

# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING

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**Friday March 2, 9:00am-4:00pm**

**Washington Department of Fish and Wildlife, 1111 Washington St SE, Olympia WA 98501 - Room 175**

## Anticipated Outcomes

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- Refine draft findings from Matrix report, ZBB budget exercise, and state research
- Refine draft funding principles
- Identify maintenance funding levels / shortfall amount
- Discuss options for service cuts and additional revenue to address shortfall
- Distill review criteria for funding options
- Review sections of draft long-term funding plan

## Agenda

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<b>9:00 am</b>	<b>Introductions, Agenda Review, Get Settled (10 min)</b>	<b>All</b>
<b>9:10</b>	<b>Key Questions for Today (10 min)</b> <ul style="list-style-type: none"> <li>• What core funding principles should be used? (Review draft.)</li> <li>• How should we evaluate cuts?</li> <li>• What options for additional revenue should we evaluate?</li> <li>• What evaluation criteria should we use?</li> </ul>	
<b>9:20</b>	<b>Review and Refine Draft Findings (40 minutes)</b> Draft findings were developed based on the discussion during meeting 2 and provided for review on 12/16. <ul style="list-style-type: none"> <li>• Reflections on the findings – do you agree?</li> <li>• What, if anything, is missing?</li> <li>• What, if anything, should be clarified?</li> </ul>	<b>All</b>
<b>10:00</b>	<b>Review and Refine Draft Funding Principles (40 minutes)</b> Draft funding principles were developed based on the discussion during meeting 2 and provided for review on 12/16. <ul style="list-style-type: none"> <li>• Reflections on the principles – do you agree?</li> <li>• What, if anything, is missing?</li> <li>• What, if anything, should be clarified?</li> </ul>	<b>All</b>
<b>10:40</b>	<b>Break (10 minutes)</b>	
<b>10:50</b>	<b>Criteria for Evaluating Options to Address Shortfall (1 hour 10 minutes)</b> The Legislature provided a number of criteria which must be used to evaluate	<b>All</b>

	<p>options to address the funding shortfall. Additional criteria might also be suggested. Discuss and determine:</p> <ul style="list-style-type: none"> <li>• What information might be used to evaluate each criterion specified by the legislature?</li> <li>• Is that information is available, and is there a backup plan is it is not?</li> <li>• What type of scoring scale is appropriate for each criterion?</li> <li>• Are additional criteria needed? If so, what information might be used to evaluate them and what scoring scale is appropriate?</li> </ul>	
<b>12:10 pm</b>	<p><b>Break for lunch (40 min)</b>  <i>Lunch is provided for Advisory Group members.</i></p>	
<b>12:50</b>	<p><b>Options to Address the Shortfall (1 hour 40 minutes)</b>  The anticipated 2019-2021 shortfall is \$30-\$35M. The shortfall can be addressed with efficiencies, with cuts, with supplemental funding, or with a combination of the three.</p> <ul style="list-style-type: none"> <li>• What efficiencies are identified and what role might they have in addressing the shortfall?</li> <li>• What are potential cuts and what role might they have in addressing the shortfall? What information from WDFW would help you evaluate potential cuts?</li> <li>• What supplemental funding (if any) is needed and what are thoughts about potential supplemental funding sources?</li> </ul>	<b>All</b>
<b>2:30</b>	<p><b>Break (10 minutes)</b></p>	
<b>2:40</b>	<p><b>Draft Report Sections and the Revised Schedule (1 hour)</b>  The initial sections of a draft report were provided for review on 2/23. The final report is likely due to the legislature September 1. Discuss:</p> <ul style="list-style-type: none"> <li>• Thoughts on the draft sections available: right information? Accurate? Right level of detail?</li> <li>• Thoughts on drafting the rest: things to highlight? Other advice?</li> <li>• Thoughts on future meetings, public engagement, and rolling this out?</li> </ul>	<b>All</b>
<b>3:40</b>	<p><b>Public Comment (10 minutes, or as needed)</b>  <i>Time will be adjusted as needed to allow 3 min per commenter.</i></p>	
<b>3:50</b>	<p><b>Wrap up and Next Steps (10 minutes)</b></p>	<b>Facilitator</b>
<b>4:00 pm</b>	<p><b>Adjourn</b></p>	

## Materials

1. Draft findings/principles (same as distributed on 2/16); we have a number of comments on these, particularly the findings, so we know we will be talking about refining/changing them at the meeting
2. Draft list of potential funding sources (from Feb mtg) and evaluation criteria from the proviso (new)
3. Draft LT Funding plan; this includes the draft front sections, it is a very early draft all, so please consider it with that in mind (new)
4. Revised proposed meeting-by-meeting approach and schedule (new)
5. Proviso (same as provided on 12/7)
6. Draft Meeting #2 Summary (same as distributed on 2/16)

## Draft Findings

- The structural budget shortfall is real, and has many long-term causes (e.g., unfunded mandates, 2008 budget cuts, Endangered Species Act responsibilities).
- The Organizational Assessment of Operational and Management Practices did not reveal any major high-level cost savings to be found from improving efficiency. Program-level efficiencies were not evaluated and may exist.
- The Organizational Assessment of Operation and Management Practices found that WDFW is employing best practices in organizational structure based on programs and regional focus; focus on core program areas; appropriate staffing levels for Procurement and Contracts, Human Resources, Information Technology, and Fiscal Services divisions. However, WDFW can improve on communication and outreach, and strategic planning and performance monitoring.
- Funding tied to all Washington residents/ all users (e.g., State General Fund; BPA mitigation funding tied to electricity rates) is significant. Consumptive users are not subsidizing the Department's work for non-consumptive users.
- Federal funding makes up a large percentage of the Department's budget. Some federal funds are very restricted, while others provide some flexibility in use.
- Co-management responsibilities and commercial hatchery management set Washington apart from other fish and wildlife agencies in terms of work and funding required.

## Draft Principles

1. **Tell the story.** Ensure Washington residents, the FWL Commission, and the Legislature have a broad understanding of the Department's services, benefits, and challenges.
2. **Maintain a significant portion of the Department's funding from sources with broad-based contributions (e.g. general fund),** recognizing that healthy natural lands, fish, and wildlife create significant benefits for all Washington residents and for the overall Washington economy.
3. **Direct user fees first to the Department programs and services that directly benefit those users** (e.g., management of hunting opportunities for hunting); direct any additional fee-based revenue to ecosystem programs which provide benefits relevant to fee payers (e.g., upland habitat management and restoration for hunters).
4. **Strive for balance in fee setting.** In setting fees consider and balance between the need for revenue to support Department services and the desire to maintain access to Department lands and services for all Washington residents, and maintain affordable options for fishing and hunting licenses and other fees.
5. **Avoid large periodic increases to fees** in favor of smaller, more incremental increases tied to the cost of living.
6. **Align funding decision with the Department's strategic goals,** priorities, governing principles, and responsibilities.
7. **Improve budget transparency** so that incoming revenue and outgoing investments are clearly understandable and aligned with the Department's strategic plan, governing principles, and responsibilities.
8. **Foster a culture of continuous improvement** and ensure Department services are delivered efficiently at both the Department and the program level.
9. **Explore opportunities for partnerships** with other state agencies or private organizations, to avoid duplicative work, and share data, equipment, and best practices when possible.

## Potential Funding Sources/Approaches and Criteria

*This document summarizes initial potential funding sources and approaches under consideration for addressing WDFW's budget shortfall, as well as potential criteria for evaluating different funding options. Other funding sources can be added to this list – this merely captures the initial sources identified in the February BPAG meeting and in research on other states.*

### Initial Potential Funding Source/Approach Options for Consideration

Potential Funding Sources	Explanation/Notes
Sports package*	Streamlined license process could better incentivize hunters and anglers to purchase licenses, increasing revenue from that source.
Dedicated portion of the state sales tax	Politically difficult but used successfully in other states (i.e. Minnesota and Missouri) Can be defined in X dollars per year or Y percentage.
Dedicated portion of the state hotel tax (or other tourism related revenue stream)	Outdoor recreation related to fish, wildlife, and natural lands contributes significantly the state and local economies.
Dedicated portion of the state B&O tax	Washington's natural beauty and easy access to outdoor recreation helps businesses attract and recruit talent to the state.
Institute annual automatic license/fee increases that are tied to the cost of living or another appropriate index*	Could better reflect incremental increases in WDFW costs to provide programs, better serve users by avoiding large increases, and increase revenue. This would require understanding baseline costs.
Reduce or remove price "discount" for second catch cards*	Small change with relatively small impact on individual anglers that could provide increase in revenue.
Increase license sales by improving perception of and opportunity for success*	Perception that likelihood of success is poor and actual experiences of unsuccessful hunting/fishing outings dampen participation and therefore reduce revenue.
Dedicated portion of the state lottery	Idea drawn from state research; Arizona, Colorado, Maine, Oregon have this.
Discover pass	Ensure price reflects inflation and/or examine distribution of funds. Concerns re: Discover Pass, which recent Ruckelshaus Process suggested be eliminated would need to be addressed.
Outdoor activity supplies excise tax	Concerns over low political feasibility and public traction. Has this worked anywhere?

