

WDFW 2019-21 BUDGET AND AGENCY-REQUEST LEGISLATION

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OUTLINE

- State Budget Context
- Proviso and Proposal Development Process
- 2019 Second Supplemental Operating Budget Request
- 2019-21 Draft Operating Budget Requests
- 2019 Draft Agency-Request Legislation

STATE BUDGET BASICS

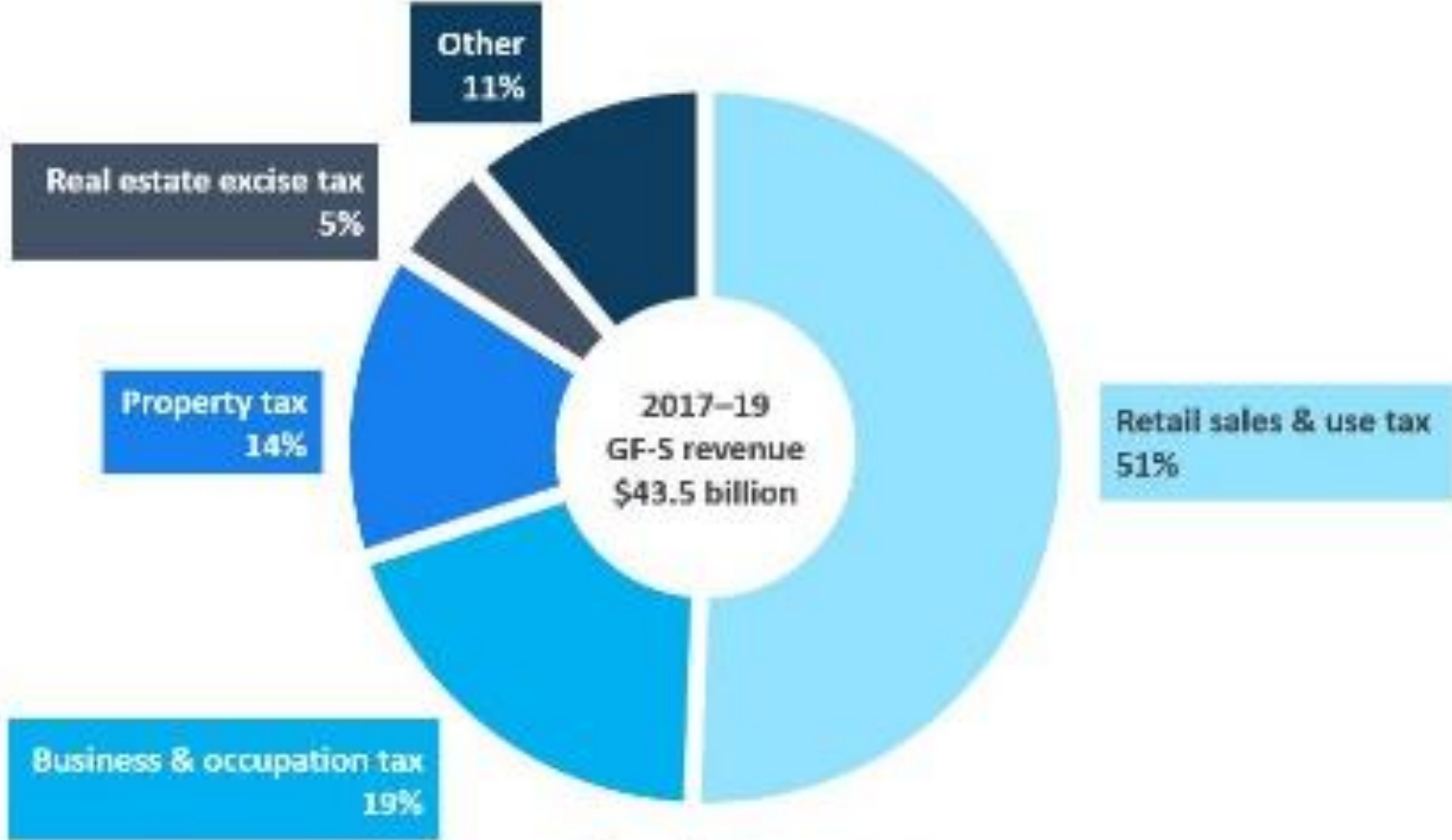


More than half
our revenue
comes from
retail sales taxes.



