunity or an issue that fell outside that list of 12 or whatever the number is. And have the discussion, if it's off-cycle, of whether or not that

could be an appropriate use or an appropriate expenditure of the flexible administrative funds. And so I call it reprogramming, because that's a process I'm used to on the appropriations side. But it's something like that.

Senator CRAPO. Mr. Hill, what do you think of that idea?

Mr. HILL. Well, clearly this is an important program and there are administrative expenses that can be expected in any type of program like this. You want to make sure that there are sufficient funds to cover legitimate administrative expenses. The problem in the past was in making sure that the expenses that were being claimed were legitimate and were directed or being used toward the administration of this program.

So I think if Fish and Wildlife can come back and demonstrate that these are legitimate costs of running the program that are currently not covered under the law, it is certainly worth your attention and has to be dealt with.

Senator CRAPO. Thank you. I just have one other question, then I'll turn to my colleagues for their opening statements, and then we'll allow them to also have a round of questions.

My question was on your third point, Director Clark, and that is your point that the legislation should not micromanage by directing what staff positions are needed or not needed. Could you get a little more detailed in terms of what specific concerns you have with the proposals that are in the legislation?

Ms. CLARK. Certainly. On the organizational front, I believe strongly whatever the program is that the Fish and Wildlife Service is responsible for, the accountable official is the director. I've certainly learned that in living technicolor in the last year.

But that aside, I think it is unnecessary micromanagement, given the kind of nature of an executive branch organization, to prescribe what a division chief of the organization should or shouldn't be. So whether or not I have an assistant director for Federal Aid or we combine programs or whether or not we abolish the chief of a division I think is not necessary, when in fact the accountable official is the director. And I believe that the director, whoever that might be, should be the accountable official and have discretion to align their organization to meet today's resource challenges in whatever way the constraints of budget and organization require, as long as they're responsive to the Congress.

Senator CRAPO. Thank you. Mr. Hill, do you have an opinion on this issue?

Mr. HILL. This is a difficult one, because you've got a program here that for 60 years has basically run with little oversight. Now we find it's got poor management and internal controls. I think the knee jerk reaction of Congress, rightfully so, when the agency has not managed this program, is to step in and make sure that the taxpayers' dollars are being used wisely.

So there's a fine line here. I think it's a question of trust in the agency. The agency does not, based on their record, have a lot of trust right now, rightfully so. So it's a balancing act. I think the solution to this thing is for continued and long-term oversight by the Congress on a yearly basis.

Senator CRAPO. Thank you. I will note for Senator Smith and Senator Boxer that we were aware, because of other things going

on this morning, that you may not be able to get here on time. So I indicated that when you arrived, you'd be welcome to make your opening statements.

Senator BOXER. I insist.

[Laughter.]

Senator CRAPO. Then we'll turn first to Senator Boxer.

Senator BOXER. Thank you.

Senator CRAPO. And pleased be assured that following your opening statements, you'll also have full opportunity for questioning.

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. Thank you so much, Mr. Chairman.

I did have the honor, and a very hard day, we lost Senator Coverdell, Fritz Hollings' brother passed away, it's just a tough day for some of our colleagues and for a lot of us. And I just want to say thank you for understanding.

I had the privilege of introducing Norm Mineta to John McCain's committee today. He has, as you know, been nominated for Secretary of Commerce. So I just came from there. It was a joyful moment in this difficult time.

Mr. Chairman, I'm pleased that you're having this oversight hearing to discuss the Federal Aid program. For decades, this program has served as a vital source of funding for Fish and Wildlife restoration efforts and habitat conservation programs. And I do understand that serious concerns have been raised about the way the program has been administered, and I don't in any way debate the fact that there are problems.

But I do believe that the Fish and Wildlife Service is taking important steps to remedy these issues. And I think what must not get lost in this discussion is the fact that that Federal Aid program is a critically important conservation program, and one that has, despite its problems and for the most part, functioned effectively and accomplished its goals.

And I think any changes to it should be done carefully and in a way that allows the program to continue to function effectively. I am concerned that some of the proposals I've heard about go too far in their effort to limit Federal oversight of these State grants. The U.S. Fish and Wildlife Service has an important role to play in this process. Among other things, we need to ensure that they have the fiscal resources that they need to accomplish this task of oversight. If we ask them to operate with one hand tied behind their back, the whole program will suffer. We'll only have more problems with the program.

So I do look forward to working with the subcommittee and the full committee and my chairman, Chairman Smith, to develop a proposal that addresses some of the concerns that have been raised, but which also allow for appropriate and necessary Federal oversight.

Thank you, Mr. Chairman.

Senator CRAPO. Thank you very much, Senator Boxer. And before either of you arrived, I did indicate myself that I have a very good working relationship personally with Director Clark, and have confidence in her commitment to resolving these issues.

Senator BOXER. Thank you so much.

Senator CRAPO. Senator Smith.

OPENING STATEMENT OF HON. BOB SMITH, U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator SMITH. Thank you, Senator Crapo. I, too, have had a good working relationship with Ms. Clark. These things are embarrassing, but you know, we have to work through them. And Congress does have, you know, we do have oversight. And unfortunately, the only time that oversight seems to get any attention is when we find, something turns up wrong. If the oversight was done properly, maybe we wouldn't have these problems in the first place.

I thank you, Senator Crapo, for having the hearing. These programs are very important to our States, as you well know. I do have a statement for the record, Mr. Chairman, so I won't go through all of it. But I am concerned about the GAO, what you found, that not all the money that States are entitled to are in fact being given. That's the bottom line.

And both Wallop-Breaux and Pittman-Robertson specifically require that the Fish and Wildlife Service distribute all funds remaining after prescribed administrative costs are deducted back to those States. Instead, the Administration has done other with those funds, and I would, I do have some specific questions on that in terms of, when the appropriate time comes for questions, I'd like to ask you, Mr. Hill, what about a the legal authority to do that.

But you know, without replaying them all, the dinners and so forth and all this stuff, it's embarrassing. And again, these taxpayer dollars are supposed to go to those States for these programs which have done so much good over the past 50 years, I guess. So I hope that working together, we'll be able to come up with solutions that will put an end to this.

And I look forward to my opportunity to ask questions, Mr. Chairman. And I ask unanimous consent that my complete statement be made part of the record.

Senator CRAPO. Without objection.

[The prepared statement of Senator Smith follows:]

STATEMENT OF HON. BOB SMITH, U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Good morning. Thank you for joining us today to discuss the way that the United States Fish and Wildlife Service has administered the Wallop-Breaux and Pittman-Robertson Acts. This is an important issue and I look forward to hearing the testimony. Also I want to extend my thanks to Senator Crapo for holding this hearing.

Funding for the Wallop-Breaux and Pittman-Robertson Programs are extremely important to the states. I know in New Hampshire that these programs provide a significant amount of the State's Fish and Game Department's funding. Considering how important this funding is to New Hampshire and other states, I was appalled to learn about the Fish and Wildlife Service's mismanagement of these programs. A public trust has been violated when the General Accounting Office finds that a program is riddled with ineffective management and oversight, inadequate internal controls and a culture of permissive spending

When the Pittman-Robertson and Wallop-Breaux Restoration Funds were created over 50 years ago, the intent of Congress was to allow sportsmen to contribute to the preservation and enhancement of the fields, streams and great outdoors that they enjoy so much. These Acts together authorize the collection of an excise tax from the manufacturers and importers of hunting and fishing equipment. Congress entrusted the Fish and Wildlife Service, through the Federal Aid Division, with the

responsibility of managing these programs and distributing the funds to the states. Unfortunately, the Fish and Wildlife Service has violated that trust.

These are significant wildlife programs, with substantial resources to fund them. Last year alone, sportsmen contributed over $430 million to the programs. Every time a hunter buys a gun, or an angler buys a rod, they know a portion of the cost is supposed to be given to the states to fund conservation projects such as fish stocking or habitat restoration. I say "supposed to" because GAO recently found that not all of the money the States are entitled to is, in fact, being given to them. Both the Wallop-Breaux and Pittman-Robertson Acts specifically require that the Fish and Wildlife Service distribute all funds remaining after prescribed administration costs are deducted back to the states. Instead, the Administration has squandered the funds.

The problems that plague these programs are numerous. The Service created several grant programs which they had, at best, questionable authority to do. Initially, they failed to account for millions of dollars. They ignored their own established guidelines for approving travel. Furthermore, GAO reported earlier that the Service reimbursed grantees for alcohol and dinners that cost over $150.00. If the Fish and Wildlife Service had been a private business and the IRS audited them, there would be a good chance that the owners of that company would be sitting in jail by now. This is unacceptable behavior.

It is my hope that this oversight hearing will provide a thorough airing of the problems identified by the GAO and any measures implemented by the Service to address those problems. I believe that, working together, we will be able to come up with solutions that will put an end to the mismanagement that is in existence today and, at the same time, institute a more effective way in which to manage these programs in the future. These are worthwhile programs and it is our responsibility to work together to solve any management problems to get these programs back on track.

Senator CRAPO. I have finished my first round of questions. And so, Senator Boxer, if you have questions, we'll turn to you.

Senator BOXER.

Senator CRAPO. Senator Smith, please feel free to go ahead with your first round of questions.

Senator SMITH. Mr. Hill, do you believe that Fish and Wildlife Service has the statutory authority to create the Director's Conservation Fund on the administrative grants?

Mr. HILL. The Act expressly states that a percentage of the funds can be used for "administration and execution of the program." This is traditionally what has been called and considered the administrative funding of the program.

The Act also sets legislatively prescribed maximums that can be used for the administration and execution. It's up to 8 percent for the wildlife program and a maximum of 6 percent for the sport fish program. So that's clearly specified in the legislation.

However, the statute does not specify what constitutes program execution. I think this is where the gray area comes in. So because of that, the legislation doesn't specifically authorize or direct the Fish and Wildlife Service to establish either an administrative grant program or a Director's Conservation Fund.

But even though this is not specifically authorized or directed by the legislation, certainly it's not precluded by the legislation, either.

Senator SMITH. Ms. Clark, I just, this is your, Fish and Wildlife Service, sport fish and wildlife restoration program pamphlet. It's a glossy, it's nicely done. And you know, as I look at it, it's troubling to me that if you had, you see these compare and contrast here between the three, you have the current $22 plus million program and over here in the middle you have the proposed 4 percent at $18 million.

And that's fine. But over here is what's troubling. Over here on this column you have a headline, Sport Fish and Wildlife Restoration Improvement Act, H.R. 3671, which is Congressman Don Young's legislation, which is a piece of legislation pending before Congress. And then you proceed to tear that apart, that legislation. For example, you contrast all the way across there, you say in the $22 million program, 35 grant managers, biologists, 15 financial specialists, 37 support personnel process grants within 10 to 15 work days. Then over here under this proposal, you say, well, those work days would be 25. And over here you point out that it would be 60 days.

And then you go on and on down the line, you really nail the legislation hard in terms of what impact it would have on you, which I don't dispute the fact that you have a right to your opinion. But isn't that lobbying with taxpayer dollars? This is a pending piece of legislation in the U.S. Congress. And I don't think it's appropriate to do that.

Now, that means that somebody's tracking legislation using taxpayer dollars to send out this brochure to lobby against a piece of legislation in Congress, whether it's good or bad or whether you're for it or against it. I mean, I could go through several bullets in here that are pretty nasty in terms of what you're saying about this legislation and what it's going to do to you. And it may very well do that, and you may very well be right.

But my point is, is that appropriate. And I would just ask you, what account does that come out of? What lost out here because somebody spent this money lobbying? This is lobbying, that's what it is. If you look up the definition of lobbying, it's trying to influence the passage of a piece of legislation. And that's what this is doing. And it's being done at taxpayer expense.

Ms. CLARK. Well, I'm embarrassed to say I have not seen that publication, Senator. But clearly, the Administration, the Fish and Wildlife Service has a very straightforward position on the House bill. And we've been asked on numerous occasions to consider the effects of the House bill on the current administration or the expected administration of the program.

Putting it in a glossy format is not a wise use of our time. But I don't doubt the facts that you are reading to me are very legitimate effects of enacting the legislation.

So the Fish and Wildlife Service's, the Administration's positions on the effects of the House legislation are the effects that have been publicly stated prior. But I don't disagree with the format that we've launched it in. I do need to check into that. I have not seen that.

Senator SMITH. I understand. I just think this is a serious error in judgment on somebody's part. To me it just shows, I don't like the, I've never enjoyed nor will I do it now, to sit and just literally beat up on a witness. That's very easy for somebody to do sitting up here.

But the point is, what is the end result, what are we trying to accomplish. I think what I sense is a bit of digging in and defensiveness regarding some of the things that came out of GAO. And I think on the contrary, what we need to do is look at this in a way to correct these errors.

And I think what I am seeing here, and again, that's the only reason I bring it up, there's nothing wrong with you coming here and saying, testifying against a piece of legislation, saying, look, I mean, this is what it's going to do to my agency. But again, this is a piece of literature that's put out at taxpayer expense by your agency. And I don't know what the cost was, but I'm sure it was not cheap, I mean, glossies cost money.

Ms. CLARK. I'd be glad to followup and get back to you specifically with what the intended purpose of that was and the background. But if I could make just one comment. I'm way beyond being defensive about this program at this point.

[Laughter.]

Ms. CLARK. Clearly, it was a wakeup call. This program has been on autopilot longer than it should have. And I've taken very serious responsibility for regaining the trust of the Fish and Wildlife Service with these important dollars, and making sure that these dollars go to wildlife restoration and to sport fish restoration. So I want to be clear about that.

Did we disagree with some of the allegations and the issues raised by GAO? Yes, and we've been public about that. That's probably not a surprise and GAO has responded and listened.

But is there a serious problem with this program? Were there serious problems that GAO raised and the House Resources Committee raised? Absolutely. And we immediately, we convened, I put together six teams, I about shut the agency down, because I pulled in our finance, pulled in external to Federal Aid, we can't evaluate ourselves internally, pulled in inside expertise in the audit functions and in the finance functions that are outside the Division of Federal Aid, and an external auditor.

Because I was struggling not to react. There was a lot of kind of sensationalism, allegation out there. And I was trying not to react until I had fact. And there were some facts that weren't real pretty. And I believe we have a corrective action plan that will get us in the right place.

And the legislation that's being framed around that corrective action, as far as I'm concerned, is rightful and fine. I'm just concerned that it be reasonable, so that we don't overcorrect.

Senator SMITH. That's fair enough, and I know my time has expired, Mr. Chairman. Let me just say we'll work with you, and you are a career person that came up through the career ranks, and I think you have a lot at stake here, which I think is good.

Ms. CLARK. Absolutely.

Senator SMITH. So let's try to work together to correct it. But you ought to look into that particular point there.

Ms. CLARK. I certainly will.

Senator SMITH. Because I don't think that's appropriate, honestly. And even if it were something that I would support, or oppose one way or the other, I don't think it's appropriate. But we'll work with you.

Ms. CLARK. Thank you.

Senator CRAPO. Thank you.

Senator Boxer, did you have any questions?

Senator BOXER. I just want to say that I agree with Senator Smith and his critique here. I think it's fine if somebody writes a

letter into the agency that says, dear Ms. Clark, I heard about this bill that Congressman Young has, what are the facts. You want to respond to that, you want to send a fact sheet out, that's one thing.

But I agree with Senator Smith on this point. I mean, I looked at it, I don't think it, it is factual, it doesn't say this is the worst piece of legislation ever to hit the Hill, but it's clearly improper, in my view. Unless again you're writing this in response to some inquiry, fine. So I want to associate myself with him on that point.

And I do want to thank you for your candor here. You know, it's awful when bad things happen to good programs. And I think you put your finger on it, when something runs on automatic pilot and people say, well, they did that before, and I guess it's OK if I go to dinner, because they did that before, it's very dangerous. So I think it should be a signal to all of us, you know, whether it's in our own offices and looking at what we do all the time, and re-evaluating what we do all the time.

And I'm just pleased that you're willing to, first of all, look into this. Because I think this is important, not only for this agency, but all agencies under any president. And you understand, you know, it's an understandable thing that people are going to fight for their survival and their program, and they don't see it as wrong.

I mean, I've seen Members of Congress who felt, well, I did it this way 30 years ago. What do you mean I can't do it this way any more? Well, there are changing ethics, and there are changing values. We grow and we learn, we make mistakes and we've got to change. And this is a program that clearly just needs to be looked at from what I would call the zero based budgeting way, you just bring it down to the bottom and build it up and get rid of these bad practices.

And I am just comfortable, Mr. Chairman, that this will happen. And I'm very hopeful that we will be able to work together. And I think with your attitude, Director Clark, I think we're going to be in OK shape. And with the leadership of my colleagues, who I think are being quite reasonable here, and I want to compliment them as well.

Thank you.

Senator CRAPO. Thank you.

I just have a couple other quick questions. Mr. Hill, can you explain how the service-wide administrative support account is funded and used? Just briefly.

Mr. HILL. The service-wide administrative support account is an account that's used to pay for service-wide overhead and support such as phone bills, rent, training, and postage. The funding for the account comes from three sources. There's appropriated money that's used. There's money from reimbursable agreements. And there's money that comes from a general administrative services account, which is an assessment across programs to help pay for the indirect expenses.

Senator CRAPO. And can you tell me in your investigation, did you find whether any reintroduction efforts or other projects and initiatives had been funded through the service-wide administrative support calendar?

Mr. HILL. Yes, we found that through the period of 1990 through 1998 that this account was used to fund over $10 million of direc-

tor's office projects and initiatives that included $400,000 for Atlantic salmon work, $200,000 for wolf monitoring and reintroduction, $100,000 for rhinoceros conservation studies. All of these were projects that were being funded with an account that was set up to pay for indirect expenses. These are clearly not indirect expenses.

Senator CRAPO. And Director Clark, it's my understanding that this revelation is one you've already dealt with? Could you just explain how you're handling that issue?

Ms. CLARK. Certainly. Well, the service-wide account is as Mr. Hill explained. And the general administrative services, the kind of assessment piece, we've refined, given the advances in computer technology and the Department of Labor and GSA having better space tracking capability for our Federal space. And so we've gone to a direct cost. So each of our programs, and we have many of them, now pay the direct cost of what their overhead is. The projects, whether it's wolf introduction or Atlantic salmon or rhino tiger kinds of work, were in fact historically funded out of what was managed out of the Director's office.

But the color of money, that's the only way I know how to explain it, the accounting, the color of money can be tracked back to endangered species or refuge operations or fisheries. It was just the way that the Director discretionarily, that's probably not even a word, but would manage some of these projects that would come up during the year that wasn't within the regional director's allocation.

The way that is' now handled is each of the programs, whether it's refuge ops or fisheries or habitat conservation or endangered species or the myriad of programs that we manage, hold, for want of a better way to say it, hold money in Washington to deal with projects that come up during the year. And it's about this time of year that we kind of have a projection of what we're going to close out September with, and so we'll release those dollars to the regions in the project area, or in the program area that they are.

For instance, the best way I can give you an example, out in the west, we're dealing in Yellowstone with brucellosis, the bison, elk, interaction. And it cropped up this year between the National Park Service and us, dealing with the need to kick off an EIS with the Senators and the Governors and Congressional members of those States, Montana and Wyoming. We released, because we had what I call holdback in Washington, in refuge ops, I just authorized a release of whatever it was, just for discussion's sake, $100,000 out of that account, out of refuge ops.

Prior to it being sitting in those accounts, it would cobble together in the Director's office. But the color of money could always be tracked back to the program, and now it stays sitting in the program. That's kind of a convoluted answer. But it's much more transparent and much more visible, and there's not a debate over where those moneys came from, as a result of the way that we're now tracking the budget and the way that we're now managing the accounts.

Senator CRAPO. Mr. Hill, is that the kind of corrective action that will solve this problem?

Mr. HILL. I can't say. We haven't looked at what the new system they have. I think clearly we envision that this account would strictly be set up to pay for overhead expenses. To commingle appropriated funds being used to support projects versus paying rent and phone bills gave us problems last year. I'm not sure if the corrective action that the Director just explained would solve that or not. We'd have to look at that in some detail.

Senator CRAPO. Thank you. Now, these projects that you're talking about, Director Clark, are they what falls in the category I've heard referred to as national projects, or projects that are done on a national scale, so they don't become part of the funds that are allocated out to the States for the States to use?

Ms. CLARK. That's a different issue. That's the allegations about the slush fund. And the projects that I was referring to were coming out of service-wide accounts.

Senator CRAPO. OK.

Ms. CLARK. The slush, the Director's conservation account that we believed and our solicitors believed was within the side boards of execution, and as Mr. Hill said, there's not been a well defined agreement on the administration and execution, which is what the statutory language, but what the side boards of execution are.

But those dollars that were in the Director's conservation fund funded explicit issues like National Fishing Week, Becoming an Outdoors Woman, Hunter Ethics, Shooting Symposium, Webless Migratory Bird Research. And so all of those dollars, which were Federal Aid administrative dollars, all funded wildlife restoration or sport fish restoration. And those were clearly managed in a different way.

Senator CRAPO. And it's my understanding that that fund, the Director's conservation fund, has been eliminated.

Ms. CLARK. It has been eliminated, as has the National Administrative Grants program, which was also under question. But I'll say this, the National Administrative Grants program that some also challenged whether it met the definition of execution, funded grants that came to us after deliberation by a committee of the International Association of State Fish and Wildlife Agencies.

So the States as partners evaluated all these proposals with the Fish and Wildlife Service and came up with these lists. And that's what will ultimately become, those kinds of projects will ultimately become in some iteration of management or legislation the projects of national benefit.

Senator CRAPO. And so those projects won't necessarily be lose, they'll just be handled in a different way at this point.

Ms. CLARK. Possibly, yes.

Senator CRAPO. All right, I have no further questions. Senator Smith and Senator Boxer, do you have any more?

All right, thank you very much to both of you. We will excuse you at this time. And we appreciate your attention to these issues.

We will next call up panel No. 2. Mr. R. Max Peterson, the Executive Vice President of the International Association of Fish and Wildlife Agencies; Ms. Susan Lamson, the Director of Conservation and Natural Resources, of the National Rifle Association; Mr. Mike Nussman, Vice President of the American Sportfishing Association;

and Mr. Terry Riley, Director of Conservation for the Wildlife Management Institute.

We thank all of you for coming. Again, I would remind you of the instructions on your testimony to please try to watch the lights, so that we'll have time for the questions as the members of the panel come back. And we will start with you, Mr. Peterson.

STATEMENT OF R. MAX PETERSON, EXECUTIVE VICE PRESIDENT, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

Mr. PETERSON. Thank you, Chairman Crapo.

You have my full statement, so I will try to brief it, if you will make it available for the record.

Senator CRAPO. We do, and I should indicate that the full statements of all of you will be a part of the permanent record.

Mr. PETERSON. Let me first recognize that the two programs we're talking about, the Federal Aid in Wildlife and the Sport Fish Recreation programs, are undoubtedly the two most successful programs we've ever seen in terms of Federal-State cooperation and funding fish and wildlife. There isn't any question that the 1937 Act that established the Wildlife Restoration Fund and made it permanent made it possible to recover common species like deer and turkey and elk and so on.

So the question of the effectiveness of these programs is not in question. What is in question is whether the administration of these programs within the discretionary funding of the Service has been used wisely.

I would start out by saying that we are, as States, very concerned about the problems, and we do not agree that they can simply be solved administratively. We think Congress needs to define what's administration. We think Congress needs to specifically authorize a multi-State grant program, which has been very important to the States. Because it doesn't make sense for all 50 States to each do something if they can do it cooperatively.

Let me just give you one example. Recently, we've had a project called the Automated Wildlife Data System to help States automate their systems of issuing fishing and hunting licenses and to collect data on wildlife. When one State did this alone, it cost $8 million to $10 million. When the States went together with the project, you could get hardware manufacturers and software manufacturers interested in putting money into it, and we reduced the cost to about $1 million per State.

So that program is very important. It's been in place for about 25 years. It has been considered within the discretion and use of administrative funds, although our own counsel some years ago said that they would feel better if it were specifically authorized in the Act.

And so we're in favor of legislation that specifically defines administration. I don't at all doubt Director Clark's indication that she's committed to doing things to improve this program. Let me point out that a year from now, there will probably be somebody different sitting in that chair. And these problems are not problems that were created entirely down in the Federal Aid shop. The excessive overhead was done at the Director's level. The excessive

overhead, the establishment of the Director's Conservation Fund, which went from about $50,000 from John Turner to $1 million was done at the Director's level. The excessive travel was authorized sometimes at various levels.

