

Summary Sheet

Meeting dates: August 21, 2020

Agenda item: B. 2021-23 Operating Budget – Multiple Decisions

Presenter(s): Nate Pamplin, Director of Budget and Government Affairs
Morgan Stinson, Budget Officer

Background summary:

For the upcoming 2021 legislative session, the Department is requesting a SFY2021 second supplemental operating budget and the 2021-23 operating budget. The operating budget is comprised of two components: 1) the Maintenance Level portion which is for routine cost increases and 2) the Performance Level portion, which is for policy level choices for new investments (or reductions) by the Legislature.

On July 31, 2020, the F&W Commission approved the SFY2021 second supplemental operating request and the 2021-23 operating budget maintenance level request. Since those decisions, some new projects have emerged and/or estimated amounts have changed outside the scope of the Commission's approval granting "allowance for minor adjustments." Thus, staff will present those changes and request approval.

Staff briefed the F&W Commission on July 31 regarding the 2021-23 Operating Budget Performance Level request. The performance level request is comprised of three categories:

- New enhancements;
- A response to the Governor's Office to reduce State General Fund appropriations by 15% to respond to declining state tax revenue associated with the economic toll of the coronavirus; and
- A shortfall in declining revenue from several fund sources. The Department is requesting the reduction of expenditure authority in the fund source along with a back-fill with State General Fund such that services and not impacted.

Staff will request the Commission to approve the 2021-23 operating budget performance level portion of the budget.

Finally, staff have prepared a draft position statement for the Commission's consideration on the 2021-23 operating budget. If approved, the statement would accompany the Department's budget submittal to the Governor's Office and would be posted to the Commission's webpage. It will serve as the basis for responses to the public expressing concerns about the budget proposals and the Department's response to the Governor's budget reduction planning assignment.

Staff will complete writing the operating budget request and submit to the Governor's Office of Financial Management in September.

Staff recommendation: Approve the additions to the SFY2021 second supplemental, the changes to the 2021-23 operating budget maintenance level portion, and the 2021-23 operating budget performance level portion. Also, approve the Commission position statement on the 2021-23 operating budget.

Policy issue(s) and expected outcome: N/A

Fiscal impacts of agency implementation: Secure funding for 2021-23.

Public involvement process used and what you learned: The Department's Budget and Policy Advisory Group was briefed on draft 2021-23 operating budget proposals on May 29, and some initial feedback was heard relative to priorities and strategy. The F&W Commission was briefed on June 12, 2020, primarily on enhancements. In mid-June, the Governor's Office of Financial Management provided instructions to state agencies on developing the 2021-23 operating budget, including an assignment to identify a 15% reduction in State General Fund appropriations. The Director's Office hosted a webinar for statewide and regional conservation and outdoor organizations on July 16, 2020. The Director's Office briefed the NWIFC and CRITFC about the proposed reductions and enhancements. The Budget and Policy Advisory Group was briefed on July 28, 2020 and the Commission was briefed on July 31, 2020. Finally, the Director's Office hosted a second webinar for statewide and regional conservation and outdoor organizations on August 12, 2020.

In general, staff have heard support for the enhancements. We have also heard recommendations to not identify cuts to conservation activities, hatcheries, land management, and enforcement work as part of the response to the Governor's Office budget reduction request. Finally, in our interactions with stakeholders and tribes, we've heard a number of suggestions on messaging to promote the economic return on investment of WDFW's State General Fund appropriations back to the state and the importance of WDFW's services during the coronavirus pandemic.

Action requested and/or proposed next steps: Approve the budget requests and position statement as presented.

Draft motion language:

For the State Fiscal Year 2021 second supplemental operating budget:

"I move to approve the additions to the second supplemental operating budget request as presented by staff, with allowance for minor adjustments as staff prepare final documents for submittal to the Governor's Office."

For the maintenance level portion of the 2021-23 operating budget:

"I move to approve the additions to the maintenance level portion of the 2021-23 operating budget request as presented by staff, with allowance for minor adjustments as staff prepare final documents for submittal to the Governor's Office."

For the performance level portion of the 2021-23 operating budget:

"I move to approve the performance level portion of the 2021-23 operating budget request as presented by staff, with allowance for minor adjustments as staff prepare final documents for submittal to the Governor's Office."

For the FWC position statement on the 2021-23 operating budget (*if no edits*):
“I move to approve the position statement on the 2021-23 operating budget.”

For the FWC position statement on the 2021-23 operating budget (*if there are edits made during the 8/21 conference call*):

“I move to approve the position statement on the 2021-23 operating budget as edited by the Commission this morning.”

Post decision communications plan: The budget request will be submitted to OFM in September and staff will update the Department’s website on the 2021 legislative session and budget proposals. If the Commission adopts a position statement, it will be used in outreach materials and responses to correspondence from the public.