

# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING

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Wednesday May 2, 9:00am-4:00pm

Hal Holmes Community Center (209 N, Ruby Street), Ellensburg WA

## Anticipated Outcomes

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- Create final draft of findings and funding principles
- Refine initial draft recommendations on funding approach and sources
- Understand WDFW analysis of potential expenditure reductions and program enhancements
- Develop initial draft recommendations on expenditure reductions and program enhancements based on WDFW analysis
- Get on the same page about outreach, wrapping up the LT Funding plan, and the 2019 Legislative Session

## Agenda

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9:00 am	<b>Introductions, Agenda Review, Get Settled (10 min)</b>	<b>All</b>
9:10	<b>Key Questions for Today (10 min)</b> <ul style="list-style-type: none"> <li>• Are the findings and principles done, mostly done, not done? What else is needed, if anything?</li> <li>• How should we refine the draft recommendations on overall funding approach and sources?</li> <li>• What do you want to recommend about expenditure reductions and program enhancements?</li> <li>• How do BPAG members want to be engaged in outreach and the 2019 legislative session?</li> </ul>	<b>Facilitator</b>
9:20	<b>Review and Refine Draft Findings &amp; Principles (30 minutes)</b> Draft findings and principles were developed based on the discussion during meeting 2, refined at and after meeting 3, and circulated for review on 4/5. Comments received are included in this version. <ul style="list-style-type: none"> <li>• Any remaining concerns?</li> <li>• Have we described the “pay and play” approach appropriately?</li> </ul>	<b>All</b>
9:50	<b>Review Initial Draft Recommendations (40 minutes)</b> Draft recommendations on overall funding approach and sources were developed based on the discussion during meeting 3 and provided for review on 4/5. Comments received on the 4/5 draft are included in this version. <ul style="list-style-type: none"> <li>• Reflections on the draft recommendations – do you agree?</li> <li>• What, if anything, is missing?</li> </ul>	<b>All</b>

	<ul style="list-style-type: none"> <li>• What, if anything, should be clarified?</li> <li>• Relationship between recommendations and principles? Do we need both? How should we handle/reduce repetition between the two?</li> </ul>	
<b>10:30</b>	<b>Break (10 minutes)</b>	
<b>10:40</b>	<p><b>WDFW Carry Forward Budget Analysis (1 hour 20 min)</b></p> <p>The anticipated 2019-2021 shortfall is \$33M. The shortfall can be addressed with efficiencies, with cuts, with supplemental funding, or with a combination of the three. Draft recommendations already developed address an overarching approach to funding and funding sources. This analysis by WDFW provides the information needed to make recommendations on cuts and funding requests.</p> <ul style="list-style-type: none"> <li>• How the analysis was done</li> <li>• What spending reduction options are on the table?</li> <li>• What program enhancements are on the table?</li> <li>• What is the target for spending reduction/enhancement?</li> <li>• Reactions, implications</li> </ul>	<b>All</b>
<b>12:00 pm</b>	<p><b>Break for lunch (40 min)</b></p> <p><i>Lunch is provided for Advisory Group members.</i></p> <p><i>During lunch there will be a presentation on hunting and fishing demographics and marketing</i></p>	
<b>12:40</b>	<b>WDFW Carry Forward Budget Analysis – continued (40 min)</b>	
<b>1:20</b>	<p><b>WDFW License Analysis and Ideas (40 minutes)</b></p> <p>Following up on draft recommendations about updating license fees and moving to small, incremental yearly increases, WDFW has developed some ideas for how to approach licenses in the 2019 budget discussions for BPAG feedback.</p>	<b>All</b>
<b>2:00</b>	<b>Break (10 minutes)</b>	
<b>2:10</b>	<p><b>Expanding the Draft Recommendations (1 hour 10 min)</b></p> <p>Given the discussion/information shared today, what else would you like to recommend be part of the Long-Term Funding Plan?</p> <ul style="list-style-type: none"> <li>• What would you like to say, if anything, about expenditure reductions?</li> <li>• What would you like to say, if anything, about program enhancements?</li> <li>• What would you like to say about licenses?</li> </ul> <p>It there anything that you heard today which makes you want to change or revise the draft recommendations on overall funding approach and funding sources you already have?</p>	<b>All</b>
<b>3:20</b>	<p><b>Planning for Regional Outreach in June and July, Wrapping up the LT Funding Plan, Headed into the 2019 Legislative Session (20 minutes)</b></p> <p>Discuss plans for targeted regional outreach, along with some broad public outreach, over the summer, review the schedule for wrapping up the LT Funding Plan, and discuss how BPAG members wish to be involved in legislative briefings leading up to and during the 2019 session.</p>	
<b>3:40</b>	<p><b>Public Comment (10 minutes, or as needed)</b></p> <p><i>Time will be adjusted as needed to allow 3 min per commenter.</i></p>	
<b>3:50</b>	<b>Wrap up and Next Steps (10 minutes)</b>	<b>Facilitator</b>
<b>4:00 pm</b>	<b>Adjourn</b>	

## Materials

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1. Revised draft findings and principles with initial draft recommendations on an overall funding approach and sources (same as distributed on 4/5); we have several comments on these, particularly the draft recommendations, so we know we will be talking about refining/changing them at the meeting
2. Research on potential revenue from broad-based funding sources (same as distributed on 4/5)
3. Revised draft outreach plan (new)
4. Revised proposed meeting-by-meeting approach and schedule (new)
5. Proviso (same as provided on 12/7)
6. Draft Meeting #3 Summary (same as distributed on 3/20)

# DRAFT FINDINGS, PRINCIPLES, AND FUNDING APPROACH AND SOURCE RECOMMENDATIONS

Budget and Policy Advisory Group, **UPDATED April 25, 2018 (DRAFT)**

## Introduction

This document provides an updated draft of findings and funding principles, and an initial draft of recommendations related to the overall funding approach and funding sources. So far, discussions have focused on overall funding approaches and sources; we anticipate that recommendations will also will be made on potential program cuts or other actions in response to the analysis WDFW is currently carrying out to create a balanced budget in the event there is no new funding to address the shortfall in 2019. This analysis will be presented at the May BPAG meeting.

While the draft findings and principles have been through quite a bit of review, the draft recommendations have been through less review. They are an initial, discussion draft provided to help gauge the amount of convergence/consensus that may exist around topics which have had significant “air time” during BPAG discussions, as a way to help participants crystalize their thinking on what they want to say, and to highlight where additional discussion is needed.

## Draft Findings:

The following draft findings have been revised based on BPAG feedback provided during the March 2<sup>nd</sup> meeting, and then further revised based on comments received on the 3-20 and 4-4 drafts. The quotes are summarized statements (“take-aways”) from the March BPAG meeting and are included for additional context and for reference. These are not direct quotes in most cases, rather they are intended as summaries of key points made during the discussion.

Changes from the 3-20 and 4-4 drafts are marked in track changes for ease of review. Not all BPAG members commented on the 3-20 or 4-4 draft; additional changes may be made based on additional comments.

***Please come to the May 2 meeting prepared to discuss the draft findings, any concerns you have, and anything you believe might be missing. Our goal is to have a stable draft coming out of the May 2 meeting. If you're not able to be at the May 2 meeting, please reach out to Elizabeth or Nate ahead of time with any comments on the draft principles.***

1. The Department's mission – *to preserve, protect and perpetuate fish, wildlife and ecosystems while providing sustainable fish and wildlife recreational and commercial opportunities –*

remains vital and, in fact, is increasingly important to promoting public health, supporting economic prosperity, and ensuring a high quality of life for all Washingtonians, including those who never hunt, fish, or visit a wildlife area.

- *“When people hear about the The Department of Fish and Wildlife, they need to think is about more than hunting and fishing, they need to think about public health, quality of life, and economic development sustainability, not just hunting and fishing.”*
- *“The most important first step to improving funding for fish and wildlife conservation is to improve the public’s appreciation of the need to protect all Washington’s wildlife and the urgency to act.”*
- *“RCW Chapter 77 is full of process for the Department – annual reports, mandatory meetings, newspaper notifications. These efforts maybe made sense years ago but may not be needed now, yet they still must be prioritized because of the statute. It would be useful to look at Title 77 and see what might be scrubbed from the long to-do list assigned to the Department without imperiling the overall Department mission.”*

2. The Department’s base budget is not enough to adequately serve the needs of Washingtonians now or in the future. The near-term budget shortfall – which is real – exacerbates this problem. Rapid population growth and loss of habitat will put further pressure on access to and use of public lands, and on the survival of many of Washington’s fish and wildlife species/resources. There is real urgency in the need to act.

- *“The Department has a serious and immediate structural budget problem to solve, and there are even larger crises coming due to current funding levels. Averting these crises will require more forward-looking actions.”*
- *“Within the scope of the study, the Organizational Assessment of Operational and Management Practices did not reveal any major high-level cost savings to be found from improving efficiency. Efficiencies will not fix the problem.”*
- *“The structural shortfall has definable causes, including unfunded mandates from the legislature, 2008 budget cuts required by the legislature that were never restored, appropriations and license fees that have not kept up with inflation, and growing co-management and Endangered Species Act responsibilities.”*
- *“Long-term funding for all fish and wildlife programs needs to increase, sometimes substantially, to fulfill the current mission of the Department and meet the needs of all the Department’s users including and the broader community of Washington residents. True long-range planning is needed to define and address this need.”*

3. We cannot rely on efficiencies to solve the budget problem. An independent Organizational Assessment of Operational and Management Practices did not reveal any major high-level cost savings to be found from improving efficiency within the Department.

3.4. Washington has changed over the past 50 years: decreasing productivity due to losses and changes to habitat, increasing population, increased listings under the Endangered Species Act, and decreased hunting and fishing opportunity. Over time, the lack of adequate funding to deal with these changes has brought about a cascade of negative, adverse and non-productive outcomes including: competition between stakeholders for scarce Department resources, and insufficient investment in habitat protection and restoration protection

**Commented [EM1]:** 4/25 – Some are not completely comfortable with this finding without first seeing the results of the WDFW analysis of potential program reductions and enhancements. More discussion will be needed on this finding after the presentation from WDFW on May 2.

**Commented [EM2]:** 4/4 – Made a stand-alone finding.

of and in species of most concern especially non-game fish and wildlife. It also has ~~and~~ contributed to a lack of sustainable and productive hunting and fishing opportunities. This has put Washington at substantial risk of a crisis in fish and wildlife conservation.

- *“Access for hunting is diminished; reduced opportunities and reduced perception of success can mean fewer hunters in the future and the hunters who do continue are more resistant to fees because the hassle of finding a place to hunt is high and they feel their chances of success are low.”*
- *“The perception of ~~the likelihood of~~ success – and actual success – for both hunting and fishing are decreasing.”*
- *“Every time a stakeholder is mad at the Department they go to the legislature across the street to and get the funding reduced, or restricted. We need something stable that is immune to these types of vagaries.”*
- *“The habitat needs and health of the vast majority of Washington’s at-risk species are not being addressed which raises the potential for many more threatened and endangered species listings in the near future.”*
- *“The reputation of the Department is suffering, which adds to the competition felt among stakeholder groups. It also hampers the ability of Washington State to attract and retain quality staff needed to fulfill the Department’s mission.”*

4.5. Over half of the Department’s funding sources have restrictions on their use. ~~T,~~ this constrains the Department’s ability to manage effectively, adds unnecessary costs, and creates inefficiencies.