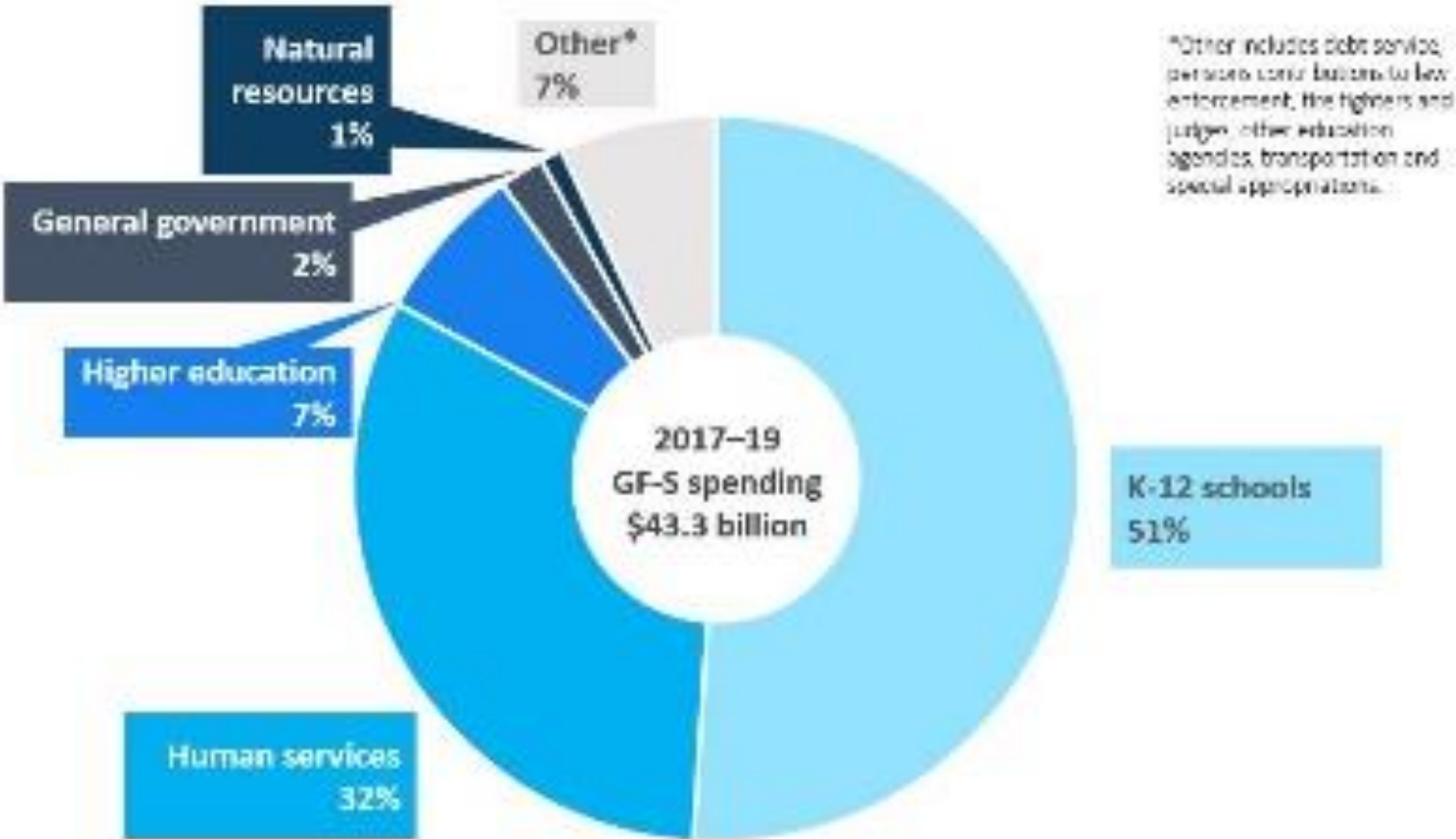
More than half
of all state
General Fund
revenue goes to
K-12 education.

STATE OPERATING BUDGET: REVENUE SOURCES



Sources of General Fund State revenue
2017-19 estimates

STATE OPERATING BUDGET: EXPENDITURES



Distribution of 2017-19 state operating expenditures (General-Fund State)

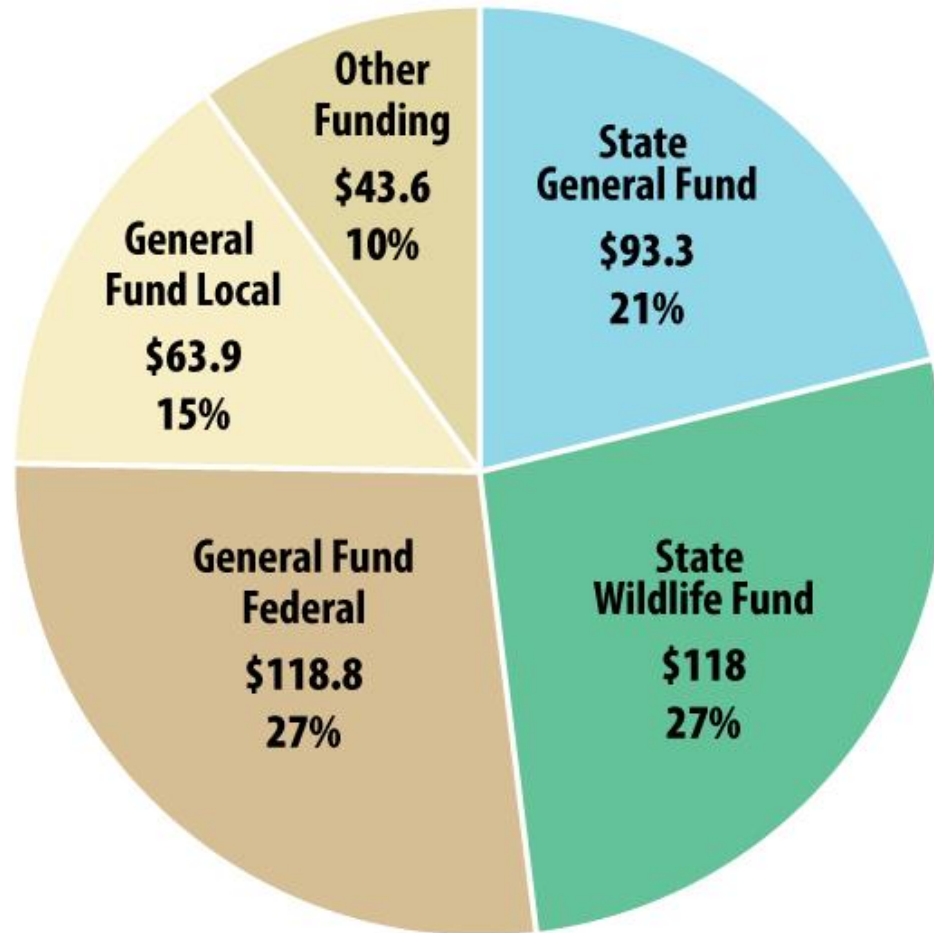
WDFW MISSION

- Conserve fish and wildlife and habitat
- Provide sustainable opportunity



WDFW'S OPERATING BUDGET

(DOLLARS IN MILLIONS)



WDFW'S ECONOMIC IMPACT

Economic Activity in Washington

Hunting	\$0.3B
Sport Fishing	\$1.1B
Wildlife Watching	\$1.5B
<u>Commercial Harvest/Wholesale</u>	<u>\$1.4B</u>
Total	\$4.3B