So I think that I understand that Director Clark said she got a rude wakeup call when she heard about this, and she didn't expect to hear about it. But the problem is, when you have a very broad definition of the use of funds, people get very creative in how they use those funds. We expressed grave concern in 1995 when these funds were used to transfer fish hatcheries. We didn't see what this fund had to do with the transfer of fish hatcheries, Federal fish hatcheries.

We've expressed concern for more than 5 years now at what we consider questionable expenditures from administrative funds. Because if it is not spent for administration, it's apportioned to the States. The statute says up to 6 percent(Wallop-Breaux), or up to 8 percent(Pittman-Robertson). Up until about 1993, the full amount was not used. Beginning at that point, which was prior to Director Clark, the full amount was taken. And since then, the full amount's been taken.

The National Administrative Grants Program was dropped, not because of questions about legality, but because of use of funds for administration. In other words, it was wiped out because of the growing cost of administration.

As I see it, as this fund has grown over the years, using the formula, there was additional funding sitting there. And having, as you know, run a Federal agency at one time, I know the temptation to say, well, why don't we use the discretion we have to use a little more of those funds for overhead. And I think that's a temptation that should be removed.

So we favor Congressional legislation, and we think that will help the reform of it.

Let me mention one other thing Director Clark did mention. We had a joint Federal-State review team last year that looked at these programs. These programs have been administered essentially the same since 1937. The States' capability is much different now than it was in 1937 or 1950. We need to update these programs reflecting the State capability. I don't think we need as much direct detailed involvement in projects as we've seen in recent years.

We do need and favor the oversight of the Fish and Wildlife Service. We do favor audits, both of the States and the Fish and Wildlife Service. We're as concerned about the integrity of these programs as anybody. Mr. Chairman, we would be glad to work with you and others and with the Service as they attempt to help these programs.

Thank you.

Senator CRAPO. Thank you very much, Mr. Peterson.

Ms. LAMSON.

STATEMENT OF SUSAN LAMSON, DIRECTOR, CONSERVATION WILDLIFE AND NATURAL RESOURCES, NATIONAL RIFLE ASSOCIATION

Ms. LAMSON. Thank you, Mr. Chairman.

I appreciate the invitation extended to the NRA to testify this morning.

Given citizens' general disdain of taxes, it's nothing short of remarkable, as you mentioned in your opening statement, Mr. Chairman, that in the 1930's, in an era of great economic upheaval and misery, sportsmen passed into law a self-imposed excise tax to raise funds for wildlife, called the Federal Aid and Wildlife Restoration Act, and commonly known as Pittman-Robertson.

Because the purchase price of every firearm and every box of ammunition includes the Pittman-Robertson excise tax, it makes every firearm owner, hunter and recreational shooter a stakeholder in how Pittman-Robertson is managed. I don't think it would be far-fetched to suggest that if the excise tax, if an excise tax like Pittman-Robertson was suggested today, the response would be a resounding no. And the answer would be no, because the faith and trust of sportsmen and millions of gun owners across the country has been eroded by the findings of investigations conducted by the General Accounting Office and the House Resources Committee.

It's not necessary, though, in my testimony to address those findings. They're a matter of public record, and they've been highlighted already this morning.

But what I'd like to do is focus on what I think we are all here for, the solutions. All of our members support sound wildlife conservation and firearm safety programs and a continuation of Pittman-Robertson. What they want are the problems with the management of the trust fund to be fixed and fixed soon.

Using the reform legislation that's been introduced, H.R. 3671 and S. 2609, as templates, there are a number of provisions we, the NRA, would like to have in a reform bill. First, we feel it would be crucial for a reform bill to contain a specific list of what costs are allowed to be covered by administrative funds in order to eliminate the problem of permissive spending.

And let me say this morning, we could certainly support a relief valve that the Director suggested. But I think we have to have a specific list.

Second, a mechanism is needed to ensure the taxpayer/sportsman that his dollars are truly being held by the Service in trust. That means audits should be required, along with reporting requirements, so that all the sportsmen, who are in essence stakeholders, are informed about the financial management of their trust fund.

And I think it's also a way to make small course changes when needed, which will prevent a crisis situation from developing again that requires reform legislation to solve.

Third, NRA supports the reduction in the amount of administrative funds that the Act presently authorizes. However, we can support an increase in what the reform bills set aside as long as the increase can be justified.

Fourth, the NRA strongly supports provisions in both bills that reserve a specific amount of excise tax revenue to be apportioned among the States for hunter education and shooting range programs. In the 1970's, when the Act was extended to handguns and archery equipment, sportsmen backed down from asking for some of that revenue to be earmarked for shooting ranges after receiving

assurances from the States that those funds would be used to benefit recreational shooting, because that's where most handgunners and archers happen to conduct their sport.

Unfortunately, the promise didn't play out. While there are a number of States that have used some of that discretionary money for range development, many States have a dismal track record. Providing a modest amount of dedicated or earmarked funds over and above the discretionary funds that are already allowed in law will help to fulfill a commitment made long ago.

Fifth, the NRA supports the creation in law of a multi-State grant program and supports the funding level in the Senate version of the reform bill. However, we're not wedded to that dollar figure, either, and would support a higher amount, so long as the States concur.

What is important to NRA is that the multi-State funds not be used by any organization or for any project that promotes or encourages opposition to hunting or trapping, that the projects benefit a majority of the States, and that sportsmen be consulted in the preparation of the multi-State project list.

And last, the NRA supports establishing a position of Assistant Director for Wildlife and Sport Fish Restoration Programs within the Fish and Wildlife Service. Such a position is needed. Many of the problems uncovered about the Federal Aid program I believe can be attributed to the fact it was relegated to a lowly position within the Service, a backwater program, if you will.

Furthermore, if Congress passes the Conservation and Reinvestment Act, hundreds of millions of dollars will flow through the Pittman-Robertson trust fund annually, in Title III of CARA. It will greatly increase the Service's trust fund responsibilities and, therefore, I think it ought to be reflected in the Service's management matrix and should be done in this reform bill.

So in conclusion, the NRA is most anxious for the Congress to pass reform legislation. We know what the problems are and the solutions. There may be disagreement over some of the provisions. But I'm confident that resolution can be achieved if everyone who's at the table is committed to really getting the reform bill passed this Congress.

Thank you.

Senator CRAPO. Thank you very much.

Mr. NUSSMAN.

STATEMENT OF MIKE NUSSMAN, VICE PRESIDENT, AMERICAN SPORTFISHING ASSOCIATION

Mr. NUSSMAN. Thank you, Mr. Chairman.

I appreciate the opportunity to testify today on behalf of the American Sportfishing Association. In addition, the recommendations in my testimony are supported by the American Flyfishing Trade Association, and the American League of Anglers and Boaters, a coalition of 25 angling and boating interest groups.

Federal Aid in Sport Fish Restoration is an excellent example of a user pays-user benefit program. It was launched in 1950 when Representative John Dingell and Senator Edwin Johnson passed the Federal Aid in Sport Fish Restoration Act. Based on the Pittman-Robertson Act that placed an excise tax on hunting equip-

ment, the Sport Fish Restoration Act was aimed at dealing with the expanding number of anglers and the declining quality of the fishery resource.

Using the same user pay-user benefit model as PR, the DJ Act was an immediate boon to underfunded States' fish and game agencies. And during the years following the passage of the Act, moneys from the collection of excise taxes vastly improved the quality of America's sport fishing resources.

In 1984, in response to a growing list of needs, a new set of amendments to the program was passed by Senator Malcolm Wallop and then Representative John Breaux. These 1994 Wallop-Breaux amendments expanded the list of taxable sport fishing articles to include nearly all sport fishing equipment. All together, the Wallop-Breaux amendments increased the pool of money made available to the States by sixfold, from an average of $40 million before 1984 to over $240 million this year.

Since the 1984 amendments, the Act has undergone a number of changes to better reflect the new challenges we face in angling and boating. These changes include the establishment of a clean vessel program, a coastal wetland program and a national outreach effort.

The impact of Dingell Johnson-Wallop Breaux on fisheries has been substantial. Over $3 billion has been provided to the States since the original Act passed 50 years ago. Indeed, Mr. Chairman, the DJ-Wallop-Breaux Act has had a huge impact on the sport fishing industry as well. It affects our pricing decisions, it affects our marketing efforts, it even affects our production choices.

However, through the investments in the fishery resource, the program has enabled the sport fishing industry to grow substantially throughout the 1960's, the 1970's and the 1980's. GAO has raised a number of serious questions regarding the administration of this program. We, as you might imagine, are deeply concerned by those charges. No industry can pay 10 percent of every dollar it collects in addition to income taxes on its profit and not be troubled by the GAO testimony.

There's no doubt that the Fish and Wildlife Service can and should do a better job of administering its sport fish and the wildlife restoration programs. The two bills that have been introduced, S. 2609 and H.R. 3671, make significant strides toward defining the responsibilities of the Service and increasing their accountability to Congress and to the States.

However, we believe the legislation falls short in four specific areas. First, the bills provide too little funding for the multi-State conservation grant program. Currently at least four existing programs that are supported strongly by the States and the industry would fall under this new effort. These include the national survey, the management assistance team, administrative grants and the library reference service. The funds provided by the two bills are not sufficient to fund these existing programs, much less other projects of multi-State or national benefit. We would recommend that 2 percent of each fund, or approximately $4.5 million each, be set aside for this effort.

Second, neither bill provides funding for the Sport Fishing and Boating Partnership Council. The Council was created to provide a mechanism to give advice to the Secretary of Interior on sport fish

restoration and other fishing and boating issues. The States, the industry, as well as anglers and boaters, are represented on the Council. We believe the Council is an invaluable tool for ensuring that those that pay the tax have their voices heard.

Third, we believe the Service needs around $16 million to administer both the sport fish and the wildlife programs. The bills provide somewhat less than that, and we fear that it would affect the long-term success of these efforts.

And fourth, over the years, several grant programs have been added to the Sport Fish Act. These include clean vessel, boating infrastructure and outreach. Legislation should clearly specify that the administrative funding for these programs should come from the funding set aside for each individual effort.

In closing, Mr. Chairman, let me say that we believe the legislation is needed to provide direction and focus for the Sport Fish Act. We believe our recommendations will enhance the legislation and ensure the continued success of these very important programs.

Thank you very much.

Senator CRAPO. Thank you very much.

Dr. RILEY.

STATEMENT OF TERRY Z. RILEY, DIRECTOR OF CONSERVATION, WILDLIFE MANAGEMENT INSTITUTE

Mr. RILEY. Thank you, Mr. Chairman.

You'll have to forgive me a little bit if I stammer and stutter. I just moved here from South Dakota, and I'm more used to leaning up against a tractor tire or avoiding stepping in cow pies when you talk with local farmers.

Senator CRAPO. That suggests to me you're probably going to give us just some good old down-home, common sense in your testimony.

Mr. RILEY. Well, I concur a lot with what has already been said, and I don't wish to elaborate on that any more. It is in my written testimony and hopefully that will become part of the record, as you had mentioned earlier.

The Wildlife Management Institute has a long term interest in both the PR Act and the associated program developments that have gone on at the State level. In fact, I spent the early part of my career working for a State agency in Iowa as the pheasant biologist, and Iowa and pheasants go together very well, particularly when it translates into $40 million to $60 million a year to the State's economy.

The grants I received from the Pittman-Robertson Wildlife Restoration Act were vital to the program there, and they kept me going professionally for quite a long time in my career. Many of my other jobs working for State and Federal agencies, before I joined the Wildlife Management Institute, involved dollars and programs that were funded through the PR Act. And they are an important component of wildlife management on the ground and the States desperately need these dollars.

To make a long story short, we don't believe that a lot of the concerns that have been expressed about the administration of these acts need to be fixed legislatively. We believe most of them have already been fixed. And we can work on ways to make sure that

they can be fixed, and that they remain fixed into the future, perhaps with some kind of advisory team made up of sportsmen and sportsmen's groups that actually can oversee what's going on and perhaps report back to Congress on a regular basis, perhaps once every 5 years.

However, we all know that legislation is possible, and to make sure that we don't miss out on the opportunity to make some changes and update the legislation that was signed many years ago, we have made recommendations and they are in my written testimony.

In conclusion, I really feel that these are vital programs. Again, probably if we have fixes in the legislation, they would be focused more on making the programs that we have even better. Perhaps strengthening some of the multi-State administrative grants that have helped a lot of States pull together their own resources and accomplish projects over a large region, rather than just everybody trying to do their own thing out there.

So I think it's a very valuable program and we support it very much, and we hope that if there are legislative fixes, they do strengthen the program rather than tear it down some.

Thank you.

Senator CRAPO. Thank you very much, Dr. Riley.

Senator Smith?

Senator SMITH. Thank you very much, Mr. Chairman. Let me just ask each of you, if you would, to respond to this question. You heard the testimony and the questioning of the previous panel in terms of the problems that have prevalent, I guess, in the agency for a few years, and the GAO's analysis of that.

I think one of those problems has been lack of oversight. I think that always is the problem, as I said to the previous panel, we only have oversight when we find out there's a problem, unfortunately, which is not doing good oversight. Congress does not, in my view, do a very good job of oversight. We're always investigating something, as I say, after the problem arises.

Let me just ask you this. Do you believe it would be useful to place this program on a 5-year reauthorization schedule? N Not in any way to sunset anything, that's not the purpose or the intent. But just like other programs, such as endangered species, Duck Stamp Act, they're all on 5 year authorizations. How would you feel about this program being put on a similar authorization?

Mr. Riley, we'll start with you and just go right down the line.

Mr. RILEY. Well, I would have a lot of fear or that. Working out in the real world out there, there are many fears about writing new legislation, or at least reviewing it, because the players change and the issue change. And those, as Ms. Lamson said earlier, if they had to rewrite the legislation now, or at least introduce legislation that was similar to it, we may not get it through.

Senator SMITH. Well, we don't have to rewrite it, just have to amend it. We have a $385 billion or $390 billion Pentagon budget. They have a 5-year reauthorization schedule. Why not this? Wouldn't this help to avoid some of the problem? I mean, it's costing you, isn't if, if we find there is mismanagement, then it's going to cost you folks on the receiving end? But I don't mean to argue about it.

Mr. RILEY. Well, my feeling on it is basically, if you go back and try to amend something that's working very, very well and has worked very, very well, it may perhaps waste taxpayer dollars to do that. Particularly if other fixes, other possible fixes are available.

Senator SMITH. So, and I'll ask the same question of the rest, but in your opinion, there's been no negative impact to you as a result of what's happened here at the national level with what you just heard in the previous panel?

Mr. RILEY. Based on my experience of using the dollars and applying for grants through the program, as a pheasant biologist in Iowa and through other positions I have held, it has been a very, very successful process. And I will say that there are times that I was glad that I saw other proposals that were not approved, because they did not meet the standards of the Act.

Senator SMITH. Well, if people are taking foreign trips and spending money on alcohol and food at $150 a pop, wouldn't that negatively impact what money you might receive at your end?

Mr. RILEY. I agree it probably would.

Senator SMITH. All right, that's all.

Mr. RILEY. Obviously, with this large of a program and the complexities associated with the different levels of bureaucracy, most State agencies won't see those kind of things, and especially any biologist that puts together a grant proposal and goes after the dollars.

Senator SMITH. Well, one of the reasons we didn't see them either is because we don't do oversight. And with an authorization, you'd have to look at it every year and you wouldn't run into that.

But anyway, Mr. Nussman, same question.

Mr. NUSSMAN. Thank you, Mr. Chairman.

No, no one cares more about this program than my members. Each quarter they write a check. For many of them, it's the largest check they write during the year. So would they like to see better administration? Do they think Congressional oversight would play a role? Yes, absolutely.

However, we want to make sure the medicine is not worse than the disease.

I believe we need to have more Congressional oversight of the program. It absolutely is essential. Having said that, we would be fearful that we would get into a situation where we would be fighting back amendments for which moneys would be taken for purposes that were not envisioned under the original Act.

But I do think it would be appropriate for us to have more oversight, rather than less oversight.

Senator SMITH. OK. Ms. Lamson.

Ms. LAMSON. I think in the House and Senate bills, the provisions that provide audits and reporting requirements, and the reporting requirements are to the Congress, the States, to the public, I would feel comfortable with just having that as the way of having that sort of audit oversight of the program. And I think that that would be sufficient.

If that proved not to be the case, I think what has occurred in this past year with the House attention and also the attention of this committee on the issues shows that when sportsmen and in-

dustry come forward in this kind of situation and say, we've got some problems, that the Congress has in fact responded.

So I'd like to see the audit process work. I think that that is enough assurance, that process.

Senator SMITH. Mr. Peterson.

Mr. PETERSON. It seems to me that most reauthorization acts end up in a big argument about what's going to be authorized within the law. In other words, amendments to the basic law. I think what you're looking at here is oversight, which it seems to me that the best thing you can do to ensure oversight is first more clearly define what constitutes administration, so that you don't invite people to wander off and spend money on things that are inappropriate.

Second, I agree with the idea there should be an audit. The States are subject to periodic audits now, and we used that at times when some unit of government got thinking they might take off a little more for overhead or so on. The fact that the State had to undergo an audit was an important deterrent to doing that.

So I think audits are extremely important. They should be independent audits. And those audit reports should be made available to the Congress. And I think it should be a periodic report to the Congress, saying, here's the way we spent this money, so that Congress knows how the money's been spent.

So I'm all in favor of additional oversight. I don't believe that reauthorization per se is the way to do it. Right now, you probably know that the boat fuel tax that goes into Wallop-Breaux is subject to reauthorization as a part of the transportation bill, periodically. But you never really get into the detailed administration there. You end up with arguing how the money's going to be spent, which doesn't detect what you were talking about in terms of, are we sure the money's being spent properly.

Senator SMITH. Thank you.

Senator CRAPO. Thank you.

Let me ask a series of questions to the whole panel, and I'd like to ask you to keep your remarks as brief as possible, because this could get really long.

But when Director Clark testified, she indicated three areas of concern with the existing legislation that we were considering. I'd like to see what the reaction of the members of the panel is to each of those three suggested changes to the legislation. Some of you have already indicated your answers to some of these questions. But I want to just get a feeling from the panel.

Her first point was that the level that both bills have for funding of administrative purposes was too low. I believe that, Mr. Nussman, you agree with the fact that it's too low, and you suggested a $16 million figure.

What is the reaction of the other members of the panel to that issue? Is the amount in the legislation that is proposed too low?

Mr. Peterson?

Mr. PETERSON. Yes, I think it is too low. We recommend $16 million, that's what we'd recommend. And that's based on the Federal-State review team, who did a pretty in-depth review of the program. It's not a number picked out of the air.

Another alternative would be a fixed amount that would be adjusted based on CPI, if you don't like the percentage.

Senator CRAPO. All right. Ms. Lamson?

Ms. LAMSON. NRA doesn't have a position on a specific dollar figure, other than in my remarks that we agree it can be increased, but it ought to be justified.

Senator CRAPO. All right. And Mr. Riley.

Mr. RILEY. We believe that 4 percent would be appropriate, of their overall fund.

Senator CRAPO. OK. Did you add anything, Mr. Nussman? I think I already got your answer.

Mr. NUSSMAN. No. We basically looked at the Federal-State review team and took their number.

Senator CRAPO. OK. I want to divert for just a second. Dr. Riley, you said you were a pheasant biologist?

Mr. RILEY. Yes, I was.

Senator CRAPO. Did you mention the State of Iowa?

Mr. RILEY. Yes, sir.

Senator CRAPO. How's the pheasant hunting in Iowa?

Mr. RILEY. It's getting better.

Senator CRAPO. All right, good. Maybe you could come and help us get it improved in Idaho.

The next point that Director Clark made was, she sees a need for a flexible response in the event that the amount of funding we determine is available is not adequate, so something that she described as a reprogramming effort or something like that could be put in place. And again, Ms. Lamson, you've indicated that that's an agreeable concept with you, but you feel it has to be closely monitored, so that we stick with the proper purposes.

But again to the panel, any objection to a very tightly worded and closely monitored mechanism by which Congress could authorize additional funding in terms of administrative needs?

Mr. PETERSON. Conceptually, no. It could be done as part of the annual budget process, too.

Senator CRAPO. OK. Mr. Nussman?

Mr. NUSSMAN. I do think it would make a lot of sense to have some capability to use funds for special unforseen circumstances.

Senator CRAPO. Dr. Riley?

Mr. RILEY. I totally agree, particularly with populations of grassland nesting birds that are declining very rapidly, and they're going to have a significant impact on landowners if all of a sudden they become listed as endangered or threatened. If we have administrative costs that would be focused on dealing with those issues, that could be a real bonus. So I think it would be important to have that option.

Senator CRAPO. All right. And then the third point that she made was that the legislation seems to micromanage by directing the creation of an office of assistant director, or in other words, telling the agency what management structure it should use to operate in this context. Any comments on that issue? Mr. Peterson.

Mr. PETERSON. I'd say we reluctantly agree that the legislation should provide for an assistant director. Our executive committee looked at that. With the expected passage of the Conservation and Reinvestment Act, we're talking about almost $1 billion of funding. And I think one of the problems that we've had is the Federal Aid program was run at too low a level, as Ms. Lamson's already said.

I think the recent reorganization, which combines this program with migratory birds, is not a good idea. Because the migratory bird part is a big load. And combining that with administering the Federal Aid program to us does not make sense, to tell you the truth.

Senator CRAPO. All right. Ms. Lamson.

Ms. LAMSON. Just to underscore what I said in my oral remarks, yes. We think it should be should be raised to the level of assistant director. I agree with Mr. Peterson that it should bemade a standalone position. I think that the stakeholders, the industry, the sportsmen, deserve that.

Also as I mentioned, if you're looking at the Conservation Reinvestment Act, and NRA supports that because of Title III, and the funding going to the States, that could be over $300 million a year. It's a significant amount of money that could potentially come into the Service. And we agree with the Service managing it.

But I think, you know, it's a new day. We ought to be looking at a different management approach on this.

Senator CRAPO. Mr. Nussman?

Mr. NUSSMAN. I would agree with what's been said thus far.

Senator CRAPO. Thank you. Dr. Riley?

Mr. RILEY. I would probably say that I would rather see the Administration, executive branch at least, decide how to structure their own positions they assign. However, we do believe that the level of administration with this program has not been adequate.

Senator CRAPO. All right, thank you. And just one last question. And this one is really sort of a yes or no answer. Several of you, again, have already answered this. But one part of the legislation here is the creation of a national or multi-State grant program. I am assuming that there is a lot of support for that part of the legislation. Do any of you not support that part of the legislation?

I take it you all support it then. All right, thank you.

That concludes my questions.

Senator Smith, do you have any further questions?

Senator SMITH. No, I have no further questions, Mr. Chairman.

Senator CRAPO. All right, thank you very much. I should say to all of you that this hearing record will be kept open for an additional week, if you desire to submit any further testimony or comments on what has come up today. And you may get some questions in writing from members of the panel who were not here or other questions from those of us who were here. And we would ask you to respond to those very quickly if you do get those questions.

And with that, this hearing is adjourned.

[Whereupon, at 11:01 a.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

[Additional statements submitted for the record follow:]

STATEMENT OF BARRY T. HILL, ASSOCIATE DIRECTOR, ENERGY, RESOURCES, AND SCIENCE ISSUES, RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION UNITED STATES GENERAL ACCOUNTING OFFICE

Mr. Chairman and members of the subcommittee: We are pleased to be here today to discuss the Fish and Wildlife Service's (Service) management and oversight of the administrative funds associated with the Wildlife Restoration Program and, to a lesser extent, with the Sport Fish Restoration Program. The information we present today is based on work that we completed and presented in testimonies to the

House Committee on Resources on July 20 and September 29, 1999.[1] At that time, the Service promised a number of corrective actions. We have not determined whether, or how, the Service has implemented those promised actions.

The Wildlife Restoration Program was begun in 1938 following the passage of the Federal Aid in Wildlife Restoration Act, often called the Pittman-Robertson Act. The purpose of the act is to restore, conserve, manage, and enhance the nation's wildlife resources and to provide for public use and benefits from these resources. The Service, an agency of the Department of the Interior, administers the program. The Service's Office of Federal Aid (Office) provides overall support and direction for implementing the Wildlife Restoration Program as well as a sister program, the Sport Fish Restoration Program. This sister program provides funds to restore and manage the nation's sport fishery resources and to provide public use and benefits from these resources. The programs received a total of about $550 million in fiscal year 1998-$170 million for Wildlife and $380 million for Sport Fish.