- *“Funding silos create a management nightmare. When funds are tied to specific programmatic areas, it doesn’t allow you to look at the bigger picture. Everything is interrelated and yet we are forced to pigeon-hole the resources.”*
- *“The legislature has used restricted funds to micro-manage the Department’s ability to effectively manage its work and achieve its mandated mission, inviting exactly the kind of inefficiencies they had hoped to find and correct via the Matrix report.”*

5.6. Washington’s unique context—including co-management responsibilities, significant commercial ~~fisheries, ESA listed species hatcheries,~~ and substantial recent and projected population growth rates—sets the State apart from other fish and wildlife agencies in terms of work and funding required and put further pressure on the need for adequate funding and demands specific expertise of Department staff. A significant portion of the Department’s expenditures are directly related to co-management, treaty, and ESA responsibilities.

6.7.

7. The user base for the Department is changing. There are fewer hunters and anglers – and projections are for fewer still in the future – and there are more nature watchers, and other recreationists such as hikers, ATV riders, mountain bike riders, horseback riders, and recreational/target shooters. Only some of these users participate directly in funding through purchasing of licenses, passes, or other fees. Managing a diversity of users with different priorities and interests increases the potential for user conflict and demands more services and attention from the Department. Some users are frustrated with the Department, which makes them less likely to support funding.

Commented [EM3]: 4/25 – Will get number/percent to add.

Commented [EM4]: 4/25 – Draft; New; added in response to comments, has not yet been reviewed.

- “The Department needs to focus on improving what they are offering, not just on selling licenses. The regulations are way too complicated for the average user to fully understand and they come out way too late (early May) in the spring to be very helpful for several important seasons including Spring Chinook and multi-season big game tag sales.”
  - “Access for hunting has diminished particularly on private timber lands where ‘pay to play’ programs are increasing. More work with private landowners is needed to improve access.”
8. These challenges are significant, but they can and must be met through a combination of better long-range visioning and strategic planning, keener outcome-based performance management, new and expanded partnerships, and ~~adequate~~appropriate, sustainable funding. Funding must be both adequate to address the full needs of the Department’s mission and must be informed by a broad set of interests, not steered by individual or special interest group opinions. ~~immune to diverse and changing opinions of the people involved~~, so that it is sustainable dependable and secure over time.
- *“Funding tied to all Washington residents (e.g., State General Fund; BPA mitigation funding tied to electricity rates) is significant, at the same time it is not enough given the broad public benefits provided by fish and wildlife conservation.”*
  - *“Federal funds have diminished and now are not enough to cover federal mandates particularly relative to threatened and endangered species.”*
  - *“The Department’s ability to meet their mission requires action by other state agencies, levels of government and organizations. There is a need for increased connectivity ~~to~~ the state government at the cabinet level, and improved partnerships with other state agencies and non-government entities.”*
9. We must start now and commit to getting the job done over the ~~next 10 years~~long term.
- *“With 2 million more people anticipated to move to Washington in the next 20 years, as many as currently live in King County, the urgency of the issue cannot be overstated.”*
  - *“The response time of ecosystems and species is not immediate; it took time to get here and it will take time for the results of positive action taken now to be seen. Natural systems do not respond immediately”*

## Draft Principles

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The principles below have been revised based on BPAG feedback provided during the March 2<sup>nd</sup> meeting, and then further revised based on comments received on the 3-20 draft. Changes from the 3-20 draft are marked in track changes for ease of review. Not all BPAG members commented on the 3-20 draft; additional comments and changes may be made based on further comments.

**Please come to the May 2 meeting prepared to discuss the draft principles. Our goal is to have a stable draft coming out of the May 2 meeting, any concerns you have, and anything you believe might be missing. If you’re not able to be at the May 2 meeting, please reach out to Elizabeth or Nate ahead of time with any comments on the draft principles.**

1. **Secure the majority of the Department's funding from the general public (e.g. general fund or similar mechanism) should fund the majority of because the Department's work.** The Department's activities benefits all residents of Washington state, and, This recognizes that h healthy natural lands, fish, and wildlife create significant benefits for people all Washington residents and for the overall Washington economy. Much of the Department's work also supports the state's treaty obligations to tribes. Investing in conservation now can avoid costs and disruption associated with additional threatened or endangered species listings in the future. The Department is charged with stewardship of many indicator species for the health of Puget Sound and Washington waters. Lack of adequate funding has and will continue to place those species at greater risk, with a domino effect on the health of Washington's ecology.
2. **Increase flexibility associated with funding sources.** The Department should have the ability to direct funds efficiently and effectively, and to be able to shift resources in relation to conservation demands and needs to the highest priority actions. Dedicated funds add accountability for funding but create inefficiencies in implementing the work; when possible, funding must ~~should~~ carry some flexibility.
3. **User fees should supplement - not replace - broad-based general funding sources. Invest revenue from users in Direct user fees first to the Department programs and services that directly both directly and indirectly benefit those users.** For example, hunting license fees should support both (e.g., management of hunting opportunities as well as for hunting); direct any additional fee-based revenue to ecosystem programs which provide multiple benefits to many users such as relevant to fee payers (e.g., a percentage of hunting license fees to upland habitat management and restoration, for hunters, or a percentage of commercial landing fees going to hatchery production). The goal is for a reasonable nexus between user investments and spending, not a full cost-recovery or siloed model.
4. **Strive for balance in setting user fees, strive for balance between revenue generation and affordability.** In setting user fees c 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 maintaining affordable options for fishing and hunting licenses, Discover passes, and other fees.
5. **Avoid large periodic increases to user fees;** in favor of smaller, more incremental increases tied to inflation and other cost drivers may be more palatable over time. Fee setting authority should be considered for delegation to the Fish and Wildlife Commission.
6. **Seek full funding for federal mandates and responsibilities and full reimbursement** when the Department provides technical expertise or other services for other State agencies. Contracting between state agencies for resources or expertise not existing in one department may create efficiencies and ease pressure on both organizations. Opportunities for this sort of contracting should be explored and where feasible enabled.
7. **Align funding decision with the Department's strategic goals,** priorities, governing principles, and responsibilities.

**Commented [EM5]:** 4-4 -- Is this the right principle on user fees? We are trying to capture the notion of a "pay and play" model as opposed to a "pay to play" model. Are there situations where you think a pay to play, or full cost-recovery model would be appropriate? This should be a discussion topic in May to make sure we're capturing your views accurately

**Commented [EM6]:** 4/25 - More a recommendation than a principle. Moved to recommendation section for discussion

**Commented [EM7]:** 4/25 - more like a recommendation, move there? Or state as a principle?



8. **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.
9. **Foster a culture of continuous learning and improvement** to ~~and~~ ensure Department services are delivered efficiently at both the Department and the program level. Activities that take time and money without commensurate value should re-evaluated and eliminated where possible.
10. **Create ~~Explore~~ opportunities for partnerships** with other state agencies, academia, and ~~or~~ private and non-profit organizations, to improve scientific understanding, avoid duplicative work, increase educational outreach, and share data, equipment, and best practices when possible.

**Commented [EM8]:** 4/25 – more like a recommendation – can we state as a principle?

**Commented [EM9]:** 4/25 – more like a recommendation – can we state as a principle?

## Initial Draft Recommendations on Funding Approaches and Sources

This initial discussion draft is provided to help us gauge the amount of convergence/consensus that may exist around topics which have had significant “air time” during BPAG discussions, as a way to help participants crystalize their thinking on what they want to say, and to highlight where additional discussion is needed. So far, discussions during BPAG meetings have focused on the efficiencies analysis and overall funding approaches and sources so that is what is addressed here. We anticipate that recommendations will also be made on potential program cuts or other areas in response to the analysis WDFW is currently carrying out to create a balanced budget, and based on BPAG discussions in May.

**Draft Recommendation 1.** The Department should implement follow-up on recommendations related to management structure and decision making, and organizational structure contained in the Organizational Assessment of Operational and Management Practices. Successfully addressing recommendations dealing with improvements to strategic planning, performance management, and external communications is particularly important. Recommendations related to budget are addressed further in this report.

**Commented [EM10]:** 4/4, BPAG – are these the right highlights from the Matrix efficiencies analysis report? Anything else to highlight? Any more/different you’d like to recommend related to that report?

**Draft Recommendation 2.** The Department should evaluate its interagency agreements and shared responsibilities with other state agencies with a view toward identifying opportunities for streamlining work, clarifying and streamlining regulations and interactions with the public, and other efficiencies. Lean process improvements may create an appropriate model for these evaluations.

**Commented [EM11]:** 4/25 – BPAG do you also want to make a recommendation on evaluating and streamlining out of date state-level mandates from Title 77, eg? Anything on program-level efficiencies, continuous improvement, strategic planning, or outcome-based management?

**Draft Recommendation 3.** The Department should pursue full federal funding for ~~Care should be taken to document~~ spending that results from Federal mandates and requirements such as the Endangered Species Act and the operation of Mitchell Act hatcheries on the Columbia River. ~~and to pursue full Federal funding for these mandates.~~

**Draft Recommendation 4.** The Legislature should increase the amount and stability of funding to fish and wildlife management and conservation. Overall, funding for the Department needs to increase at least enough to eliminate the current structural budget shortfall and provide capacity to address ongoing compensation and health care costs. The stability of funding also needs to increase be strengthened, so the Department can effectively sustain programs during economic downturns and plan for the future.

**Draft Recommendation 5.** The Legislature should increase the percentage of Department funding that comes from a broad-based source of revenue such as a dedicated portion of the state sales tax, a dedicated portion of the real estate excise tax, public utility tax dedication, or a dedicated general fund appropriation.

**Draft Recommendation 6.** User based funding should be a supplement to funding from broad-based general sources. In general, the goal is not for user fees to directly pay for user programs on a cost recovery basis – the goal is for users to participate in funding for fish and wildlife conservation programs through appropriate and balanced fees. Any fishing and hunting license fee increases should supplement and not replace broad-based general funding sources. License fees cannot and should not fully recover the costs of Department programs and activities. The goal is for users to meaningfully participate in funding for fish and wildlife management and conservation programs through appropriate, affordable, and balanced fees.

**Draft Recommendation 7.** License fees for hunters and anglers should be evaluated and updated to create a new baseline fee structure that is simplified, offers the products hunters and anglers want, and is fair and balanced. In many cases license fees have not increased in 10+ years and are expected to increase as part of this effort.

**Draft Recommendation 8.** Once license fees for hunters and anglers are at a new baseline, there should be small, automatic yearly increases tied to the consumer price index or a similar index to ensure fees keep pace with inflation ary and compensation costs.

**Draft Recommendation 9.** Like hunters and anglers, non-consumptive users such as hikers, bird-watchers, horse riders, mountain bikers, target shooters, and ATV users should directly participate in fish and wildlife conservation funding through an appropriate license or user fee. The most likely mechanism for this participation is through the existing Discover Pass system, although other options should be considered. Once in place, this license or user fee should also have small, automatic yearly increases tied to the consumer products price-index or a similar index to ensure fees keep pace with inflation.

**Commented [EM12]:** 4/25 -- Do you want to recommend a specific percentage? A minimum? A range?

**Commented [EM13]:** 4/25 -- Is this enough of a recommendation on user fees or do you want to say something else/ something different? Are there situations (e.g., high recreation value/low conservation value; regulatory programs such as the HPA program? other?) where a cost-recovery model is appropriate? Are there some users who should not participate directly through fees/licenses?

**Commented [EM14]:** 4/25 -- For discussion: if users pay more in fees and licenses should it carry an expectation of direct return in terms of meaningful opportunity for use?

**Commented [EM15]:** 4/4 -- Some have suggested that responsibility for setting user fee amounts be delegated to the Fish and Wildlife Commission; do you want to take this up?