\*License-related suggestions could go into category of things to enhance participation.

Unlikely Revenue Sources	Rationale
Dedicated portion of the state real estate tax	May not meet criteria of stability.
Dedicated portion of the carbon tax	Washington state does not have a carbon tax at this time.

## Related Questions

- What is the right mix of user fees and broad-based general tax support in the funding portfolio. This is discussed as a balance or choice between models:
  - Pay *and* play model (everyone pays through taxes, those involved more deeply in use of the resources pay for their use, including both consumptive and non-consumptive users)
  - Pay *to* play model (users who are benefitting are contributing)
- What is the right mix of capturing savings through efficiencies, program cuts, and additional (new) revenue?

## Evaluation Criteria

This section includes the criteria laid out in the proviso by the Washington State Legislature for evaluating funding options and criteria considered by other states. While these are not the only criteria the group can consider, they provide a starting place for further discussion and consideration by the Budget and Policy Advisory Group.

The proviso states that options in the plan for balancing projected revenue and expenditures should be prioritized based on:

- Impact on achieving financial stability
- Impact on the public and fisheries and hunting opportunities
- Timeliness and ability to achieve intended outcomes

Criteria considered by other states to evaluate funding options include:

- Sufficient funding to meet needs
- Long-term stability
- Cost-effectiveness
- Fair to all license buyers
- Effectively target the intended customer
- Maximize recruitment and retention of hunters and anglers
- Contribution from individuals that benefit
- Ease of administration
- Political viability
- Success in other states



Washington  
Department of  
**FISH and  
WILDLIFE**

Washington Department of  
Fish and Wildlife

# **DRAFT** Long-Term Funding Plan

Prepared for the Washington State Legislature  
**DRAFT** - February 20, 2018

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## Metadata

*[This could be the photo citations or perhaps acknowledgments]*



## Executive Summary

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# Introduction

## SUSTAINABLE, LONG-TERM FUNDING IS NEEDED TO PROTECT FISH, WILDLIFE, AND THE NATURAL LANDS ON WHICH THEY DEPEND FOR CURRENT AND FUTURE GENERATIONS.



**The Budget and Policy Advisory Group was established in 2017 to advise the Director of WDFW on broad budget and policy questions and decisions. It is made up of 20 appointed members representing a broad range of fish, wildlife, recreation, land management, and conservation interests. The BPAG endorses the path to long-term funding described in this report.**

This report describes a new path to long-term funding for the Washington Department of Fish and Wildlife (WDFW). It was prepared by the Department in concert with its Budget and Policy Advisory Group (BPAG) in response to a 2017 Legislative budget proviso.

In the most immediate sense, a new funding path is needed because WDFW suffers from a budget shortfall that has been worsening over the past few funding cycles and threatens the Department's ability to deliver the services Washington residents desire. This deficit comes mainly from increases in responsibilities such as some requirements for marking and monitoring hatchery salmon, and from increases in personnel and operating costs (e.g., through cost of living increases) that were not supported by commensurate increases in funding.

In the broader sense, a new funding path is also needed as part of a package of improvements to meet the evolving challenges of conservation. Washington State is one of the smallest western states by geography, yet its population and economy are growing at rates among the highest in the country. From 2015 to 2016, Washington's gross state product grew at a rate of 3.1%, faster than any other western state;<sup>1</sup> Washington was the fourth fastest growing state in 2017, with 1.7% growth in population.<sup>2</sup> The state's natural beauty and abundant populations of native fish and wildlife are at the core of our prosperity, at the same time our growth can threaten their very existence. Reliable, adequate funding – and new partnerships and new strategies – will be needed if we are going to pass our fish and wildlife resources on to the next generations intact.

In the 2017 budget proviso on sustainable funding (SSB 5883, Sec. 307), state legislators directed WDFW to improve the Department's long-term financial stability and operational efficiency and to Develop a long-term plan to balance projected expenses and revenues and improve the efficiency and effectiveness of [WDFW] operations by providing prioritized options for spending reductions and revenue increases.

More specifically, legislators directed that the long-term plan to balance projected expenses and revenues should address:

<sup>1</sup> US Department of Commerce: Bureau of Economic Analysis - News Release, May 2017

<sup>2</sup> US Census – Press Release, December 2017

## WHO IS THE CUSTOMER?

When they were first formed state fish and wildlife agencies focused mainly on providing hunting and fishing opportunities and the conservation measures needed to support sustainable hunting and fishing. Over time, the focus has broadened to include recovery of threatened and endangered species, broader conservation efforts to prevent new species from becoming threatened or endangered, and support for outdoor recreation and wildlife watching. Healthy fish and wildlife populations and natural lands have multiple benefits which go well beyond just supporting direct use. Customers now include both “consumptive” and “non-consumptive” users, regulated entities, land owners, partner governments and organizations, plus the broader population in Washington and beyond who benefit from sustainable resource stewardship.

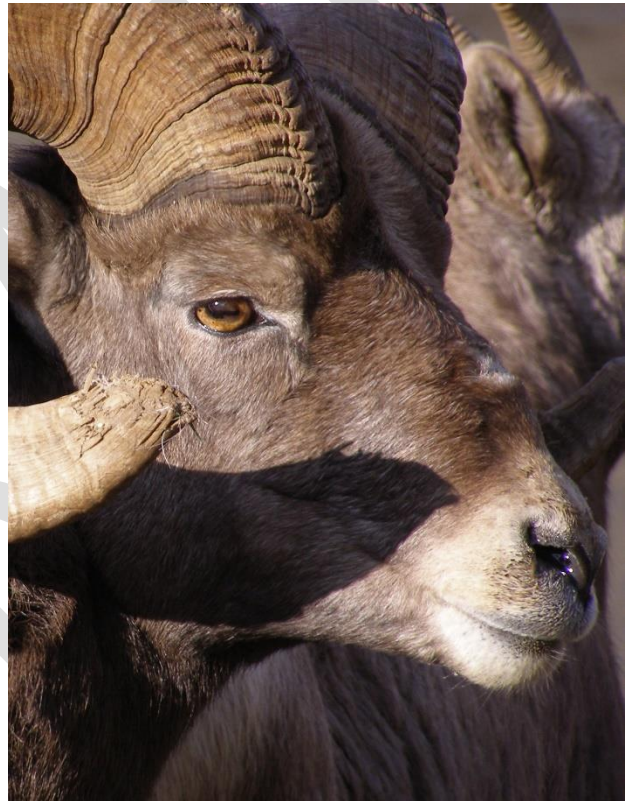
- Expenditure reduction options that maximize administrative and organizational efficiencies and savings, while avoiding hatchery closures and minimizing impacts to fisheries and hunting opportunities; and
- Additional revenue options and an associated outreach plan designed to ensure that the public, stakeholders, the commission, and legislators have the opportunity to understand and impact the design of the revenue options.

The Legislature further directed that the range of options be prioritized by impact on achieving financial stability, impact on the public and fisheries and hunting opportunities, and on timeliness and ability to achieve intended outcomes.

According to a 2009 survey 94.4% of Washington residents find nature to be accessible/inviting and 88.1% believe it needs protection.<sup>3</sup>

This plan was developed to fulfill the 2017 budget proviso. It describes the Department’s current work, funding portfolio, and the origin of the funding shortfall. It then defines principles for sustainable funding, and describes funding options evaluated, the results of the evaluation, and recommendations.

It is important to see this long-term funding plan in the context of other work needed. In spring 2017, WDFW will begin work with the BPAG on a new strategic plan for the Department. This planning effort will allow deeper dives into the Department’s services and performance, and it is anticipated to establish priorities and performance measures that may require adjustments to this plan.