Funds provided for these programs are derived from federal excise taxes from the sale of firearms, ammunition, archery equipment, fishing equipment, and other items. The core mission of these programs is to distribute funds to states and other qualified government recipients for the purposes of wildlife and sport fish restoration. A portion of the funds can be used by the Office for the programs' administration and implementation-up to 8 percent for wildlife and up to 6 percent for sport fish. Of the roughly $550 million these programs received in fiscal year 1998, about $31 million was used for administration and implementation-$13.5 million for Wildlife and $17.4 million for Sport Fish.

Our testimony today will recap the results of our work on the management and oversight of the Federal Aid program which provided options to improve the program's use of administrative funds and provided additional information related to the use of administrative funds.

Problems in the Way Administrative Funds Are Managed and Used

Last July we reported numerous problems with the way administrative funds are used and managed. We believe that these problems led to a culture of permissive spending within the Office of Federal Aid. The problems we identified included the following:

- controls over expenditures, revenues, and grants were inadequate;
- millions of dollars in program funds could not be tracked;
- basic principles and procedures for managing travel funds were not followed;
- basic internal control standards or Office of Management and Budget guidance for maintaining complete and accurate grants files was not followed;
- regional offices used administrative funds inconsistently and for purposes that were not clearly justified;
- charges for Service-wide overhead may not be accurate;
- routine audits to determine whether administrative funds were being used for authorized purposes were not conducted; and
- the process for resolving audit findings involving states' use of program funds was questionable.

It is important to point out that many of the problems we identified last July were the same as those we identified over 6 years earlier. In 1993, we reviewed the use of administrative funds for the Sport Fish Restoration Program.[2] As part of our work last year, we found that the Service had not been entirely responsive to our earlier recommendations to correct the management problems we identified in our previous review.

Options to Improve the Use of Administrative Funds

At the time of our September 1999 testimony, we believed that there were at least three primary options to consider for controlling the use of administrative funds. First, the Office of Federal Aid could have been given additional time by the Congress to correct the problems we identified in our work. In August 1999, the Service said that it had taken or was taking a number of corrective actions including continuing with its reconciliation efforts to track the use of administrative funds, requiring supervisory review and approval of travel vouchers, and evaluating how to establish a procedure for performing routine audits of administrative funds. This op-

[1] Fish and Wildlife Service: Management and Oversight of the Federal Aid Program Needs Attention (GAO/T-RCED-99-259, July 20, 1999) and Fish and Wildlife Service: Options to Improve the Use of Federal Aid Programs' Administrative Funds (GAO/TRCED-99-285, September 29, 1999).

[2] Fisheries Management: Administration of the Sport Fish Restoration Program (GAO/RCED-94-4, Nov. 8, 1993).

tion would probably have had the least impact on the Office's current operations, but it would require follow-up at some point to verify that the promised corrective actions have been taken. With this approach, we would be concerned about the Service's commitment to taking the needed corrective actions, given that it has not been fully responsive to prior recommendations we have made.

Second, legislative limits could be placed on how the Service spends administrative funds. For example, the spending of administrative funds could be limited to functions necessary for the Office of Federal Aid to carry out its most basic responsibilities; namely, to (1) administer the formula for getting grant funds to the states and other qualified government recipients, (2) review specific project proposals from these entities, and (3) audit these entities' use of the grant funds for compliance with existing legislation and program goals. By placing more restrictions on the use of the administrative funds this option would likely result in less money being spent administering the program and would make more funds available for distribution to the states and other qualified government recipients.

A third option would be to require the Service to use appropriated funds to administer the Wildlife and Sport Fish Restoration programs and devote all excise tax revenues to state and other qualified government recipients' grants. This option would have required the Service to annually justify to the Congress the amount of funds it needs for administering the program. Hence, how the funds are being used and the direction that the program is taking would be more visible to the Congress. Also, the Wildlife and Sport Fish Restoration programs would be competing against other programs within the Department of the Interior for appropriated funds. As in the second option, this option could potentially have removed much of the organization's flexibility for determining where to use the funds for administrative purposes.

Additional Information on the Use of Administrative Funds

Subsequent to the July 20, 1999, hearing, the House Resources Committee asked us to respond to a number of questions about the use of administrative funds raised by our testimony. Appendix I of my September 29, 1999, statement provided our responses to these questions. I have included this as an appendix to this statement as well. For the most part, these responses elaborated on points made earlier. However, they also included substantial additional information, such as our views on actions the Fish and Wildlife Service was planning to take to correct the problems we identified. In this regard, we were hopeful but not confident that the agency would be committed to implementing the planned changes and that the changes would result in lasting improvement. Our lack of confidence was due to the Office of Federal Aid's poor track record in dealing with the identified problems. For example, in response to our past recommendation that all administrative costs be thoroughly documented, the Service stated that it had a system that allows it to maintain a comprehensive file for documenting all direct charges against the Sport Fish Restoration Program. We later found that, in many instances, we could not track and verify the status of a grant, the amounts authorized for payment, or when the expenditures were made.

This concludes my prepared statement. I would be happy to respond to any questions that you and members of the committee may have.

Contact and Acknowledgments

For further information, please contact Barry T. Hill at 202-512-3841. Individuals making key contributions to this and our prior testimonies are Lew Adams, Margie Armen, Cliff Fowler, and Roy Judy.

APPENDIX I

Fish and Wildlife Service: Additional Information Related to the Uses of Administrative Funds

Federal Aid administrative funds are used for several purposes within the Fish and Wildlife Service. Examples include the uses made by the Administrative Grant Program, the Director's Conservation Fund, the Office of Federal Aid, and regional offices for such purposes as salaries, travel, grants, and contracts. The Service also uses the Office of Federal Aid's administrative funds to pay for general administrative support services such as telephone usage, equipment servicing and space rental, and a contractor to audit the use of program funds provided to the states and other qualified government recipients. This appendix provides our responses to the additional questions asked by the Chairman, House Resources Committee, about these and other topics subsequent to our July 20, 1999 testimony. Some of the responses address promised corrective action by the Service. We have not had an opportunity to update our work or to determine whether, or how, the Service has implemented those promised actions.

Question 1. What is the Administrative Grant Program, how have the program's funds been used, and what problems does GAO have with the administration of this program?

Response. The Administrative Grant Program is operated by the Office of Federal Aid. The program uses some of the administrative funds to support national fish and wildlife projects that provide collective benefits to at least 50 percent of the states. The Fish and Wildlife Service (Service) annually publishes a notice in the Federal Register, announcing the procedures for submitting project proposals, deadlines, and the amount of money that is available for administrative grants. The applicants submit their proposals to the Office of Federal Aid (Office), which reviews each grant against established criteria to determine eligibility. To determine eligibility for an administrative grant, the Office makes an assessment of the benefits to be derived from the proposed project, the importance of providing the grant, the problems that need to be addressed, the number of states that are affected, and the approach that will be taken to accomplish the objectives of the grant. In fiscal year 1998, the Office made about $4 million in administrative funds available for administrative grants. The Office awarded 18 grants ranging from about $18,500 to $684,000 for such activities as developing and publishing a fish hatchery publication and a wildlife law news quarterly, developing a national hunter retention outreach program, and improving public knowledge of hunting and related animal use programs in the United States. Since fiscal year 1994, the Office has funded 83 grants totaling about $19.5 million.

In reviewing administrative grant files, we found that the Office was not following standard management practices to ensure that grant funds were properly applied and accounted for. Specifically, we found that basic internal controls and documentation standards were not being used and that the agency was not following the Office of Management and Budget's (OMB) requirements for grant management. We reviewed the grant files for fiscal years 1993 through 1998 and found them to be incomplete, out of date, and disorganized. To illustrate, the files did not contain required key financial documents, status reports, or other supporting documentation. As a result, in many instances, we could not track and verify the status of a grant, the amounts authorized for payment, or the time periods in which these expenditures were made.

We also found instances in which Office of Federal Aid officials authorized questionable payments to grantees without thoroughly reviewing the submitted documentation. For example, we found that the Office paid grantees for alcoholic beverages and excessive meal charges that should have been questioned, and for work that was neither related to the grant nor ever performed. We are concerned that the problem of authorizing questionable payments may be widespread because the officials responsible for grant management said that they did not review the details supporting requests for payment. Internal controls for this aspect of the Office's operations appeared to be nonexistent at the time of our review. After our July 1999 testimony on this issue, the Service issued a notice in the Federal Register on July 26, 1999, terminating the Administrative Grant Program for new administrative grants effective in fiscal year 2000. In an August 10, 1999, letter to us, the then-Acting Director of the Service stated that the decision to terminate the program was due in part to budgetary constraints and in recognition of concerns received in response to a September 1998 Federal Register notice regarding the management of these grants.

Question 2. What is the Director's Conservation Fund, how has it been used, and what problems does GAO have with the administration of this fund?

Response. The Director's Conservation Fund was established in 1994 and was terminated in March 1999. The Fund was set up for use by the Director of the Service to make discretionary grants. From fiscal years 1994 through 1998, the Director used about $3.8 million in administrative funds for 53 grants. The grant funds have been used to support the Service's own activities such as conducting regional workshops, human resource projects, and specific research projects on subjects such as mourning dove productivity in the Central Valley of California. These funds have also been granted to private organizations such as the FishAmerica Foundation[1] for such activities as a challenge cost-share program to enhance sport fisheries and their habitats and to a state game and fish commission for a symposium on North America's hunting heritage.

We found that the Office had not followed OMB's guidance that requires agencies awarding grants to notify the public of intended funding priorities for discretionary grant programs. Moreover, the procedures used for approving grants under the Director's Conservation Fund were more open to subjective judgment and much less rigorous than the procedures used for approving administrative grants. Under the Director's Conservation Fund, there were no specific criteria that a grantee needed

to meet to obtain approval. The potential grantee essentially had to identify only the title, purpose, and estimated cost of the project. As we indicated in our response to question 1, the criteria for eligibility and approval under the Administrative Grant Program were much more delineated. To illustrate, we found three grants, totaling $280,000, that were rejected under the Administrative Grant Program but subsequently funded by the Director's Conservation Fund. We found a fourth grant for $75,000 that met the eligibility requirements for an administrative grant but fell below the cutoff point for funding. This grant was also funded under the Director's Conservation Fund. Finally, we found in a limited review of grants awarded during fiscal years 1994 through 1998, that the Office had not exercised adequate controls over these grants. Specifically, the Office had not followed internal control documentation standards and OMB guidance. As with the administrative grant files, the files for this program were incomplete, out of date, and disorganized and did not contain required financial forms and supporting documentation.

[1]The FishAmerica Foundation is a nonprofit organization that supports projects designed to enhance fish populations through habitat enhancement and water quality improvement.

In its August 10, 1999, letter to us, the Service stated that it had terminated the Director's Conservation Fund. According to agency officials, the Director made this decision in March 1999, shortly after we initiated our audit.

Question 3. Does existing legislation authorize a national grant program as exercised in the Administrative Grant Program and the Director's Conservation Fund?

Response. Program funds for the Federal Aid in Wildlife and Sport Fish Restoration Acts are derived from federal excise taxes on selected items used in hunting and fishing. The bulk of the program funds are available for making grants to states to conduct fish and wildlife management and restoration programs and projects. However, the legislation expressly reserves a percentage of the program funds to be made available for expenditure on "administration and execution" of the programs. This portion of the program funds is often referred to as "administrative funds." The two authorizing statutes also specifically provide for some additional particular activities to be conducted with administrative funds, and they set a maximum amount that can be devoted annually to program "administration and execution" (up to 8 percent of Wildlife Restoration funds and up to 6 percent of Sport Fish Restoration funds).

While program administration is a relatively well-understood concept, neither statute specifies what might constitute program "execution." In our view, the most logical interpretation of that language is that authority to use funds for program execution encompasses carrying out activities that further program goals but do not involve making grants to states. The Department of the Interior's Solicitor has issued several opinions that bear on the interpretation of program execution with administrative funds. In 1949, the Solicitor advised that administrative funds could be used directly by the Department to import bird eggs for the purposes of introducing a new species of game birds into this country. In 1955 and again in 1985, the Solicitor advised that administrative funds could be used to conduct surveys that reported on matters other than the consumptive use of wildlife. In 1986, the Solicitor determined that administrative funds could be used to carry out a national education program and to do so by means of grants to "public or private agencies and organizations."

The existing legislation does not specifically direct that either the Administrative Grant Program or the Director's Conservation Fund be established. However, the authority to use funds for program execution is sufficiently broad that these types of programs are not precluded.

Question 4. On August 10, 1999, the Fish and Wildlife Service provided you with a letter enumerating a number of actions it was taking to address the concerns raised in your testimony. In light of your work in 1993 and 1999, what confidence do you have that the Service will actually follow through on its commitments and implement the kind of corrective actions it mentions in its letter?

Response. We are hopeful but not confident that these actions will result in lasting change. Our lack of confidence is due to the Office's (1) record in dealing with identified problems and (2) reinstatement or resurrection of programs under different names that had been terminated in response to prior recommendations.

In 1993, we reported on a number of problems with the use of administrative funds for the Sport Fish Restoration Program and made recommendations to the agency on how to correct them. In 1994, the Department of the Interior notified the Congress that it and the Service confirmed their agreement with each of the recommendations in our report and identified actions taken in response to the recommendations. However, our work in 1999 on the Wildlife Restoration Program

shows that the assurances given to both the Congress and to us in 1993 and 1994 led to little actual change. For example, in response to our recommendation that all administrative costs be thoroughly documented, the Service stated that it had a system allowing it to maintain a comprehensive file for documenting all direct charges against the Sport Fish Restoration and other Office of Federal Aid programs. Nearly 6 years later, we found that, in many instances, we could not track and verify the status of a grant, the amounts authorized for payment, or the time periods in which the expenditures were made. Furthermore, the Office has not effectively used the agency's accounting system's capability to identify costs at the project level, thus making it impossible to identify all project-specific costs. Finally, the Acting Director's testimony submitted to your committee for the July 20, 1999, hearing stated that an internal review the Service initiated 4 years ago raised some of the same concerns that we identified about program administration. The Acting Director stated that efforts have been under way to address these issues "but are obviously not completed."

The Office of Federal Aid responded to issues raised as a result of our 1999 work in part by reaffirming existing policy and by terminating programs. Reaffirming existing policies is just the first step. Management must ensure that these policies are implemented. Our concern is that this additional step either will not be taken or that its effectiveness will gradually degrade because of a lack of management attention, allowing a similar situation to exist in the future. While terminating the Administrative Grant Program and the Director's Conservation Fund provided a quick response, no statutory or other limitation exists to prevent the programs' reinstatement or resurrection under different names. This latter point is of concern because the Office of Federal Aid responded to our previous report by changing its criteria for approving "special investigations" (the term the Office used for its projects) but then rescinded those changes. Hence, rather than limiting grants to a maximum of (1) $200,000 per year for each grantee and (2) 3 years or less duration, the Office resumed having no limits at all. Also, rather than calling the projects special investigations, the Office renamed them "administrative grants" or included them under the Director's Conservation Fund. We are concerned that this type of response could recur and, as a result, the agency will again face the same management problems that we reported on in our July 20, 1999, testimony.

Question 5. You have talked about problems in Federal Aid's management of travel funds. Could you please elaborate on the problems you have identified, including providing specific examples of travel abuses?

Response. We found that the Office did not routinely follow basic principles and procedures for managing its travel funds. As we stated in our July 20, 1999, testimony, the Service's policy is that staff working for the Office-like all Service employees-must receive specific approval from the Director of the Service before attending certain national conferences. However, we found nine instances in which this policy was violated by Office staff who attended conferences in 1998 and 1999. In addition, we found that the head of the Office filed almost $68,000 in travel vouchers for 71 trips taken from October 1995 through June 1999 but was inconsistent in obtaining approvals for his travel vouchers. He had a supervisor approve his travel vouchers for 25 trips taken from October 1995 through February 1997. For travel taken from late February 1997 through May 1999, he had subordinates approve 38 of his travel vouchers amounting to over $39,000 in travel expenses. This practice is not permitted under the Service's travel policy.

When we questioned the practice of having a subordinate approve a supervisor's travel voucher, we were told that the Service's existing policy allowed subordinates to sign travel vouchers, and we were provided with a copy of a 1991 policy. However, the 1991 policy pertained to situations in which an office was isolated or geographically removed, making it difficult to obtain proper supervisory approval. Regardless, the policy had been superseded in 1992 by a policy specifically requiring supervisory approval for travel vouchers. In addition, a statement printed on the back of the travel authorizations specifies that a supervisor is responsible for approving a travel voucher.

After we provided our testimony to the House Resources Committee on this issue in July 1999, the Service concurred with the problems we identified. In its August 10, 1999, letter to us, the Service said that it has suspended the use of open travel authorizations for the Office's entire staff and has reapprised all Service staff of its travel rules and regulations. In addition, the head of the Office was directed to submit all future travel vouchers to his supervisor, the Assistant Director for External Affairs, for appropriate review.

Question 6. Have you identified any additional issues with the use of General Administrative Service (GAS) funds by the Fish and Wildlife Service?

Response. In addition to the issues we addressed on our July 20, 1999, testimony, we have identified two other issues that indicate that GAS assessments were either too high in the past or could be lowered in the future. The first issue relates to the potential impact on the GAS assessment from projects and initiatives funded under the Servicewide Administrative Support account managed by the Fish and Wildlife Service, which pays for overhead and support expenses such as rental payments, telephone service, postage, and training. This account is funded from three sources: (1) appropriated funds, (2) reimbursable agreements, and (3) GAS. The GAS portion is made up of assessments made to the Sport Fish and Wildlife Restoration programs and nine other programs.

From fiscal year 1990 through fiscal year 1998, the Servicewide Administrative Support account funded over $10 million in projects and initiatives by the Fish and Wildlife Service Director's Office, some of which are questionable as central administrative support for the Service. Examples of the questionable Director's Office projects and initiatives funded under the Servicewide Administrative Support account include $400,000 for Atlantic salmon work, $200,000 for wolf monitoring and reintroduction, and $100,000 for rhinoceros conservation studies. These projects and initiatives were in addition to projects funded by the Director's Conservation Fund.

Service officials said that none of these projects and initiatives was funded with the GAS component of the Servicewide Administrative Support account. Regardless of which component paid for these expenses, if these projects had not been funded, the GAS contribution to the account could potentially be reduced. In July 1999, the Service advised us that Servicewide Administrative Support funds would no longer be used to fund the Director's Office projects and initiatives.

The second issue relates to the unobligated balance in the Servicewide Administrative Support account at the end of the fiscal year. On the basis of data we obtained, this account had unobligated balances at the end of fiscal years 1990 through 1998. These balances ranged from as high as about $7 million in fiscal year 1990 to as low as about $100,000 in fiscal year 1998. Service officials informed us that these unobligated balances relate to the appropriated fund component of the Servicewide Administrative Support account. In total, from fiscal year 1990 through fiscal year 1995, over $12 million in unobligated balances expired and were not available for use in the following fiscal year. Hence, for those years, the GAS component of the account could have been reduced. To illustrate, in fiscal year 1990, the Service's total GAS assessment was about $5.5 million, of which almost $5.2 million came from the Sport Fish and Wildlife Restoration programs. In that same year, about $7.4 million in unobligated funds in the Servicewide Administrative Support account expired. If the Service had spent all of its appropriated fund component in the Servicewide Administrative Support account, it would have needed less from the GAS component. That should then have translated into a reduced GAS assessment and the potential for additional program funds to go to the states and other qualified government recipients. Beginning in fiscal year 1996, Interior's appropriations acts have stipulated that appropriated funds can be obligated over 2 years instead of just 1. And as a result, it is unlikely that any unobligated balances will expire.

Question 7. The Administrative Grant Program was carried out in close cooperation with the Grants-in-Aid Committee of the International Association of Fish and Wildlife Agencies, raising questions about the committee's role. If the now terminated Administrative Grant Program was to be reconstituted, should Federal Aid officials reshape the committee's involvement in the grant approval process?

Response. As it was previously conducted, the Administrative Grant Program relied heavily on an outside group, the Grants-in-Aid Committee of the International Association of Fish and Wildlife Agencies, to recommend both the direction of the program and the award of administrative grant funds. (See our response to question 1.) Because the committee's role was so central to the functioning of the Administrative Grant Program, officials of the Office of Federal Aid and others questioned whether the committee should have operated within the framework of the Federal Advisory Committee Act (FACA). That act requires, among other things, that a notice of meetings be published in advance in the Federal Register and that papers, records, and minutes of meetings be available to the public.

The International Association of Fish and Wildlife Agencies is composed of delegates from the 50 state fish and game authorities, foreign governments, private organizations, and officials from the Office of Federal Aid. With about 50 members, the Grants-in-Aid Committee included state and private delegates as well as key staff from the Office of Federal Aid. The committee played an integral part in managing the Administrative Grant Program, setting the focus areas each year for which grant proposals would be solicited. It also evaluated and ranked eligible grant proposals, including proposals from its parent organization, the International Association of Fish and Wildlife Agencies. Finally, it recommended those grants it be-

lieved the Office of Federal Aid should fund and the amount of funding for each grant. The committee's grant recommendations were typically adopted and implemented by the Office.

The Grants-in-Aid Committee was not chartered as a Federal Advisory Committee. As a result, it performed the functions described above independently and outside the public view. FACA requires, among other things, that advisory committees be chartered and reviewed every 2 years by the agency head, that committee membership be representative and balanced, and that committee proceedings and records be open to the public.

Officials of the Department of the Interior have questioned the Grants-in-Aid Committee's status. For example, in a November 1991 memo, the Chief of the Federal Aid Office stated that he believed that the grant review process used the committee in an advisory capacity and that the committee would need to comply with FACA. This opinion was shared by the Chief's supervisor who informed the Director of the Service in a January 1992 memo, "The use of the Grants-In-Aid Committee has not been approved under the Federal Advisory Committee Act and also raises an appearance of a conflict of interest." He went on to state that it would be in the best interest of the Service to discontinue this practice to avoid any further questions or criticism of the Service. Although this concern was raised informally to the Department of the Interior's Office of the Solicitor, a written opinion was not requested, because, according to Service and Office of Federal Aid officials, the informal advice they obtained was that there was no violation of FACA.

We did not make a determination about whether the committee should have been subject to FACA's requirements. The applicability of the act to the committee's activities was outside the scope of our audit work. Because the Administrative Grant Program has recently been terminated, questions about its former procedures are at this point academic. Nevertheless, the committee guided the disbursement of about $4 million in Federal Aid funds to administrative grantees each year. It functioned as a virtual partner in managing the Administrative Grant Program, and because it was never brought under FACA, it operated largely without supervision and behind closed doors. If the Administrative Grant Program were to be reconstituted, the role of any outside group in setting grant program parameters and in evaluating and ranking potential grantees should be tailored appropriately. If the role is not substantially more limited than what had previously existed, there should be a formal determination that the group is functioning consistent with FACA.

Question 8. Are the regional offices in the Fish and Wildlife Service using Federal Aid funds to pay for regional activities in a consistent manner?

Response. As we discussed in our July 20, 1999, testimony, we found that the Service had no consistent practices for making regional office assessments. These assessments are charges that the regions make against the administrative funds for salaries, travel expenses, support costs, and other administrative activities. Each of the regions uses a different approach for making the assessments.

In its August 10, 1999, letter to us, the Service said that it has sought to establish a workable degree of consistency to the regional use of administrative funds. It said that as part of its annual budget guidance, it has told its regions that no assessments may be levied against any program, budget activity, subactivity, or project funded by the Federal Aid in Wildlife Restoration Act unless advance notice of such assessments and their bases are presented to the Committee on Appropriations and are approved by the committee. Subsequently, Service and Office of Federal Aid officials told us that they provided this guidance since 1997. The Service also said that not all of its regions have followed this guidance. To ensure adherence to this stated policy, the Service said that it would identify and adopt specific steps to help provide consistency and uniformity. It also plans to seek guidance in this area from a State/Federal Aid Review Team that has been formed to evaluate the administration of the Federal Aid program. The Service, however, failed to identify the specific steps it plans to take or the schedule for completing them. Service and Office of Federal Aid officials told us that they are currently developing a plan that identifies the steps needed and their completion dates.