**Commented [EM16]:** 4-4 -- there is tension between the emphasis on broad-based funding and the idea of direct participation from non-consumptive users, and between the idea of non-consumptive users participating in funding and the discussions and the recommendations in the Ruckelshaus Center process report on the Discover Pass. These issues were not resolved at the March meeting and should be a topic of further discussion in May; this is a placeholder for that discussion.

# ADDITIONAL TAX AND REVENUE RESEARCH

## Washington Department of Fish and Wildlife – Budget and Policy Advisory Group March 2018

This document outlines potential revenue from 1/10 of 1% and 1/8 of 1% of the Washington State Retail Sales and Use tax and the Real Estate Excise tax and the revenue trends of the Retail Sales and Use and the Real Estate Excise tax. This document includes information on taxes, lottery revenue, and nonconsumptive user contributions in other states that contribute to fish and wildlife agency funding. For reference, statistics on Washington’s recent and predicted population growth also are provided.

### Potential Tax Revenue

The table below reflects the potential revenue from 1/10 of 1% of the existing Washington State tax for Retail Sales and Use and Real Estate Excise. The numbers below exclude local taxes to reflect only Washington State tax collections. For the Retail Sales and Use tax, 1/10 of 1% generates over ~~\$15.6~~ \$156.8 million and 1/8 of 1% generates over ~~\$19.6~~ \$196.1 million. For the Real Estate Excise tax, 1/10 of 1% generates over ~~\$8.5~~ \$85.0 million and 1/8 of 1% generates over ~~\$10.6~~ \$106.3 million.

State Tax Source	State Tax Rate	Revenue 2017	1/10 of 1% of State Tax Rate (2017)	1/8 of 1% of State Tax Rate (2017)
Retail Sales and Use	6.50%	\$10,197,712,000	<del>Over \$15.6 million</del> <u>Over \$156.8 million</u>	<del>Over \$19.6 million</del> <u>Over \$196.1 million</u>
Real Estate Excise	1.28%	\$1,088,609,000	<del>Over \$8.5 million</del> <u>Over \$85.0 million</u>	<del>Over \$10.6 million</del> <u>Over \$106.3 million</u>

### Method

Retail Sales and Use: 1/10 of 1%  
 $(\$10,197,712,000 / 6.50) * (1/10) = \$156,887,876.92$

Retail Sales and Use: 1/8 of 1%  
 $(\$10,197,712,000 / 6.50) * (1/8) = \$196,109,846.15$

Real Estate Excise: 1/10 of 1%  
 $(\$1,088,609,000 / 1.28) * (1/10) = \$85,047,578.13$

Real Estate Excise: 1/8 of 1%  
 $(\$1,088,609,000 / 1.28) * (1/8) = \$106,309,472.66$

**Sources**

[Department of Revenue Summary of Washington State Tax Collections FY 2016 and 2017](#) [Department of Revenue Taxes and Rates](#)

## Tax Rate and Collection History

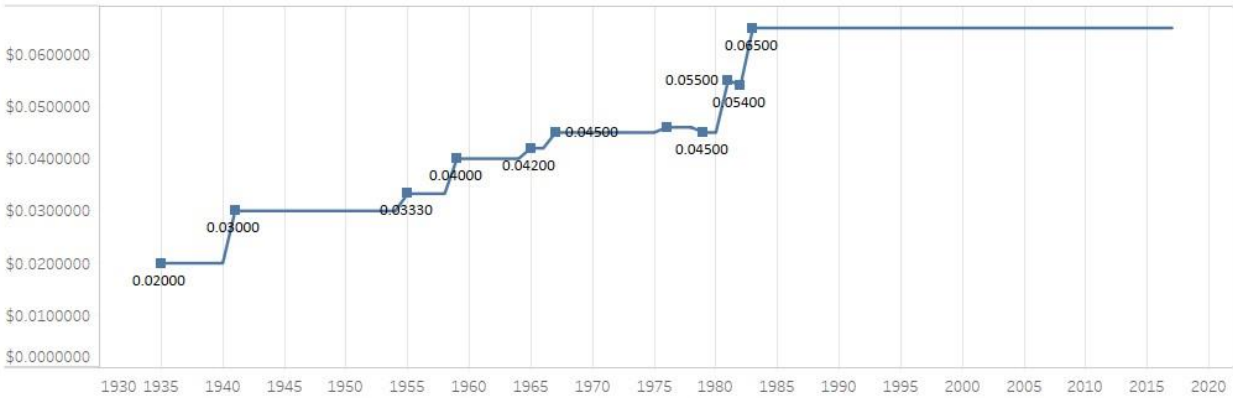
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The tables below are generated from the Department of Revenue. These graphs, along with others, are interactive on the [Department of Revenue History of Washington Taxes](#) page, so please review the graphs on the Department's site if you are interested in taking a more in depth look.

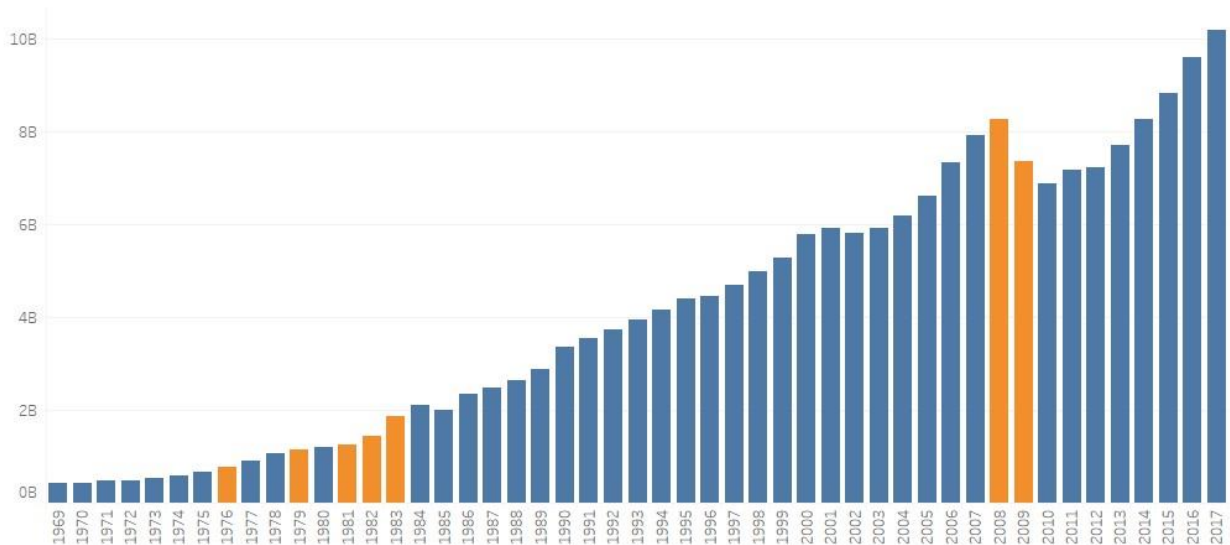
**Retail Sales and Use**

The Retail Sales and Use tax generated over \$10.1 billion dollars in 2017. Revenue from the Retail Sales and Use tax has generally increased each year, with notable exceptions from 2008 to 2010 due to the recession. The Washington State Retail Sales and Use tax has been at 6.50% since 1983.

Sales & Use Tax per dollar on amount of sale



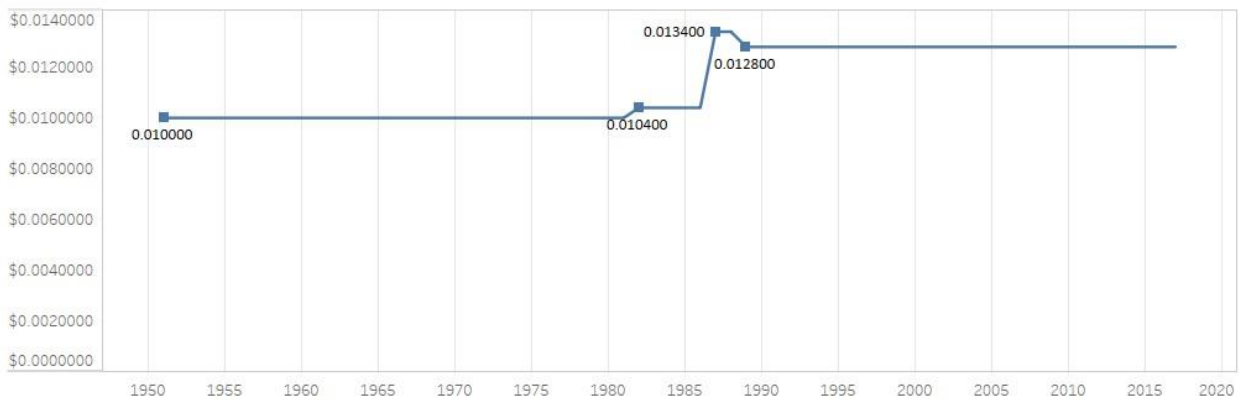
Sales & Use Collections by Fiscal Year (July 1 through June 30)



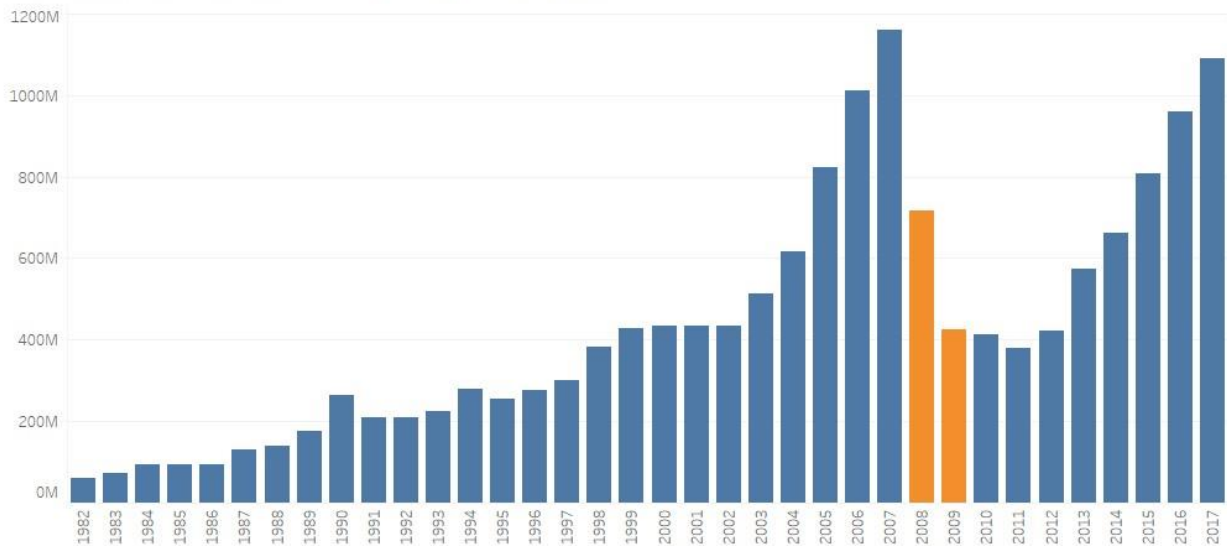
## Real Estate Excise Tax

The Real Estate Excise tax generated over \$1 billion dollars in 2017. Revenue from the Real Estate Excise Tax has been somewhat inconsistent, reaching a high of over \$1.1 billion dollars in 2007 and a recent low of almost \$380 million in 2011. Since 2011, revenue from the Real Estate Excise tax has steadily increased but has not yet reached the historic 2007 high. The Washington State Real Estate Excise tax has been at 1.28% since 1989.