<sup>3</sup> Understanding People and Places, State Report for Washington. University of Colorado and WDFW. 2011

## TELLING OUR STORY: PLACEHOLDER

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- *hiking/bird-watching/nature watching story*
- *What else?*



PHOTO

# WDFW's Work

## WDFW PROTECTS AND CONSERVES THE ANIMALS, FISH, WATERS, AND LANDSCAPES THAT DEFINE WASHINGTON'S CHARACTER.

**Conserving fish and wildlife is an economic issue. The Outdoor Industry Association estimates that nationally the outdoor recreation industry contributes \$887 billion to our national economy annually, creates 7.6 million direct jobs, and generates \$124.5 billion in federal, state, and local tax revenue. A study by the Recreation and Conservation Office in 2015 estimates that, in Washington State, outdoor recreation contributes \$20.5 billion to the state economy each year and supports nearly 200,000 jobs.**

WDFW is the main steward of fish, wildlife, and habitat that support outdoor lifestyles and livelihoods in Washington State. State law directs the Department to conserve native fish and wildlife and their habitats, while also supporting sustainable fishing, hunting, and other outdoor opportunities for Washington residents and visitors. The Department also has responsibility for compliance with a variety of federal environmental laws, most notably the Endangered Species Act, and for fulfillment of tribal treaty responsibilities for the State.

The Department's responsibilities are wide ranging including conserving and protecting native fish and wildlife, providing sustainable fishing, hunting, and other wildlife-related recreational and commercial experiences, promoting a healthy economy, preserving community character, maintaining quality of life, recovering threatened and endangered species, and delivering high quality customer service through a motivated and efficiently operating workforce.

Virtually all WDFW's work provides multiple benefits to fish, wildlife, and the habitats on which they depend. To support discussion, we have divided WDFW's work into seven outcomes, plus the leadership and business operations necessary to support the agency. It is important to understand that these outcomes are not discrete; a dollar spent, for example, preserving and restoring terrestrial habitats and species likely also has benefits for hunters, fish populations, anglers, wildlife viewers/outdoor recreators, and the broader public in Washington and beyond who depend on us to be wise stewards of fish, wildlife, and habitat resources.



**1. Preserve and restore terrestrial habitats and species.**



**2. Preserve and restore aquatic habitats and species.**



**3. Acquire and manage lands.**



**4. Manage hunting opportunities.**



5. Produce hatchery fish.



6. Manage fishing opportunities.



7. Provide non-consumptive recreational opportunities.

Practically, in communities across the state, WDFW's employees:

- Manage fishing, hunting, and wildlife-viewing resources.
- Operate 81 fish hatcheries, producing salmon, steelhead, trout, and other game fish.
- Manage programs to benefit hundreds of fish and wildlife species, including those protected under endangered species laws.
- Oversee more than 1 million acres of public wildlife lands for recreation and conservation purposes.
- Maintain 700 boat launches.
- Enforce laws and regulations that protect fish and wildlife resources and public safety.
- Conserve and restore habitat that is crucial to the fish and wildlife that current and future generations will enjoy.

**More information and details on WDFW's work and outcomes, and the strategies which contribute to each outcome, are available through an online interactive tool (<https://kumu.io/riffbrown/wdfw-bpag>). For example, the map below shows each WDFW strategy associated with Outcome 4 – Manage Hunting Opportunities.**



## TELLING OUR STORY: PLACEHOLDER

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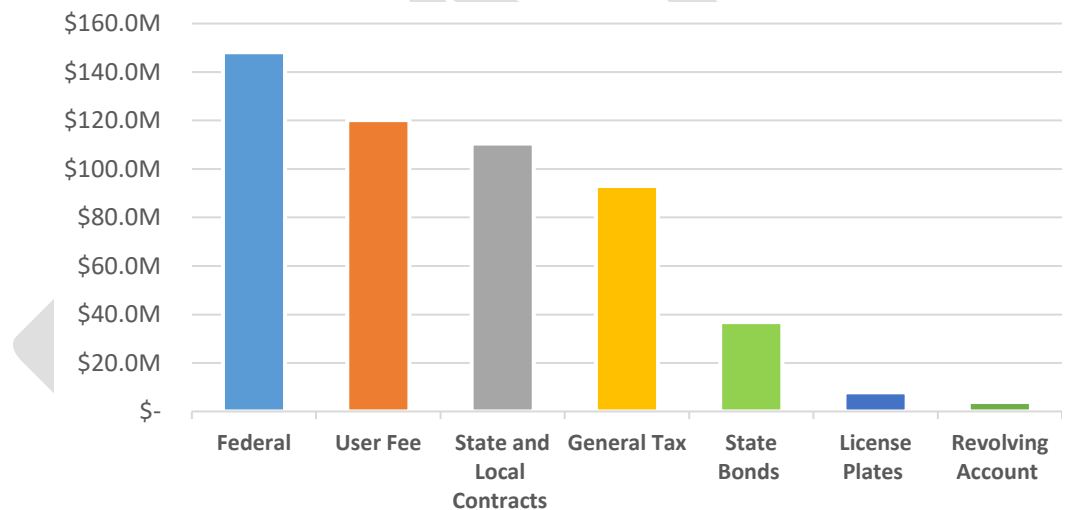


# WDFW's Current Funding

WDFW SPENDS APPROXIMATELY \$260 MILLION PER YEAR, FUNDED BY A MIX OF RESTRICTED AND UNRESTRICTED STATE AND FEDERAL SOURCES.

Over the past [number] years, WDFW's annual budget has ranged from [low to high].<sup>4</sup> Funding for the Department's budget is from six main sources: federal funding, user fees, state and local contracts, state general fund, state bonds, and license plates. A small amount of funding also revolves through the Department and is used to capitalize equipment. Figure [number] shows expenditures from each funding source.

**Figure X. 2015-2017 Biennium Funding Sources (Includes Operating, Capital, and Interagency Expenditures)**



WDFW's four biggest funding sources are federal funding, user fees, state and local contracts, and general tax. Each of these funding sources is comprised of revenue from numerous individual accounts.

<sup>4</sup> This includes all operating, capital, and interagency agreement expenditures.

Federal funding is approximately 28% of the Department’s spending. It is comprised mostly of money from Pittman-Robertson, Dingell-Johnson, and Mitchell Act allocations, along with funding provided as mitigation for the federal Columbia River hydropower system.

User fees are approximately 23% of the Department’s spending. In this analysis, user fees include the full range of hunting and fishing licenses and endorsements, license transaction fees, access passes such as the Discover Pass, application fees, and other costs paid directly by users.



State and local contracts are outside funding given for specific projects and tied to specific outcomes. They make up approximately 21% of the Department’s spending. The largest sources are habitat restoration projects funded by the Recreation and Conservation Office, and funding from other state agencies who draw on WDFW expertise.

Finally, general tax makes up approximately 18% of the Department’s spending. It is funded mostly by the state sales tax, real estate excise tax, and business and occupation tax managed through the state’s general fund. The

general fund also receives landing taxes from commercial fishing. WDFW also receives funding from the Aquatic Lands Enhancement Account and the Toxics Control Account, which is included here. Figure [number] shows the component accounts for federal funding. Figure [number] shows component accounts for user fees. [BPAG – these charts are coming in the next draft if not sooner]

In considering WDFW’s budget, it is important to understand that some funds are restricted, meaning they can be spent only on specific activities, and other funds are unrestricted, meaning they can be allocated by the Department to any activity consistent with its overall charge and mission.

- Hunting and recreational fishing license fees and State general fund are the most flexible funding sources. The general fund component of the general tax funding source makes up about 15% of the Department’s spending. Hunting and recreational fishing licenses make up about [x%]. [BPAG, this number is coming soon; we are sorting restricted from unrestricted funds.]
- Federal funds distributed through Pittman-Robertson and Dingell-Johnson are largely flexible, available for planning, enhancement, and implementation of programs for wildlife and their habitats, and for land acquisition and development, research, population management, and



operations and maintenance related to fish populations respectively. They comprise approximately 8% of the Department's spending.

- Other federal funds, such as Bonneville Power Administration funds related to mitigation for operation of the Federal Columbia River Power System, are more restricted. BPA funding is approximately 5% of Department spending.
- At the other end of the spectrum, WDFW receives very inflexible funding, for example funds from state or local contracts which can only be spent on the specified activity, and dedicated state accounts which are restricted to the specific activities they were created to support, such as wildlife rehabilitation or rockfish research.

Overall, about half of the Department's spending is from flexible, or unrestricted funding sources. These funds can be applied by the Department consistent with its mission to the highest priorities, recognizing that flexible funds appropriated to the agency for a particular purpose are still intended for that purpose until the legislature provides different policy direction.