Question 9. You emphasized the absence of routine audits of Federal Aid's use of administrative funds. However, many, perhaps even most, federal programs are not routinely audited. Why do you think routine audits are so important in the case of the Federal Aid program?

Response. We think routine audits of the administrative funds are needed for several reasons. First, unlike most other federal programs, Federal Aid receives dedicated tax revenues each year to administer its programs. As a result, program officials do not have to publicly justify the programs' spending levels before the Congress each year. Second, although Federal Aid provides bi-annual reports on its pro-

grams to the public, it does not fully disclose all of its spending, as our work has shown. For example, the spending associated with the use of administrative funds by the Director's Conservation Fund and the Service's regional offices is not discussed in these reports. Third, only three audits of the administrative funds have been performed over the past 20 years, each of which has identified some significant management problems. Since the program funding does not have to be appropriated and no routine audits are performed, the Federal Aid program has had very little oversight.

Routine audits will provide independent scrutiny of how these funds are spent. Given the problems we identified in the Federal Aid programs in 1993 and the problems we again found in 1999, we believe that routine audits of the use of administrative funds are essential. Service and Office of Federal Aid officials told us that they have a proposal from an independent firm to perform an audit of the administrative funds covering fiscal years 1999 and 2000.

Question 10. Do you think it is appropriate for Fish and Wildlife Service's regional Federal Aid officials to be responsible for resolving the audit findings of the Defense Contract Audit Agency's (DCAA) state audits?

Response. The Office of Federal Aid initiated a national audit program in fiscal year 1996 to routinely audit how states and other qualified government recipients are using the grant funds provided under the Sport Fish and Wildlife Restoration programs. Under the audit program, each recipient of grant funds will be audited every 5 years under a contract with the DCAA. Resolution of the audit findings is the responsibility of the Service's regional Federal Aid office covering the entity being audited.

In our opinion, having the Service's regional Federal Aid offices perform audit resolution is problematic because it places them in a situation of performing dual and somewhat conflicting roles and responsibilities. One of the primary missions of the regional offices is to work closely with the states in advocating and encouraging their participation in the Federal Aid program to enhance the states' wildlife and fishery resources. To have these same offices policing the program by charging them with resolving audit findings could make it more difficult to maintain independence and comply with existing internal control standards governing the separation of duties.[2] According to these standards, key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals. Furthermore, the deterrent for the states to spend funds inappropriately could be jeopardized if the audit resolution process is not independent of an organization that has a significant role in encouraging the use of grant funds. DCAA officials, who perform the audits of the states, also raised this concern to us. According to these officials, the Service and the states have a partnership, and it may be difficult for a regional Federal Aid office to hold states responsible for making the repayments indicated by audit findings. Therefore, assigning the responsibility for audit resolution to a Department of the Interior organization other than the Service's regions would seem more appropriate.

Question 11. In addition to grants made via the Director's Conservation Fund and the Administrative Grant Program, during your work did you find evidence of other grants?

Response. We found that the Office of Federal Aid's headquarters made grants in addition to those made from the Director's Conservation Fund and the Administrative Grant Program. We identified 18 other grants amounting to about $2.6 million that were awarded from fiscal year 1994 through fiscal year 1998. The grants ranged from $5,000 awarded to a high school for student training in aquatic environment and fisheries management to $400,000 each to three marine fisheries commissions. For example, the Gulf States Marine Fisheries Commission received its $400,000 in fiscal year 1994 to develop a work plan for the sport fish restoration administrative program. Other examples of these grants include $25,000 to a state game commission to conduct a symposium on North America's hunting heritage, $60,000 to a university to publish and distribute a fish and wildlife laws newsletter, and about $93,000 to a management firm to produce a handbook for fish and wildlife managers and administrators.

It should be noted that the Federal Aid reports made available to the public do not divulge the existence of these grants, why they were made, or what the funds were used for, even though the reports explicitly state that their intent is to provide a complete accounting of where the Federal Aid funds are spent. For example, the message from the Office Chief appearing in a 1997 program update states, "This

[2] Standards for Internal Controls in the Federal Government, U.S. General Accounting Office, 1983.

Program Update is intended to remove the mystery of where the money comes from and where it goes, to inform the reader about current Federal Aid issues and opportunities, and to build knowledge of and credibility for the Sport Fish and Wildlife Restoration grant programs and the U.S. Fish and Wildlife Service." Similarly, in a program update for 1999, the Office Chief stated that "it is in the conservation community's best interest" that the Office provides as much information as can be absorbed.

(141477)

STATEMENT OF JAMIE RAPPAPORT CLARK, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR

Thank you for the opportunity to discuss the Fish and Wildlife Service's administration of the Federal Aid in Wildlife Restoration Program (Pittman-Robertson Program) and the Federal Aid in Sport Fish Restoration Program (Dingell-Johnson or Wallop-Breaux Program), and the pending legislation to revise our administrative authorities for those programs, H.R. 3671 and S. 2609.

The Federal Aid program became the source of considerable controversy following testimony by the General Accounting Office before the House Resources Committee last year, and often unfounded charges by various organizations. We acknowledge many of the concerns GAO pointed out in their House testimony last year. Where they identified problems--and there were problems--we have worked aggressively, and we believe, successfully, to resolve them.

We believe enactment of legislation to clarify authorities for administration of the Federal Aid program could be beneficial to the program, and play an important role in reassuring America's sportsmen and sportswomen that their tax dollars are being used for the intended purposes. However, there are three elements of both bills with which we have considerable concern, which I will detail later in my statement. We could support enactment of either bill if these concerns are addressed.

At the same time we acknowledge many of GAO's concerns, I want to assure the committee that the sensational charges made in elements of the news media and by some organizations are completely unfounded. No funds have been stolen, no grants have been made to animal rights or anti-hunting groups, nor has any illegal expenditure been made with these funds. As you know, the grant programs established under the Federal Aid in Sport Fish Restoration Act (Wallop-Breaux Act), Federal Aid in Wildlife Restoration Act (Pittman-Robertson Act), Clean Vessel Act (pump-out), and the Coastal Wetlands Planning, Protection and Restoration Act provide a broad array of benefits to the States. These funds have helped states restore fish and wildlife habitats, develop thousands of boating access sites and sanitation pumpout facilities, and restore thousands of acres of wetlands. In addition, millions of the Nation's young hunters have taken hunter education courses offered by the States, making hunting a safer family activity.

Funds for these programs are collected from excise taxes paid by sportsmen on firearms and ammunition, archery equipment, fishing tackle and motorboat fuels. These programs are administered by the Service through our Division of Federal Aid. They are perfect examples of user-pay, user-benefit conservation mechanisms and they are being studied by other countries as potential models for their own conservation efforts.

This year, the Fish and Wildlife Service provided almost $500 million to states to manage the Nation's fish and wildlife resources and related programs from excise taxes provided by sportsmen. Since the beginning of the first grant program--the 60 year old Wildlife Restoration program--over $7 billion has been provided to the States.

I would also like to point out that the Federal Aid program picture is not entirely a negative one. Additional funds have been made available for allocations to the States as a result of a Federal Aid initiative. In 1998, the Service initiated a Working Group, comprised of representatives from the offices of Senator John Breaux and Congressman John Tanner (representing the Congressional Sportsmen's Caucus), International Association of Fish and Wildlife Agencies (IAFWA), Wildlife Management Institute, Archery Merchants and Manufacturers Organization, Internal Revenue Service, the Customs Service, and the Bureau of Alcohol Tobacco and Firearms, to review the accuracy and timing of excise tax collections and deposits in the Wildlife Restoration Account.

As a result of this Working Group's efforts, more than $20 million was recovered and transferred to the Account. These funds were allocated to the States in fiscal year 1999.

Our efforts also identified ways to transfer excise taxes to Treasury more rapidly from the Internal Revenue Service. Over $10 million in excise tax collections are now available for apportionment a year earlier than in the past. These earlier transfers lead to more interest accrual to the accounts. In addition, we initiated with Treasury's Bureau of Public Debt, a reconciliation of the Sport Fish Restoration and Boat Safety Accounts within the Aquatic Resources Trust Fund, which has returned significant funds to the Sport Fish Restoration Account. Other efforts, such as coordinating closely with the Corps of Engineers to identify their long-term construction schedule under the Coastal Wetlands Planning, Protection and Restoration Act, led to improvements in investment strategy for those funds, in that we were able to invest at higher rates.

We have also initiated, with assistance from the States and industry, a training program for IRS District Office Excise Tax agents who are responsible for monitoring collection of the program excise taxes. The program is designed to give them a better understanding of what items are to be taxed and how the revenues are used by the States.

We feel that our oversight and management of revenues has been aggressive, innovative and productive, resulting in many tens of millions of dollars being available for the Federal Aid programs. We look forward to the time in the near future when we will be able to say the same of our internal operations related to these programs.

I want to begin my detailed discussion of this issue by pointing out that a considerable number of changes to improve administration of the Federal Aid program were underway at the time the 1999 GAO review began. Additional actions have been taken as a result of the 1999 GAO House testimony. I would note that we have not received a final report from the GAO on their current review of the program, although I have formally asked for it in writing. In 1993, GAO released a report on administration of the program that made the following recommendations: 1) require the Washington and Regional offices to document and support all administrative cost charges made to the Federal Aid program; 2) equitably allocate among all applicable programs the costs of initiatives that benefit the Service or Department as a whole; and 3) follow established policies and procedures when selecting special investigations (which later became the Administrative Grants and Director's Conservation Fund), consider the priority needs of the States in making these grants, and monitor them to ensure objectives are achieved and results disseminated. Later that year, we initiated a new budget review process to ensure that all requests for Federal Aid funds were adequately justified, and the Federal Aid program began maintaining files of all direct charges to the Sport Fish Restoration program.

In 1994, we implemented another of the GAO recommendations by revising the formula by which Service programs were assessed for general administrative services, which reduced amounts assessed against the Federal Aid office, and we required that calculation of the amount needed for these general administrative services be reviewed annually. We ended the practice of charging overhead costs to the State grants portion of the account, and implemented the practice of describing cross program initiatives involving Federal Aid in the Service's Budget submission.

We implemented another GAO recommendation by publishing in the Federal Register policy and procedures for funding special investigations, redesignated as Administrative Grants; this was published annually from 1994 until the program was terminated in 1999. We also referred all proposed grants which met the criteria to the Grants in Aid committee of the International Association of Fish and Wildlife Agencies, (IAFWA) which represents all of the State wildlife agencies, in order to receive their advice on priorities for funding these programs, again as recommended by GAO.

In 1997, we issued guidance to Regional Directors relating to approvals for charges against the Federal Aid accounts.

Taken together, these initiatives represent an agency response to every recommendation that was made by GAO in 1993, and in a manner consistent with those recommendations.

We also had our own on-going efforts to improve the program. In 1996, we initiated, apart from the GAO recommendations, a new program to audit the State's use of funds apportioned under the Federal Aid program. We also began to design a new grant management information and tracking computer system.

In September of 1998, we published a Federal Register query to solicit public input to identify better ways to manage administrative grants. Subsequently, we decided to terminate the administrative grants program. In a May 12, 1999, letter to the IAFWA, the Service announced its plans to eliminate the grants program due in part to concerns received in response to the Federal Register notice regarding the management of these grants. In July, we published a Federal Register notice terminating future Federal Aid administrative grants.

During the Fall of 1998, in our review of the uses of administrative funds, we became concerned about the Director's Conservation Fund. While these funds supported many worthwhile conservation projects, it was decided to reduce the funding available during Fiscal Year 1999 and to terminate the program for future years. Notification was made on this decision in March 1999.

Another initiative of the Service was the establishment of a State/Federal Review Team to review administration of the Federal Aid program. During a meeting with the IAFWA in March 1999, the Service initiated an oversight evaluation of Washington and regional-level administration of the Federal Aid program to be conducted in cooperation with our State partners. The State/Federal Review Team met formally for the first time on July 27 and 28, 1999, and then again on August 4, 5 and 6. The Team identified ways in which the Federal Aid program could be more efficient, effective and responsive. During this evaluation, the Review Team also considered current and previous GAO findings and recommendations to improve program management.

In addition, we have established a new audit program for grant funds in all the states. The audit cycle will complete in-depth audits of all States by the end of Fiscal Year 2001. The audits are being conducted independently by the Defense Contract Audit Agency. These audits are coordinated fully with the Office of Inspector General and they cover only audit areas not covered by state auditors under the Single Audit Act. Many state departments of natural resources have had little or no audit coverage in over 15 years.

I want to stress that all of these actions and decisions were taken well in advance of receiving any input from the GAO from its 1999 review of the program.

I would now like to address the specific issues raised by GAO in their House testimony last year. First, GAO's testimony refers to an $85 million discrepancy as the Service attempted to reconcile accounts in its new grant financial management and information system. However, this figure was not then accurate, and the nature of the actual discrepancy must be put in context. Many of these errors represent differences among balances in a system maintained by the Division of Federal Aid and the official administrative accounting system used to track all Service funds.

Since 1986, the Division of Federal Aid had maintained its own records rather than rely upon the Service-wide Federal Financial System (FFS) as the primary system to track its funds, as Federal Aid did not believe the FFS system provided the information it needed. The primary difference is that the Division of Federal Aid kept track of amounts obligated for transfers to the States, while the FFS system tracked actual expenditures (i.e. the transfer of the funds to the States). The obligations and expenditures did not occur at the same time, leading to apparent discrepancies in the bookkeeping when records from one system were compared to the other.

In 1998, in order to address this and other problems, the Federal Aid Office and the Service's Division of Finance commenced a joint effort to identify the specific grant records, correct data errors, and most importantly, create an interface between the systems. This reconciliation has been a time and labor intensive effort, but we have fully reconciled these records, with every dollar accounted for. We are also confident that we will complete implementation of the new interface later this month, and that it will eliminate recurrence of this problem.

It is important to note here that the error was in how Federal Aid maintained its own set of books, which were not reflective of how money was actually expended by the financial arm of the Service, and that no funds have been lost.

Second, to address the financial management weaknesses within the Federal Aid program that the GAO identified, we established six internal working teams and a management structure to guide the efforts of the teams. The structure and approach are based upon discussions held with Federal Aid representatives and auditors for both GAO and the Inspector General. These teams focused on financial reconciliation, grants management, audit resolution and the Federal Aid Information Management System (FAIMS). Recommendations from each team are being implemented into the program.

Third, GAO's testimony identified a "missed opportunity to earn over $400,000 in interest income." GAO is referring to an advance payment of $9.7 million the Service transferred to the Bureau of Census for work on the National Survey of Hunting, Fishing and Wildlife Associated Recreation. The advance payment represented the amount we believed at the time was necessary for the Bureau of the Census to ensure on-schedule completion of the survey. We recognize that interest income was lost. To avoid similar future losses, we have, in coordination with the Bureau of Census, developed a cash forecast of the needs to support the survey work and instituted a policy to make only those payments essential for incremental progress in carrying out the survey. Thus, interest income will not be lost in the future.

Fourth, GAO's testimony noted travel discrepancies in the Office of Federal Aid. Concurring that this problem warranted immediate attention, the Service rescinded the open travel authorization for the entire office, re-apprised all staff of Service travel rules and regulations, and required all Office travel to be approved by the Assistant Director for External Affairs until last month, when the new Division Chief was in place.

We also reviewed all international travel between 1994 and 1999, and found 6 trips which appeared related more to conservation in the host nation than the administration of the Federal Aid program. Those costs have been repaid to the Federal Aid accounts.

Fifth, GAO's testimony noted that the Service does not have a routine audit program for the review of the use of administrative funds. In 1998, the Service initiated efforts with the Defense Contract Audit Agency (DCAA) to establish such an audit program, but DCAA ultimately advised us they would be unable to develop this program. The Service agrees that an audit program for administrative funds is important and has contracted with an outside auditing firm to conduct such an audit. We expect to receive an interim report on their audit of FY 1999 administrative funds next month, and an audit of the current fiscal year's funds will begin following completion of the FY 1999 audit.

Another issue discussed by GAO was a stated lack of uniformity or guidance with respect to Service regional office uses of administrative funds. Although direct administrative support services constitute a legitimate use of administrative funds, the Service has sought to provide a workable degree of consistency—recognizing that our State clients and their needs vary dramatically from Region to Region. As noted earlier, we issued guidance on this issue in 1997. Thus, contrary to the GAO testimony, there was and is guidance on this subject.

We unfortunately must acknowledge that not all Regions followed this guidance. I have had a direct and pointed discussion about this with all of our Regional Directors following the House hearings, and believe this issue is resolved.

Lastly, GAO's testimony refers to an accumulation of "over $100,000 in contract generated fees, the disposition of which is unclear." The Service has thoroughly reviewed the contract in question and finds no ambiguity whatever regarding the "fees" generated under this contract. The contract specifically states that the Government pays to the contractor the costs of providing services to cooperators. The contractor is allowed to charge non-cooperators, primarily non-government organizations and private researchers, costs for copying, compiling, and mailing information they request. Thus, the "generated funds" are not "profits" to the contractor, but are fees the contractor collects to offset its costs.

Now, I would like to address the Service's use of administrative funds to provide grants. This has been one of the most contentious issues in the House Committee's review of the Federal Aid program. The Federal Aid in Wildlife Restoration Act authorizes the Service to use up to 8 percent of the funds in the program for administration and execution of the program. The Federal Aid in Sport Fish Restoration statute authorizes the Service to use up to 6 percent of funds (after making certain deductions) for necessary investigations, administration and execution of that program. Congress gave the Secretary and the States considerable flexibility to determine within the parameters of the law which programs or projects to fund. We acknowledge that our management processes for overseeing these grant funds were deficient. But we also believe that under current law the Service enjoys considerable leeway in identifying and funding timely and important conservation opportunities with these funds.

We would point out that the concept of awarding of grants utilizing administrative funding from the Sport Fish and Wildlife Restoration programs to provide information and assistance to the Service and the State fish and wildlife agencies has been an ongoing process, over many years, withstanding legal scrutiny from the Department of the Interior Solicitor's Office, and has been supported by State agencies.

As far back as 1955, the Solicitor's Office issued an opinion recognizing that administrative funds could be utilized to fund a project aimed at surveying the expenditures of boaters and anglers. In 1986, the Assistant Solicitor for Fish and Wildlife affirmed the 1955 opinion, and endorsed the concept that the funding of administrative grants was justified where the information developed from such projects would be valuable in administering the Federal Aid Program, and would be useful to States in determining the types of restoration projects for which Federal assistance was being sought.

Acquiring such information serves the administration of the Federal Aid program, and the authority for the Service to enter grant agreements for this purpose is delegated from the Secretary's authority under the Fish and Wildlife Coordination Act (16 U.S.C. 661), which authorizes the Secretary to provide assistance to and cooper-

ate with Federal, State and public or private agencies or organizations for a broad range of fish and wildlife purposes.

While we recognized that corrective measures were needed to improve management of the Administrative Grant program, and began to identify better ways of managing the program prior to its cancellation, we maintain that the Service's use of administrative grants to fund special projects has served a valuable function to both the Service and the States in administering the Federal Aid program. Nonetheless, as I have already stated, we have terminated the Administrative Grants Program.

Both H.R. 3671 and S. 2609 address this issue by providing a statutory basis for the grants. We have no objection to this, and would defer to the States as to the amount of funds which should be available for these grants. The Fish and Wildlife Service took very seriously the criticism of our management of the Federal Aid program by the General Accounting Office, although as noted above we strongly disagreed with certain elements of their statement. We have taken a number of actions to improve the program since the GAO testimony, in response to their concerns and the recommendations of the Federal-State Review Team.

In part due to the Team's recommendation and in part due to our own on-going workload analysis, we have instituted re-alignments in both the Washington and Regional Offices which will place Federal Aid, Migratory Birds and other state-related programs under the same management. Until recently, Federal Aid was under the Assistant Director for External Affairs, who also supervises the Service's Congressional and Public Affairs programs. The time needed for these two activities makes it virtually impossible for this individual to provide effective day-to-day management or oversight of the Federal Aid program.

In addition, the chief of the Washington office of the Federal Aid program was assigned to other duties earlier this year, and then accepted a position at another agency. His replacement, an individual both familiar with the program and with a strong financial background, is now on board. Similarly, in the Regional Offices, the Federal Aid offices now report to senior managers with strong mandates.

This last year we have initiated cost saving measures in every area of the our administration of the program, returning $3 million of the funding available to us to the States for their use this year, and are actively pursuing ways to further economize in program expenditures. As part of this effort, we are initiating an analysis of the program operations nationally, with the assistance of an outside contractor, to determine the number of staff and the expertise needed to properly administer this program. We are also reviewing, and have met with the States regarding, ways to streamline compliance with Federal requirements relating laws such as the Endangered Species Act, National Environmental Policy Act, Americans with Disabilities Act, and the various civil rights statutes.

We believe that we have undertaken strong and effective action to address the problems within our Federal Aid office. We are not yet where we want to be, but we are getting there. We welcome the oversight provided by this committee as an important element in ensuring that we operate these programs in an effective and efficient manner.

I mentioned at the beginning of my statement that we had three concerns over the pending bills. The first and most important is that in their effort to downsize our administrative effort, the bills do not provide sufficient funds to administer the program. Both bills provided $14,180,000 for FY 2001, and declining amounts over the next two years, after which time the funding level would increase with the cost of living. Currently, we are authorized not to exceed 8 percent of the Wildlife Restoration funds and not to exceed 6 percent of the Sport Fish Restoration funds for administration, or about $32 million annually.

We have proposed to reduce this to not to exceed 4 percent for each program, or approximately $18.8 million, and a language change that would provide for including the "small grants" programs statutorily created within the Sport Fish program as part of base on which the 4 percent is calculated.

We are thus proposing a 50 percent reduction in administrative funds under the Wildlife Restoration account, and a reduction of one-third in available funds under the Sport Fish Restoration account. However, we cannot go lower than this and properly run the program.

The House funding level, which is repeated in S. 2609, is inadequate. The House Committee majority decided that there should be 63 employees administering the program nationwide, with a budget of $10,000,000, and set forth in the committee report the numbers of persons, titles and grade levels they felt were appropriate for each Federal Aid office. In contrast, we currently have an authorized full time employee (FTE) level for the program of 146, and due to our efforts to economize, approximately 120 people actually on board.

In negotiations after we strongly objected to this funding level, the majority staff offered to provide funding for the current staff, with a phase-down to a lower staff number. Among the information we had provided to the House Committee was that the total cost in salary and all benefits for an average Federal Aid employee was $76,000. They reached the $14,180,000 figure by on-the-spot multiplication of the $76,000 figure by the 57 additional employees now on the payroll, and adding that to the amounts they had previously calculated were needed for the 63 FTE program. They subsequently provided us with corrections to those calculations, and we have shared them with your committee's staff.

However, in doing this, they provided no additional funds for overhead for these additional 57 employees. The very existence of these employees would result in additional costs to us for telephones, computers, rent, utilities and other indirect costs. The funding levels in these bills would realistically support approximately 85 employees, and could result in a Reduction in Force (RIF) for the Federal Aid program.

The most frustrating aspect of this for us is that there has been no public suggestion from GAO, the States, or any organization representing hunters, anglers or boaters—those who pay the taxes and benefit from the programs—that the Federal Aid program is overstaffed.

We therefore strongly urge the committee to adopt the reduced administrative funding levels for these programs that we have proposed, rather than the unworkably lower amounts called for in the two bills. We support the requirements in both bills that a budget justification for use of these funds be submitted to the authorizing committees each year, so you will have every opportunity to review how we propose to spend these funds. Furthermore, if the review of the program staffing and expertise needs now underway results in our finding ways to operate the program at less cost, we will share that information with you and reduce our spending accordingly. However, that review cannot be completed in time to be reflected in this legislation. In addition to this issue, the bills both set forth 12 categories of allowable expenditures. While we have no problems with these, we are concerned that there is no provision for unanticipated needs. We propose that we be authorized to make an expenditure outside of these 12 categories if the Secretary notifies this committee and the House Resources Committee in writing in advance, and waits 30 days for any comments you may have. This is the same process used with the Appropriations Committees for reprogrammings, and has worked well for many years.

Our last concern is that Title III of both bills contains statutory provisions for specific positions and management structures within the program. This is unwarranted micromanagement. If the Director of the Service is to be held directly accountable for the operation of this program and it is quite clear that there will be significant Congressional oversight for years to come then the Director should be able to manage it in the manner he or she believes most effective. We therefore urge the committee to delete sections 302 and 303.