Real Estate Excise State tax per dollar of value on sale of real estate



Real Estate Excise Collections by Fiscal Year (July 1 through June 30)



## Wildlife Agency Funding – Taxes, Lottery, and Non-Consumptive Users

The following tables provide information on taxes levied on sales, real estate, and other sectors that benefit fish and wildlife agencies in other states. Also provided is information on revenue from lottery funds and non-consumptive user contributions to fish and wildlife agencies in other states.

## Sales Tax

State	Description	Revenue Generated (most recent available data)	Year Established	Source
AR	In 1996, Arkansas passed a conservation sales tax. It designates 1/8 of 1% of the state's general sales tax for Arkansas Game and Fish Commission (45%), Arkansas State Parks (45%), Arkansas Heritage Commission (9%) and Keep Arkansas Beautiful Commission (1%). The tax generated \$64 million in 2013.	\$28 M (Dedicated to AN Game and Fish Commission in 2013)	1996	<a href="#">Arkansas Conservation Sales Tax</a>
IA	The Natural Resources and Outdoor Recreation Trust Fund was established by a constitutional amendment in 2010; however, the Trust Fund remains unfunded as it requires a 3/8 cent increase in the state sales tax which has not been passed. A bill was introduced by the Senate in early February 2018 to increase the sales tax to provide revenue for the Trust Fund.	\$0 so far (Estimated \$150 M - \$180 M total revenue for various conservation, habitat, and recreation projects)	2010	<a href="#">Iowa's Natural Resources and Outdoor Recreation Trust Fund</a>
MO	The Design for Conservation general sales tax set aside 1/8th of 1% sales tax directly to the Missouri Department of Conservation. This tax contributed over \$117.1 million in revenue for the Department in 2017.	\$117.1 M (Dedicated to MO Dep. of Conservation in 2017)	1976	<a href="#">Missouri Conservation Sales Tax Missouri Budget Request</a>
MN	The Outdoor Heritage Fund is one of four funds created in 2008 when voters approved to increase the state's sales tax by 3/8 of 1%. These dollars are used to restore, protect and enhance land and water for fish, game, and wildlife. The MN Department of Natural Resources received \$86.1 million from this fund in FY18.	\$86.1 M (Dedicated to MN Dep. of Natural Resources in 2018)	2008	<a href="#">Department of Natural Resources Biennial Budget 2018-2019</a>

## Other Taxes

Mechanism	State	Description	Revenue Generation	Year Established	Source
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Real Estate Tax	FL	Documentary Stamp Tax – In Florida, a portion of the existing document recording fees on the transfer of real estate is dedicated to the state wildlife agencies for land protection. Fees on real estate transactions have been allocated to water and land conservation since 1968, but a vote approved amendment in 2014 dedicates 33% of Florida’s existing Documentary Stamp Tax for conservation purposes, including protecting drinking water, rivers, lakes, and coastal waters and protecting natural areas and wildlife habitat.	\$36 M (Dedicated to FL Fish and Wildlife Conservation Commission in 2015)	1968	<a href="#">Water and Land Conservation Amendment</a>
Severance Tax	CO	Two percent (over \$4.2 million) of Colorado Parks and Wildlife’s budget comes from the tax imposed on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal (authorizing bill <a href="#">SB 08-013</a> ).	\$4.2 M (Dedicated to CO Parks and Wildlife in 2017)	1997	<a href="#">CO General Assembly Severance Tax Website</a>
Motor Fuel Taxes	VT	Motor fuel taxes in Vermont make up approximately \$900,000 (4%) of the Fish and Wildlife Department’s revenue.	\$0.9 M (Dedicated to VT Fish and Wildlife Dep. in 2018)	2012	<a href="#">23 V.S.A. § 3319 (a)(2)</a>
Sporting Goods Tax	TX	The Texas Sporting Goods Sales Tax authorizes the Legislature to make appropriations from the collection of sales tax on sporting goods to support state parks, historic sites, and local park grants. The Sporting Goods Sales Tax is a portion of an existing 6.25% general sales tax. The Texas Parks and Wildlife Department and the Texas Historical Commission may receive up to 94.0% and 6.0%, respectively, of Sporting Goods	\$128 M (Dedicated to TX Parks and Wildlife Dep. in 2017)	1993	<a href="#">Texas Sporting Goods Sales Tax</a>



		Sales Tax revenue, but the amount is determined in the General Appropriations Act. In 2017 the Texas Parks and Wildlife Division received 100.0% of the amount available, totally over \$128 million.			
	VA	Two percent of the proceeds from the state sales and use tax on hunting, fishing and wildlifewatching equipment to the Department of Game and Inland Fisheries' Game Protection Fund, up to an annual amount of \$13 million.	Up to \$13 M annually (Dedicated to VA Dep. of Game and Inland Fisheries)	2000	<a href="#">Virginia Legislative Information</a>

## Lottery

State	Description	Revenue Generation	Year Established	Source
AZ	The Heritage Fund provides up to \$10 million each year from Arizona lottery proceeds to the Arizona Game and Fish Department for the conservation and protection of the state's wildlife and natural areas. The lottery was passed by voters as a ballot initiative in 1990.	Up to \$10 M annually (Dedicated to AZ Game and Fish Dep.)	1990	<a href="#">Heritage Fund Program</a>
CO	A voter-approved constitutional amendment dedicates a portion of lottery proceeds to state parks, trails, and conservation; this makes up 11% (over \$23.3 million) of Colorado Parks and Wildlife's budget ( <a href="#">article XXVII of the CO Constitution</a> )	\$23.3 M (Dedicated to CO Parks and Wildlife in 2017)	1992	<a href="#">Goco.org</a>
ME	The Outdoor Heritage Fund conserves wildlife and open spaces through the sale of instant, scratch lottery tickets. It was created by the Maine Legislature in 1996, in response to a grassroots effort from environmental and sportsman's groups. The Outdoor Heritage Fund lottery ticket raised \$598,000 per year on average in FY11-FY15.	\$0.6 M (Average revenue per year dedicated to ME Dep. of Inland Fisheries and Wildlife from 2011-2015)	1996	<a href="#">About the Outdoor Heritage Fund</a>

OR	Voter-approved constitutional amendment dedicated lottery revenues to specific natural resource functions, amounting to 1% (\$1.83 million) of Oregon Department of Fish and Wildlife's budget. ( <a href="#">Oregon Revised Statutes Chapter 461</a> )	\$1.83 M (Dedicated to OR Dep. of Fish and Wildlife in 2015)	1999	<a href="#">ODFW Budget 101</a>
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### Non-Consumptive User Contributions

Mechanism	State	Description	Revenue Generation	Year Established	Source
User Stamp Fee	CA	State law requires nonconsumptive users to pay for access to California Wildlife Areas. The California Department of Fish and Wildlife reports that birdwatchers make up 15% this group. The user stamp generates about 1% (\$5.8 million in FY16) of the agency's budget.	\$5.8 M (Dedicated to CA Dep. of Fish and Wildlife in 2016)	1988	<a href="#">California Fish and Game Code, Division 2, Chapter 7.4, 1745</a>
Boat License Fees	NV	License and fee revenues for boat registrations in NV account for about 5% (\$2.3 million) of the Nevada Department of Wildlife budget.	\$2.3 M (Dedicated to NV Dep. of Wildlife 2017)	-	Nevada Department of Wildlife provided FY17 information
	PA	License and Fee revenue for Boat registrations in PA account for 15% (\$7.9 million) of the Fish and Boat Commissions budget.	\$7.9 M (Dedicated to PA Fish and Boat Commission in 2016)	-	<a href="#">Pennsylvania Fish and Boat Commission 2016 Annual Report</a>
	VA	License and Fee revenue for boat registrations in VA account for 4% (\$2.7 million) of the Virginia Department of Game and Inland Fisheries budget.	\$2.7 M (Dedicated to VA Dep. of Game and Inland Fisheries in 2017)	-	Virginia Dept. of Inland Fisheries and Game provided FY17 budget information
	WA	Washington recreational boaters pay an annual fee of \$2 into the WDFW's Aquatic Invasive Species program per boat registered.	\$ 0.5 M (Dedicated to WDFW in 2017)	-	<a href="#">Boating in Washington/Aquatic Invasive Species</a>

Discover Pass	WA	The Washington State Legislature and Governor created the Discover Pass in 2011 to offset steep reductions in general tax support for parks and other recreation lands and facilities operated by Washington State Parks, the Washington Department of Fish and Wildlife (WDFW) and	\$1.8 M (Dedicated to WDFW in 2017)	2011	<a href="#">About the Discover Pass Discover Pass Revenue</a>
		the Washington State Department of Natural Resources (DNR). Washington State Parks receives 76%, while the WDFW and DNR each receive 8%. The Discover pass generated over \$22.8 million in revenue in FY 2017 (\$1.8 million in revenue for WDFW)			

## Washington Population Growth

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- Washington's population grew by over 126,000 people (1.76% increase) from 2016 to 2017. (Source: [OFM 2017 Population Trends](#))
- Population growth is concentrated in the five largest metropolitan counties, with 77% of the state's total population increase occurring in Clark, King, Pierce, Snohomish and Spokane counties. (Source: [OFM Press Release](#))
- The Puget Sound Region increased by 82,000 people (2.1% increase) to reach a total population of over 4 million from 2016 to 2017. (Source: [PSRC Regional Population Trends](#))
- King County was the Puget Sound region's fastest growing county from 2016 to 2017, increasing by 48,600 persons (2.3% increase). (Source: [PSRC Regional Population Trends](#))
- Washington had the fourth largest percentage growth and fourth largest numeric growth among states from 2016 to 2017. (Source: [United States Census Bureau](#))
- Between 2010 and 2040, Washington's population is expected to grow by about 2,375,500 persons, reaching 9,100,100 in 2040. Approximately 62% (1,475,800 persons) of the increase is due to net migration with the other 38% (899,800 persons) due to natural increase. (Source: [OFM State of Washington Forecast of the State Population](#))

# WDFW 2017-19 operating budget outreach plan

Update – April 23, 2018

A proviso in the 2017-2019 state operating budget requires the Washington Department of Fish and Wildlife (WDFW), in consultation with the Office of Financial Management (OFM), to develop a long-term plan for financial stability that includes options for spending reductions, operational efficiencies, and additional revenues. The proviso directs WDFW to develop an outreach plan to provide information and solicit input from the public, department stakeholders, the state Fish and Wildlife Commission, and members of the Legislature.

This document describes the outreach initiatives that began in September 2017 and will continue through September 2018 to support the long-term funding plan. This document is one element of a larger, agency-wide communication plan being developed for the remainder of the 2017-19 biennium.

## Outreach Goals

WDFW has three primary goals for outreach related to the budget proviso:

1. Provide clear and concise information about current WDFW activities and funding to build trust and awareness among key stakeholders.
2. Generate discussion and ideas about who should pay for WDFW programs and services in the future.
3. Solicit public input and engagement that will lead to support for the department's funding and policy proposals to the Governor and Legislature.

## Target Audiences

The proviso specifies that outreach should engage the public, stakeholders, the Fish and Wildlife Commission, and members of the Legislature. In addition, WDFW will work with tribal nations on a government-to-government basis and through coordination with tribal natural resource consortiums.

## Outreach Methods

**Promotion of Budget and Policy Advisory Group (BPAG) activities.** The 20-member advisory group includes representatives of many key stakeholder groups. All advisors

are expected to inform members of their interest groups and share those members' input during the BPAG meetings. Five meetings are scheduled; all are open to the public and include opportunities for public comment.