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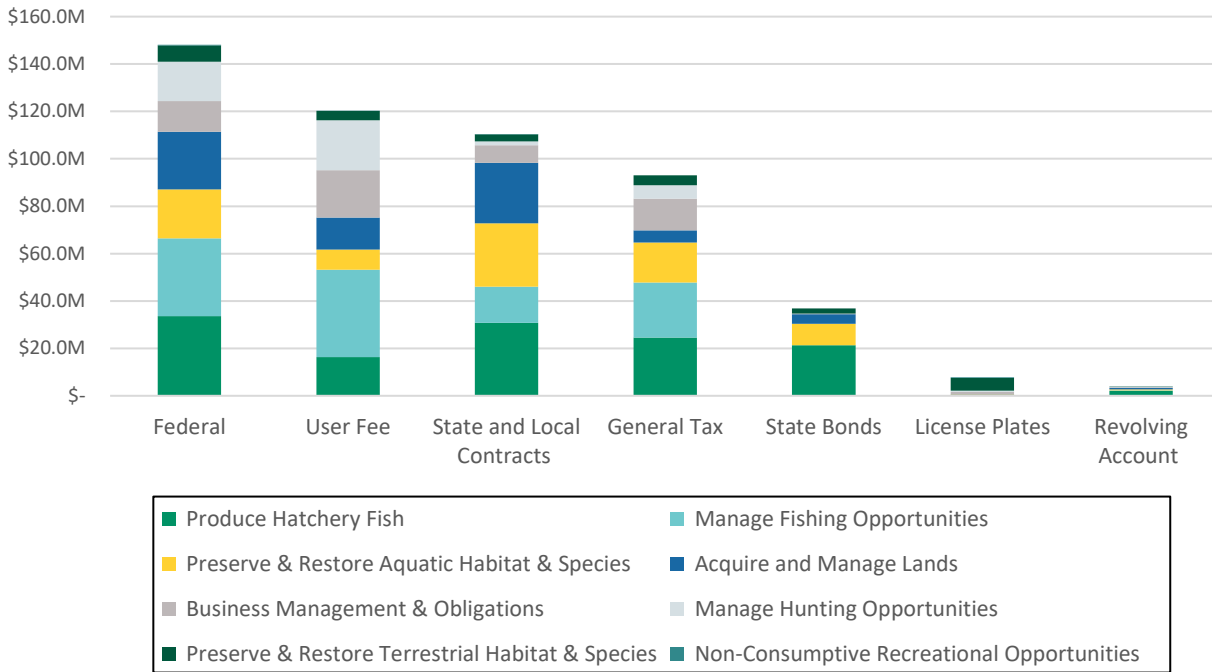
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## How Is Funding Allocated?

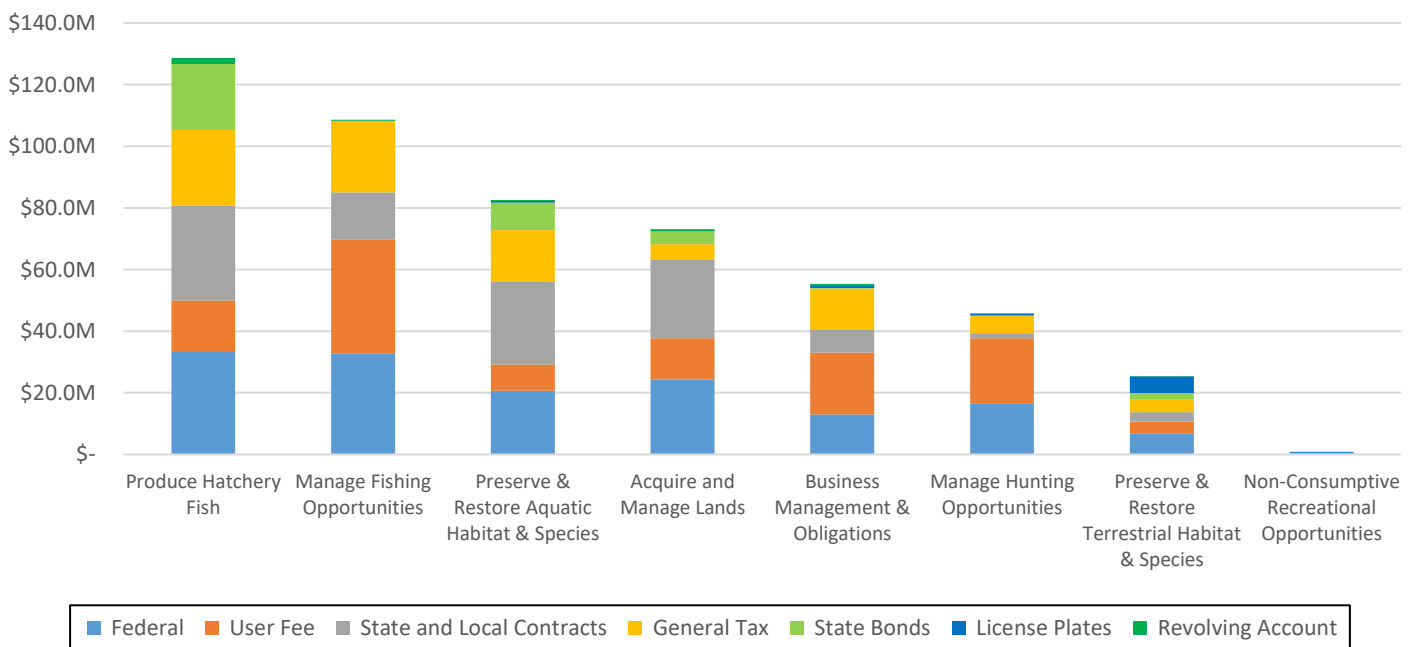
WDFW allocates funding across 42 strategies in seven outcomes, plus leadership and business services. Each outcome uses revenue from multiple funding sources. Figure [number] shows the amount of funding for each outcome, plus leadership and business services, in the 2015-2017 biennium, and the source of funding by major funding type.

Figure [number] shows the proportion of each of WDFW’s main funding sources that are applied to each outcome. Figure [number] shows the same information through the funding source lens, that is, proportionally how much of each funding source goes to each outcome.

**Figure X. WDFW Expenditures by Source and Outcome, 2015-2017 Biennium (Operating, Capital, and Interagency Expenditures)**



**Figure X. WDFW Expenditures by Outcome and Source, 2015-2017 Biennium (Operating, Capital, and Interagency Expenditures)**



# The Funding Shortfall

THE WDFW BUDGET SHORTFALL HAS BEEN INCREASING FOR THE PAST THREE BUDGET CYCLES, THE NEXT SHORTFALL IS PREDICTED TO BE OVER \$30 MILLION.

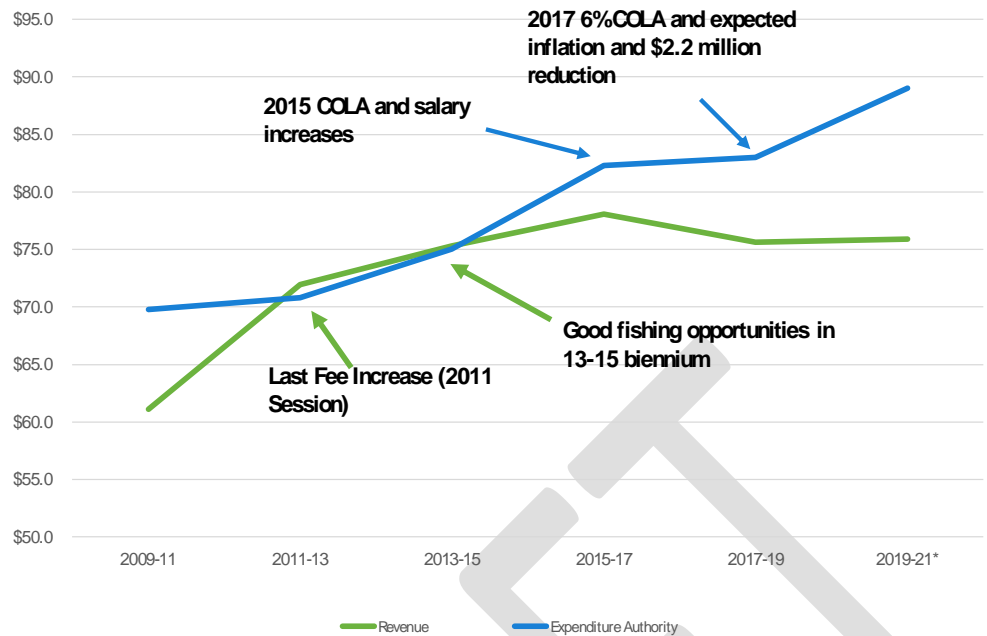


Over the past several budget cycles, funding for the Department has fallen farther and farther behind what is needed to continue to provide existing services. The shortfall is mainly caused by two things.