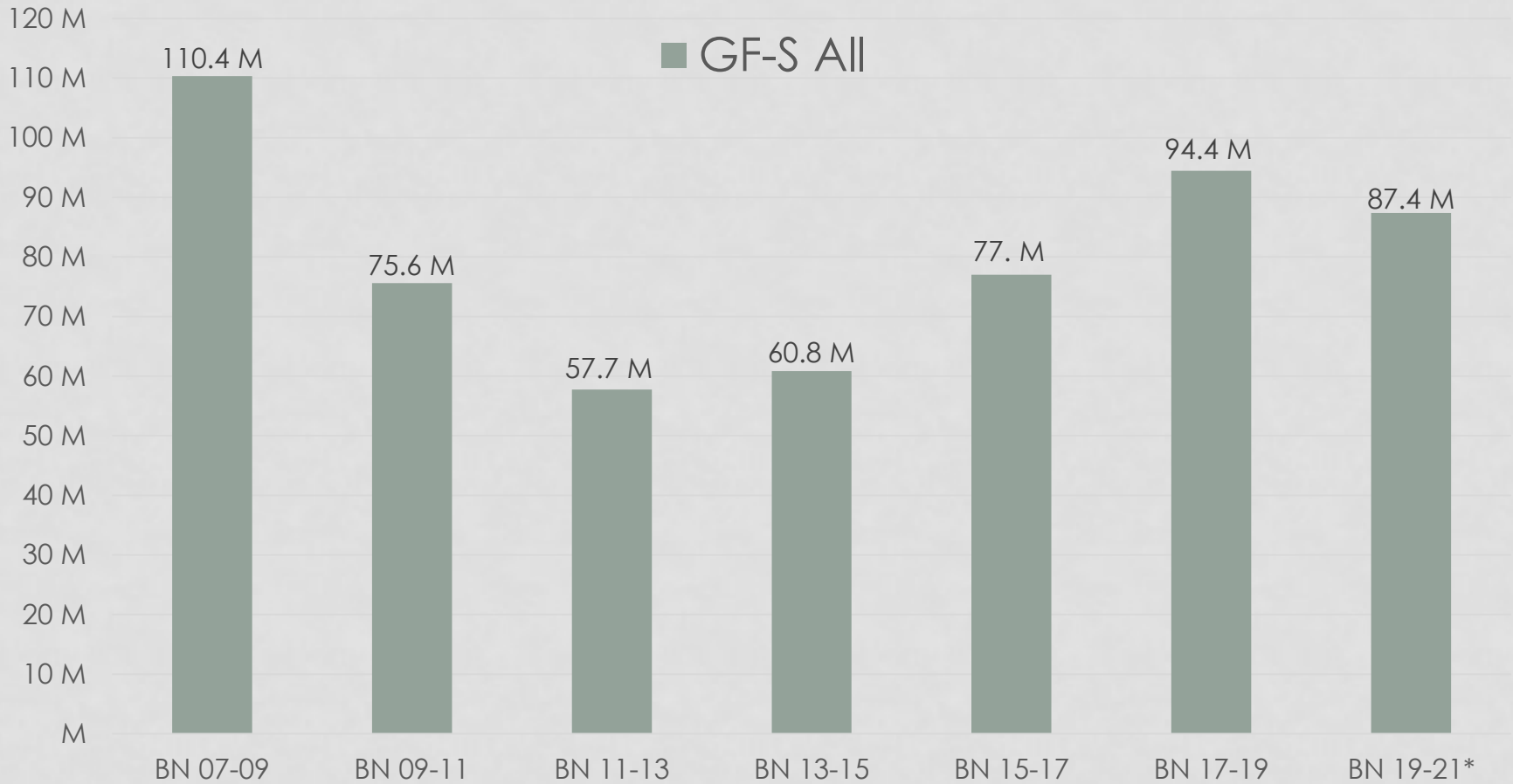


Department of Revenue, 2017

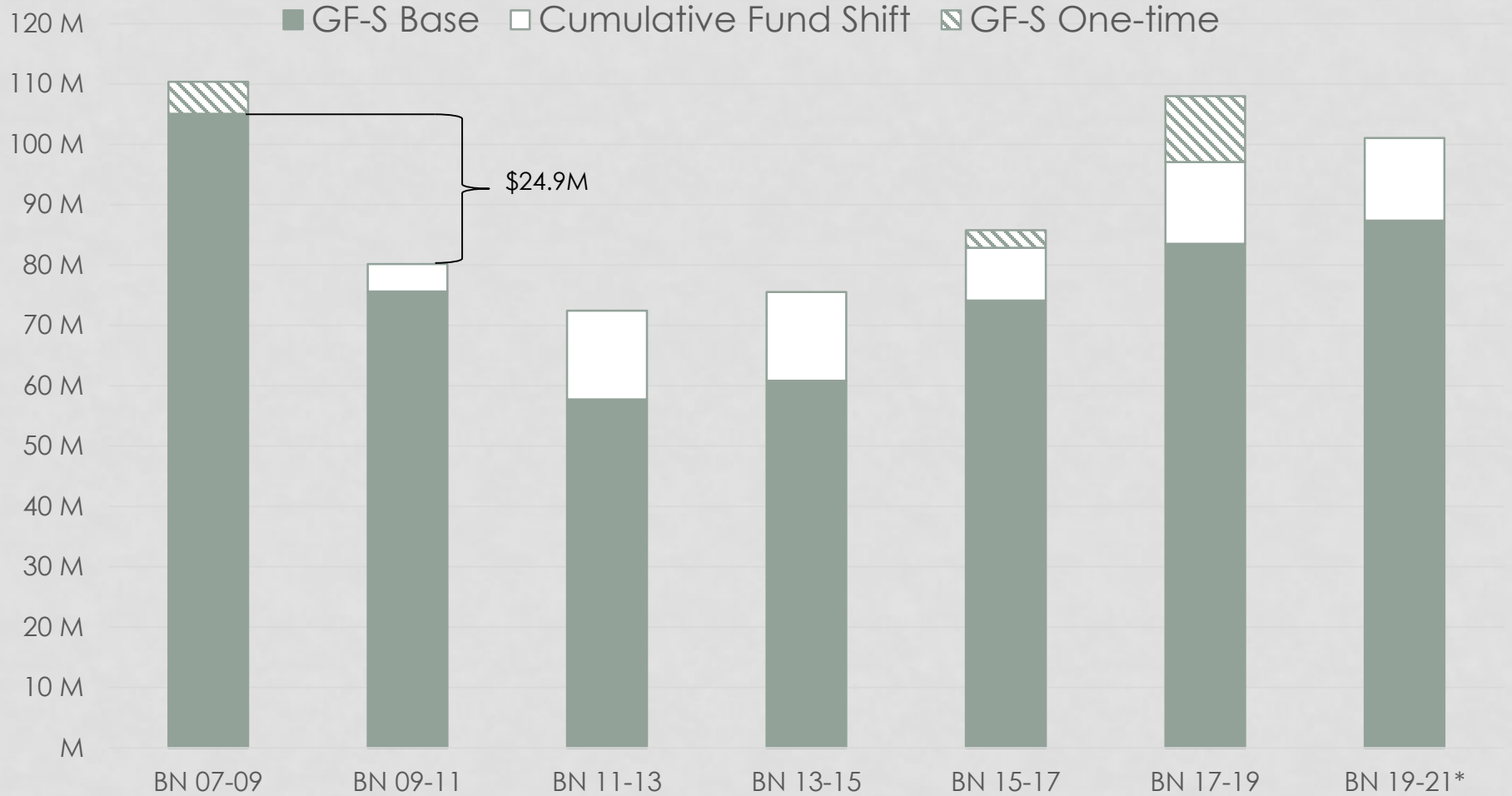
GF-S impact from Fishing/Hunting/Outdoor Rec:	\$334M/BN
GF-S in 2017-19 to WDFW:	\$94M/BN