**Commission meetings and workshops.** Presentations at commission meetings and focused workshops on selected topics will ensure the commission's full participation in development of the long-term finance plan. Discussions are planned monthly through September 2018 and as needed in the future. Commission meetings, usually broadcast on TVW, also offer opportunities for public updates and input.

**Outreach to existing WDFW advisory groups.** The Department manages more than 50 advisory groups, and the staff members who work with those groups are providing regular updates on the proviso work. Advisory group members' feedback will be solicited and relayed to the Director's Office.

**Staff liaisons to outdoor groups.** WDFW has designated staff liaisons for various stakeholder organizations throughout the state. The intent is to improve WDFW's network and connections with organizations and their membership through more regular, consistent communication. In the summer of 2018, staff liaisons will conduct one-on-one discussions, along with BPAG members, about the proviso work products and 2019-21 legislative budget and policy proposals. Liaisons will relay feedback to the Director's Office.

**Broad public engagement.** Broad engagement through online sources such as web-portals, webinars, survey forms, or similar will be made available. Public meetings may be held.

**Outreach to outdoor writers.** Several outdoor media writers regularly cover WDFW-related activities. WDFW public information and budget staff will reach out to key reporters to ensure they understand the nature of WDFW's funding challenges and elements of the long-term plan, as well as the components of future legislative budget and policy proposals.

**Quarterly legislative updates.** Beginning in fall 2017, WDFW has provided quarterly progress reports to legislative budget and policy committees. Committee work sessions and one-on-one briefings will be offered as proviso products are completed. The goal is to ensure lawmakers are informed before final products come to the Legislature for consideration in 2019. Legislative tours with lawmakers and committee staff will take place through the summer of 2018.

**Director's bi-monthly bulletin.** Information on proviso activities will appear in the WDFW's Director's Update and Bulletin, which is distributed to about 50 advisory groups and hundreds of organizations.

**Tribal engagement.** The Department will interact on a government-to-government basis with interested tribes to provide meaningful opportunities for them to influence and inform proviso work products. This will include briefings with the Northwest Indian Fisheries Commission, the Upper Columbia United Tribes, and the Columbia River Intertribal Fisheries Commission.

**News releases, social media, and WDFW website.** Throughout this effort, WDFW will inform the public about its activities through website content, social media posts, and news releases. A website has been established to provide information regarding the proviso work and the 2019-21 budget development process.

**WDFW agency communication and outreach plan.** A short-term agency plan is being developed to guide outreach and public information through the summer of 2019. Following the conclusion of the 2019 legislative session, the department will develop a five- to 10-year plan to describe WDFW’s long-term strategies.

## Timeline

Outreach activities will take place from September 2017 through September 2018, when the long-term funding plan is due to the Legislature. Beginning in September 2018, outreach and engagement will focus on legislative budget and policy proposals in addition to the long-term plan.

Outreach methods	2017				2018									
	S	O	N	D	J	F	M	A	M	J	J	A	S	
BPAG activities				X		X	X		X		X	X		
Fish and Wildlife Commission meetings	X	X		X	X	X	X	X		X		X	X	
Outreach to existing advisory groups										X	X	X		
Staff liaisons to outdoor groups										X	X	X		
Broad public engagement											X	X	X	
Outreach to outdoor writers													X	
Quarterly legislative updates	X				X			X			X			
Legislative tours and briefings	X		X		X	X	X	X	X	X	X	X	X	
Director’s bi-monthly bulletin		X		X		X		X		X		X		
Tribal engagement			X	X		X				X	X			
News releases, social media, website	X	X	X	X	X	X	X	X	X	X	X	X	X	
2018-2019 WDFW communication and outreach plan and related activities										X	X	X	X	

# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING SCHEDULE (AS OF 4/25/2018)

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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 - Completed

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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

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**Date:** May 2, 2018

**Time:** 9am-4pm

**Location:** Hal Holmes Community Center (209 N Ruby Street) – 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 engagement

**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.]*

## Meeting #5 – July

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**Date:** Friday, July 13<sup>th</sup>, 2018

**Time:** 9am-4pm

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

**Meeting Topics:**

- Review input from public engagement 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

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**Date:** Wednesday, August 1, 2018

**Time:** 9am-4pm

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

**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 #3 –SUMMARY

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**Friday, March 2, 2018, 9:00am-4:00pm**

**Washington Department of Fish and Wildlife, Olympia Washington**

## **Committee Members in Attendance**

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

## **Facilitator**

Elizabeth McManus, Ross Strategic

## **WDFW Representation**

Kathy Backman	David Giglio	Owen Rowe
Michele Culver	Kim Marshall	Peter Vernie
Rob Geddis	Nate Pamplin	Jason Wettstein

## **Welcome**

Nate Pamplin, Washington Department of Fish and Wildlife (WDFW) Policy Director, welcomed the Budget and Policy Advisory Group (BPAG) and informed them that the Department has been given an extension on the final Long-Term Funding Plan timeline, from May 1<sup>st</sup>, 2018 to September 1<sup>st</sup>, 2018. This additional time will allow the Department to more thoroughly address the intent of the Proviso, and work with the BPAG and the public throughout the process.

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

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

## **BPAG Draft Findings**

The group reviewed the list of Draft Findings ([Page 3](#)) drawn from the BPAG discussions during the first two meetings. Findings are intended to provide a common framework and understanding as the group begins to discuss potential WDFW expenditure reductions or additions and potential revenue sources.

The group had a strong reaction to the Draft Findings – they felt that the draft findings did not sufficiently capture the big picture or convey an adequate sense of urgency. They had a lively discussion of how to revise the finding to better meet those needs. The following revised findings incorporate feedback. Summarized statements (“take aways”) from the BPAG meeting are included for additional context and for reference. These are not direct quotes in most cases, they are intended as summaries of key points made during the discussion.

1. The Department’s mission – *to preserve, protect and perpetuate fish, wildlife and ecosystems while providing sustainable fish and wildlife recreational and commercial opportunities* – remains vital and in fact is increasingly important to promoting public health, supporting economic prosperity, and ensuring a high quality of life for all Washingtonians, including those who never hunt, fish, or visit a wildlife area.
  - *“When people hear about the Department of Fish and Wildlife, they need to think about more than hunting and fishing, they need to think about public health, quality of life, and economic development.”*
2. The Department’s base budget is not enough to adequately serve the needs of Washingtonians now or in the future. The near-term budget shortfall – which is real – exacerbates this problem. Rapid population growth will put further pressure on fish and wildlife resources. There is real urgency in the need to act.
  - *“The Department has a serious, immediate structural budget problem to solve, and there are even larger crises coming due to current funding levels. Averting these crises will require more forward-looking actions.”*
  - *“Within the scope of the study, the Organizational Assessment of Operational and Management Practices did not reveal any major high-level cost savings to be found from improving efficiency. Efficiencies will not fix the problem.”*
  - *“The structural shortfall has definable causes, including unfunded mandates from the legislature, 2008 budget cuts required by the legislature, appropriations and license fees that have not kept up with inflation, and Endangered Species Act responsibilities.”*
  - *“Long-term funding for all fish and wildlife programs needs to increase, sometimes substantially, to fulfill the mission of the Department and meet the needs of all the Department’s users and the broader community of Washington residents. True long-range planning is needed to define and address this need.”*
3. Over time, the lack of adequate funding has brought a cascade of negative outcomes including competition between stakeholders, insufficient protection of fish and wildlife, and lack of sustainable and productive hunting and fishing opportunities. This has put Washington at substantial risk of a crisis in fish and wildlife conservation.
  - *“Access for hunting is diminished”*
  - *“The perception of the likelihood of success – and actual success – for both hunting and fishing are decreasing.”*
  - *“Every time a stakeholder is mad at the Department they go across the street and get the funding reduced, or restricted. We need something stable that is immune to these types of vagaries.”*
  - *“The vast majority of at risk species are not being addressed which raises the potential for many more threatened and endangered species listings in the future.”*

- *“The reputation of the Department is suffering, which adds to the competition felt among stakeholder groups.”*
4. Over half of the Department’s funding sources have restrictions on their use, this constrains the Department’s ability to manage effectively.
    - *“Silos create a management nightmare. When funds are tied to specific programmatic areas, it doesn’t allow you to look at the bigger picture. Everything is interrelated and yet we pigeon-hole the resources.”*
  5. Washington’s unique context—including co-management responsibilities, significant commercial hatcheries, substantial recent and projected population growth rates—sets the State apart from other fish and wildlife agencies in terms of work and funding required.
  6. These challenges are significant, but they can and must be met through a combination of better long-range planning, keener outcome-based performance management, new and expanded partnerships, and adequate, sustainable funding. Funding must be both adequate to address the full needs of the Department’s mission and must be immune to diverse and changing opinions of the people involved, so that it is sustainable and secure over time.
    - *“Funding tied to all Washington residents (e.g., State General Fund; BPA mitigation funding tied to electricity rates) is significant, at the same time it is not enough given the broad public benefits provided by fish and wildlife conservation.”*
    - *“Federal funds are not enough to cover federal mandates particularly relative to threatened and endangered species.”*
    - *“The Department’s ability to meet their mission requires action by other state agencies, levels of government and organizations. There is a need for increased connectivity the state government at the cabinet level, and improved partnerships with other state agencies and non-government entities.”*
  7. We must start now and commit to getting the job done over the long term.
    - *“With 2 million more people anticipated to move to Washington in the next 20 years, as many as currently live in King County, the urgency of the issue cannot be overstated.”*
    - *“The response time is not immediate; it took time to get here and it will take time for the results of positive action to be seen. Natural systems do not respond immediately”*

## Zero-Based Budget Example and Draft Funding Principles

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### ZBB Example

To provide background for the BPAG’s discussion of funding principles, Michele Culver, WDFW Intergovernmental Ocean Policy, walked BPAG members through three activities outlined in the Zero-Based Budget (ZBB) ([Connections in the ZBB](#)) and explained in more detail the actions that make up the higher-level activity. This presentation reiterated for the BPAG that each broad ZBB category is complex and has many layers of activity and interactions.

### **The following clarifications were made based on BPAG members comments and questions:**

- There is room for improvement in defining roles and budget between state and federal agencies to minimize inefficiencies. In certain cases, there are interagency agreements in place for some WDFW work to be funded by other agencies; however, it is not always clear

that the full freight of this work is covered or that the work itself is being done as efficiently as it might owing to being spread over multiple agencies.

- One member suggested that developing governance principles could help the Department make and defend decisions made within these activities, especially when the science isn't available to address long-term sustainability issues.

### Draft Funding Principles

Funding principles focus on distilling overarching advice for how fish and wildlife conservation funding should be approached. After discussion, the BPAG is converging around recommending something like a "pay and play" model where the majority of funding comes from broad-based sources and user fees are used as a supplement. The following principles reflect the group's comments and revisions at the meeting; additional changes may be made in further BPAG review.