- *First, increasing staff costs approved by the legislature were not fully funded.* The non-restricted portion of the State Wildlife Account entered the 2017-19 biennium facing a gap of more than \$11 million between projected fishing and hunting license revenue and the spending level authorized by the Legislature. The gap was caused by several factors, the largest of which was the cost of state employee cost-of-living increases, or COLAs, and targeted salary adjustments for certain job classes. Additional budget reductions to flexible state funds in the enacted operating budget increased the gap to over \$15 million.
- *Second, increasing costs to manage fisheries under the Endangered Species Act have not come with commensurate federal funding.* Key federal funds have not kept pace with inflation, nor has federal funding risen with the costs of complying with requirements for managing fisheries and hatcheries as required by federal laws, policies, court rulings, and treaties. This shortfall added over \$12 million to the projected funding gap in the 2017-19 biennium and is expected to increase in the 2019-21 biennium.

The 2017-19 biennium budget shortfall was approximately \$27 million. Figure [number] shows the funding shortfall over time and how it has increased.

**Figure X. Non-Restricted State Wildlife Account Structural Deficit**



To prevent loss of services, the Legislature provided short-term funding relief of \$10.1 million from the state general fund for the 2017-19 biennium, and WDFW took a variety of one-time actions to make up the rest such as delaying equipment purchases and spending down reserve funds.

It is too early to determine the exact shortfall for the 2019-21 biennium, because it will depend on what remains at the end of the 2017-19 biennium and what actions are taken by the legislature. If additional supplemental funding is not provided, WDFW estimates at the time of writing this plan that the 2019-21 shortfall will be \$30 to \$35 million.

## MATRIX CONSULTING EVALUATION

To help inform a long-term funding strategy for the Department, the legislature directed WDFW, with the Office of Financial Management to “consult with an outside management consultant to evaluate and implement efficiencies to the agency’s operations and management practices.” Matrix Consulting was hired to carry out this evaluation. They examined administrative staffing and processes, the decentralized nature of organizational authority and operations, budgeting and accounting processes, and executive, program, and regional management structures including accountability. They also compared WDFW’s administrative, budgetary, staffing, and organizational approaches to other state agencies and to other states. Matrix made many recommendations for improvements particularly around strategic planning, performance measurement, and communication; they did not find signs of gross over-staffing, inefficiency, or significant ways to reduce costs. A number of the things Matrix recommended would create new costs for example, better strategic planning and performance management may have higher costs (at least in the short term) from increased staff efforts. Adopting automated software tools for budget, contracts, time accounting, HR, and payroll require costly technology. The full Matrix report is available [link].

## TELLING OUR STORY: PLACEHOLDER

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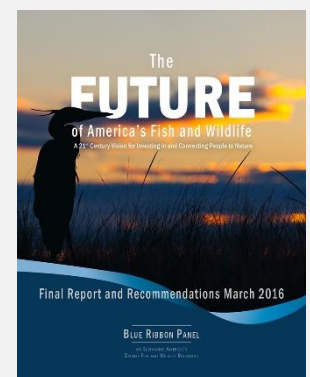
- *impact of razor clam harvest on pacific county (inc perspective of clam harvester and county perspective)*
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- *hunter-led habitat conservation story*
- *hiking/bird-watching/nature watching story*
- *What else?*

PHOTO

## RECOVERING AMERICA'S WILDLIFE ACT – FEDERAL FUNDING INITIATIVE

Funding for fish and wildlife conservation is also an issue at the federal level. In [year] a group of 26 national business and conservation leaders from outdoor recreation retail and manufacturing, energy and automotive industries, private landowners, educational institutions, conservation organizations, sportsmen's groups, and state fish and wildlife agencies, the Blue Ribbon Panel on Sustaining America's Diverse Fish and Wildlife Resources made two recommendations. First, they recommended Congress dedicate \$1.3 billion a year in existing revenue from the development of energy and mineral resources on federal lands and waters to support implementation of State Wildlife Action Plans that are designed to conserve over 12,000 species of greatest conservation need before they need more costly conservation measures required by the Endangered Species Act. Current funding for these state plans is less than 5% of the need. Second, they recommended a working group to examine the impact of societal changes on the relevancy of fish and wildlife conservation and make recommendations on how programs and agencies can evolve to engage and serve broader constituencies.

The Recovering America's Wildlife Act currently being considered in Congress would act on the first recommendation. Funds would be allocated through a proven mechanism, the Wildlife Conservation and Restoration subaccount of the Pittman-Robertson Act, which was originally passed in 1937. If this legislation passes in its current form, Washington could receive up to \$28 million in new funding to restore habits, conserve native wildlife, fight invasive species, and monitor emerging diseases.



# Principles for Sustainable Funding

## FUNDING DECISIONS SHOULD BE GUIDED BY PRINCIPLES THAT RECOGNIZE THE VALUE OF HEALTHY, DIVERSE POPULATIONS OF FISH AND WILDLIFE TO ALL WASHINGTONIANS.

Principles are intended to guide Department actions and decisions to sustainably fund and efficiently manage the Department for the benefit of all Washingtonians, including hunters, anglers, and non-consumptive users. The Department will use these principles to guide funding decisions for the 2019-21 biennium and will carry them forward for continued discussion (and refinement if needed) as they begin a longer-term strategic planning process.

1. **Tell the story.** Ensure Washington residents, the Fish and Wildlife Commission, and the Legislature have a clear understanding of the Department's services, benefits, and challenges.
2. **Maintain a significant portion of the Department's funding from sources with broad-based contributions (e.g., general fund),** recognizing that healthy natural lands, fish, and wildlife create significant benefits for all residents and the economy in Washington.
3. **Allocate user fees first to the Department programs and services that directly benefit those users (e.g., management of hunting opportunities for hunting).** Use any additional fee-based revenue for ecosystem programs that provide benefits relevant to fee payers (e.g., upland habitat management and restoration for hunters).
4. **Strive for balance in setting fees.** In setting fees, consider and balance the need for revenue to support Department services and the desire to maintain access to Department lands and services for all Washington residents. Maintaining access includes offering affordable and equitable options for fishing and hunting licenses and other fees.
5. **Avoid large periodic increases to fees** in favor of smaller, more incremental increases tied to the cost of living.
6. **Align funding and spending decisions with the Department's strategic goals,** priorities, governing principles, and responsibilities.
7. **Improve budget transparency** so that incoming revenue and outgoing investments are clearly communicated, and aligned with the Department's strategic plan, governing principles, and responsibilities.
8. **Foster a culture of continuous improvement** and ensure Department services are delivered efficiently at both the Department and the program level.
9. **Explore opportunities for partnerships** with other state agencies, private organizations, or other organizations to avoid duplicative work, and share data, equipment, and best practices when possible.

## TELLING OUR STORY: PLACEHOLDER

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# Addressing the Budget Shortfall

## INTRODUCTION

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## TELLING OUR STORY: PLACEHOLDER

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# The Path to Sustainability

## INTRODUCTION

### TEXT BOX TITLE

Video provides a powerful way to help you prove your point. When you click Online Video, you can paste in the embed code for the video you want to add. You can also type a keyword to search online for the video that best fits your document.

- When you click Online Video, you can paste in the embed code for the video you want.
- You can also type a keyword to search online for the video that best fits your document.