~350% ROI for the state general fund
(when leveraged with other fund sources)

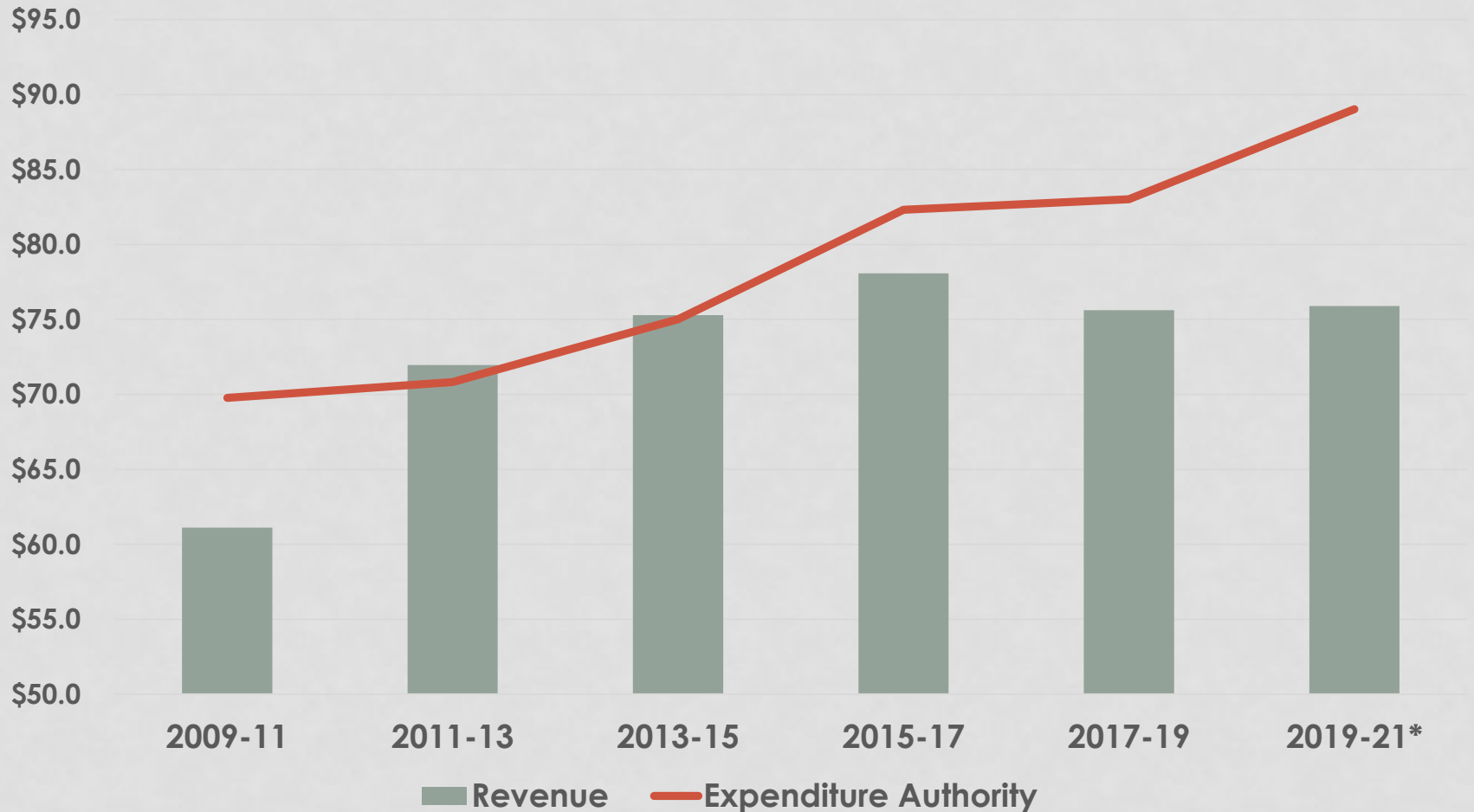
GF-S SINCE 2007-09



GF-S BUYING POWER, GAP



HUNTING AND FISHING LICENSE REVENUE IS NOT KEEPING PACE WITH APPROPRIATIONS



PROVISO



Three components:

- Performance Assessment
- Zero-Based Budget Analysis
- Long-Term Funding Plan

In other words...