1. **Secure the majority of the Department's funding from the general public (e.g. general fund) because the Department's work benefits all of Washington state.** This recognizes that healthy natural lands, fish, and wildlife create significant benefits for all Washington residents and for the overall Washington economy.
2. **Increase flexibility associated with funding sources.** The Department should have the ability to direct funds to the highest priority actions. Dedicated funds add accountability to funding but create inefficiencies in implementing the work; when possible, funding should carry some flexibility.
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., a percentage of hunting license fees to upland habitat management and restoration for hunters, or a percentage of commercial landing fees going to hatchery production).
4. **Strive for balance in setting user fees.** In setting user 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 user fees** in favor of smaller, more incremental increases tied to inflation and other cost drivers.
6. **Seek full funding for federal mandates and full reimbursement** when the Department provides technical expertise or other services for other State agencies.
7. **Align funding decision with the Department's strategic goals**, priorities, governing principles, and responsibilities.
8. **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.
9. **Foster a culture of continuous improvement** and ensure Department services are delivered efficiently at both the Department and the program level.
10. **Explore opportunities for partnerships** with other state agencies or private organizations, to avoid duplicative work, and share data, equipment, and best practices when possible.

## Criteria for Evaluating Options to Address the Budget Shortfall

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Jennifer Tice, Ross Strategic, discussed the criteria specified in the proviso for evaluating expenditure reduction and revenue options. She reviewed the relevant proviso language ([Page 46](#)) and highlighted the requirement that options be prioritized based on the following criteria:

1. Impact on achieving financial stability
2. Impact on the public and fisheries and hunting opportunities
3. Timeliness and ability to achieve intended outcomes.

Several BPAG members noted that there is a need to develop metrics (e.g. Elasticity of license sales to measure participation, opportunity, and success) to accompany criteria and guide evaluation. The following questions were mentioned by BPAG members as a starting place for thinking about the three proviso criteria categories:

- How variable is the source?
  - One member noted that a new revenue source should not be tied to something that can expire (e.g. logging revenue funds schools).
  - Stabilization of license rates for more predictable revenue.
- Does it address the financial need?
- Is it a new revenue source?
- Does it bring in new constituents to the Department?
- Is there a diversity of funding?

During the next BPAG meeting, the group will consider these criteria again using examples to talk about them in a more concrete way.

## Options to Address the Budget Shortfall

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### WDFW Maintenance Level Budget and Expenditure Reductions Analysis

Nate Pamplin outlined the approach WDFW is planning to use to develop a carry-forward budget for the 2019-2021 biennium that is likely \$30-\$35 million less than current funding. A “carry-forward level” budget is one which assumes no new funding for the Department. Generally, carry-forward level budgets are requested at some point during the budget evaluation process. To be prepared for this discussion, WDFW is assembling leadership teams around each of the eight main Department outcomes identified during the ZBB effort. The eight outcomes include acquire and manage lands; business management and obligations; managing fishing opportunities; manage hunting opportunities; non-consumptive recreation opportunities; preserve and restore aquatic habitat and species; preserve and restore terrestrial habitat and species; and produce hatchery fish. Each team will look across the funding and work related to each outcome and identify potential cuts/reductions from work funded with flexible funding. \$30 million cut equates to about 15% of WDFW’s flexible funding and 8% of the total budget. (Restricted funds have much less flexibility in terms of potential cuts.) Outcome leadership teams also will consider priorities for additional funding. Nate explained that the Department is undertaking this effort intentionally and earlier

than in the past, so they'll be able to engage with the BPAG and the public to elicit feedback on the options. It is anticipated that, at the end of the budget process, some cuts likely will be needed and some of the \$30-\$35M shortfall can be made up with additional funding.

**BPAG members provided the following feedback on this analysis:**

- Members were generally supportive of this analysis, seeing it as a necessary part of telling the story, although there was not enthusiasm for actually taking \$30M in cuts.
- Several members noted that this approach can create trust, but it needs to be done in a genuine way. The Department needs to paint the whole picture of what's going on, including what has already been cut, what further cuts would look like, what could be added, what efficiencies can be gained, and how partnerships could improve services.
- Participants cautioned that this shouldn't be an exercise in making cuts to punish anyone, and the Department should be careful not to pit groups against each other as potential cuts are discussed.
- One member added that it will be important to engage the Commission in these conversations.
- Another member cautioned that the Department will not get anything they don't ask for. While showing where cuts can be made is important, it is also critical that the Department show where services can be enhanced or added with additional revenue.

**Potential Funding Sources**

The group reviewed a list of potential funding sources. This list includes options mentioned by BPAG members, and approaches that have been used in other states. (It is not an exhaustive list and the group has not made decisions about what, in any, funding sources to recommend; it was provided for discussion.) The initial list participants reviewed included:

- Sports package
- State general fund appropriation
- Dedicated portion of the state sales tax
- Dedicated portion of the state hotel tax
- Dedicated portion of the state B&O tax
- Annual Automatic license fee increase
- Reduce or remove price "discount" for second catch cards
- Increase license sales by improving perception of and opportunity for success
- Dedicated portion of the state lottery
- Discover pass
- Outdoor activity supplies excise tax
- Dedicated portion of state real estate tax
- Dedicated portion of carbon tax<sup>1</sup>

**BPAG members provided the following feedback on the funding sources listed above:**

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<sup>1</sup> Originally noted as unlikely because Washington state doesn't currently have a carbon tax.



- Members noted that the state sales tax is a broad-based source that would capture Washington residents not currently contributing.
  - Options for state sales tax would include asking for a dedicated percentage of the current state-wide sales tax (currently 6.5%) or asking for a raise in the sales tax dedicated to the Department.
  - As an example: revenue from the sales tax was \$10,197,712,000 in 2017 and \$9,623,502,000 in 2016. 1/10<sup>th</sup> of 1% of the state-wide sales tax would be approximately \$10 million.
- A number of members expressed concern with the excise tax on outdoor equipment because of already high import taxes on equipment. Other BPAG members were in favor of continuing to consider this as an option.
- One BPAG member cautioned that there is current legislation aiming to raise the Hotel/Motel tax 2%, so this option may meet resistance and likely is not a good candidate.
- A member asked about revenue from penalties and tickets issued by the Department. The Legislature typically doesn't direct this money back to the issuing agency because of concerns about program integrity.
- A member asked for additional detail on the amount of revenue generated by the personalized and special license plate programs and WDFW's portion of that revenue.
- A member asked for additional detail on the amount of revenue generated by the Discover Pass and WDFW's portion of that revenue.
- The group discussed the real estate tax and how it has a logical nexus to mitigating the impacts of growth on fish and wildlife populations and asked that it be retained for further consideration.
- Participants added the following potential funding sources for consideration/ investigation:
  - A new, statewide environmental impact fee placed on new development in the state
  - A landing fees to the Albacore Tuna fishery, which is the only ocean fishery which does not currently pay landing fees.

At the end of the discussion the group was most interested in further investigation of a portion of the sales tax and/or a portion of the real estate tax as potential new broad-based revenue options. They also remain very interested in improvements focused on licenses and fees (e.g., Discover Pass, license plates), a potential "impact fee" and on ways that non-consumptive users of wildlife areas could participate more fully or directly in the Department's funding. (Note this does not assume the Discover Pass is the right vehicle for this. An ongoing process by the Ruckelshaus Center is evaluating the Discover Pass and whether it should continue.). The hotel/motel tax and the B&O tax were set aside from further consideration for now.

## Draft Long-Term Funding Plan Report

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The group briefly discussed the available draft sections of the draft Long-Term Funding Plan. Elizabeth noted that this is a very early draft, but given the short timeframe, BPAG members are asked to read through the available sections and provide feedback. The group mentioned the need for more personal images throughout the report and expressed support for the idea of including first person narratives to better tell the story of the Department's work.

## Public Comment

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Final 4/25/18

There were no public comments offered.

## Next Steps

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

- **Meeting #4**  
Wednesday, May 2<sup>nd</sup> from 9am-4pm  
Location TBD - Ellensburg, WA
- **Meeting #5**  
July/August 2018  
Location TBD – Olympia, WA

# WDFW BUDGET CHALLENGES AND OPPORTUNITIES IN 2019-21

Nate Pamplin, Policy Director

MAY 2, 2018

# OUTLINE

- 2017-19 WDFW Budget Balancing Decisions
- Proviso Orientation
- 2019-21 Budget Approach
- Outreach



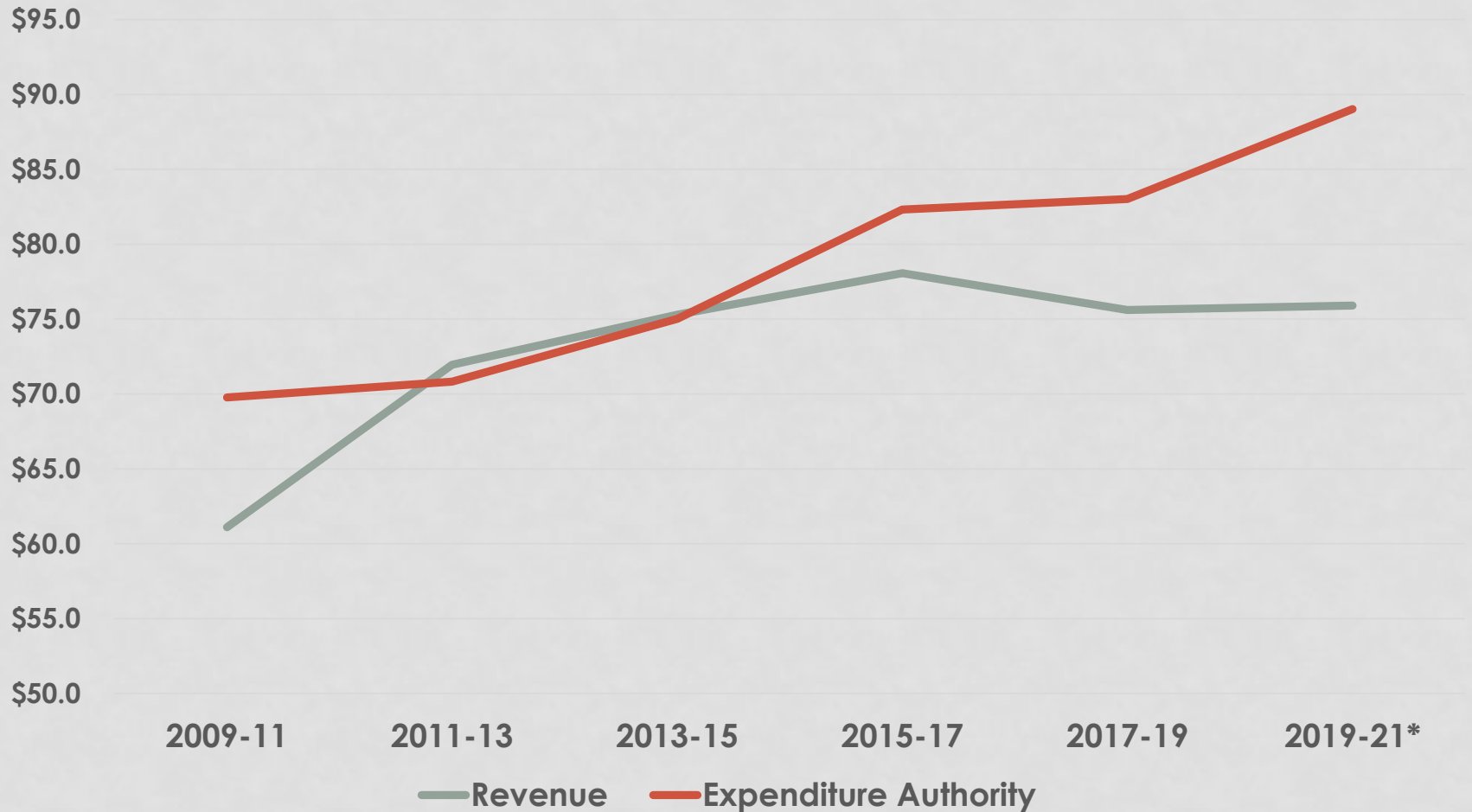
# B&PAG ENGAGEMENT

- Overall Funding Target
- Fund Source Guidance
- Decision Package Content
  - Maintain
  - Enhance
- Fee Bill Guidance

# 2017-19 BUDGET ENVIRONMENT

- Budget shortfall projected during the 2017 Legislative Session was \$25M
  - Structural Deficit
  - Maintain Fishing (ESA requirements, increasing staff costs, flat federal funding)
- Expenses continue to outpace revenue in the non-restricted State Wildlife Account.
- Budget shortfall was partially addressed with one-time funding (\$10.1M GF-S).