Text



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# Section Placeholder

## Appendix Title

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DRAFT



Washington  
Department of  
**FISH and  
WILDLIFE**



Text

# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING SCHEDULE (AS OF 2/23/2018)

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## Meeting #1 - Completed

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**Date:** Wednesday, December 6, 2017

**Time:** 9am-4pm

**Location:** South Puget Sound Community College - Lacey Campus (4200 6th Ave Lacey WA) - Room 186

**Meeting Topics:**

- Overview of Proviso
- WDFW Budget 101 Discussion including understanding/defining the funding shortfall
- Zero-Based Budget Overview and work underway
- Outreach Plan
- BPAG charter and ground rules

## Meeting #2 - Completed

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**Date:** Wednesday, February 7, 2018

**Time:** 9am-4pm

**Location:** Washington Department of Fish and Wildlife (1111 Washington St SE, Olympia WA 98501) - Room 172

**Meeting Topics:**

- Implications of the Performance Review – Matrix Report
- Implications of the State Review – Ross Report
- Implications of the Zero-Based Budget (ZBB) Review
- Distilling Funding Principles
- Long-Term Funding Plan Outline
- Outreach Plan content

**Anticipated Outcomes:**

- Shared understanding of implications of performance review, state review, and ZBB analysis for BPAG process and recommendations.
- Distill initial draft funding principles
- Brainstorm possible resource and funding scenario adjustments based on the research so far
- Brainstorm potential revenue options
- Finalize Outreach Plan content
- Introduce draft outline of long-term funding plan

*[Drafts of sections 1, 2, 3, 4, and 6 of the long-term funding plan will be distributed for review after meeting 2.]*

## Meeting #3

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**Date:** Friday, March 2, 2018

**Time:** 9am-4pm

**Location:** Washington Department of Fish and Wildlife (1111 Washington St SE, Olympia WA 98501) - Room 175

**Meeting Topics:**

- Maintenance funding levels
- Potential resource and funding scenario adjustments (e.g., reductions, enhancements)
- Funding source options to address funding shortfall
- Funding source review criteria (from proviso and any additional recommended by BPAG) and process

**Anticipated Outcomes:**

- Description of maintenance levels and funding scenario adjustments
- Funding options and review criteria and process

*[Revised drafts of sections 1, 2, 3, 4, and 6 of the long-term funding plan and initial drafts of sections 5, 7, and 8 will be distributed for review after meeting 3.]*

## Meeting #4

---

**Date:** ~~Thursday, April 5, 2018~~ May 2018

**Time:** 9am-4pm

**Location:** TBD – Ellensburg, WA

**Meeting Topics:**

- Results of funding option review and discussion
- WDFW cuts/adds analysis and discussion
- Discuss how much of the shortfall should be addressed with cuts/adds and how much (if any) with new revenue
- Review of draft report
- Adjustments to Outreach Plan (if needed) and upcoming public meetings

**Anticipated Outcomes:**

- Prioritization of cuts, adds, and funding options, and recommendations
- Revised draft report

*[The full draft report will be distributed for review after meeting 4.]*

## Public Meetings on Draft Long-Term Funding Plan – June 2018

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**Dates, Times, Locations:** ~~Thursday, April 5, 2018~~ TBD

**Meeting Topics:**

- Seek input from the public on the draft long-term funding plan

## Meeting #5 – July

---

**Date, Time, Location:** TBD

**Meeting Topics:**

- Review input from public meetings and discuss adjustments (if any) that should be made to the draft long-term funding plan
- Discuss plan to brief key audiences on the long-term funding plan (e.g., legislature, user groups)
- Discuss elements of WDFW 2019-21 biennium budget proposal in light of the long-term funding plan

**Anticipated Outcomes:**

- Revised draft report (this will be the final draft)
- Updated outreach plan

## Meeting #6 – August (if needed)

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**Date, Time, Location:** TBD

**Meeting Topics:**

- Review and refine draft long-term funding plan (if needed)
- Further review/discussion of WDFW 2019-21 budget proposal (if needed)
- Initial outreach results and additional outreach plans (if needed)

**Anticipated Outcomes:**

- Final long-term funding plan

## September 1 – Provide the Long-Term Funding Plan to the Legislature

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# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING #2 –SUMMARY

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Wednesday, February 7, 2018, 9:00am-4:00pm

Washington Department of Fish and Wildlife, Olympia Washington

## Committee Members in Attendance

Jason Callahan	Mitch Friedman	Wayne Marion	Mark Pidgeon
Gary Chandler	Andrea Imler	Andy Marks	Butch Smith
David Cloe	Eric Johnson	Greg Mueller	Dick Wallace
Tom Davis	Fred Koontz	Craig Partridge	Rachel Voss

## Facilitator

Elizabeth McManus, Ross Strategic

## WDFW Representation

Kathy Backman	Jeff Davis	Mike Hobbs	Acting Director Joe Stohr
Raquel Crosier	Rob Geddis	Nate Pamplin	Peter Vernie
Michele Culver	David Giglio	Owen Rowe	Jason Wettstein

## Welcome & Opening Remarks from WDFW Acting Director

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Elizabeth McManus (facilitator) began the meeting and reviewed these key questions to address during the meeting:

- What core funding principles could we derive from the analysis so far?
- How should we adjust resources and funding scenarios based on the analysis so far?
- What revenue options should we evaluate based on the analysis so far?

Joe Stohr, WDFW Acting Director, welcomed the Budget and Policy Advisory Group (BPAG) members and noted that fixing the budget for this biennium is important work, but just as important for this group is working on what the Department of Fish and Wildlife should become. He discussed the Department's desire for help to meet commitments to hunters, fishers, and co-management responsibilities while also recognizing that the world is changing, and a broader population of Washingtonians are now WDFW customers.

Nate Pamplin, WDFW Policy Director, thanked Advisory Group members for volunteering their time and effort to attend the meeting. He noted that the work this group is doing to distill budget principles will guide the Department in making current and future budget decisions and in meeting the dual objectives acting director Stohr described.

## Organizational Assessment of Operational and Management Practices

Rob Geddis (WDFW) provided an overview of the Organizational Assessment of Operational and Management Practices conducted for WDFW pursuant to the legislative proviso and carried out by Matrix Consulting Group. The Organizational Assessment compared WDFW's operations and management with three other Washington State natural resource agencies and five other state agencies with similar programs and responsibilities. The report evaluated WDFW based on three areas: operating budget, revenue, and deficit; management structure and decision-making; and administrative structure and operations. It contains fifty recommendations, ten of which Rob highlighted as most relevant to current BPAG deliberations ([pages 4-9](#)). The report also noted that WDFW is employing many best practices in its management and operations, but has room for improvement in effective outreach practices and in setting and managing to performance targets.

### **BPAG members provided the following thoughts and questions in response to the Organizational Assessment presentation:**

- Multiple BPAG members noted that the Organizational Assessment report did not identify any gross mismanagement, misallocation of funds, or major opportunities to improve efficiency. However, this review did not look at the efficiencies to be gained at the program level.
  - Several members noted that efficiencies could potentially be gained by increasing coordination and partnerships with other state natural resources agencies and/or by reviewing potential efficiencies at the program level (something the report did not delve into). BPAG members are interested in reviewing whether or not these efficiencies exist and how to seize them if they do.
  - Nate Pamplin noted that the BPAG could examine these types of potential efficiencies as a part of upcoming strategic planning and performance measures work.
- Multiple BPAG members reiterated the findings and recommendations around improving outreach practices and in setting and managing to performance targets and expressed interest in following up on those recommendations.
- Some BPAG members noted that the Organizational Assessment report confirmed that the Department does not have enough money to continue to deliver all the services it has historically, and currently, deliver (i.e., the budget deficit was confirmed).
- A number of BPAG members were supportive of the idea of incremental increases to license costs and fees each year (e.g., indexed to cost of living) as an alternative to periodic major increases.
- Commercial fishing fees fund a few different sources. The application fee and the increase to the base fee that was passed in 2017 goes into the State Wildlife Account, while most of the base fee and the landing tax goes into the general fund. The Department spends about \$9 million a year managing commercial fishing.
  - BPAG members also noted that there have been efforts led by commercial fishing organizations and WDFW to encourage the legislature to specify that license fees and landing tax revenues go directly to WDFW instead of the general fund, but these have so far been unsuccessful. (WDFW again requested this change in 2017, but it wasn't included in the adopted bill, HB 1597.)

## Research on Other State Fish and Wildlife Agencies

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Jennifer Tice of Ross Strategic presented research that examined state fish and wildlife agency authorities, funding portfolios, and sustainable long-term funding working groups for sixteen states across the country. She noted that it is difficult to make apples-to-apples comparisons across the agencies because of a wide range of agency circumstances and responsibilities; however, information on what other states have done could spark ideas for BPAG members. Many of the states examined have developed principles to guide funding decisions ([pages 15-17](#)) and criteria to evaluate potential funding options ([pages 18-19](#)) that could provide ideas to the BPAG.