The oldest Federal Aid program—the Pittman-Robertson Program—is more than 60 years old. The Dingell-Johnson or Wallop-Breaux program will celebrate its 50th year during the year 2000. Since their inception, these programs have contributed over $7 billion to the States and U.S. affiliated territories for their fish, wildlife, wetlands, and boating projects. Without these programs, many states would not have realized the fish and wildlife management successes that they now enjoy. Successful administration of this program requires a complex network of management systems. Over the past several years, the Service has been working energetically to improve these systems so that we can keep pace with the evolving needs of the States. These ongoing improvements, and others which we will develop as a result of recommendations from the Congress, the GAO, and the States, will enable us to continue to keep our Federal Aid Programs at the forefront of fish and wildlife conservation in the new millennium.

That concludes my formal statement. I will be pleased to respond to any questions you may have.

STATEMENT OF R. MAX PETERSON, EXECUTIVE VICE PRESIDENT, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

Thank you, Mr. Chairman. I am Max Peterson, Executive Vice-President of the International Association of Fish and Wildlife Agencies, and I appreciate the opportunity to share with you the perspectives of the Association on the administration of the Federal Aid in Wildlife and Sportfish Restoration programs by the USFWS. As you are aware, all 50 Sate fish and wildlife agencies are members of the Association. These two programs, popularly known as the Pittman-Robertson Act (wildlife) and Dingell-Johnson/Wallop-Breaux Act (sportfish) have to be considered by any fol-

lower of fish and wildlife conservation as two of the most important federal acts that served as the foundation of State-based conservation efforts to ensure the sustainability of the fish and wildlife resources of this Nation for the appropriate use and enjoyment of our citizens.

Enacted early in the genesis and growth of the American conservation movement (Pittman-Robertson in 1937; Dingell-Johnson in 1950) these two acts reflect the continuing support of the hunters, anglers, boaters and shooters of this country to willingly pay the excise tax on hunting and fishing equipment, and outboard motor fuel taxes, in order to ensure the conservation of fish and wildlife resources, and safe boating use of our Nation's waters. These programs are also long-standing examples of good state-federal cooperation in the management of fish and wildlife resources, which, as you are aware, are principally under the jurisdiction of the States, or under shared and concurrent jurisdiction with the USFWS for migratory birds, listed threatened and endangered species and anadromous fish.

The Association is concerned about recent problems with administration of these programs by the USFWS and agrees that Congressional action and legislative clarification is needed. The Association strongly supports action to ensure the integrity, viability and continued effectiveness of these highly successful and popular programs.

As you would expect, Mr. Chairman, the Association has had a long history of involvement with these programs at every stage of their legislative and administrative growth dating back to the early decades of the last century. With respect to the use of the up to 6 percent (Dingell-Johnson/Wallop-Breaux) and 8 percent (Pittman-Robertson) that the statutes make available to the Secretary for "administration and execution" of the programs, we have raised concerns at various times since 1988 with some USFWS expenditures that we considered would not fall within either statutory language or a generally accepted understanding of what constitutes administration of the program by the FWS in their role of delivering the apportioned funds to the States. We did this while also recognizing that the statutory language with respect to this function of the Secretary lacks explicitness and specificity in detail. At a minimum, we believed that, absent explicit statutory guidance, the use of the administrative funds should be for activities for which both the USFWS and the State fish and wildlife agencies concurred. We took our belief in this from the statutes which identify the USFWS and the State fish and wildlife agencies as the statutory partners responsible for implementing these Acts. And, secondly, although it is not explicitly provided for in the statutes, the State fish and wildlife agencies and the USFWS have historically agreed to use some of these 6 percent and 8 percent administrative funds to conduct a National Survey of Fishing, Hunting and Wildlife Associated Recreation (since 1955) which has been of immense value to the USFWS and the State fish and wildlife agencies in each state. Further, for the last 20+ years, the States and the USFWS have agreed to use some of these funds to administer a program of grants (the National Administrative Grants program) to complete high priority projects for national fish and wildlife conservation which have benefited all the States collectively. In addition to their on-the-ground benefits for fish and wildlife resources and our citizens who appropriately use and enjoy them, the cost of developing and implementing these projects of national benefit to the States is significantly less when done "nationally" than if each state undertook the project on its own. I attach some examples of these projects to this testimony for the committee's information.

The law provides that the funds (up to 6 percent and 8 percent) that are not expended by the Secretary for administration of the programs are apportioned to the States. Since about 1992, the USFWS has used the full 6 percent and 8 percent, including since about 1994, funds for the so-called Director's Conservation Fund (which Director Clark eliminated in 1999). No provision for State concurrence with grants made under this fund was ever employed. Further, in February 1995 the Service proposed to use $2 million of Sportfish administrative funds to support fish hatchery transfers to the States because operational funds for this purpose had not been requested in the Administration's fiscal year 1996 budget. The Association opposed that use of funds, but the Assistant Solicitor for Fish and Wildlife concluded that the Director enjoys great discretion to fund activities using administrative funds and there was no legal impediment to using these administrative funds for hatchery transfers to the States.

Two years ago, the Director asked the States to undertake an effort to improve the efficiency of the administration of the National Administrative Grants program, explaining that the cost to the USFWS Office of Federal Aid was excessive and constrained their ability to effectively administer these funds. After a year of work by our Association, including due public notice and review, on a revised procedure under which the States would assume a greater administrative burden, the Director

in July 1999 announced the cancellation of the National Administrative Grants. In April of 1999, the Director had advised the Association of the discovery of a projected deficit in fiscal year 1999 administrative funds, which was attributed to: 1) costs of state audits by Defense Contract Audit Agency; 2) cost of automating the grants delivery system (FAIMS); and 3) costs of administering the small grants programs under Wallop-Breaux. The result was cancellation of the NAG program. Enclosed for the committee's information is a chronology of these events as contained in a resolution adopted by the Association at our Annual Meeting in September 1999 in Killington, VT.

The Association believes also that the use of the GAS overhead formula with respect to overhead costs, as opposed to an assignment of actual costs, resulted in significantly higher assessment to the trust fund programs than to other USFWS programs to which was applied actual cost assessment. This practice, since about 1993, also contributed greatly to escalating costs in the administration of the Federal Aid programs.

About a year ago, at the Association's request, the Director of the USFWS agreed to appoint a joint state-federal review team, co-chaired by (now retired) Deputy Director John Rogers and Jerry Conley, Director of the Missouri Department of Conservation and Chair of the Association's Grants-in-Aid Committee. The agreed to purpose of the team was to make recommendations for improvements to the administration of the Federal Aid program by the USFWS that would make it more efficient, effective, and responsive. While the work of the review team proceeded, the Association adopted action at the business meeting during its 1999 Annual meeting directing that the Association staff work towards the following legislative changes to the administration of the Wildlife and Sportfish Restoration Acts:

1). Clearly define within the Acts the phrase "for administration of this Act" to indicate only funds necessary for the USFWS to perform its function including delivery of apportioned funds to the state fish and wildlife agencies by the Secretary;

2). Specifically authorize in the Acts a program for funding projects of national benefit to the States collectively and authorize a process for states to approve such projects with a provision to apportion funds (to the States) if all are not used; and

3). Recommend appropriate levels of funding for each of these (1 & 2) "subaccounts", and legislatively protect these subaccounts from co-mingling.

The state-federal review team submitted its final report to all of the State Fish and Wildlife Directors and the Director, USFWS, on November 17, 1999 with extensive recommendations to improve the administration of the Federal Aid programs to make them more efficient, more effective and more responsive. In December 1999, the Association's Executive Committee met to consider comments from the State Fish and Wildlife Agencies on the review team report, and amplified the review team report with the following recommendations relative to suggested legislative reform of administration of the Federal Aid program:

1). The Executive Committee reaffirmed the action taken by the Association at its September 1999 business meeting.

2). The Executive Committee reaffirmed that a clearer definition of "administration" needs to be legislatively defined to correct the ambiguity that currently exists.

3). The Executive Committee reaffirmed that the Acts should be legislatively amended to specifically authorize a program for funding projects of national benefit to the states collectively and to authorize a process for states to approve such projects.

4). The Executive Committee recommended that 3 percent (Dingell-Johnson/Wallop-Breaux) and 4 percent (Pittman-Robertson) be made available under the Act to the Secretary to administer the programs, with a phase-in to permit orderly change.

5). The Executive Committee recommended that 2 percent from each Act be made available for projects of national benefit in order to fully realize the benefits of projects like the National Fishing, Hunting, and Wildlife Associated Recreation Survey and for projects of multi-state benefit. A copy of the Executive Committee recommendations and the state-federal review team report is appended to this testimony for the committee's use.

Although I realize that this is not a bill hearing Mr. Chairman, let me quickly share with you the Association's perspectives on H.R. 3671 and S. 2609. As you know, H.R. 3671 passed the House on April 5, 2000 by a vote of 423-2. S. 2609 is similar to H.R. 3671.

The Association strongly supports legislative reform to the administration of the Federal Aid programs in the context of the recommendations in the actions taken by the Association which I just chronicled for the committee. The Association supports H.R. 3671 because, in concept, it embraces the Association's position. However, we would urge the committee when it turns to marking-up legislation, to give serious consideration to the following improvements to H.R. 3671 which would make it

consistent with the details of the Association's recommendations and we believe better meet the objective of improving the efficiency, effectiveness and responsiveness of the program.

The recommendations include the following:

1. H.R. 3671 would provide $5 (or $7 million under S. 2609) annually for projects of national benefit. At least four existing programs funded at about $4 million from each Act per year (the National Fishing, Hunting, and Wildlife-Associated Recreation Survey, the Management Assistance Team, the Administrative Grants Program, and the Library Reference Service), at the recommendation of and concurrence with the States, have been funded for several years by administrative funds. The $5 million provided by H.R. 3671 is not sufficient to fund these four programs and to include other projects of multi-state or national benefit that the States might want to fund collectively at much less expense than if each state conducted them individually. Examples include coordination in developing an automated fishing and hunting licensing project; Hooked on Fishing Not on Drugs; an international framework to benefit migratory songbirds across Mexico, the U.S. and Canada called Partners in Flight; and other examples as appended to this testimony. For the last several years, about $2 million for each of the two funds have been used for projects of national benefit. IAFWA's position is that 2 percent of each fund (approximately $4.5 million each) should be available annually for projects of national benefit.

2. As you know, under existing law, the USFWS can currently utilize up to 6 percent of Wallop-Breaux and 8 percent of Pittman-Robertson funds to administer the two programs. H.R. 3671 (and S. 2609) would reduce this to a straight dollar amount of $14,180,000 the first year, and to a further gradual reduction over the next two years. IAFWA's position is that 3 percent of Wallop-Breaux and 4 percent of Pittman-Robertson ($16 million total) funds should be available annually to the USFWS for delivery of apportioned funds to the States. The funding level of $14,178,000 is not believed to adequately and effectively deliver apportioned funds to the States. Failure to adequately fund this program does not benefit the states because it impacts timely review of projects necessary for prompt reimbursement to States of apportioned funds.

3. Over the years, several grant programs have been added to the Sport Fish Restoration Program. These include the Clean Vessel Act Pumpout Program ($10 million/year), the Boating Infrastructure Grant Program ($8 million/year), and the National Outreach and Communication Program ($5-10 million/year). Although these program funds are withdrawn before the calculation of administrative funds is made, no specific provision is made for funds to the FWS to administer these small grant programs. The FWS is now considering using sport fish restoration administrative funds to administer these programs. IAFWA recommends that the attached language be included in H.R. 3671, specifying that administrative costs for each small grant program should be made available from the fund specified for each program and not from Sport Fish Restoration administrative funds. This would save approximately $1.5 million SFRA administrative funds.

Finally, Mr. Chairman, let me share some observations with you about the provision in H.R. 3671 and S. 2609 which would earmark an additional amount of Pittman-Robertson dollars to the States for hunter education and bow safety programs. I understand that this reflects the concern from some in the hunting and shooting sports community that the States aren't spending all of the funds available to them under Pittman-Robertson for these activities. Our concern is that using only the expenditure of Pittman-Robertson funds as a measure of the States responsiveness in providing these programs is inappropriate and not an accurate reflection of State programs. Further, we believe strongly that the State fish and wildlife directors are in the best position to determine in their states, through working with their hunting constituency what the priority needs for Pittman-Robertson funds are, and that these decisions should not be directed from Washington.

We would thus appeal for contained allowance of the discretion of expenditure of these funds by each Director.

Let me quickly share with you the record of success of the States with respect to these programs. A recent survey of state hunter education programs revealed that 43 responding states spent $26 million on hunter education in fiscal year 1999. This was $3 million more than the $23 million of Pittman-Robertson hunter education funds available to them for that year. The additional funds come from state hunting license and other state appropriated funds. This did not include the value of over $7 million of in-kind contribution by their volunteer instructors, which number approximately 55,000. Since 1949, more than 25 million students have received hunter education training.

The state fish and wildlife agencies have developed and are implementing very successful hunter education programs. These programs provide mandatory hunter

education certification to all first time hunters. As a result, hunting related accidents have been reduced dramatically. These programs are funded with a mixture of Pittman-Robertson federal aid funds, state license funds, general appropriations and the in-kind contribution of thousands of program volunteers. The states are committed to continue and expand hunter education and safety programs, a well as archery and firearm range construction and enhancement. As long as this commitment exists, the Association strongly believes that it is preferable to give the state as much flexibility as possible in how they spend their funds so they can address state specific needs and use their federal dollars for maximum benefits.

As another reflection of the States responsiveness to the bow hunting constituency in particular, over the past three decades, the success of state fish and wildlife programs have greatly increased bow-hunting opportunities. In conjunction with expanding wildlife populations, the establishment of longer bow hunting seasons, liberal bag limits, and special bow hunting seasons, the number of bow hunters has increased significantly. This has occurred at a time when the number of gun hunters has been relatively stable.

From 1991 to 1996, the number of bow hunters in our country increased by 22 percent from 2.7 million to 3.3 million (National Survey of Fishing, Hunting and Wildlife-Associated Recreation). All indicators are that this increased participation is continuing. The opportunities are not just happenstance, but proactive and responsive measures taken by the State fish and wildlife agencies to provide more opportunities to this constituency.

In conclusion, Mr. Chairman, the Association is committed to working with you, Chairman Smith, Senator Baucus and Senator Boxer to bring appropriate legislative reform to the administration of the Pittman-Robertson and Dingell-Johnson/Wallop-Breaux programs this year. The problems surfaced in administering the program by the USFWS are serious and require legislative clarity in the statute in order to remedy them. The Association believes that the recommendations that we have made to the committee will contribute to the passage of a legislative proposal, and, when enacted, will greatly improve the integrity, efficiency, effectiveness and responsiveness in delivering to the States the apportioned funds of this hugely successful program. Since their enactment, these Acts have provided over $7.1 billion to the States for fish and wildlife conservation, hunter safety and education programs, and boating safety programs for the millions of our citizens who appropriately use and enjoy the bountiful natural resources of our great Nation. Let's make sure we continue this success story for future generations of Americans.

Thank you Mr. Chairman, and I would be pleased to answer any questions.

ATTACHMENTS TO MR. PETERSON'S TESTIMONY

THE NATIONAL ADMINISTRATIVE GRANTS PROGRAM

These programs have, for more than 20 years provided a way for the states to pool resources and solve common problems effectively and efficiently. These multi-state grant projects optimize the several states' ability to meet their responsibilities in the field of fish and wildlife management.

Often misunderstood or taken for granted, multi-state projects have played a crucial role in state fish and wildlife agency response to challenge for more than 20 years. In addition to pooling resources to solve common problems economically, this program has been a source of venture capital to search for new and innovative techniques.

A few examples of some recent multi-state projects resulting from this program include:

Economics of Hunting, Fishing and Bowhunting in the United States

The data generated have provided the only information available on the economic Anew is of hunting and sling on a state-by-state basis. The states have used these data extensively and they have been important to the agencies in calling attention to the benefits of agency programs both to the resources and to the people who use them. Virginia's use of these data to secure additional funding for resource programs has set an example here that other stases are considering.

Becoming An Outdoors Woman

This project has helped the states implement programs to meet changing demographics and increase our ability to respond positively to the changing needs of our constituents. The project has provided training and instructional materials for the states to use in developing and implementing programs for women interested in hunting, fishing and outdoor wildlife-related activities.

Automated Wildlife Data Systems

A project that enables states to assess cutting-edge technology that very few states could have afforded individuals. The use of automated data system enables the states to provide up-to-date full service programs to constituents. This has saved both time and expense for state agencies.

Partners in Flight

This project has provided a national neotropical migratory bird conservation program. Under a national framework, bird conservation plans are under development for each state and/or physiographic region. This is a partnership program between state agencies, Federal agencies, universities and non-government agencies. The project provides land managers with information on 400 species of neotropical migrants for incorporation into land management plans.

Shooting Range Symposia

These symposia, held triennially, have been instrumental in facilitating increases in state range development and shooting sports activities by pooling expertise for presentation en masse to state managers. These symposia hare also provided a forum for emerging data for technology transfer on newly developed range safety techniques and emerging environmental issues.

Harvest Information Program

This project tackled the myriad of problems faced by Federal and State waterfowl managers associated with insufficient harvest data. The information gleaned is subsequently used for surveys conducted by the U.S. Fish and Wildlife Service to collect improved information necessary for the proper management of migratory game birds. This Program, well on the way to addressing this need, could face termination short of accomplishing its goal if there were no multi-state grants program.

Hooked on Fishing Not on Drugs

This partnership project with the Future Fisherman Foundation has assisted states in establishing programs to encourage and provide opportunity for children to participate in recreational fishing and not become involved in drug use.

Furbearer Management Outreach

There is probably no more controversial and contentious issue facing most state managers than dealing with over-abundant furbearers. This project is paired with a multi-state testing project and is nationally coordinated but regionally developed. Developed best management practices will be critical to the maintenance of state furbearer management, which utilizes trapping as a successful wildlife management tool.

Wildlife Disease Handbook

This project pooled existing information in one convenient location for reference by state wildlife managers.

National Shorebird Conservation Plan

This project developed a National Shorebird Conservation Plan to protect, enhance and restore migratory shorebirds in all of the states.

1–800-Ask Fish

A project to assist the states in establishing a program to provide public information on fishing opportunities and to sell hunting and fishing licenses via a toll-free telephone number.

RESOLUTION NUMBER 3

REFORM OF SPORT FISH AND WILDLIFE RESTORATION ADMINISTRATIVE FUNDS USE

WHEREAS, for more than half of this century the Federal Aid in Wildlife and Sport Fish Restoration Programs (Pittman-Robertson and Dingell-Johnson/Wallop-Breaux) have delivered to the Nation a broad array of fish and wildlife benefits. A legacy of sound administration and oversight by the Fish and Wildlife Service, care by the States in selecting and implementing projects, and the continuing support of hunters, anglers, shooters, boaters and manufacturers have made these programs successful and durable; and

WHEREAS, the Association has had occasion in recent years to protest decisions by the U.S. Fish and Wildlife Service (Service) to use administrative funds for purposes related only tangentially to "administration and execution" of these programs.

Congress authorized the Secretary of the Interior to expend up to 8 percent on the wildlife side (6 percent on the sport fish side) for purposes of administration and execution with the remainder, after deduction for specific purposes established by Congress, followed by mandatory apportionment to the States. By degrees, the Service arrived at the position that unused amounts within the 6 and 8 percent ceilings may be expended at the discretion of the Director for fish and wildlife purposes bearing some relation to State programs, whether or not the States themselves consented[1]; and

WHEREAS, related to the use of funds for purposes not clearly within the "administration and execution" authority, for the past 2 years the Association teas listened attentively on behalf of the States, developed proposals, studied alternatives, and sent delegations of Association officers to Washington in an effort to address the Service's concern that its efforts in carrying out the administrative grant program (a $4 million program) are too time-consuming in relation to the much larger state grant program ($450 million); and

WHEREAS, these Association efforts were nullified when the Service made the sudden discovery of a projected deficit in fiscal year 1999 administrative funds, leading the Acting Director on July 26, 1999, to announce the cancellation of sport fish and wildlife restoration administrative project funding[2]; and

WHEREAS, following cancellation of the administrative grant program, the Association was invited by the Service "to join in a comprehensive review of the Federal aid process with the goal of making the entire program more responsive and efficient, and it promptly accepted the Service invitation because of the critical importance to state government members of fish and wildlife restoration funds; and

WHEREAS, certain uses of administrative funds by the Service, as well as the methodology by which the Department of the Interior assesses charges against sport fish and wildlife restoration administrative funds for Service overhead, are now being questioned in investigations underway by tire General Accounting Office and the House Committee on Resources.

NOW, THEREFORE, BE IT RESOLVED, that the International Association of Fish and Wildlife Agencies hereby

1. Reaffirms its longstanding commitment to the principle that, in the final analysis, excise taxes are available under these programs because of the willingness of hunters, anglers, other recreationists and manufacturers to be taxed in order to support State programs to restore fish and wildlife resources and associated recreation;

2. Stresses that, in pursuance of that trust, unused administrative funds ought either to be apportioned to the States or expended to undertake projects, to which the States give their consent through the Association, that provide fish and wildlife conservation benefits to a majority of the States and which no single State, or even several States, could undertake on its own;

3. Expresses deep dissatisfaction that the administrative grant program, an adjunct of the sport fish and wildlife restoration programs of unique value to the States, has been canceled, in part because funds have been diverted to questionable uses including projects for which State consent was not given;

4. Urges the Congress to remove any ambiguity in the statutes relating to program administration that has served as a hinge for attempts to enlarge the discretion of the Director or the Secretary with respect to amounts within the statutory ceilings, including a tightening of what it means to administer and execute these programs, and to establish on a firmer footing the multi-state projects that benefit a majority of States; and

BE IT FURTHER RESOLVED, that the International Association of Fish and Wildlife Agencies supports oversight by the Fish and Wildlife Service and the states as safeguards essential to the continued success of these programs, including periodic audits of the States, Federal-state policy clarification, and conduct of a comprehensive review of ways to streamline the administration of the wildlife and sportfish restoration programs.

END NOTES

[1](a) In 1988 the Director proposed to use administrative funds to support joint venture projects under the North American Waterfowl Plan without observing established procedures for securing state concurrence. On further review, the Director assured Association President Doig that "No administrative funds will be used to substitute for regular appropriations."

(b) In 1993 a GAO report recommended that, in expending funds for special investigations (administrative grants), established policies and procedures be followed by the Service in considering priority needs of States.

(c) In 1994, without notice or request for comment, the Director's Conservation Fund was established, drawing up to $500,000 each year from P-R administrative funds and a like amount from D-J/W-B administrative funds. From its inception, 35 grants totaling $3.8 million have been made under the Director's discretionary fund. Established procedures for identifying State concurrence were not employed.

(d) In February 1995 the Service proposed to use $2 million of sport fish administrative funds to support fish hatchery transfers to the States because operational funds for the purpose had not been requested in the administration's fiscal year 1996 budget.

(e) In March 1995 the Office of the Solicitor, post hac, confirmed the Director's proposed use of administrative funds to support hatchery transfers. In a draft memorandum notably short on analysis, the Assistant Solicitor-Fish and Wildlife concluded that the Director enjoys discretion to fund activities using administrative funds and, if expenditures do not exceed the 6 percent statutory ceiling, no legal impediment exists to funding hatchery transfers to the States.

(f) March 1999, after questions were raised by GAO, the Service terminated the Director's Conservation Fund.

[2]In April 1998 the Service identified focus areas in soliciting proposals for administrative grants and restated established procedures for selecting projects. 63 Fed. Reg. 17882 (April 10, 1998). in July 1999 the Service canceled the administrative grant program. 64 Fed Reg. 40386 (July 26, 1999). In between those dates:

(a) On May 26,1998, the Service gave notice of intent to reconsider procedures for funding national administrative grants, advising that the Service would develop a full range of options for funding future national conservation priorities. 63 Fed. Reg. 28514 (May 26, 1998).

(b) On September 16, 1998, the Service invited comment on five alternatives to the administrative grant process then in existence on grounds the program is too time consuming and is inefficient for the Service to administer given the size of the administrative fund program ($4 million) in relation to the much larger state grant program ($425 million). 63 Fed. Reg. 49606 (September 16, 19998).

(c) At the Association's September 1998 meeting in Savannah, the Grants-in-Aid Committee recommended and the Association approved Alternative 3, under which the Association would take over solicitation, ranking and approval of projects, with final approval by the Director and administration of grants by the Division of Federal Aid.