- Find efficiencies; eliminate waste
- Re-purpose funding to higher priorities
- Submit a plan to the legislature to secure stable funding

PERFORMANCE ASSESSMENT

WDFW contracted Matrix Consulting in Fall, 2017

They evaluated three broad areas:

- Operating budget, revenue, and deficit
- Management structure and decision-making
- Administrative operations

Matrix assessed that WDFW is employing many best practices in management and operations:

- Strategic planning
- Org structure based upon programs with regional focus
- Focus on core program areas
- Staffing levels appropriate for central support services (IT, Fiscal, Contracts, etc.)

PERFORMANCE ASSESSMENT

Matrix also stated that some incremental changes can enhance operations and management:

- Greater oversight by the F&W Commission
- Minor organizational re-alignments
- Need to enhance education, public outreach, and transparency
- Need to enhance performance/outcome measurement and publication

Matrix also acknowledged the Department's financial structural deficit and the need for a long-term funding plan.

ZERO-BASED BUDGET

- Preserve and Restore Aquatic Habitat and Species
- Acquire and Manage Lands
- Preserve & Restore Terrestrial Habitat and Species
- Manage Fishing Opportunities
- Produce Hatchery Fish
- Manage Hunting Opportunities
- Provide & Facilitate Recreational Opportunities
- Business Management Obligations

2015-17 Division
Express
Unit: Katalakawa

To preserve, protect and perpetuate fish, wildlife and ecosystems while providing sustainable fish and wildlife recreational and commercial opportunities.

Preserve, Protect and Perpetuate Fish, Wildlife and Ecosystems			
Program & Restore Aquatic Habitat & Species \$42.6M - 55X	Acquire and Manage Lands \$75.4M - 10X	Program & Restore Terrestrial Habitat & Species \$25.4M - 5X	
M-1 [3.1]- Protect fish and their habitat from the effects of nonpoint source pollution \$3.5M M-2 [3.2]- Consult with landowners, landowners and governmental agencies regarding aquatics species impacts and mitigation \$3M M-3 [3.3]- Reduce risk & decrease degradation of oil spills \$1.8M M-4 [3.4]- Ensure that there remains enough water in waterways to allow for fish habitat \$2.9M M-5 [3.5]- Ensure fish survivability by removing alien barriers and appropriately addressing water diversions \$3.4M M-6 [3.6]- Acquire funding for and complete habitat restoration projects \$3.4M M-7 [3.7]- Restore and analyze diverse aquatic populations \$4.7M M-8 [3.8]- Monitor and control aquatic invasive species \$3.4M M-9 [3.9]- Study and plan for climate impacts on waterways and resulting effects on aquatic life \$0.1M M-10 [3.10]- Enhance protection of aquatic habitat \$3.7M	L-1 [4.1]- Mitigate and reduce habitat for hunting, fishing and recreational use WDPW owned & managed lands \$58.7M L-2 [4.2]- Acquire new lands and sell lands that no longer support certain activities \$2.3M L-3 [4.3]- Build & maintain water, sanitation and ecologically friendly water resource sites \$9.3M L-4 [4.4]- Ensure public safety on water lands \$9.3M	T-1 [5.1]- Consult with landowners, landowners and governmental agencies regarding terrestrial invasive and nonpoint source \$3.3M T-2 [5.2]- Partner with private landowners to implement conservation strategies \$1.5M T-3 [5.3]- Study and plan for climate impacts on lands and resulting effects on species \$0.7M T-4 [5.4]- Wildlife permitting and enforcement of regulations \$1.6M T-5 [5.5]- Restore and analyze diverse wildlife populations \$8.8M T-6 [5.6]- Respond to and mitigate wild animals \$5.0M T-7 [5.7]- Acquire funding for and complete habitat restoration projects \$2.9M	
Manage Ecosystems			
Recreational and Commercial Fishing Opportunities \$237.3 - 46X			
Manage Fishing Opportunities \$18.5M - 25X	Produce Hatchery Fish \$128.7M - 25X	Manage Hunting Opportunities \$45.8M - 9X	Manage Recreational Opportunities \$45.8M - 9X
F-1 [4.1]- Enhance recreational fishing opportunities \$18.5M F-2 [4.2]- Enhance commercial fishing opportunities and regulations \$72.8M F-3 [4.3]- Develop, regulate, and implement fisheries management plans \$19.9M F-4 [4.4]- Monitor and manage fish populations \$9.0M F-5 [4.5]- Monitor and manage shellfish populations \$2.7M F-6 [4.6]- Sell recreational fishing licenses \$8.1M F-7 [4.7]- Market fishing opportunities \$0.8M	P-1 [2.1]- Produce trout and warm water game fish \$22.7M P-2 [2.2]- Produce salmon and steelhead \$72.8M P-3 [2.3]- Build and maintain hatcheries \$33.7M	H-1 [6.1]- Enhance hunting opportunities and regulations \$11.7M H-2 [6.2]- Provide hunter education opportunities \$2.5M H-3 [6.3]- Sell sustainable hunting licenses \$3.3M H-4 [6.4]- Survey game populations & populations \$9.0M H-5 [6.5]- Study game species populations and their health \$5.3M H-6 [6.6]- Respond to game species wildlife conflicts and dangerous wildlife \$20.4M H-7 [6.7]- Survey hunting areas on private lands \$8.5M H-8 [6.8]- Sell hunting licenses \$4.5M H-9 [6.9]- Market hunting opportunities \$0.3M	R-1 [2.1]- Develop, regulate, and promote wildlife viewing opportunities \$0.5M R-2 [2.2]- Work directly benefiting non-commercial opportunities \$0.8M
Manage Commercial and Recreational Opportunities within Ecosystems			
Business Management Obligations \$55.3M - 11X			
B-1 [1.1]- Provide agency leadership and strategy \$7.2M B-2 [1.2]- Manage information technology \$11.9M B-3 [1.3]- WDPW legal counsel \$3.6M	C-1 [2.1]- Communicate agency matters with the public and local businesses \$3.8M C-2 [2.2]- Build and maintain office facilities \$8.5M	E-1 [3.1]- Manage finances and accounts \$0.1M E-2 [3.2]- Maintain agency records \$0.9M	X-1 [4.1]- Respond to public safety incidents \$4.7M X-2 [4.2]- Respond to public safety incidents \$4.7M