### **BPAG members provided the following thoughts and questions in response to the state research presentation:**

- BPAG members commented that the perception of opportunity that drives a person to purchase a hunting or angling license has declined in Washington. Other states are attracting hunters and fishers by highlighting the opportunities to be successful in their state, and by providing actual successful hunting and fishing opportunities.
  - Furthermore, access to lands for hunting and fishing and the predictability of those experiences have declined in Washington, especially compared to other states.
  - BPAG members also noted that population growth has put increasing demand on the resources and will continue to do so.
  - It was noted that demand for Washington's resources is already exceeded by resident interest, and that hasn't been support in the past to 'set aside' opportunities, such as big game permits, for nonresident applicants like they do in other western states.
- Some BPAG members commented that the quantity discounts given on fish licenses in Washington is unnecessary and noted that more revenue may be generated if the second punch card were not less expensive than the first.
- One member noted that fundamentally, healthy fish and wildlife populations are the goal, and benefits to other things will come from that.

## Zero-Based Budget (ZBB) Review

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David Giglio (WDFW) began by describing the updated WDFW Budget Foundational Map ([page 199](#)). This document shows the agency's mission, outcome areas, and strategies that are implemented to achieve outcomes, along with the amount of money spent on each strategy in the 2015-2017 biennium. In addition to the Foundational Map, WDFW created a one-page description of each outcome that summarizes the goals of the activity, the funding sources, the cost drivers, any risks and threats, and a budget table ([pages 202-209](#)). David also presented two stacked bar charts ([pages 200-201](#)) that show the proportion of funding (by source) to each outcome from the funding source (chart 1) and the outcome (chart 2) perspectives.

David explained that there are a few ways to use the ZBB resources to answer the question of where WDFW funding is going. The budget chart on each individual outcome page shows the cost drivers for those outcomes and from where funding comes. The stacked bar charts show expenditures by source and outcome, and expenditures by outcome and source.

David noted that some of the fund sources are restricted in their use. General fund and State Wildlife Account dollars are flexible; federal funding sources are more or less flexible depending on

the source; and state dedicated accounts are less flexible overall. In general, WDFW believes there are limits on funding; however, the ability to move money around depends on the Department's ability to accomplish the outcomes society expects.

**BPAG members provided the following thoughts and questions in response to the ZBB presentation:**

- Participants observed that consumptive users are not subsidizing the Department's work for non-consumptive users.
- Some BPAG members commented that WDFW leadership could do a better job defining management goals, communicating what the Department intends to deliver, and identifying what measures will be used to evaluate them.
- Group members noted that recruitment and retention of hunters is an important concept that Washington could improve upon. Other states have successful outreach methods that could be used as an example.
- One BPAG member hypothesized that every Washingtonian expects at least opportunities to access healthy natural lands, healthy fish and wildlife populations, protection of endangered species, and fulfillment of treaty responsibilities. Those might form the baseline of required work and be funded through broad-based, general revenue sources, such as state taxes.
- Several BPAG members discussed the idea that the services of the Department are structured based on the traditional WDFW customer. However, the new generation of Washingtonians will not necessarily use the resources like others have in the past.
  - One member suggested the Department consider this in the creation of a long-term funding plan.
  - Another member added that society now has a better understanding of why we need a fish and wildlife department. Although hunting, fishing, and recreation remain very important, there is a new understanding of the value of biodiversity and the overall ecosystem.
- Several BPAG members highlighted the potential funding opportunity in tourism dollars (e.g., hotel tax) that the Department could consider because WDFW's services increase tourism opportunities.

## Distilling Findings, Funding Principles, and Revenue Options

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The Advisory Group reviewed the information and work to-date and discussed their initial findings and observations, principles to guide funding options, and potential alternative funding options. These initial thoughts are not necessarily recommendations of the group, but rather are a starting place for further research, discussion, and evaluation.

### Findings

BPAG members discussed their initial observations and findings based on the material and discussions so far. The observations below do not represent consensus among members.

- The budget shortfall for the Department is real, and has many long-term causes (e.g., unfunded mandates, inflation, 2008 budget cuts, and Endangered Species Act responsibilities).
- The Organizational Assessment of Operational and Management Practices did not reveal any major, high-level cost savings to be found from improving efficiency; however, program-level efficiencies were not included in the scope of the review, and were therefore not evaluated.
- The Organizational Assessment of Operation and Management Practices found that WDFW is employing best practices in organizational structure; focus on core program areas; and appropriate staffing levels for Procurement and Contracts, Human Resources, Information Technology, and Fiscal Services divisions. However, WDFW can improve on communication and outreach, strategic planning, and performance monitoring.
- Funding tied to all Washington residents/ all users (e.g., State General Fund; Bonneville Power Act mitigation funding tied to electricity rates) is significant. State general fund and state bonds together comprise approximately \$129.7 million.
- User fees also are important to the Department's overall budget, comprising approximately \$120 million.
- Federal funding makes up a large percentage of the Department's budget, comprising over \$140 million. BPA mitigation funds are included in this amount. Some federal funds are very restricted, while others provide some flexibility in use.
- Consumptive users are not subsidizing the Department's work for non-consumptive users.
- Most Department actions have multiple benefits across both consumptive and non-consumptive users. Funding for all Department work areas comes from a range of sources including: federal, user fee state and local contracts, general tax, state bonds, and license plates. No work areas are funded only from a single source.
- Co-management responsibilities and hatchery management set Washington apart from other fish and wildlife agencies in terms of work and funding required.

### Core Funding Principles

The list below includes draft principles Advisory Group members noted based on the materials and analysis so far. These principles offer high-level thoughts on how to sustainably fund and efficiently manage WDFW for the benefit of all customers.

1. **Tell the story.** Ensure Washington residents, the Fish and Wildlife Commission, and the Legislature have a clear understanding of the Department's services, benefits, and challenges.
2. **Maintain a significant portion of the Department's funding from sources with broad-based contributions (e.g., general fund),** recognizing that healthy natural lands, fish, and wildlife create significant benefits for all residents and the economy in Washington.
3. **Allocate user fees first to the Department programs and services that directly benefit those users** (e.g., management of hunting opportunities for hunting). Use any additional fee-based revenue for ecosystem programs that provide benefits relevant to fee payers (e.g., upland habitat management and restoration for hunters).

4. **Strive for balance in setting fees.** In setting fees, consider and balance the need for revenue to support Department services and the desire to maintain access to Department lands and services for all Washington residents. Maintaining access includes offering affordable and equitable options for fishing and hunting licenses and other fees.
5. **Avoid large periodic increases to fees** in favor of smaller, more incremental increases tied to the cost of living.
6. **Align funding and spending decisions with the Department's strategic goals,** priorities, governing principles, and responsibilities.
7. **Improve budget transparency** so that incoming revenue and outgoing investments are clearly communicated, and aligned with the Department's strategic plan, governing principles, and responsibilities.
8. **Foster a culture of continuous improvement** and ensure Department services are delivered efficiently at both the Department and the program level.
9. **Explore opportunities for partnerships** with other state agencies, private organizations, or other organizations to avoid duplicative work, and share data, equipment, and best practices when possible.

### Resource and Funding Scenario Adjustments

Individual Advisory Group members suggested the following potential adjustments to the Department funding and resource allocations as possibilities to be further researched and discussed in subsequent meetings.

- Map funding to priorities, goals, and performance outcomes.
- All funding requests should include full share of administrative costs.
- Some administrative activities should be centralized.
- Reconsider who should have fee-setting authority (e.g., the Commission, Department, or Legislature).
- Consider establishing a Chief Conservation and Science Officer to be included in the Executive Management Team.
- Prioritize investments in veterinary services to address ecological disease and other issues that will allow for cost savings in the future.

### Revenue options

BPAG members expressed interest in exploring a variety of potential options to increase revenues for the Department and address the structural deficit. These are for purposes of discussion; the list may be added to or revised in future discussions.

- Sports package
- Dedicated portion of the state sales tax
- Dedicated portion of the state hotel tax (or other tourism related revenue stream)
- Dedicated portion of the state real estate tax
- Dedicated portion of the state B&O tax
- Dedicated portion of the carbon tax

- Outdoor activity supplies excise tax
- Pay *to* play model (users who are benefitting are contributing)
- Pay *and* play model (everyone pays through taxes, and those involved more deeply in use of the resources pay for their use, including both consumptive and non-consumptive users)
- Institute annual automatic license/fee increases that are tied to the cost of living or another appropriate index
- Reduce or remove quantity discounts for fishing licenses
- Increase license sales by improving perception of and opportunity for success
- Capture savings by implementing efficiencies

### Other observations or ideas

- The fishing and hunting regulations are complex.
- Reduced access to private lands is negatively affecting hunting and fishing opportunities.
- Declining Department budget has led to a backlog in operations and maintenance, and in replacing necessary equipment.