(d) On December 14,1998, the Association was notified that the Service had selected Alternative 5, a single annual grant proposal by the Association listing specific fish and wildlife conservation action needs which, if approved by the Director, would be administered by the Association.

(e) Following the Service's selection of Alternative 5, the Association assembled a team to work with the Office of Federal Aid to modify Alternatives 3 and 5 to address the desire of the Service to reduce its time-consuming involvement in the administrative grant program.

(f) On January 25, 1999, the Executive Committee agreed that the Association would administer the national administrative grant program under a modified Alternative 5.

(9) By letter dated February 17,1999, Association technical committee chairs and regional association presidents were advised that the Association had been working for 10 months to resolve administration of the national administrative grant program. The Association solicited committee and regional association recommendations for priority conservation needs, on an expedited schedule, by March 15, 1999.

(h) At the Executive Committee meeting of March 27,1999, the Director agreed to meet with State representatives in early April to set administrative program funding priorities.

(i) During the meeting of April 6,1999, the Director advised that the sudden discovery of a projected deficit in fiscal year 1999 administrative funds would require prompt action to reduce expenditures, and the Director agreed to consult with State representatives before taking final decisions. A report to State fish and wildlife directors advised them to ignore rumors about the future of the administrative grant program. The projected deficit was attributed to:

- Costs of administering small grant programs. Sometime in early 1999 the Service concluded that the costs of administering small grant programs created by amendments to the Sport Fish Restoration Act (Clean Vessel Act Pumpout Program, the Boating Infrastructure Program, and the Coastal Wetlands Planning, Protection and Restoration Program) could not be assessed against the grant amounts authorized by statute but must instead be absorbed out of Sport Fish Restoration Act administrative funds. Additional cost: $1 million per annum.

• Costs of state audits by Defense Contract Audit Agency. A substantial amount not present prior to fiscal year 1997. Additional cost per annum not revealed in the public notice of cancellation.

• Costs of automating the grants delivery system (Federal Aid Information Management System). Costs are said to be much greater than 2 years ago when the Service began this process. Additional cost per annum not revealed in the public notice of cancellation.

(g) By letter dated May 12, 1999, the Director advised that the Service would be unable to offer a national administrative grant program for fiscal year 2000.

(k) By letter dated May 25,1999, Association President Holmes expressed appreciation to Director Clark for her agreement To back up and take another look" at the reductions in administrative funds spelled out in the Director's letter dated May 12,1999.

(l) By letter dated May 28,1999, Director Clark advised President Holmes that no good options exist in the short term and further review of administrative funding decisions taken by the Service would be a futile exercise.

(m) By notice of July 26, 1999, the Service announced the cancellation of Federal Aid in Sport Fish and Wildlife Restoration Administrative Project Funding. 64 Fed. Reg. 40386 (July 26, 1999).

INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

MEMORANDUM

TO: State Fish and Wildlife Directors
FROM: David Walla, President
DATE: December 30, 1999
SUBJECT: Executive Committee Action on Review Team Report

As you know, the Executive Committee met in Washington, DC on December 12–13, 1999. A major part of the meeting was devoted to developing an Association position on the joint Fish and Wildlife Service/State review of the Sportfish and Wildlife Restoration Programs. I had previously sent each of you a copy of the Review Team's report and requested your review and comments. Although the time for review was short, we received and compiled responses from 29 states prior to the Executive Committee meeting.

As you would expect, we received a wide variety of responses. Due to this range of opinions, the Executive Committee used the responses as a general guide to help arrive at positions on specific recommendations committee also had the benefit of a brief presentation on the report by Fish and Wildlife Service Deputy Director John Rogers and Lob Miles, a member of the review team. We then spent more than 2 hours discussing the responses arch the states as well as our experiences in our own states in working with the Sport Fish and Wildlife Restoration Programs.

There was general agreement that it was timely to take a look at how to improve these programs to make them "more effective and more responsive"—which was the basic charge to the Review Team. Retaining the confidence of hunters and anglers, as well as Members of Congress, and the public were recognized as important considerations.

We also recognized that changes of any kind arc seen as threatening to some even though there has been great changes in the capability of states and their ability to manage programs in the more than 60 years since the Wildlife Restoration Program was begun. This was reflected both in the Review Team Report and in the comments of most states.

It was obvious that in most cases, the State Federal Aid Coordinators had played a significant role in the report review and the compilation of their state's comments. In many cases the report hat been discussed with Fish and Wildlife Service Regional Federal Aid personnel.

Our Executive Committee, and our state members, expressed strong recognition of the value of the Sport Fish and Wildlife Restoration Programs and the role they have played in advancing fish and wildlife management in our country. They acknowledge the partnership relationship that exists between the Fish and Wildlife Service (FWS) the states and that our combined efforts have been responsible for the success of these two programs. They expressed their desire that this partnership continues and that the Service retain an administrative and oversight role to help insure program integrity and public confidence.

Executive Committee members were concerned about the recent accusations and the negative publicity that the various program reviews and investigations have generated. They recognize the need to act promptly to address and remedy the prob-

lems. Even though change can be disturbing and even threatening to some, they support the need to streamline the administrative processes that guide the Acts implementation. They want this to be done in a cooperative manner that assures continued public confidence in these two remarkably successful programs.

Our Executive Committee was generally in agreement with the recommendations of the review team, even though they did not agree completely with some of the findings. They adopted the following positions on certain issues or recommendations contained in the report.

1) The action by the Association's business meeting was reaffirmed (see Item 4).

2) The proposed new mission statement does not adequately reflect the nature of the legal partnership that exists between the FWS and the states. The Service's role is important but limited, with roost of the funding by law being apportioned to the states. The FWS oversight responsibilities, such as eligibility, audits, training, fiscal management, etc. should be acted to the new mission statement. We win provide the FWS with the suggested new language.

3) A clearer definition of administration and execution needs to be legislatively defined to correct the ambiguity that currently exists and to more clearly define the greater responsibilities that the states will assume. Much has changed since the 1937 and 1950 responsibilities were defined and it is timely to reflect those changes.

4) The Sport Fish and Wildlife Restoration Acts should be amended to specifically authorize a program for funding project of national benefit to the states collectively and to authorize a process for states to approve such projects, with a provision to apportion funds if all are not used (items three and four above were addressed by a motion adopted at our business meeting in Killington (copy attached).

5) The amount the two acts specify that the Secretary may use for administration should be reduced from its current level of six and 8 percent, respectively, to three and 4 percent, with a phase in time to permit orderly change. It was noted in the discussion that 3 and 4 percent is close to the amount actually spent prior to 1998 for FWS administration. Additional administrative funds were spent for such items as the National Fishing and Hunting Survey, Management Assistance Team, the Library Reference Service and Administrative Grants Program, which the review team recommended placing in a separate category of national projects. In addition, such things as the Director's Conservation Fund and the transfer of fish hatcheries have in the past come from administrative funds. So the initial reaction of some states and some FWS people that the report essentially cut in half the amount the Service would have for administration is clearly not correct. To administer these two programs effectively and responsively will require both the Service and the states to cooperate in the streamlining effort.

6) The 1-percent that the report recommends for projects of national benefit should be increased to 2-percent of each fund. The 1-percent would only fund currently committed activities such as the National Fishing and Hunting Survey, MAT and the Library Reference Service, leaving no funds for any other projects of national benefit. Although it might be possible to reduce the cost of the Survey, MAT and the Reference Service, adoption of the report's one-percent recommendation would effectively terminate the previous competitive administrative grants program for the foreseeable future. Projects of substantial benefit have and should continue to be funded from administrative funds, with a clear process for unused funds to be apportioned to the states.

7) The tam "Federal aid" should be replaced with Sport Fish and Wildlife Restoration Trust Fund. These are clearly trust funds financed by hunters, anglers and boaters and not a Federal handout.

8) There have occasionally been problems with the Regional Directors making decisions with which a state director disagreed. Currently it is unclear what recourse a state has in such a situation and to whom the state can appeal. An informal appeal or review process should be established to address questions in a timely manner.

I want to thank each of you for the time you took to review this important document and for providing me with your thoughtful responses. From your efforts, it is obvious that state members are greatly concerned for the future of the Sport Fish and Wildlife Restoration Programs, and are willing to work with the Fish and Wildlife Service and with Congress to assure their continued surpass.

SPORT FISH AND WILDLIFE PROGRAM REVIEW AND RECOMMENDATIONS FOR IMPROVEMENT

November 17, 1999

INTRODUCTION

Since their passage in 1937 and 1951, the Wildlife Restoration and Sport Fish Restoration Acts, respectively, have been the centerpiece of wildlife resource conservation in the United States. These highly successful Acts have set the benchmark for fish and wildlife management worldwide. In total, these Acts, and their administration, have been very successful. As time has passed, evolution in the role of the partners requires a reexamination of the traditional administration of this program. This review addresses that need and culminates in recommendations that represent fundamental changes in the administration of the Wildlife and Sport Fish Restoration Acts. Realizing numerous desired and needed changes to the administration of these landmark programs, this review lays the foundation for a new mission and a new program. Recommended changes to program administration occur in the following areas:

- Mission
- Leadership and Management of the Federal Aid Program
- Basic Program Administration and Execution
- Projects of National Benefit
- Implementation

Background

The last joint FWS/state review of the federal aid programs was conducted in 1988. That review focused primarily on how the states and the U.S. Fish and Wildlife Service (FWS) administered the apportioned funds. States and the FWS believe that a comprehensive review of how the FWS uses the 6 and 8 percent authorized by the Sport Fish and Wildlife Restoration Acts, respectively, for administration of the programs is needed to guide management activities for the next 5-10 years. In addition, events during 1998 and 1999, such as a significant shortfall in the amount of funds available for proposed administrative activities, a Government Accounting Office Audit of the FWS use of administrative funds, and Oversight Hearings by the House of Representatives Committee on Resources contributed to the need for a review of FWS administration of the programs.

Charge

The purpose of this review is to identify ways to make the programs more efficient, more effective and more responsive.

The review and evaluation were conducted by a team of representatives designated by the FWS and the state fish and wildlife agencies through the International Association of Fish and Wildlife Agencies (IAFWA). The FWS and the state fish and wildlife agencies are the two statutory partners specified in the Wildlife and Sport Fish Restoration Acts. Recommendations for action by the Director of the FWS are provided in this report. The team also provides recommendations applicable to the states.

This review team considered the following broad areas in preparing this report:

a.The current administration processes and costs for both programs relative to the statutory requirements; b.The commitment of financial and human resources to administer each of the programs; c.The budgetary and planning processes used in administering the programs. This included a review of the current budget processes and recommendations to ensure the future costs and commitments are given adequate management attention; and d.The operational portion of the programs involving the approval of projects, commitment of funds and reimbursement/transfer of funds to the states.

Review Process

Representatives from the FWS, state fish and wildlife agencies and IAFWA met on four different occasions for a total of nine days to review the use of administrative funds and develop this report. In addition, review team members visited each FWS Regional Office (staff from Region 7 joined the Region 1 meeting in Portland) and the Washington, DC Office to meet separately with state federal aid coordinators and their FWS counterparts. They discussed the following questions related to FWS use of administrative funds (with an emphasis on FWS administration of the funds apportioned to the states):

1) what is working well;
2) what is not working as well as it could;

3) what could be done to address deficiencies identified above;

4) if we were starting from scratch, what suggestions can be offered for designing/delivering the federal aid programs to gain efficiencies and effectiveness.

FINDINGS AND RECOMMENDATIONS

I. MISSION

Finding: The existing mission statement for the Division of Federal Aid does not adequately reflect the growth in state capabilities and expertise since Program inception and the corresponding reduced need for some facets of Program management at the Federal level. Additionally, the services needed by the states during the next 5-10 years will evolve to include more streamlined delivery of Program funds. The existing mission statement reads: "Strengthen the ability of State and Territorial fish and wildlife agencies to restore and manage fish and wildlife resources to meet effectively the consumptive and non-consumptive needs of the public for fish and wildlife resources."

Recommendation: Adopt a new mission statement as follows: "Effectively collect, manage and deliver sport fish and wildlife restoration funds and other partnership funds to support state and territorial agencies in carrying out their fish, wildlife and boating program missions" (see addendum).

II. LEADERSHIP AND MANAGEMENT OF THE FEDERAL AID PROGRAM

A. Finding

The administration of the Fish and Wildlife Restoration Programs has not received adequate attention and priority by the FWS. The current program apportions $500 million annually to the states. A program of such importance does not receive sufficient representation at the Directorate level of the FWS. The general belief among FWS Federal Aid staff is that they have no support from a Directorate that places little importance on their Program.

Years of inadequate and weak leadership have lead to a general deterioration of program function and output. The Division Chief has to spend a large amount of time on important external matters. This left a critical void in internal staff management within the Washington Office. Additionally, staffing in the Program has not, at times, reflected the need for personnel with direct knowledge of the Program and with the skills and abilities to administer the Program effectively. Development of staff in terms of career potential, personal growth, recognition, and mobility has not been a focus for management.

The FWS's current organizational structure makes it extremely difficult to administer a national program that is consistent and clearly defined. As a result of the leadership and management issues cited above, the Regions do not look to Washington for leadership. The role of the Washington Office has become unclear to staff in Washington and the Regions. Due in part to this lack of clarity it is difficult to get agreement among the Regions on issues involving more than one Region or State and there is often duplication of efforts between the Regions and the Washington Office. Serious attention must be given to establishing and implementing clearly understood roles and responsibilities for the Washington Office and Regions.

Recommendations:

1. Elevate the status of Fish and Wildlife Restoration Programs within the FWS by establishing an Assistant Director for Sport Fish and Wildlife Restoration and other Partnership Funds.

2. Strengthen the Division Chief's responsibilities to include internal staff leadership and management of the Washington Office. One of the primary responsibilities of this position should be to ensure job responsibilities are delineated, operational procedures are defined, and the organizational structure and staffing is adequate to support the demands of the organization. It is necessary that the Division Chief position provide the necessary management for the office to include the challenging decisions on staffing and policy issues that are internal to the office.

3. Ensure that personnel brought into the Program in both the Washington and Regions have the necessary knowledge, skills and abilities to administer the Program effectively. Ensure that Program staff receive appropriate career development, recognition, growth, and mobility opportunities commensurate with other FWS programs and in accordance with FWS policies.

4. Develop and implement clearly understood roles and responsibilities for the Washington Office Division of Federal Aid and its Regional counterparts. Issues such as: budget development, financial management, audit coordination, policy development, policy interpretation, national consistency, program evaluation, staffing,

operational support to the Director and Regional Directors, Congressional liaison, and outreach, among others, should be addressed.

B. Finding:

In recognition of the need for a unified, integrated system for tracking apportioned fund obligations and accomplishments, in 1995, the FWS undertook development of the Federal Aid Information Management System (FAIMS). This system was intended to replace existing fiscal (FAPALS) and information (FAIRS) systems that could not be made Y2K compliant and to facilitate electronic apportioned funds management. Neither of the older systems were compatible with the Department of Interior's Federal Financial System (FFS) used for Interior wide accounting.

FAIMS is scheduled to be developed in three phases: 1) FWS tracking of apportioned funds and accomplishments; 2) state tracking of apportioned funds and electronic submission of new proposals; 3) and a geographic information system.

To date in excess of $8 million has been spent on system development. There has been limited involvement by appropriate state personnel to determine the states' needs for delivery of apportioned funds and an additional $11 million is projected to be spent over the next three years for further development, implementation and maintenance. There has been no cost/benefit analysis of this system and no effort to contain development and implementation costs. The excessive cost of this system has placed a burden on administrative funds available to the FWS to administer the Acts.

Recommendations:

1. The FWS should immediately contract for a thorough, independent system analysis of the FAIMS program. This independent analysis should include: needs, system requirements and design, cost, benefits and alternate ways of delivering an appropriate system. The independent analysis should be completed within 90 days of acceptance of this report. Implementation, in consultation with the Steering Committee recommended in part V of this report, should be completed by October 1, 2000.

2. The analysis should involve appropriate state and federal aid personnel in identification of needs and system requirements.

3. Until this analysis of FAIMS is completed, all new development work should cease. Efforts should be limited to those necessary to ensure that Phase I is fully operational and maintained and that appropriate training, technical support, user manuals and operational and maintenance costs are provided.

C. Finding:

In 1996, the FWS's Federal Aid program implemented a nationwide audit program providing audits of the states, territories and the District of Columbia every five years. The audit program was implemented in response to deficiencies noted in the 1994 Office of the Inspector General audit findings of the FWS's Federal Aid program. The audit program has been viewed as a mechanism to improve the financial integrity in the administration of the federal aid program. The purpose of the audit program, therefore, is to assure state monies received through the federal aid program meet the intended project purposes and benefits for which the monies were granted and that programs are conducted in compliance with applicable federal requirements.

Audits have been conducted by a single governmental organization under contract with the FWS. Audit findings are reported to the Department of Interior's Office of the Inspector General for resolution. As of September 30, 1999, 28 audits have been completed, 3 are completed in draft and 21 are in progress. To conduct the audit program to date has cost $4.4 million. It is projected to cost an additional $4.6 million to finish auditing the 66 entities in the Federal Aid program, for a total of $9.0 million.

During the first audit cycle, audits were conducted by multiple audit offices and teams of the contract agency. As a result, there was no consistent approach or application by the contract auditors in conducting their audit activities. Furthermore they had limited knowledge or expertise in the area of natural resource programs either at the state or federal levels.

An audit of a state fish and wildlife program is should review state records within the context of the existing state financial and program performance reporting systems. The audit contractors' charge is not to mandate specific accounting and reporting systems, as long as the state system meets legal reporting requirements. However, there has been evidence that the audit contractors have demanded changes to state systems to conform to the contractors view of "appropriate financial accountability".

To have an effective audit resolution system, resolutions must be acted on promptly, decisively and consistently. Significant problems exist with the timely resolution of audit findings and secondarily with the provision of audit reports, either in draft or final form, to the respective State. Delays in the resolution of audit findings have been attributed to internal communication issues in the FWS and with the contract auditors.

Approximately 25 percent of audit costs relate to the FWS's on-site orientation, program briefings of contract auditors on basic federal aid activities, and general communications between the regional federal aid staffs and the contract auditors. Because it has been the practice by the contract audit agency to rotate their audit teams across FWS regions, many of the efficiencies gained by those teams in learning regional/geographic specific issues is lost by the frequency of the rotation. Furthermore, this rotation process places a greater burden on the open communications that are encouraged by the FWS by necessitating a re-training of audit staffs. This extraordinary amount of time consumed in communications and retraining has inflated audit costs. No effort was made, that we are aware of, to develop a comprehensive and less disruptive training and orientation program for the auditors.

The current cost of a single audit by the contract agency is approximately $157,000 per state. In the course of this review, it came to our attention that one state completed an independent audit of its federal accounts for $11,000. It may be incorrect to assume that the two audits are comparable; however, it does suggest that there is some reason to question the gross disparity in costs of the audit programs.

Recommendation:

The Service should contract for an independent review of the audit program. This independent review should be undertaken within three months of acceptance of this report and be completed within 90 days of its initiation. The review of the audit program should address:

a.Redefine the scope and criteria of the revised audit activity.

b.A review of similar federal grant audit programs either at the state or federal level. The intention of this review would be to identify those "best practices and models" for possible adoption by the Fish and Wildlife Service in streamlining the Sport Fish and Wildlife Restoration grants audit program.

c.Better definition of the criteria for selection of an auditor.

d.Completion of the audit program in a way that will bring the highest quality at the least cost.

e.Development of a comprehensive orientation program for the audit agency; maintenance of a cohesive and consistent regional audit program—keeping audit teams in place once trained.

f. Development of an audit resolution process that assures timely and consistent disposition of audit findings.

D. Finding:

The FWS has established a system of periodic audits of state Fish and Wildlife Restoration Programs to ensure compliance with Program procedures and regulations. There is no comparable audit program within the FWS directed at its own administrative use of federal aid funds.

Recommendation:

The FWS should establish an independent audit program for its administration of federal aid funds to ensure program integrity and compliance with established business practices.

E. Finding

The Sport Fish and Wildlife Restoration Program is funded by manufacturers' excise taxes and import duties that are collected by several Federal Agencies. Past experience has shown that funds are often not fully collected, credited or distributed to the FWS. This frequently results in a loss of interest income to the program. Recent experience has shown that active involvement and tracking by the FWS dramatically increases receipts into the Program.

Recommendation:

The FWS should strengthen and institutionalize its capability to monitor and collect funds. This capability should be part of a fund management program that includes proper investments for maximum returns. This fund management program should be given a high priority by the FWS as a vital part of the administration of the Sport Fish and Wildlife Restoration Programs.

III. BASIC PROGRAM ADMINISTRATION AND EXECUTION

Finding:

The relationship between the FWS and the states relative to resource management expertise and staff training has evolved into a relationship of co-equals. The implications of this changed relationship have not been fully reflected in the day to day administration and execution of the program. Because of changes in the level of biological and management expertise in the states, it is only necessary for the FWS to review state grant applications for eligibility. As currently administered, pre-award compliance issues represent a major component of Federal Aid oversight responsibilities. Transfer of compliance to states and realignment of the functions of the Federal Aid program with a new focus on delivery of trust funds to the states for eligible activities will result in a substantial reduction in administrative cost while ensuring program integrity is maintained. Training in program administration to ensure integrity is a necessary basic component of efficient administration, as are audits, apportioning funds and financial management.

There is no definition for "administration and execution" of the Acts provided within the Acts. This causes confusion about what costs may be charged to administration and funded by the six and eight percent authorized by the Acts. Recent uncertainty, has arisen concerning the proposed funding to be used to administer specific grant programs established by the Sport Fish Restoration Act, such as the Clean Vessel Act, Coastal Wetland Grants, Fishery Outreach and Boating Infrastructure program. Administrative funds from the Sport Fish Restoration Act have been proposed by the FWS to fund the administration of these specific grant programs. This will be an additional administrative cost to the program.

Recommendations:

1. Expenditures by the FWS for administration and execution should be capped at 3 percent (Sport Fish Restoration) and 4 percent (Wildlife Restoration). This reduction should be phased in over a period not to exceed two years, subject to a schedule developed, in consultation with the Federal/State Steering Committee recommended in part V of this report.
2. Define the term "administration and execution" to mean those actual administrative expenses of the Washington and Regional offices necessary only to deliver apportioned trust funds to the states, including, but not limited to, eligibility determinations, audits of state and federal programs, financial management and necessary training of state and federal personnel.
3. The actions required to deliver apportioned funds to the states should be altered to address the new mission.
4. FWS reviews of state grant applications should focus on eligibility, while activity related to biological and substantiality reviews should be minimized.
5. To the extent practical and consistent with law, grant compliance requirements should be delegated to the states.
6. Training of both state and federal staff in program administration is needed to ensure consistency and effectiveness.
7. Unless otherwise directed by Congress, administrative costs for each small grant program should be made available from the fund specified for each program and not from Sport Fish Restoration Act administrative monies.

IV. PROJECTS OF NATIONAL BENEFIT

Finding:

For over 20 years a portion of administrative funds provided by the Sport Fish and Wildlife Restoration Acts have been used to fund projects of national benefit to a majority of the states. These projects have been selected through a screening and ranking process by the IAFWA representing the interest of the states and forwarded to the Director of the FWS with a recommendation for funding. This process has funded many valuable projects benefiting the hunter and angler, state agencies and industry partners.

Within the last two years the FWS announced the termination of this process, but then agreed with the states to cooperatively improve the process. The improved process was never implemented because the FWS again terminated the process due to projected costs in excess of the administrative funds available. The states, through the IAFWA and the FWS, have consistently supported the funding of such projects and continue to believe these projects can serve a valuable benefit to wildlife resources and the states charged with their stewardship. There have been situations in recent years when the FWS has funded projects rejected by the IAFWA. Also in 1994, the FWS established a "Director's Conservation Fund" of approxi-

mately $1 million annually for funding other projects independent of the states' process. In March 1999, the "Director's Conservation Fund" was terminated.

Recommendations:

1. That within the six and eight percent for administrative funds provided to the Secretary within the Sport Fish and Wildlife Restoration Acts, no more than one percent of each Act's apportionments to the states be made available to fund Projects of National Benefit. This shall be a separate fund from all other administrative funds.