# HUNTING AND FISHING LICENSE REVENUE IS NOT KEEPING PACE WITH APPROPRIATIONS



# WDFW 2017-19 BUDGET BALANCING STRATEGY

Problem Statement (Wildlife Account and GF-S)	(dollars in millions)
License shortfall and additional budget reductions	\$15.0
Shortfall to maintain fisheries	<u>\$12.0</u>
<b>2017-19 Budget Problem Statement</b>	<b>\$27.0</b>
Solutions Implemented to Balance Budget	
One-time GF-S enhancement	\$10.1
Reduce Wildlife Account reserves	\$3.2
Delay equipment purchases	\$4.5
All funds pay fair share of administrative costs	\$1.1
Use of restricted fund balances	\$2.3
Additional cuts to balance	<u>\$5.8</u>
<b>Total Solutions</b>	<b>\$27.0</b>



# PROVISO



Three components:

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

In other words...

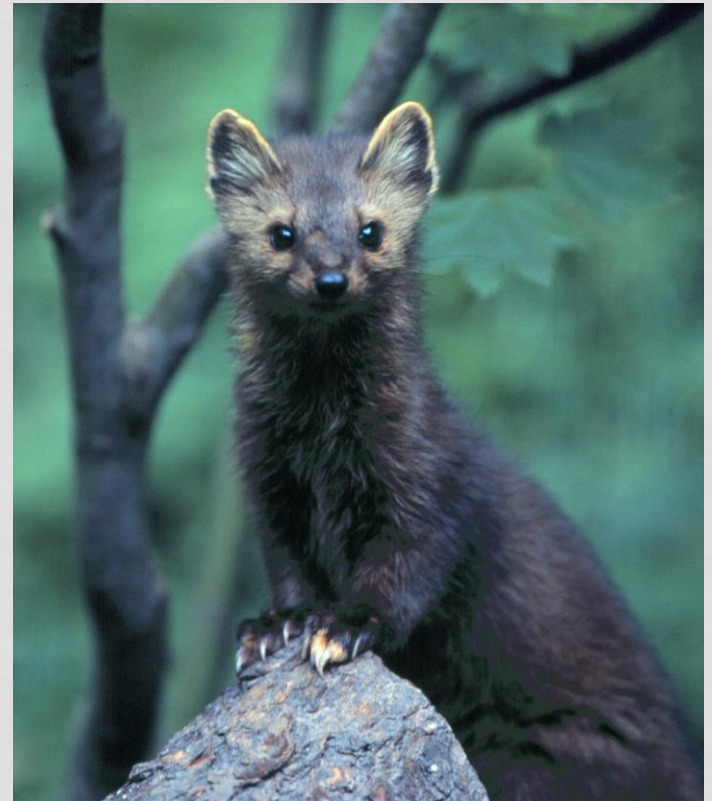
- Find efficiencies; eliminate waste
- Re-purpose funding to higher priorities
- Submit a plan to the legislature to secure stable funding

# 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 or other direction
- B&PAG
- Long-Term Funding Plan



# 8 MAJOR OUTCOMES

- 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

 <b>2015-17 Biennium Expenses</b> <small>Operating, Capital and Interagency</small>				
<i>To preserve, protect and perpetuate fish, wildlife and ecosystems while providing sustainable fish and wildlife recreational and commercial opportunities.</i>				
<b>Preserve, Protect and Perpetuate Fish, Wildlife and Ecosystems</b> <small>\$170.1M - 33%</small>				
In order to:	<b>Preserve &amp; Restore Aquatic Habitat &amp; Species</b> <small>\$82.5M - 16%</small>		<b>Acquire and Manage Lands</b> <small>\$62.3M - 12%</small>	<b>Preserve &amp; Restore Terrestrial Habitat &amp; Species</b> <small>\$25.3M - 5%</small>
<b>Manage Ecosystems</b>	<b>A.1 (3.1)-</b> Protect Fish and their habitat from the effects of construction projects <small>\$8.3M</small>	<b>L1 (4.1)-</b> Maintain and enhance habitat for hunting, fishing and conservation on WDFW owned & managed lands. <small>\$49.7M</small>	<b>T.1 (5.2)-</b> Consult with businesses, landowners and governments regarding terrestrial species and land impacts and legalities. <small>\$5.4M</small>	<b>A.2 (3.2)-</b> Consult with businesses, landowners and governments regarding aquatic species impacts and legalities <small>\$7.3M</small>
	<b>A.3 (3.3)-</b> Reduce risk & decrease devastation of oil spills <small>\$1.8M</small>	<b>L2 (4.2)-</b> Acquire new lands and sell lands that no longer support serving our mission <small>\$2.2M</small>	<b>T.2 (5.3)-</b> Partner with private landowners to implement conservation strategies <small>\$1.5M</small>	<b>A.4 (3.4)-</b> Ensure that there remains enough water in waterways to allow for healthy fish lifecycles <small>\$2.3M</small>
	<b>A.5 (3.5)-</b> Ensure fish survivability by removing stream barriers and appropriately addressing water diversions <small>\$17.7M</small>	<b>L3 (4.3)-</b> Build & maintain safe, sanitary and ecologically friendly water access sites <small>\$7.2M</small>	<b>T.3 (5.4)-</b> Study and plan for climate impacts on lands and resulting effects on species <small>\$0.2M</small>	<b>A.6 (3.6)-</b> Acquire funding for and complete habitat restoration projects <small>\$35.3M</small>
	<b>A.7 (3.7)-</b> Recover and sustain diverse aquatic populations <small>\$4.7M</small>	<b>L4 (4.4)-</b> Ensure public safety on our lands <small>\$3.3M</small>	<b>T.4 (5.5)-</b> Wildlife permitting and enforcement of regulations <small>\$1.6M</small>	<b>A.8 (3.8)-</b> Monitor and control aquatic invasive species <small>\$3.4M</small>
	<b>A.9 (3.9)-</b> Study and plan for climate impacts on waterways and resulting effects on aquatic lifecycles <small>\$0.1M</small>		<b>T.5 (5.6)-</b> Recover and sustain diverse wildlife populations <small>\$8.8M</small>	<b>A.10 (3.10)-</b> Enforce protection of aquatic habitats <small>\$1.7M</small>
			<b>T.6 (5.7)-</b> Respond to and mitigate wolf conflicts <small>\$4.9M</small>	
			<b>T.7 (5.8)-</b> Acquire funding for and complete habitat restoration projects. <small>\$2.9M</small>	
<b>Manage Commercial and Recreational Opportunities within Ecosystems</b>	<b>F.1 (1.1)-</b> Enforce recreational fishing opportunities and regulations <small>\$12.2M</small>	<b>P.1 (2.1)-</b> Produce trout and warm water game fish <small>\$22.7M</small>	<b>H.1 (6.1)-</b> Enforce hunting opportunities and regulations <small>\$11.7M</small>	<b>R.1 (7.1)-</b> Develop, organize and promote wildlife viewing opportunities. <small>\$3.3M</small>
	<b>F.2 (1.2)-</b> Enforce commercial fishing opportunities and regulations <small>\$7.5M</small>	<b>P.2 (2.2)-</b> Produce salmon and steelhead <small>\$72.8M</small>	<b>H.2 (6.2)-</b> Provide hunter education opportunities <small>\$2.5M</small>	<b>R.2 (7.2)-</b> Work directly benefitting non-consumptive opportunities. <small>\$5.2M</small>
	<b>F.3 (1.3)-</b> Develop, negotiate, and implement fishery co-management plans <small>\$19.9M</small>	<b>P.3 (2.3)-</b> Build and maintain hatcheries <small>\$36.0M</small>	<b>H.3 (6.3)-</b> Set sustainable hunting seasons <small>\$3.3M</small>	
	<b>F.4 (1.4)-</b> Monitor and manage fin fish populations <small>\$56.7M</small>		<b>H.4 (6.4)-</b> Survey game populations & population trends <small>\$7.5M</small>	
	<b>F.5 (1.5)-</b> Monitor and manage shellfish populations <small>\$3.3M</small>		<b>H.5 (6.5)-</b> Study game species populations and their health <small>\$5.3M</small>	
	<b>F.6 (1.6)-</b> Sell recreational fishing licenses <small>\$8.8M</small>		<b>H.6 (6.6)-</b> Respond to game species wildlife conflicts and dangerous wildlife (non-wolf) <small>\$7.3M</small>	
	<b>F.7 (1.7)-</b> Market fishing opportunities <small>\$0.7M</small>		<b>H.7 (6.7)-</b> Secure hunting access on private lands <small>\$3.5M</small>	
			<b>H.8 (6.8)-</b> Sell hunting licenses <small>\$3.8M</small>	
			<b>H.9 (6.9)-</b> Market hunting opportunities <small>\$0.3M</small>	
<b>Business Management &amp; Obligations</b> <small>\$55.6M</small>	<b>X.1-</b> Provide agency leadership and strategy <small>\$6.4M</small>	<b>X.2-</b> Communicate agency matters with the public and legislature <small>\$2.8M</small>	<b>X.6-</b> Manage finances and contracts <small>\$9.7M</small>	<b>X.7-</b> Manage human resources <small>\$6.1M</small>
	<b>X.8-</b> Manage information technology <small>\$12.4M</small>	<b>X.9-</b> Build and maintain Office Facilities <small>\$8.4M</small>	<b>X.10-</b> Maintain agency records <small>\$1.1M</small>	<b>X.11-</b> Respond to public safety incidents (police) <small>\$4.7M</small>
	<b>X.12-</b> WDFW legal counsel <small>\$4.0M</small>			