### Long-Term Funding Plan Outline

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Elizabeth McManus noted that a draft outline of a long-term funding plan was included for BPAG members to review. Between this meeting and the next, WDFW and Ross Strategic will work to draft sections of the long-term funding plan based on the BPAG's discussions the past two meetings, the ZBB small group discussions, and the webinars.

### Public Comment

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One person provided the following comments during the public comments session at the meeting.

- The commenter noted that it ought to be frightening that he was the only interested citizen in the room, and indicated that the Department will likely have a problem in convincing the citizens of the state and their representatives that this effort is worthwhile. He reminded the BPAG that by April 1<sup>st</sup>, the group is tasked with producing options and recommendations to lead to a balanced budget, and after that will be responsible for developing a strategic plan for long-term, sustainable funding for the Department. He added that this is an immense amount of work for the Department and the BPAG, and suggested the group think about how to use this work to get the Legislature to act.

### Next Steps

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The next meetings of the Budget and Policy Advisory Group are as follows.

- **Meeting #3**  
Friday, March 2<sup>nd</sup> from 9am-4pm  
Washington Department of Fish and Wildlife – Olympia, WA

- **Meeting #4**  
Thursday, April 5<sup>th</sup> from 9am-4pm  
Location TBD - Ellensburg, WA

DRAFT



# Welcome!

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BUDGET AND POLICY ADVISORY GROUP

MARCH 2, 2018

# Agenda

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- Review and Refine Draft Findings
- Review and Refine Draft Funding Principles
- Criteria for Evaluation Options to Address Shortfall
- Lunch
- Options to Address the Shortfall
- Draft Report Sections and Revised Schedule
- Public Comment
- Wrap Up and Next Steps

# Key Questions for Today

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- What core funding principles should be used?
- How should we evaluate potential cuts?
- What options for additional revenue should we evaluate?
- What evaluation criteria should be used?

# Review and Refine Draft Findings

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- Draft findings were drawn from the BPAG discussions of the Matrix Report, ZBB documents, and research into other states.
- Reflections on the findings – do you agree?
- What, if anything, is missing?
- What, if anything, should be clarified?

# Review and Refine Draft Funding Principles

---

- Draft principles were drawn from BPAG discussions at meeting 1 and 2.
- Reflections on the principles – do you agree?
- What, if anything, is missing?
- What, if anything, should be clarified?

# Proviso Instructions for Addressing the Shortfall

---

WDFW must develop a plan for balancing projected revenue and expenditures and improving the efficiency and effectiveness of agency operations, including:

- (i) **Expenditure reduction options** that maximize administrative and organizational efficiencies and savings, while avoiding hatchery closures and minimizing impacts to fisheries and hunting opportunities; and
- (ii) **Additional revenue options** and an associated **outreach plan** designed to ensure that the public, stakeholders, the commission, and legislators have the opportunity to understand and impact the design of the revenue options.
- (iii) The range of options created under (a)(i) and (ii) of this subsection **must be prioritized** by impact on achieving financial stability, impact on the public, and on timeliness and ability to achieve intended outcomes.

# Today's Discussion

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- Criteria and how to apply them to evaluate options
- A process for identifying potential cuts
- Refining the list of potential revenue options

# Evaluation Criteria

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Washington Proviso	Related Criteria from Other States
<ul style="list-style-type: none"><li>• Financial stability</li></ul>	<ul style="list-style-type: none"><li>• Sufficient funding to meet needs</li><li>• Long-term stability</li><li>• Cost-effectiveness</li></ul>
<ul style="list-style-type: none"><li>• Impact on public, fisheries, and hunting opportunities</li></ul>	<ul style="list-style-type: none"><li>• Fair to all license buyers</li><li>• Effectively target the intended customer</li><li>• Maximize recruitment and retention of hunters and anglers</li><li>• Contribution from individuals that benefit</li></ul>
<ul style="list-style-type: none"><li>• Timeliness and ability to achieve outcomes</li></ul>	<ul style="list-style-type: none"><li>• Ease of administration</li><li>• Political viability</li><li>• Success in other states</li></ul>



# Options to Address the Shortfall

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- What efficiencies are identified and what role might they have in addressing the shortfall?
- What are potential cuts and what role might they have in addressing the shortfall? What information from WDFW would help you evaluate potential cuts?
- What supplemental funding (if any) is needed and what are thoughts about potential supplemental funding sources?

# Efficiencies

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- Significant agency-level cost savings from efficiencies were not found in the Matrix report.
- Program level efficiencies were not evaluated (but should be)
- Other Matrix recommendations on improving strategic planning, performance management, and effective outreach and communication should be addressed.

# Identifying potential cuts

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- Department is identifying “potentially flexible funding” in the ZBB framework.
- Over the next two months, the Department will develop a draft Carry-Forward Level Budget for 2019-21 that is ~\$30M less than current services.
  - \$21.3M of one-time funding solutions in 2017-19 will no longer exist.
  - Cuts will occur in areas of “potentially flexible funding.”
- Will include complementary analysis to identify high-priority work that is underfunded and flag new needs.
- Available to BPAG for consideration in May.

# Potential Revenue Options

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State General Fund Appropriation



Sports Package



Dedicated portion of state sales tax, hotel tax, and/or B&O tax



Institute annual automatic license increase tied to cost of living



Reduce or remove price “discount” for second catch cards



Increase license sales by improving perception of and opportunity for success



Dedicated portion of state lottery



Discover pass



Outdoor activity supplies excise tax

*Note: this list does not represent all the possible alternative funding options.*

# Draft Report Sections

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- Thoughts on the draft sections available: right information? Accurate? Right level of detail?
- Thoughts on drafting the rest: things to highlight? Other advice?

# Future Meetings

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- Meeting 4: May 2018 | Ellensburg, WA
- Meeting 5: July 2018 | TBD
- Meeting 6: August 2018 | TBD (if needed)

# Wrap Up and Next Steps

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Next meeting: **May 2018 – Ellensburg**

## Contact Information

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# Connections in the ZBB



**Budget and Policy Advisory Group**

***March 2, 2018***



# Outline

- Who is Affected by WDFW's Work?
- What Kinds of Activities Does WDFW Do in Fulfilling Our Mandate?
- How are Those Activities Captured in the ZBB Documents?

# Who is Affected by WDFW's Work?

Tribes

County/State/Federal Agencies

Landowners/Managers

Project Proponents

Hunters

Recreational Anglers

Commercial Fishery Harvesters

Non-Consumptive Users:

Boaters, Hikers, Bird Watchers,

Salmon Watchers, etc.

General Public:

\* Those Who Directly Rely on WDFW to be Good Stewards of the Resources (i.e., Washingtonians)

\* People Who Share the California Current Ecosystem or Salish Sea (e.g., Oregon, Idaho, Canada)

\* Others Who Expect WDFW to Protect the Oceans, Fish, and Wildlife (e.g., Wyoming, Iowa)

**Preserve and  
Restore  
Aquatic  
Habitat and  
Species**

**Protecting Existing Fish Habitat:**

- 1. Help Develop Land Use Regulations and Ordinances**
- 2. Provide Scientific Support and Recommendations to Ecology**
- 3. Review and Consider Hydraulic Project Approval (HPA) Applications**
- 4. Ensure All Surface Water Diversions are Screened**
- 5. Enforce Compliance with HPA and Fish Screening Requirements**

**All Citizens**

*Harvesters*

*Non-Consumptive Users*

*General Public*

# Manage Fishing Opportunities

## Setting a Season:

1. Forecast Run Preseason or Assess Stock Status
2. What's Needed for Long-Term Sustainability
3. What Else Could be Encountered and at What Levels?
  - Marine Mammals
  - Seabirds
  - ESA-Listed Salmon and Other Species
  - Other Rebuilding Stocks
4. Calculate Harvest Limits
5. Set Seasons
6. Catch Accounting, Enforcement, Inseason Adjustments

**All Citizens**

*Harvesters*

*Non-Consumptive Users*

*General Public*

**Harvesters**

**All Citizens**

# Manage Hunting Opportunities

## Setting an Elk Season:

1. Conduct Elk Survey to Assess Status of Population
2. What's Needed for Long-Term Herd Sustainability
3. Determine Harvest Levels
4. Calculate Harvest Limits
5. Set Public Seasons
6. Respond to Private Land Damage Claims and Issue Permits, as Appropriate
7. Harvest Accounting and Enforcement

**All Citizens**

*Harvesters*

*Non-Consumptive Users*

*General Public*

**Harvesters**

**All Citizens**

Questions?