2. The Joint Federal/State Steering Committee (recommended in part V of this report) prescribe a process to identify Projects of National Benefit and by which project proposals will be submitted, reviewed and selected by the states. Such projects as the National Survey of Fishing, Hunting, and Wildlife Associated Recreation would be eligible for funding through this process. There should be no funds expended for Projects of National Benefit by the FWS outside of this process.

3. That up to three percent of the funds provided to support Projects of National Benefit may be used for administrative expenses for either the FWS or the IAFWA, depending on which administers the project. This does not include the cost of staffing to coordinate or implement a project. Such costs are considered direct project costs.

V. IMPLEMENTATION

Finding:

The FWS has been party to, and the subject of several past internal and external reviews of the Federal Aid Program. These reviews have provided numerous recommendations for improvement. Unfortunately, the FWS has not implemented all recommendations. Additionally, development of program administrative policy, operational plans and annual operating budgets has been carried out solely by the FWS with no participation by its statutory partner—the States. This in-house process has not allowed for sufficient input and oversight, and as a result confidence in the FWS's commitment to program efficiency is low.

The name "Federal Aid" does not correctly describe or portray the Wildlife and Sport Fish Restoration Acts and the use of dollars collected under these Act and administered by the FWS and applied by the states.

Recommendation:

The Director of the FWS and the President of the IAFWA should each designate three representatives to serve on a joint Federal/State Steering Committee. Initially, this group will be responsible for providing recommendations to the Director on:

a.Development of the annual operating budget of the FWS for administration of the Federal Aid Program.

b.Progress towards meeting the phase-in schedule for adjusting to a lower budget (see III-1 above).

c.Progress made on implementation of the recommendations presented in this report.

d.The Steering Committee should discuss and recommend to the IAFWA and the FWS a name to replace "Federal Aid."

CONCLUSION

Implementation of these recommendations will lay the foundation for a new mission and new administration of the Wildlife and Sport Fish Restoration programs. It addresses the needs of states and the FWS by making the program more effective, more efficient and more responsive. Overall the sportsmen and women of the nation who contribute their tax dollars to these programs, along with the natural resources they address will be the true beneficiaries. Implementation of the recommendations will result in a true partnership between the FWS and the state fish and wildlife agencies in administering and carrying out the provisions of these historic Acts that form the backbone of modern fish and wildlife management in our Nation. This review and its recommendations were the work of the following state and federal employees appointed by the President of the International Association of Fish and Wildlife Agencies and the Director of the U.S. Fish and Wildlife Service. The review team extends its thanks to all the state and federal employees who participated in this effort.

Jerry Conley, Cochair, Missouri Department of Conservation.
John Rogers, Cochair, U.S. Fish and Wildlife Service.
Jack Buckley, Massachusetts Division of Fisheries and Wildlife.
Walt Gasson, Wyoming Game and Fish Department.
Mary Gessner, U.S. Fish and Wildlife Service.

Tom Jeffrey, U.S. Fish and Wildlife Service.
Rick Lemon, U.S. Fish and Wildlife Service.
Bob Miles, International Association of Fish and Wildlife Agencies.
Marvin Moriarty, U.S. Fish and Wildlife Service.
Tom Melius, U.S. Fish and Wildlife Service.
Tom Niebauer, Wisconsin Department of Natural Resources.
Gordon Robertson, West Virginia Division of Natural Resources.
Kathy Tynan, U.S. Fish and Wildlife Service.

ADDENDUM

REVISED DICTION STATEMENT FOR THE FEDERAL AID IN SPORT FISH AND WILDLIFE RESTORATION PROGRAM

PREPARED BY THE FEDERAL AID REVIEW TEAM—1999

Effectively collect, manage, and deliver sport fish and wildlife restoration funds and other partnership funds to support state and territorial agencies in carrying out their fish, wildlife and boating programs.

Intent

Effectively collect—Washington, DC Office of Federal Aid aggressively pursue all legally mandated program revenues and credits them to the appropriate sport fish or wildlife restoration account.

Manage—Financial management (including investment of program revenue), periodic audits, both performance and financial of state/territorial apportioned funds projects and Federal oversight of both performance and financial programs.

And deliver:—Get the money to the states/territories as quickly and with as few "strings" as possible, eligibility remains a Federal responsibility, substantiality is delegated to state/territorial fish and wildlife agencies, compliance requirements relegated to the maximum extent permissible by Federal statute.

Sport fish and wildlife restoration funds—The Federal Aid in Sport Fish Restoration and Federal Aid in Wildlife Restoration Acts.

To Suggest—to facilitate, to assist the states and territories, to be an advocate for the states and territories.

State and territorial agencies—the statutory partners with the FWS for implementing the Acts.

In carrying out their fish wildlife and boating programs—project selection, design and implementation is at the discretion of the states and territories; intent of the program is to meet state/territorial priorities.

SPORT FISH RESTORATION

COSTS TO ADMINISTER SMALL GRANTS PROGRAMS

Add the underscored material to 16 U.S.C. 777c(?d):

The Secretary may use not more than 4 percent of the amounts available each fiscal year under subsections (a), (b), and (c), respectively, to pay the costs of investigations, personnel and activities related to administering those programs. Of the balance of each such annual appropriation remaining after the distribution and use under subsections (a), (b), and (c) of this section, respectively, so much, not to exceed percentum of such balance, as the Secretary of the Interior may estimate to be necessary for his or her expenses in the conduct of necessary investigations, administration, and the execution of this act, for an outreach and communications program and for aiding in the formulation, adoption, or administration of any compact between two or more States for the conservation and management of migratory fishes in marine or freshwaters shall be deducted for that purpose, and such sum is authorized to be made available until the expiration of the next succeeding fiscal year. Of the sum available to the Secretary of the Interior under this subsection for any fiscal year, up to $2,500,000 may be used for the National Outreach and Communication Program under section 777g(d) of this title in addition to the amount available for that program under subsection (c) of this section. No funds available to He secretary under this subjection may be used to replace funding traditionally provided through general appropriations, nor for any purposes except those purposes specifically authorized by this act. The Secretary shall publish a detailed accounting of Oh. projects, programs, and activities founded under this subsection annually in "he Federal Register.

[A definition of "administration and execution," mutatis mutandis, would be added as would a statutory footing for conservation projects of national benefit.]

STATEMENT OF SUSAN R. LAMSON, DIRECTOR, CONSERVATION, WILDLIFE AND NATURAL RESOURCES INSTITUTE FOR LEGISLATIVE ACTION, NATIONAL RIFLE ASSOCIATION

Mr. Chairman and members of the subcommittee: I appreciate the invitation extended to the National Rifle Association to testify before you today. The subject of this hearing, which is the performance of the Fish and Wildlife Service in the management of the Federal Aid Program, is of extreme importance to each and every one of our 3.8 million members. Even though the Federal Aid Program is responsible for managing both the Federal Aid in Wildlife Restoration Act and the Federal Aid in Sport Fish Restoration Act, my remarks are directed to the Wildlife Restoration Act also known as Pittman-Robertson since the products taxed under that law are products bought by our members.

Because the purchase price of every rifle, every shotgun, every handgun and every box of ammunition includes the excise tax passed along to the consumer by the manufacturer, it makes every firearm owner, hunter and recreational shooter a stakeholder in how the Pittman-Robertson trust fund is managed. However, it has only been in the last year when Congressional investigations were conducted, hearings were held, and legislation was developed that these stakeholders have ever had a seat at the table to discuss the management of the trust fund that they have willingly financed for over sixty years.

Much has been said and will be said here today about the visionary concept that was launched in the 1930's to raise funds for fledgling state agencies to manage wildlife within their borders. And that dedicated stream of funding came none too soon. At the time, only a handful of people recognized the progressive loss of wildlife and habitat that was occurring as a result of unregulated hunting and poor land management and utilization practices. Those who sounded the alarm were hunters and it was hunters who looked to themselves and not to the federal government in search of a solution.

Given citizens' general disdain of taxes, it is nothing short of remarkable that in an era of great economic upheaval and misery, legislation was introduced to impose an excise tax on the common man's products for the needs of wildlife, not humans. The Pittman-Robertson legislation as it came to be called was carried through Congress on the shoulders of those who would be paying the tax, the sportsmen of this country. While a number of landmark laws were passed prior to the Pittman-Robertson Act, such as the Lacey Act and the Migratory Bird Treaty Act, the trust fund legislation was unique because it provided dollars, rather than imposed penalties, in an effort to save wildlife. The law gave the state fish and wildlife agencies the boost they needed to launch the science of wildlife conservation.

Because of the incredible achievements of the states in restoring wildlife and habitat coupled with the faith and trust in the government to manage the trust fund wisely, sportsmen were willing to accept an extension of the tax to handguns and archery equipment in the 1970's. Mr. Chairman, I don't think it would be farfetched to suggest that if the tax proposal were suggested today, the response would be a resounding "No." The faith and trust of our members and millions of other gun owners across the country has been eroded by the findings of the investigations conducted by the General Accounting Office and the House Committee on Resources into the Fish and Wildlife Service's management of the Federal Aid Program.

For decades, the Fish and Wildlife Service had enjoyed a reputation for its frugal use of the funds provided by Pittman-Robertson to cover administrative costs of managing the trust fund. However, in recent years, certain events drew the NRA's attention to how these funds were being used. The first event was the creation of an Administrative Grant Program. The Program used administrative funds, in excess of that needed to cover management costs, to fund projects that benefitted multiple states. Although the NRA had no argument with the concept, we saw no authority for it in law and at no time were the stakeholders who pay the tax consulted about the creation of such a program.

In 1998, the Service attempted to restructure how the Administrative Grant Program would be managed, but it chose to address the issue only with the states. The states are the recipients of the funds; they do not generate the funds and neither does the Service. Those who should have been invited to the table, the taxpayers, were absent from the discussions. Even though the management options were published for public comment, the review was informal. It was not conducted as a formal rulemaking. Either the agency did not see the importance of public review or did not believe there was concrete authority in law to provide the foundation for formal rulemaking. Regardless of the reason, it became increasingly clear that the Service had lost sight of who serves as the backbone of the trust fund.

The second alarm was set off when a Director's Conservation Fund was created. The fund was designed for the personal use of the Director. It funded projects that did not have to receive the approval of the Federal Aid Program office nor approval through the Administrative Grant process that had been created by the Service and the states. In this case, the NRA did take issue with the concept of a Director's pet-project account and decidedly saw no authority in law for its creation.

Following the creation of the Administrative Grant Program and the Conservation Fund was information coming out of the Service that Pittman-Robertson funds were being used to pay for foreign travel of Federal Aid Program employees. The NRA had concerns with the appearance of "mission creep" on the part of the Service since the funds are to benefit state fish and wildlife agencies, not foreign governments. Then came information about the creative use of the funds for covering the costs of opening regional offices, funding personal positions external to the Federal Aid Program office and other expenses that left the impression that the administrative funds were being "raided" for Service-related purposes, not for the trust fund's established purposes.

The final shock wave came over a proposal submitted by an animal rights group for use of Administrative Grant funds to pay for anti-hunting propaganda. Even though the proposal was rejected because it did not meet the Pittman-Robertson criteria, word came out that the Federal Aid Program employee who made the decision was being pressured to reverse it and that because of what may have been perceived as insubordination, the Service attempted to transfer that employee from the Federal Aid Program office. The NRA will not delve into that incident in this testimony because the issue is addressed in the House Resources Committee hearing record. Suffice it to say, the NRA had reason to believe the Service was progressively distancing itself from its core constituency in executing its management responsibilities for the Pittman-Robertsons trust fund.

What brought all of NRA's concerns to the surface was the introduction of the Conservation and Reinvestment Act (CARA). Title III of that Act amends the Pittman-Robertson Act to provide a conduit to the state fish and wildlife agencies for a portion of the outercontinental shelf (OCS) oil and gas lease revenue. The original bill allowed (as does the Pittman-Robertson Act) a percentage of the total revenue to be used by the Fish and Wildlife Service to cover administrative costs. First, to be clear, the NRA supports CARA because Title III is in the bill. However, in light of our concerns over the Service's increasingly creative use of administrative funds, we questioned the wisdom of providing millions more dollars to the Service absent a performance evaluation over its use of the administrative funds already being provided. The NRA owes a debt of gratitude to House Resources Committee Chairman Don Young, who introduced the CARA bill on the House side, for responding to the sportsmen's concerns by launching the first audit of the Pittman-Robertson fund in its sixty year history.

It is not necessary in this testimony to address the findings of the audit conducted by the General Accounting Office and the information provided by the witnesses called to testify at the House oversight hearings last year. All of that is public record. What I do want to focus on today is not the problems that were uncovered, but the solutions to those problems.

The NRA participated alongside a number of organizations last year in discussions on what those solutions should be. All of the taxpayers were represented—the industry, the hunters, the recreational shooters, the archers, the anglers and the boaters. What emerged from those discussions was H.R. 3671.

There were those in the wildlife conservation community who feared that the revelations from the GAO audit and other investigations would create a groundswell of dissidents who would call for the dismantling of the trust fund and the removal of the excise tax. Mr. Chairman, not a single NRA member that I am aware of has contacted the Association asking that we call for an abolishment of the Act. All of our members support sound wildlife conservation and firearm safety programs and are willing to put their money on the line to ensure the future of these programs. What they want are the problems to be fixed so that everyone can go about their individual pursuits in the knowledge that their funds are being well managed for the benefit of wildlife conservation, hunting and the shooting sports.

Mr. Chairman, from the time issues over trust fund management emerged, the NRA has fully supported the continuation of the Pittman-Robertson trust fund and its excise taxes. Our concerns have centered on the use of the administrative funds, not on the fundamental purposes of the Act. Even though we have publicly chastised the agency for its mismanagement and abuses of the administrative funds, we have supported keeping the management of the trust fund within the Service so long as the identified problems are solved and solved quickly.

Though this hearing is an oversight hearing, my remaining comments are directed to the House and Senate reform bills, H.R. 3671 and S. 2609 respectively, titled Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act. The following is a brief discussion of the legislative provisions of importance to the NRA.

Administrative Funds

Both bills have as their core provision a list of administrative costs that are authorized for coverage by the administrative funds. This provision is crucial as it has been made clear by the investigative hearings and testimony before the House Resources Committee that the Service engaged in permissive spending and extremely liberal interpretations of the law for its own benefit. This provision makes clear what are and are not allowable costs. It is crucial that any bill adopted by Congress contain a list of allowable costs as well as language specifically prohibiting the coverage of any cost not specifically authorized by the bill.

Audit Requirements

Both bills contain a requirement for periodic audits and a detailed reporting system for submitting those findings to the Congress and to the states. This is a critical aspect of any reform legislation. Once the initial problems have been solved, a mechanism is needed to ensure the taxpayer-sportsman that his dollars are truly being held by the Service "in trust." The audit process should be transparent; that is, have reporting requirements so all stakeholders (like shareholders) are informed about the financial management of their trust fund. It is also a way to make small course corrections when needed which will prevent a crisis situation from developing that requires reform legislation to resolve.

Authorized Administrative Costs

The NRA has not weighed in on the debate between the Fish and Wildlife Service and authors of the House and Senate bills over how much administrative funds the Service should be allowed and whether that amount should be a flat figure or a reduced percentage of what is allowed in current law. It is clear, however, that the percentage of funds that Pittman-Robertson provides is generous, too generous. The Federal Aid Program can effectively and efficiently manage the trust fund on less. The Service should be able to document to the Congress, to the states, and to the taxpayer-sportsman its needs for the program. The NRA could support a change to the bills regarding the annual set-aside for administration as long as the alternative approach can be justified.

Firearm and Bow Hunter Education and Safety Program Grants

The NRA fully supports provisions in both bills that reserve a specified amount of excise tax revenue to be apportioned among the states for hunter education and shooting range programs. This money would be in addition to what is made available by the Pittman-Robertson Act for use by the states at their discretion for those programs. The discretionary amount is one-half of the annual excise tax revenue collected from the sale of handguns and archery equipment. In the 1970's when the Pittman-Robertson Act was extended to handguns and archery equipment, sportsmen asked that some of the revenue be "earmarked" as most handgunners and archers utilize shooting ranges, not open land for hunting. However, they backed down from an earmarked amount after receiving assurances from the states that those funds would be used to benefit recreational shooting. Unfortunately, that has not played out as promised. While many states have used some of that discretionary revenue for range development, many other states have a dismal track record in the eyes of the taxpayer-shooter.

Based upon information developed by the International Association of Fish and Wildlife Agencies, over half the states reported that they do not use Pittman-Robertson funds for shooting range development. One of the major reasons given for range closures is financial. Only half the states have developed an inventory of shooting ranges and just 14 states have developed a strategic plan for shooting range development. Yet, forty-five states reported that they feel there is still a significant need for additional shooting ranges in their state.

The NRA has not in the past advocated an earmarking of funds, but instead has relied upon the good faith effort of the states to live up to the agreement made in the 1970's with the taxpayer-shooters. However, H.R. 3671 and S. 2609 are perfect vehicles for providing a modest amount of dedicated funds to the states who have said financial resources are a stumbling block to range development. Dedicating such funds acts to fulfill a commitment made long ago.

Multi-State Conservation Grant Program

The NRA supports the creation, in law, of such a program. As noted above, the NRA supported the concept of an Administrative Grant Program created by the Fish and Wildlife Service and the states, but expressed concern that there was no legal authority to do it. The NRA supports the states' desire to have some amount of the dollars that would otherwise be apportioned to the states individually, instead pooled at the federal level to conduct conservation projects of mutual benefit to multiple states. The NRA supports the funding level in S. 2609 that is over and above the amount provided in H.R. 3671. However, we are not wedded to the dollar figure and could accept a higher amount so long as the states concur.

What is important to the NRA is that the funds not be used by any organization or for any project that promotes or encourages opposition to hunting or trapping. Second, the projects must benefit a majority of the states nationwide or by region. Third, organizations representing sportsmen, conservationists and industry must have a seat at the table. Both the House and Senate bills require that the International Association of Fish and Wildlife agencies consult with these organizations in preparing a priority list of projects to be funded. Forth, the International should not be precluded from being a grant recipient.

Assistant Director for Wildlife and Sport Fish Restoration Programs

The NRA supports establishing a position of Assistant Director for Wildlife and Sport Fish Restoration Programs who will report directly to the Fish and Wildlife Service Director. We recognize that the arguments against placing such a provision in law is that it would have Congress micromanaging the Service. From our perspective, however, such a position is needed. Many of the problems uncovered about the Federal Aid Program can be attributed to the fact that it was relegated to a lowly position within the Service, a backwater program. A lot of that, I am sure, is due to the fact that the states, not the Service, are the beneficiaries of the trust funds. It gave the Service leadership little incentive to make management of the Federal Aid Program a top priority among other programs and issues requiring the Director's personal attention. Elevating the Federal Aid Program to the level of an Assistant Director will change that.

Furthermore, if Congress passes CARA, hundreds of millions of dollars will flow through the Pittman-Robertson trust fund annually. Presently, the Pittman-Robertson Act and the Federal Aid in Sport Fish Restoration Act bring in nearly $400 million annually in excise tax revenue for the Service to administer. CARA will greatly increase the Service's trust fund responsibilities. That ought to be reflected in the Service's management matrix.

In conclusion, Mr. Chairman, the NRA is most anxious for this Congress to pass reform legislation. We know what the problems are and we have the solutions. Even though there may be disagreements over some of the provisions of H.R. 3671 and S. 2609, I am confident that resolution is achievable if all are committed to passing a reform bill before the end of the 106th Congress.

The Pittman-Robertson Act and its counterpart are unprecedented in the world and while the conservation dollars raised can be counted in the billions, the conservation benefits are inestimable. It is important for all of us who cherish our fish and wildlife resources to see that the sportsmen and women of this country are accorded the respect they deserve by having their trust restored in the Service's management of the Federal Aid Program. The NRA respectively requests that the members of this subcommittee and the full committee act expeditiously on a reform bill.

STATEMENT OF MIKE NUSSMAN FOR THE AMERICAN SPORTFISHING ASSOCIATION

Mr. Chairman, I appreciate the opportunity to testify before the subcommittee on behalf of the recreational fishing industry. My testimony today addresses the administration of the Federal Aid in Sport Fish Restoration Program (the Program). My comments specifically deal with the history of the program, the U.S. Fish and Wildlife Service's management of the program, and our recommendations for any legislation considered by the committee. This testimony is given on behalf of the 400 members of the American Sportfishing Association (ASA).

ASA is a non-profit trade organization whose members include fishing tackle manufacturers, boat builders, retailers, state fish and game agencies, angler organizations, and the outdoor media. For more than fifty years, ASA and its predecessor organizations have promoted the conservation of fisheries resources and supported measures that improve the aquatic environment.

BACKGROUND

As vice president of the association whose members contribute approximately $100 million to the Program each year, I am pleased to provide the committee with some thoughts on the administration of the U.S. Fish and Wildlife Service's Federal Aid in Sport Fish Restoration Program. As you know, this program is of extreme importance to the recreational fishing industry. Despite being among the most popular outdoor activities, sport fishing is also big business. The most recent estimates have nearly 50 million Americans fishing for recreation. In pursuing their sport, these citizens spend nearly $40 billion annually and support 1.2 million jobs.

The Federal Aid in Sport Fish Restoration Program is an excellent example of a user pays-user benefits program. Anglers and boaters pay a little more for their equipment and fuel and in return enjoy increased fishing and boating opportunities. These monies are deposited into the U.S. Treasury and then disbursed to state fish and game agencies for sport fish restoration, wetlands conservation, aquatic education, outreach, boat safety, and boating access and facilities projects. The cycle is completed with a return of benefits to the users through improved sport fishing and boating opportunities.

The Program was launched in 1950 when Representative John Dingell (MI) and Senator Edwin Johnson (CO) pushed for and passed the Federal Aid in Sport Fish Restoration Act. Based on a similar bill (the 1937 Pittman-Robertson Act) that placed an excise tax on specific hunting equipment, the Sport Fish Restoration Act was aimed at dealing with the expanding number of anglers and the declining quality of the resource. Utilizing the same user pays-user benefits model as Pittman-Robertson, the Dingell-Johnson Act as it became known, was an immediate boon to state fish and game agencies that previously could not provide adequate attention to fisheries due to strapped budgets. Instead of having to fund 100 percent of a fisheries improvement project, now under Dingell-Johnson, for every one dollar invested by the state, the Federal Government could contribute three dollars. During the years immediately following passage, monies form the collection of excise taxes vastly improved the quality of America's sport fishery resources.

However, in 1984, in response to a growing list of needs, a new set of amendments to the Program were passed spurred on by Senator Malcolm Wallop (WY) and John Breaux (LA). These 1984 Wallop-Breaux amendments expanded the list of taxable sport fishing articles to include nearly all sportfishing equipment. In addition, a 3 percent tax on electric trolling motors and fish finders was added along with a redirection of the tax on motorboat fuel. The Wallop-Breaux amendments expanded the pool of money made available to the states by six fold, from an average of $40 million before 1984, to $241 million in 2000.

Since the 1984 Wallop-Breaux Amendments, the Federal Aid in Sport Fish Restoration Act has undergone changes resulting from other amendments. Many of the changes increased funding for programs such as boating safety and created new programs such as the coastal wetlands and clean vessel (pumpout) programs. In 1998, the Transportation Equity Act for the 21st Century reauthorized the Federal Aid in Sport Fish Restoration Act simultaneously increasing monies received from motor boat and small engine fuels taxes (beginning in fiscal year 2002), creating a boating infrastructure program, and an outreach and communications program.

Additionally, other changes to the Act in 1998 increased the minimum percentage of state allocations to be invested in boating access and facility projects from 12.5 percent to 15 percent, and raised the maximum percentage of state allocations to be used for aquatic education and outreach and communications from 12.5 percent to 15 percent. Boating Safety programs administered by the U.S. Coast Guard also realized increased funding.

The impact of the Dingell-Johnson/Wallop-Breaux excise tax has been substantial. According to the U.S. Fish & Wildlife Service, over one billion dollars has been reimbursed to the states since the original act passed fifty years ago. These funds have helped develop more than 1,500 new fishing access sites, improved 9,700 public boat ramps, and supported creation or restoration of 400 lakes covering 60,000 acres and fish habitat enhancements on more than 3,900 miles of streams and rivers. In addition, the funds have supported state fish hatchery and stocking programs, education efforts, weed control and habitat improvement projects, and fishery research.

ADMINISTRATION OF THE PROGRAM

Mr. Chairman, the Sport Fish Restoration Program has a huge impact on the sportfishing industry. It affects pricing decisions, marketing decisions, even production decisions made by the industry. However, through its investments in the fishery resource, the program enabled the sportfishing industry to grow substantially throughout the 1960s, 70s and 80s.