FLEXIBILITY OF FUNDING

Discretionary/Potentially Flexible



Prescriptive/Inflexible

- General Fund—State
- Non-Restricted Wildlife State
- PR and DJ
- Personalized License Plates
- BPA
- General Fund—State provisos
- NMFS S6 Contract for SRKWs
- Bighorn Auction Tag

LONG-TERM FUNDING PLAN

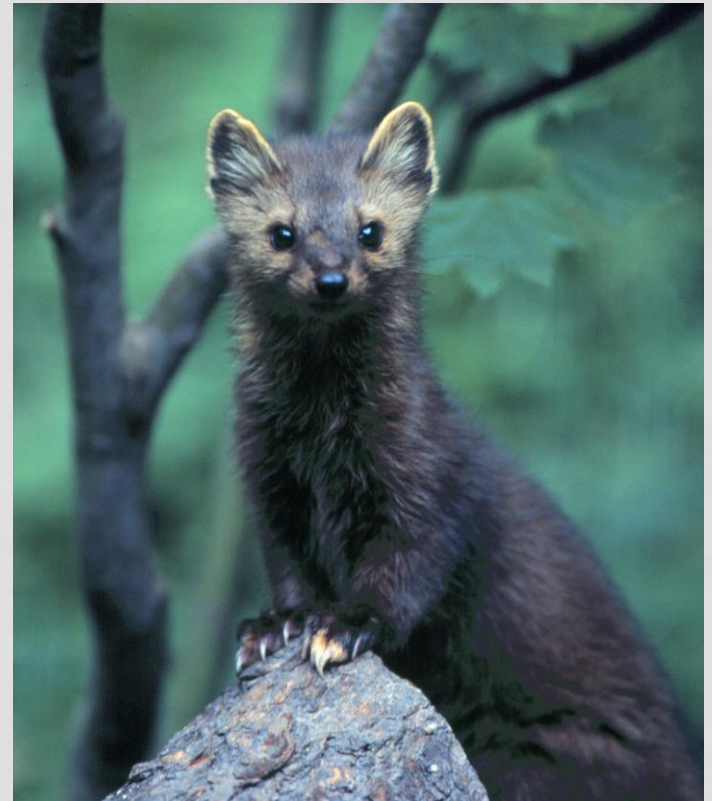
- Provides overview of WDFW mission and budget.
- Describes the funding challenge.
- Makes recommendations:
 - Increase the amount and stability of funding.
 - Most funding should come from a broad-based source, such as the general fund.
 - Revenue from licenses and fees should supplement broad-based funding.
- Due to the Legislature on September 1, 2018.

PREVIOUS BUDGET DEVELOPMENT

- Constructed budget based on incremental need
- Little/no evaluation of existing programs (unless severe cuts)
- Mid-Feb, Legislature typically asks us for consequences of no new funding (i.e., what's at risk?)
- Focused on one or two fund sources (WL-S or GF-S)
- Often showed consequences through Program proportionate cuts
- Some accused WDFW of “hiding the ball.”

WHAT'S DIFFERENT?

- Organizational Assessment
 - Structural deficit is real
 - No major negative findings
- Zero-Based Budget Analysis
 - Includes all potentially flexible fund sources
- Outcome Leadership Teams
 - Cross-Program review
- True carry-forward level budget
 - This is the budget we will implement unless Legislature provides additional resources
- Budget and Policy Adv Group
- Long-Term Funding Plan



2019-21 BUDGET ENVIRONMENT

Problem Statement (Wildlife Account and GF-S)	Dollars in Millions
2019-21BN Projected Spending on Wildlife Account above Projected Revenue	\$4.3
2019-21BN Projected Spending on General Fund Provisos and Restricted Accounts above Projected Revenue	\$1.5
Reversal of the 2017-19BN One-Time Balancing Decisions	\$19.1
Columbia River Salmon and Steelhead Endorsement Expiration	\$3.3
Estimated 2019-21BN Inflation	<u>\$4.7</u>
Total 2019-21BN Shortfall	\$32.9

DEVELOPING THE BUDGET

- Agency Mission/Mandate
- Applied Proviso criteria and EMT-developed criteria (conservation, long-term, etc.) to identify \$33M of reductions.
- Two categories:
 - Permanent reductions to take on June 30, 2019.
 - Activities that need funding to maintain current services, beginning July 1, 2019.
- Strategic investments in new work

REDUCTION CRITERIA

- 2017 Budget Proviso
 - Financial Stability
 - Public Impact
 - Fishing Impact
 - Hunting Impact
 - Timeliness
 - Ability to Achieve Outcome
- WDFW Additions
 - Conservation Impact
 - Long-term Impact
 - Species Protection Priority
 - Native Federal Listed
 - Native State Listed
 - Native
 - Non-native
 - Obligation Priority
 - Federal/Co-management
 - State
 - WAC/FWC Policies
 - Economic ROI
 - Political Viability
 - Can Others Do It?
 - Cost Savings

PLANNED REDUCTIONS FOR THIS FISCAL YEAR

- Trout hatchery production shift
 - Naches Hatchery
- Cease triploid trout purchase
- IT efficiencies
- Habitat monitoring and restoration reduction
- Reduce volunteer grant assistance
- Reduce Fish Pamphlet production and staff training fund
- Total: \$2.4M in reductions

2019 LEGISLATIVE SESSION BUDGET REQUESTS



- SFY2019 Second Supplemental
 - Fire Suppression (\$0.7M GF-S)
- SFY2019-21 Operating
 - Maintenance Level (\$6.7M GF-S)
 - Fish Food
 - PILT
 - Performance Level
 - Maintain Services
 - Enhance Services