The General Accounting Office (GAO) has raised a number of serious problems regarding the administration of the program. The U.S. Fish and Wildlife Service has indicated that they have responded, or are responding to the majority of problems raised by GAO. The sportfishing industry is deeply concerned by the charges made by GAO. No industry can pay ten percent of every dollar they collect, in addition to income taxes on their profits, and not be troubled by the GAO testimony.

The industry is strongly supportive of taking all necessary action to establish greater accountability and transparency in administration of the Federal Aid program. I would like to make clear that the sport fishing industry's position is that it is absolutely essential to resolve the administrative oversight questions in a most timely manner. We think it is vital that America's anglers and boaters, along with the industry that pays the tax, get their moneys' worth.

In addition, we believe the administration of the Sport Fish Restoration Program has not received the attention and focus from the U.S. Fish and Wildlife Service that a half of a billion dollar annual program deserves. We would not argue over the importance of the other missions of the U.S. Fish and Wildlife Service. They are all important! But they are not more important than the successful administration of a Sport Fish (or Wildlife) Restoration Program.

RECOMMENDATIONS

The recommendations I will make here today are supported by my membership as well as the American League of Anglers and Boaters (ALAB), a coalition of 25 angling and boating interest groups that includes the International Association of Fish and Wildlife Agencies as well as a variety of nonprofit and for-profit organizations.

Our primary interest is in the Sport Fish Restoration Program. However, since the Sport Fish and the Wildlife Restoration Programs are implemented by a single state agency and are administered by a single unit of the U.S. Fish and Wildlife Service, both programs are closely interrelated. Legislative changes to one of the programs can have indirect impacts on the other. It is with this understanding that we make the following comments on the administration of the Sport Fish and Wildlife Restoration Programs

There is no doubt that the U.S. Fish and Wildlife Service can and should do a better and more effective job of administering the Sport Fish and Wildlife Restoration Programs. Two bills have been introduced, S. 2609, the "Pittman-Robertson Wildlife Restoration Act", sponsored by Senators Craig and Crapo, and H.R. 3671, the "Wildlife and Sport Fish Restoration Programs Improvements Act of 2000", sponsored by Congressman Young and others, to address this need. Both S. 2609 and H.R. 3671 redefine the responsibilities of the U.S. Fish and Wildlife Service in this regard and increase their accountability to Congress and the states. We believe that such a legislative approach is needed to clarify the administration of the program and the goals of the Act.

However, ASA has concerns in four key areas of S. 2609 and H.R. 3671. They include:

1. S. 2609 and H.R. 3671 would provide $7 and $5 million, respectively for a Multi-State Conservation Grants Program ($3.5 and $2.5 million, respectively, from each fund). At least four existing programs (National Survey of Fishing, Hunting, and Wildlife-Associated Recreation, Management Assistance Team, Administrative Grants Program, and Library Reference Service), at the recommendation and concurrence of the states, have been funded for several years and would fall under this proposed program. The funds provided by S. 2609 and H.R. 3671 are not sufficient to fund these four programs or to include other projects of multi-state or national benefit that might need to be carried-out collectively at much less expense than if each state conducted them individually. It is ASA's recommendation that 2 percent of each fund (approximately $4.5 million each) be available annually for the Multi-State Conservation Grants Program.

2. The Sport Fishing and Boating Partnership Council (SFBPC) was created to provide a mechanism to give advice to the Secretary of Interior on sport fish restoration and other fishing and boating issues. The SFBPC has been widely recognized for its collaborative efforts and has undertaken major assignments by the Congress such as that called for in TEA-21. Those that contribute to the sport fish restoration fund believe that the SFBPC is an invaluable tool for ensuring that those that pay the tax are heard when critical decisions are made within the U.S. Fish and Wildlife Service. The activities of the SFBPC have been funded by Sport Fish Restoration administrative funds at approximately $400,000 per year. It is ASA's recommendation that language be included in the bills specifying that funding be set aside for the work of the SFBPC.

3. Under existing law, the U.S. Fish and Wildlife Service can currently utilize up to 6 percent of Sport Fish Restoration and 8 percent of Wildlife Restoration Funds to administer the two programs. The bills would significantly reduce this to a straight dollar amount of $14,180,000 the first year, with gradual reductions over the next two years to $12.6 million. This is a significant reduction in administrative funding and we are concerned it would have a negative impact on these two very successful programs. ASA recommends that 3 percent of Wallop-Breaux and 4 percent of Pittman-Robertson funds or $16 million be available annually to the U.S. Fish and Wildlife Service for administration of the program and delivery of apportioned funds to the states.

4. Over the years, several grant programs have been added to the Sport Fish Restoration Program. These include the Clean Vessel Act Pumpout Program ($10 million/year), the Boating Infrastructure Grant Program ($8 million/year), and the National Outreach and Communications Program ($5-10 million/year). Although funds for these programs are withdrawn from the Sport Fish Restoration Account before the calculation of administrative funds is made, no specific provision is made in the bills for funds to administer these small grant programs. The U.S. Fish and Wildlife Service is now considering using Sport Fish Restoration administrative funds to administer these programs. This would further weaken the administration of the Sport Fish Restoration Program. It is ASA's recommendation that language be included in the legislation specifying that administrative costs for each small grant program be made available from the funding specified for each program and not from Sport Fish Restoration administrative funds.

Legislation providing focus and guidance to the Sport Fish and Wildlife Restoration Acts would significantly improve the administration of these programs. The recommendations that we have made will enhance the legislation being considered and should ensure the continued success of these vital programs. Your consideration of our views is appreciated and we stand ready to work with the committee.

STATEMENT OF DR. TERRY Z. RILEY, DIRECTOR OF CONSERVATION, WILDLIFE MANAGEMENT INSTITUTE

Mr. Chairman: I would like to thank you and your committee for inviting the Wildlife Management Institute (WMI) to provide testimony on the administration of the Federal Aid Programs by the U.S. Fish and Wildlife Service. The Wildlife Management Institute appreciates your personal interest in resolving problems identified within the "Pittman-Robertson Wildlife Restoration Act" (P-R Act) and the "Dingell-Johnson Sport Fish Restoration Act" (D-J Act).

WMI has had a long-term interest in both the P-R Act and the associated programs developed at the state level. We have been actively involved with the P-R Act since it was passed by the U.S. Congress in 1937, and we are vitally concerned that the P-R Act remain an integral part of wildlife conservation in the future. As you are aware, these Acts have been the cornerstone of the most successful conservation programs in North America. The on-the-ground success stories that can be attributed to these Acts are too numerous to recount, however, notable successes include the return of elk, white-tailed deer, wild turkey, pronghorn antelope, bison, giant Canada geese, and wood ducks to much of their historic range in America. Virtually none of these successes would have happened without the funds provided by this unique partnership among state and federal wildlife agencies, industry, hunters, anglers and conservationists.

We concur with those concerned about mismanagement or inappropriate use of funds available through the P-R Act, and generally we support any needed reforms to the current Act that would correct existing abuses. However, we are deeply concerned that changes in the current funding level would result in a serious reduction of Federal Aid staff. There is no evidence that large cuts in administrative funds are either justified or warranted, but they would seriously impact the delivery of program funds to the states. The proposed amount for program administration in H.R. 3671, the "Wildlife and Sport Fish Restoration Programs Improvement Act of 2000," would result in a 50 percent reduction in Fish and Wildlife Service staff currently delivering these programs to the states. We believe this reduction would seriously affect wildlife management, research and education programs across the country.

WMI recommends that any legislative changes to the P-R Act should direct 4 percent of the annual funding for Administration of the Act. We believe a fixed percentage rather than a fixed amount provides for adequate fiscal controls while allowing program growth and needed flexibility. The 4 percent amount is based on the estimated expenditures by the U.S. Fish and Wildlife Service for the actual administra-

tion of the program, using the categories of Authorized Administrative Costs defined in Section 9 of H.R. 3671.

While WMI strongly supports federal oversight of the P-R Act program, we believe that oversight must be balanced against the goal of the founding legislation to create and improve state-level wildlife management, research and education programs. The legislative and implementation history of the P-R Act clearly indicates that activities undertaken as a result of this legislation and subsequent funding are state actions and not federal actions. Any language that alters this relationship should be avoided. We believe the appropriate role of the Fish and Wildlife Service is to review project eligibility, and determine if they are "substantial in character and design." Also, we believe the terms "evaluate, approve, disapprove and advise" found in Sections 9(a)(4) and 9(a)(12) of H.R. 3671 provide greater federal program oversight than currently exists. We recommend that these sections be replaced with, "Costs to review, evaluate and advise on project eligibility, and determinations that comprehensive fish and wildlife resource plans under section 6(a)(1) and wildlife restoration projects under section 6(a)(2) are substantial in character and design."

One problem with attempting to legislatively authorized specific program costs, is that new concepts and technologies needed to execute the program might be omitted. WMI believes that a complete prohibition of costs not specifically authorized in Section 9(b) "Unauthorized Costs" of H.R. 3671 is shortsighted. We are not fully convinced that the current list of authorized costs identified in Section 9 is complete. We recommend that any legislative changes to the P-R Act develop a process to allow unanticipated, legitimate costs, that currently are not identified in H.R. 3671, be considered for future inclusion. The simplest way to achieve this is to provide for Congressional oversight in a manner similar to the way current re-programming requests are handled. WMI recommends that "unless approved by the authorizing Congressional Committee" be added to the end of this section of H.R. 3671.

WMI believes that the creation of an Assistant Director for a Wildlife and Sport Fish Restoration Program should not be created by statute. The internal organization of an agency is a prerogative of the Executive Branch subject to Congressional review. This relationship should not be altered for this program. The head of the agency, in this case the Director of the Fish and Wildlife Service, is and should be responsible for implementing and executing the statutory requirements of the P-R Act. WMI recommends that any legislative changes to the P-R Act exclude any and all references to an Assistant Director for Wildlife and Sport Fish Restoration Program.

WMI strongly supports providing funds to enhance hunter education and shooting range development. State hunter education programs continue to provide the necessary training and experience for our youth in safe handling and use of firearms, and in the ethics of hunting, land stewardship, and private property rights. Public shooting ranges provide safe places to discharge firearms, improve firearm safety and handling by the general public, and reduce conflicts between firearm owners and those who are often alarmed by the sights and sounds of firearms. The need for these important programs was identified in the 1971 and 1973 amendments to the P-R Act, however, we believe that a fixed percentage of funds from the P-A Act available each year will allow greater certainty for program development than having the program depend on whatever remains after other program expenses are met. Past program decisions clearly indicate that funding demands on agencies are so great that many important programs do not get funded unless they are prescribed in this manner. Unfortunately, as a result of these competing demands, the current national aggregate funding for hunter education programs only utilizes approximately 55 percent of the funding that was made available in the 1973 modification to the P-R Act. While the balance of these funds have been used for important wildlife programs, the need for investing in hunter education and shooting ranges has not been fulfilled. Societal changes dictate that these investments be made now. WMI recommends that any legislative changes to the P-R Act should direct 2 percent of the annual funds to "Firearm and Bow Hunter Education and Safety Program Grants" rather than a fixed amount.

The now defunct Administrative Grants Program was similar to the "Multi-state Conservation Grant Program" described in Section 11 (a) of H.R. 3671 and was an extremely valuable program that has assisted states by developing a broad array of new information and management tools. In many cases these tools paved the way for integrating innovative management activities and projects into mainstream state wildlife management programs. However, the funding level currently contained in the H.R. 3671 is far below the actual need that exists for innovative program and information development. These funds should not be artificially capped, because the states have both direct and indirect control over the potential expenditure of these funds. WMI recommends that any legislative changes to the P-R Act should direct

2 percent of the annul funds to a "Multi-state Conservation Grant Program" rather than a fixed amount.

In addition, many, if not most, of the projects funded by the now defunct "Administrative Grants Program" technically could not be described as "wildlife restoration projects," as defined in Section 11 (b) (2) of H.R. 3671. Examples include the numerous "human dimensions" and economic studies funded by these grants, as well as grants to support various technical symposia and data collection efforts. These projects did not directly "restore" any wildlife, but they did provide important information that aided wildlife restoration efforts.

WMI recommends that any legislative changes to the P-R Act should authorize the U.S. Fish and Wildlife Service to consider a broad array of projects for funding in support of wildlife restoration. Inserting the term "in support of" before "wildlife restoration projects" in Section 11 (b) (2) of H.R. 3671 would authorize a broad array of projects to be considered for funding. A similar insertion should be included in Title II, Section 201 (a) (2).

The U.S. Fish and Wildlife Service and the U.S. Geological Survey Biological Resources Division both have obtained grants from the now defunct "Administrative Grants Program." The grants that were awarded to these agencies have supported projects such as the "National Survey of Fishing, Hunting, and Wildlife-Associated Recreation" and important bird-banding and harvest surveys, which clearly have benefitted a majority of states. WMI recommends that any legislative changes to the P-R Act should expand the list of eligible grantees to include both the U.S. Fish and Wildlife Service and the U.S. Geological Survey Biological Resources Division [Section 11 (c) of H.R. 3671.]

The "Clarification" language found in Title I, Section 101, Section 11 (e) of H.R. 3671 and in Title II, Section 202, Section 14(3)(e) is inconsistent. WMI recommends that the language found in Title I be adopted.

WMI believe that the P-R Act could be enhanced by the creation of a "Sportsmen Trust Fund Advisory Council." The purpose of this proposed Council would be to enhance the broad partnership aspect of the Federal Aid Program; develop processes for stronger programmatic oversight and reviews, conflict resolution, and development of administrative budgets, policies and operational plans; and create a process for administering and implementing the "Multi-state Conservation Grant Program." We suggest that the Council be composed of representatives from the U.S. Fish and Wildlife Service; State wildlife and fisheries management agencies; industries that manufacture goods that are taxed under this Act, or trade groups representing those industries; and non-governmental conservation/sportsmen organizations who have demonstrated a long term interest in advancing the purposes of this Act. Council members would be appointed by the Department of the Interior and would report on the health of the Program to Congress every five years.

Mr. Chairman, thank you again for inviting WMI to provide testimony on the administration of these important Federal Aid Programs. Please contact me if you have any questions regarding our suggestions or if you would like to further discuss this important legislation.

AMERICAN FISHERIES SOCIETY,
June 19, 2000.

The Honorable ROBERT C. SMITH, *Chairman,*
Committee on Environment and Public Works
Senate Office Building,

Washington, DC 20510–6175.

DEAR CHAIRMAN SMITH: I am writing on behalf of the members of the American Fisheries Society (AFS) to express their views regarding changes to Pittman-Robertson Wildlife Restoration Act and Dingell-Johnson Sportfish Restoration Act. The American Fisheries Society as the Nation's largest association of fisheries and aquatic science professionals, with 10,000 members representing all states, commonwealths, and trust territories, we believe it is essential that interests of our members and our profession be considered in the development of legislation affecting agencies supporting fisheries and aquatic science and conservation. We ask that this letter be included in the official record.

The Society recognizes the need to restore public confidence in the integrity of these programs, particularly their administration by the U. S. Fish and Wildlife Service (USFWS). However, the Wildlife and Sportfish Restoration Programs are the most successful user benefit-user pay programs. These programs foster a unique partnership among State and Federal fish and wildlife agencies, industry, and non governmental conservation and professional organizations. For over 50 years these

two programs have played a critical role in State fish and wildlife agencies' efforts in restoring the Nation's fish and wildlife resources. We caution you to take no action that would diminish the effectiveness of these programs.

Whereas AFS agrees that appropriate action must be taken to address identified deficiencies in the FWS' administration of the two programs, care must be given to insure that sufficient resources are provided for effective and efficient oversight and management of Federal funds The Society agrees with the Federal Aid Review Team Report to establish an Assistant Director for Federal Aid. This seems all the more acute with the recent decision to abolish all the Assistant Regional Director-Federal Aid positions. If the Federal Aid program is to be highlighted as a first rate element of the USFWS, it needs to have a much higher profile than is currently being considered in agency's reorganization. We believe that imposing dollar caps on administrative cost similar to those developed in the House will severely hamper the FWS ability to properly administer these programs. The Society believes the programs could be reduced with no significant harm from their present levels of 6 percent and 8 percent to 4 percent for each program. If a fixed dollar cap must be imposed we believe that with reductions in overhead and adoption of substantial streamlining at least $18 million, with annual adjustments to reflect changes in the cost of doing business, are needed to properly administer these programs.

For many years the FWS has used administrative funds to support a multi-state conservation grant program. These funds support projects selected by the states including such ongoing efforts as the National Survey of Hunting, Fishing, and Wildlife Associated Recreation, the Fish and Wildlife Reference Service, the Management Assessment Team (MAT) and the National Administrative Grants Program (NAGP). The Society recommends that 2 percent of Wildlife Restoration and Sport fish Restoration funds be made available for a multi-state conservation grant program. This would amount to approximately $9 million at current funding levels.

We are in general agreement with the action taken by the House on these programs, especially with regard to the identification of activities for which administrative funds may be used, the audit requirements, and the certification and reporting requirements. The Society appreciates the effort made in addressing the problems in administrating these programs. We are ready to work with you and your staff in any way possible.

Sincerely,

GHASSAN N. RASSAM, *Executive Director.*

NATIONAL WILDLIFE FEDERATION,
OFFICE OF INTERNATIONAL AFFAIRS,
July 28, 2000.

The Honorable MICHAEL D. CRAPO, *Chairman,*
Fisheries, Wildlife and Drinking Water Subcommittee,
Environment and Public Works Committee,
U.S. Senate,
Washington, DC 20510.

DEAR CHAIRMAN CRAPO: I am writing to you regarding the July 19, 2000, oversight hearing on the U.S. Fish and Wildlife Service's (Service) administration of the Federal Aid Program held by the Senate Environment and Public Works Subcommittee on Fisheries, Wildlife and Drinking Water. The National Wildlife Federation (NWF) and our constituents have long supported both the Federal Aid in Wildlife Restoration Act (Pit/man-Robertson Wildlife Restoration Act) and the Federal Aid in Fish Restoration Act (Dingell-Johnson-Wallop-Breaux Sport Fish Restoration Act). I respectfully request that these comments be accepted for the hearing record.

The Pittman-Robertson and Dingell-Johnson programs are models of success. Strong support from hunters and anglers, secure and automatic appropriation of the funds provided by sportsmen and sportswomen, professionalism of the state fish and wildlife agencies, and oversight provided by the Service have all contributed to the success of these programs. These programs have contributed to the remarkable recovery of many species of fish and wildlife including wild turkey, pronghorn, deer and striped bass. With these outstanding accomplishments and continuing strong support from hunters and anglers, they hold great promise for the future, but only as long as they are held essentially intact.

As a result of some questions over the U.S. Fish and Wildlife Service's administration of the Pittman-Robertson and Dingell-Johnson programs, Congress has held several oversight hearings. NWF has shared some of the same concerns over accountability issues related to the Service's administration of the programs. Therefore, we are gratified that the Service has accounted for the funds that were origi-

nally in question, modified and improved their accounting process, and made other administrative adjustments as well.

Our interest in writing to you now is to ensure that these programs continue as strong components of the nation's conservation agenda. We generally believe that the Service's recent actions will keep these programs on track as two of the most successful cooperative state/Federal conservation programs in our nation's history. NWF believes it is imperative that these programs remain intact and that no changes be made which would cripple the ability of the state fish and wildlife agencies or the Service to deliver these programs.

I would like to take this opportunity to outline some of the concerns NWF has with the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000 in the House (H.R. 3671) and the Senate (S. 2609). Specifically, both H.R. 3671 and S. 2609 authorize insufficient appropriations for the U.S. Fish and Wildlife Service to administer the programs. The authorizations must be increased to meet the Service's identified needs to fully administer the programs. Furthermore, the authorizations should be expressed as a percentage basis rather than a fixed amount. By providing an authorization expressed as a percentage, the administrative resources can correspondingly shrink or expand as the funding contracts or expands, based upon revenues.

We are also concerned that definitions within the H.R. 3671 and S. 2609 could exclude important studies such as the National Hunting and Fishing Survey; this study is conducted approximately every 5 years and provides critical information regarding many forms of wildlife-associated recreation. Further, the restrictions placed on allowable expenditures by the Service may be so restrictive as to exclude some appropriate administrative activities in the future that are not yet identifiable.

Finally, we are aware that there has been some consideration given to providing a sunset clause for the Pittman-Robertson and Dingell-Johnson programs. NWF opposes such a suggestion. The long term reliability and security of funding has furthered conservation by allowing state agencies and others to focus their energy and efforts on actual conservation activities, rather than being distracted by periodic efforts to reauthorize the legislation. A sunset clause is entirely unnecessary if its purpose, as has been suggested, is to allow Congress to periodically review the programs. The fact that both the House and Senate have recently completed oversight hearings in the absence of a sunset provision, is perfect testimony to the fact that such a sunset clause is unnecessary.

Thank you for your consideration of these comments on the Pittman-Robertson and Dingell-Johnson programs. We welcome the opportunity to further discuss these comments and any other aspects of these programs or pending legislation.

Sincerely,

JAMES S. LYON, *Senior Director, Legislative Affairs.*

STATEMENT OF THE SAFARI CLUB INTERNATIONAL

Safari Club International appreciates the opportunity to submit for the record, our testimony in support of S. 2609, the Craig/Crapo Wildlife and Sport Fish Restoration Programs and Improvement Act of 2000.

Thousands of Safari Club International members believe that if it is passed this bill will be one of the most important additions to wildlife conservation programs since the original Pittman-Robertson legislation was enacted in 1957.

S. 2609 will correct past misuses of the Pittman-Robertson funds by the U.S. Fish and Wildlife Service (FWS). It will ensure that sportsmen's excise tax dollars are being used for the purposes that original Pittman-Robertson/Dingell-Johnson statutes intended.

Safari Club International testified on the House side during the Resources Committee investigations into misuse of the Pittman-Robertson funds. We agree with Chairman Young's concerns, but are supportive of the Senate's attempts to reach consensus on some of the more controversial aspects of the legislation.

Specifically, we are in favor of administrative funding levels that are reflective of a fact-based need outlined by FWS. To date, we have not seen information that supports the Services desire for funding levels significantly higher than what the House and Senate propose. However, if FWS can supply such information, and increased administrative funding levels do not detract from funding levels already in place for other programs in S. 2609, Safari Club is not likely to oppose such increases.

We also support the "Authorized Administrative Costs" specifically outlined in Sec. 9(a) of S. 2609. Based on the past track record of the FWS with regard to spending sportsmen's dollars on programs and policies not intended by the original Pittman-Robertson legislation, such guidelines are both warranted and necessary.

However, we also understand the Service's concerns that there may come a time in the future when the need arises to spend money in an area not specifically delineated in the legislation, but that the FWS feels falls under the purview of Pit's intents. FWS has requested that they be allowed to "petition" Congress so that they may, in effect, "reprogram" money outside the realm of Sec. 9(a). This concept deserves further investigation and Safari Club is interested in the theoretical process, but we would reserve final judgment until after we've seen the details of such a proposal.

Safari Club International strongly supports Sec. 10, the Firearm and Bow Hunter Education and Safety Program Grants at the $16 million funding level proposed in the Senate bill, S. 2609. As you may know, the International Hunter Education Association (IHEA), an arm of the International Fish and Wildlife Association (IAFWA), has stressed that there is a potential for Federal funding for hunter education programs in every state under the current Pittman-Robertson statute, but to date there has not been a priority for these funds.

Finally, Safari Club is aware of an inquiry by Senate Environment and Public Works Committee Chairman Bob Smith regarding the possible proposal of a plan to reauthorize the Pittman-Robertson program every few years. While we would certainly be willing to discuss such a plan with the Chairman, our initial reaction to such a plan would be to oppose it. It is our experience that reauthorizations, while clearly necessary for some Federal programs, tend to bring with them changes that may not be based on scientific fact and past experience. Pittman-Robertson is arguably the most successful mass conservation program ever in the United States if not the world. It has a demonstrated track record based on a plan and program that works well.

We agree that the upcoming changes proposed in S. 2609 are both necessary and welcome and we fully support the bill, however we do not, at this time, support suggestions for regularly scheduled reauthorizations of the legislation.

Thank you again for giving us the opportunity to submit this testimony in strong support of S. 2609. We look forward to any further questions or discussions you may have.

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