AT-RISK AND BUYBACK PROPOSALS

- Maintain Wildlife Conflict Response (\$4.4M GF-S)
 - WL-S component of Crop Payments to Landowners
 - Staffing impacts to HQ and Regions (from 22 FTEs to 8 FTEs) and 3 Enforcement FTEs
 - Impact from federal grant eligibility
 - Anticipated decline in Pittman-Robertson funding
- Maintain Public Health and Safety/Shellfish (\$2.5M GF-S)
 - Sanitary shellfish patrols (6 FTEs)
 - 1 FTE Enforcement Headquarters
- Maintain Land Management (\$2.7M GF-S)
 - Invasive/Noxious weed control
 - Wildlife Area planning and research science support
 - Forest Health
 - Real estate services
 - 6 FTEs



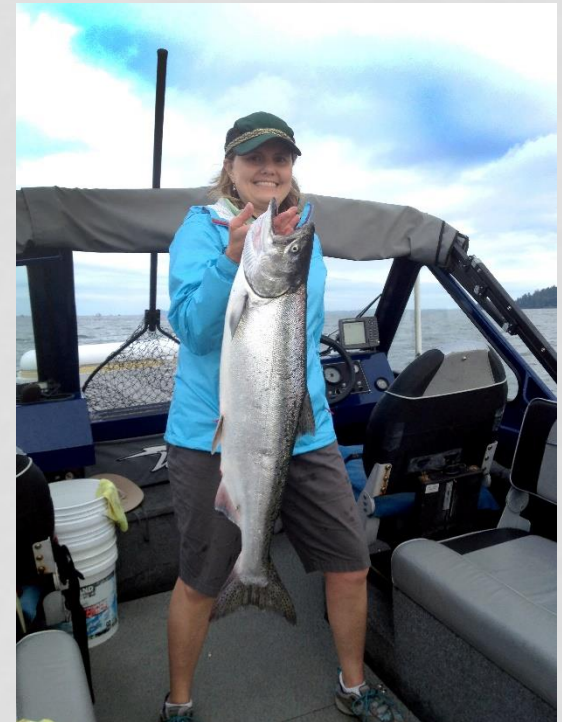
AT-RISK AND BUYBACK PROPOSALS (CONT'D)

- Maintain Hunting (\$3.2M WL-S)
 - Game species research and data management
 - Reduced pheasant hunting opportunities
 - Hunter education services
 - 8 FTEs
- Maintain Customer Service (\$1.9M WL-S)
 - 13 FTEs HQ and Regions
- Maintain Conservation (\$3.5M GF-S)
 - Species ecology and status assessments
 - Species recovery efforts
 - Habitat conservation; climate change capacity
 - Maintain AIS and treatment of noxious weeds
 - Derelict fishing gear retrieval capacity
 - 6 FTEs



AT-RISK AND BUYBACK PROPOSALS (CONT'D)

- Maintain Fishing and Hatchery Production (\$9M GF-S and WL-S)
 - Salmon and trout production
 - Whitehorse Ponds
 - Bingham Creek Hatchery
 - Humptulips Hatchery
 - Reiter Ponds
 - Meseberg Hatchery
 - Chelan Hatchery
 - Omak Hatchery
 - Warm-water game fish
 - Lake/Stream Rehab program
 - Bingham Creek/Chehalis River Trap Ops
 - Early Winter Steelhead/ESA Compliance
 - Recreational shellfish opportunities
 - Bottom trawl surveys for rockfish
 - ~40 FTEs



AT-RISK AND BUYBACK PROPOSALS (CONT'D)

- Maintain Columbia River Salmon & Steelhead Endorsement (\$3.3M CRSSE)
 - Enforcement (3 FTEs)
 - PIT tag arrays, hooking mortality studies, ESA permitting (~10 FTEs)
 - Expanded fishing opportunities
- Indirect Impacts (\$6.3M—incorporated in above decision packages)
 - IT, Policy and Public Engagement, HR
 - ~25 FTEs

STRATEGIC ENHANCEMENTS

- Regional Fisheries Enhancement Groups (\$0.9M GF-S)
- Enhance Conservation (\$12.9M GF-S)
 - Partner with local governments
 - Habitat protection, restoration---emphasis on watershed health
 - Private land technical support and grant capacity
 - Improve urban-wildland interface conservation
 - SGCN conservation (surveys, habitat associations)
 - Statewide and regional capacity

STRATEGIC ENHANCEMENTS (CONT'D)

- Enhance Lands Operations and Maint. (\$4.2M GF-S)
 - Staffing new wildlife areas
 - Grazing monitoring
 - Weed control
 - Enforcement



DRAFT STRATEGIC ENHANCEMENTS (CONT'D)

- Enhance Fishing Opportunities (\$6.3M: GF-S and WL-S)
 - Hatchery production
 - Monitoring and ESA compliance
 - Puget Sound
 - Columbia River
 - Shellfish Disease Management
 - Increase enforcement
 - Mobile Application maintenance; rule simplification
- Enhance Hunting Opportunities (\$3.9M: GF-S and WL-S)
 - Access programs
 - Increase enforcement
 - Increase wildlife conflict response capacity
- Indirect
 - Outreach, education, marketing
 - HR and Training capacity
 - Matrix report recommendations

DRAFT STRATEGIC ENHANCEMENTS (CONT'D)

- Southern Resident Killer Whale Recovery (GF-S place-holder)
 - Enforcement patrols
 - Increase Chinook hatchery production
 - Habitat protection/restoration
 - Fish passage
 - Outreach and education
 - Address prey competition



BUDGET REQUEST ROLL-UP

Proposed Structure of Performance Level Budget Requests*

Fund Source	Maintain	Enhance
GF-S	\$15.8M	\$22.9M
WL-S	\$11.4M	\$5.0M
<u>CRSSE</u>	<u>\$3.3M</u>	<u>\$0.3M</u>
Total	\$30.5M	\$28.2M

2019-21 Operating Budget Request*

Total P/L Request:	\$58.7M	GF-S/WL-S/CRSSE
<u>Total M/L Request:</u>	<u>\$6.7M</u>	GF-S
Total Request:	\$65.4M	

*Note: Iterative process to align outcomes, fund source, overall target, and agency-request legislation.

AGENCY REQUEST LEGISLATION



- Hunting and Fishing Recruitment
- Columbia River Salmon and Steelhead Endorsement Extension
- Adjust Discount for Disabled Hunters and Fishers
- Recreational License Fee Increase

HUNTING AND FISHING RECRUITMENT

Background

- National decline in hunting and fishing.
- Average 1-2% annual decline in WDFW license sales.
- Significant need to focus on recruitment, retention and reactivation.

Legislative Proposal

- Authority to create bundled license packages (family, multi-year, etc.)
- Align youth age to 16
- Hunter Ed Graduate Discount - \$20 off first license
- Expand hunter education deferral
- Remove lowland lake temp license restriction



COLUMBIA RIVER SALMON & STEELHEAD ENDORSEMENT (CRSSE)



Background

- Established by the Legislature in 2009
- Supports the \$87 million fishing industry on the Columbia River
- Funds used to supplement monitoring and evaluation, data collection, permitting, reporting and enforcement.

Legislative Proposal

- Extend the program which expires June 30, 2019
- Remove sunset
- Biennial report to legislature on expenditures

ADJUST DISCOUNT FOR DISABLED HUNTERS AND FISHERS

Background

- WDFW provides a reduced rate license to hunters and fishers who permanently use a wheelchair, are blind or visually impaired, or have a developmental disability
- Out of alignment with Federal ADA

Legislative Preproposal

- Broaden qualification for reduced rate discount
- Streamline process
- Set discount at 50% off (same as State Parks)
- Revenue Neutral



RECREATION LICENSE FEE BILL

- Two Options:
 - Option 1: Modest across-the-board fee increase (12-15%)
 - For context, inflation since 2011 if tied to CPI: 23% increase
 - Concern about pricing hunters/anglers out of participation
 - Concern about optics of increase with no commensurate opportunity increase
 - Option 2: Single charge/stamp to all rec license buyers (\$10 for annual; \$3 for temp)

Also:

- Admin Fee collected on next purchase (hunting tags; PS crab)
- Eliminate 2- and 3-day temp licenses
- Double cost of multiple fish CRCs (first continued to be free)
- Future inflation fee-setting authority

USER PROFILES

Trout Angler	Current	12%	15%	Surcharge
Annual Freshwater License	\$29.50	\$32.80	\$33.63	\$39.50
Out-the-Door % Increase		11.19%	13.98%	33.90%
Temp Fishing License	Current	12%	15%	Surcharge
1-Day Combo	\$11.35	\$12.47	\$12.75	\$14.35
Out-the-Door % Increase		9.87%	12.33%	35.29%
Salmon Angler	Current	12%	15%	Surcharge
Annual Combination License + CRSSE	\$64.10	\$71.03	\$72.76	\$74.10
Out-the-Door % Increase		10.81%	13.51%	15.60%

USER PROFILES

Turkey Hunter	Current	12%	15%	Surcharge
Small Game + Turkey Tag	\$56.40	\$62.87	\$64.49	\$66.40
Out-the-Door % Increase		11.47%	14.34%	17.73%
Outdoor Hunting/Angling Enthusiast	Current	12%	15%	Surcharge
Fishing Combo, Big Game, Small Game and Tags, 2 Special Hunt Apps, + Turkey	\$203.15	\$226.65	\$232.52	\$213.15
Out-the-Door % Increase		11.57%	14.46%	4.92%

NET REVENUE IMPACT FROM LEGISLATIVE PROPOSALS

Concept	Option 1—12%	Option 1—15%	Option 2— Surcharge
Fee Bill--Core	\$11.5M	\$14.3M	\$15.7M
Fee Bill—Other Components	\$1.6M	\$1.6M	\$1.6M
CRSSE	\$3.3M	\$3.3M	\$3.3M
Rec Recruitment Net	(\$0.3M)	(\$0.3M)	(\$0.3M)
Total Revenue	\$16.1M	\$18.9M	\$20.3M

OUTREACH

- Organizations:
 - Backcountry Hunters and Anglers
 - Trout Unlimited
 - CCA
 - Wild Steelhead Coalition
 - Washington Environmental Council
 - Conservation Voters
 - WA Tourism Alliance
 - Inland NW Wildlife Council
- Tribes:
 - Western Washington Treaty Tribes
 - NW Indian Fisheries Commission
 - Upper Columbia United Tribes
 - Col River Inter-Tribal Fish Commission

OUTREACH

- WDFW Advisory Groups
 - Budget and Policy Advisory Group
 - Game Management Advisory Council
 - Wildlife Diversity Advisory Council
 - Hunter Ed Instructor Advisory Group
 - Master Hunter Advisory Group
 - ADA Advisory Group
 - Col River Salmon and Steelhead Rec Anglers Board
 - Dealer Advisory Group

OUTREACH

- News Release and Social Media
- Media Webinar: July 23, 2018
- Public Webinar: July 23, 2018
- Public Opinion Survey

SURVEY PRELIMINARY SUMMARY

- 556 respondents (as of 7/31)
- Maintain: Hunting and Fishing
- Enhance: Fishing, Hunting, Conservation
- 75% respondents agreed that:
 - Dept should be supported by GF-S
 - Think general taxes should contribute more
- 48% were “very unlikely” to support a fee increase
- 43% prefer across-the-board fee increase while 47% prefer the surcharge
- 62% supportive if no fees, pursue GF-S request

TIMELINE

Date	Key Meetings and Deliverables
August 9-11	FWC Approval of Budget and Agency-Request Legislation
September	Products due to the Governor's Office and Legislature
September 11	House Appropriations Committee
December	Governor's Budget
Jan-April, 2019	Legislature convenes; adopts budget
July 1, 2019	Start of 2019-21 Biennium

QUESTIONS