# FLEXIBILITY OF FUNDING

**Discretionary/Potentially Flexible**



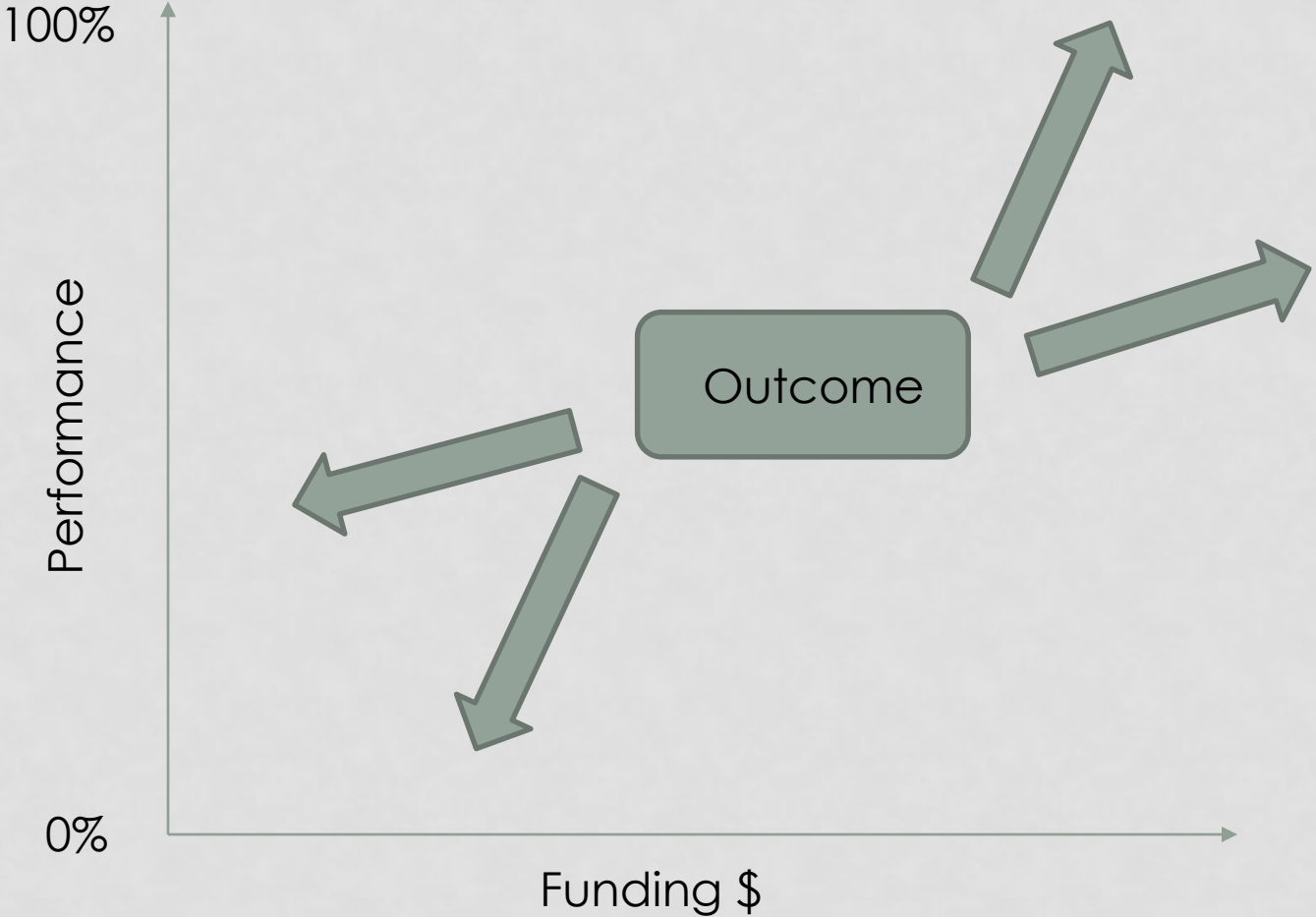
**Prescriptive/Inflexible**

- 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

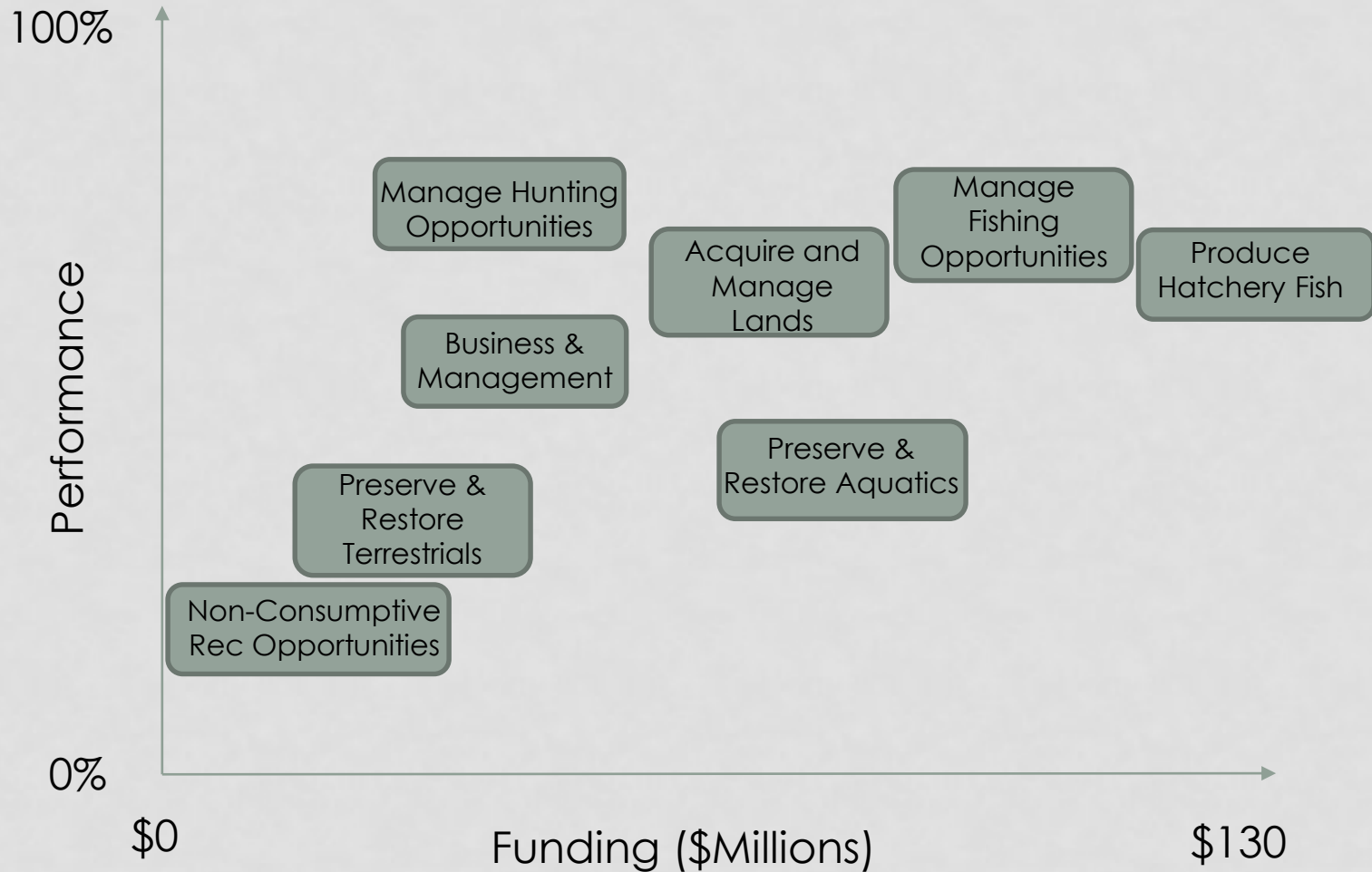
# OUTCOME PERFORMANCE



# OUTCOME PERFORMANCE AND BUDGET IMPACTS



# OUTCOME PERFORMANCE





# 2019-21 CARRY-FORWARD LEVEL BUDGET

Problem Statement (Wildlife Account and GF-S)	Dollars in Millions
2017-19BN Spending Above Projected Revenue	\$2.7
Reverse of the 2017-19BN One-Time Balancing Decisions	\$22.2
Columbia River Steelhead and Salmon Endorsement Expiration	\$3.3
Estimated 2019-21BN Inflation	<u>\$4.8</u>
<b>Total 2019-21BN Shortfall</b>	<b>\$33.0</b>

# DEVELOPING CFL BUDGET

- Each OLT asked to identify 20% reduction in potentially flexible funding and prioritize.
- Resulted in identification of \$51M of possible reductions in flexible funding across all Outcomes.
- 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.

# 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

# 2019-21 CARRY-FORWARD LEVEL BUDGET

Problem Statement (Wildlife Account and GF-S)	Dollars in Millions
2017-19BN Spending Above Projected Revenue	\$2.7
Reverse of the 2017-19BN One-Time Balancing Decisions	\$22.2
Columbia River Steelhead and Salmon Endorsement Expiration	\$3.3
Estimated 2019-21BN Inflation	\$4.8
<b>Total 2019-21BN Shortfall</b>	<b>\$33.0</b>
<b>Identified Permanent Reductions</b>	<b><u>-\$3.0</u></b>
<b>Potential Solutions to Balance Budget</b>	<b>\$30.0</b>
On-Going GF-S	\$10.1 + ???
Columbia River Steelhead and Salmon Endorsement	\$ 3.3
Recreation Fee Increase (Across-the-Board and/or Targeted)	\$ ???

# FURTHER REDUCTIONS THIS BIENNIUM

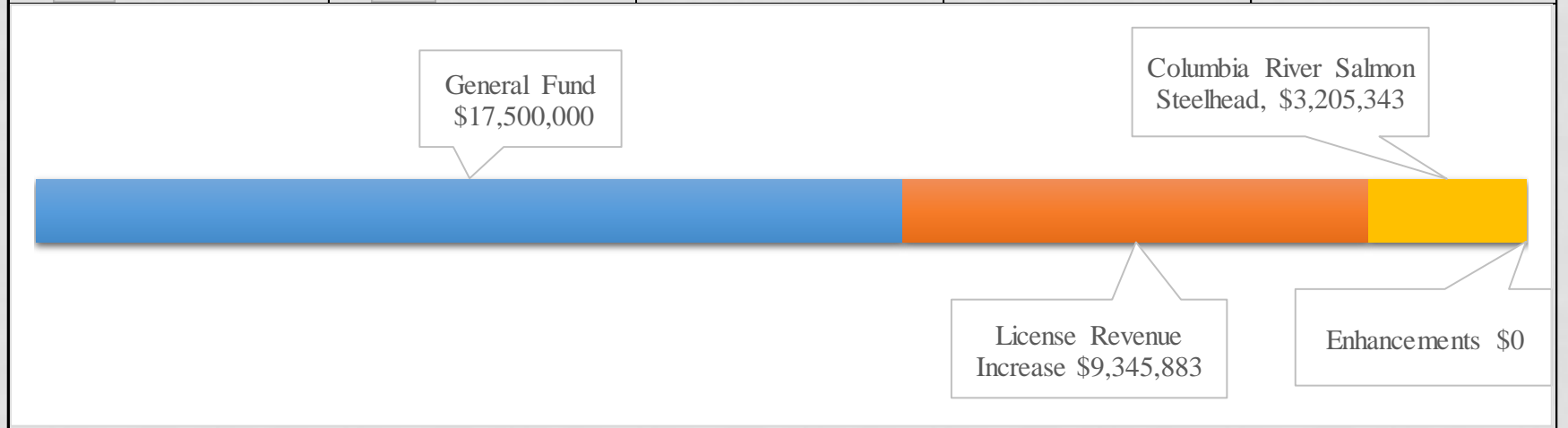
## *Need to notify affected staff*

- Trout hatchery efficiencies
- Cease triploid trout purchase
- IT efficiencies
- Habitat monitoring reduction
- Reduce volunteer grant assistance

# FUNDING TARGET

- Carry-forward  $\$33M - 3M = \$30M$  (GF-S, WL-S, CRSSE)
- Enhancements (GF-S, WL-S, new?)

Total Funding Objective (2019-21)	General Fund	License Revenue Increase	Columbia River Salmon Steelhead	Enhancements
\$30,000,000	\$17,500,000	\$9,345,883	\$3,205,343	\$0



# DRAFT DECISION PACKAGES-- MAINTAIN

- Maintain Wildlife Conflict Response (\$4.4M)
  - WL-S component of Crop Payments to Landowners
  - Staffing
  - Impact from federal grant interpretation
- Maintain Public Health and Safety/Shellfish (\$2.5M)
  - Sanitary Shellfish
- Maintain Land Management (\$2.7M)
  - Weed control
  - Wildlife Area Planning
  - Real estate property management



# DRAFT DECISION PACKAGES – MAINTAIN (CONT'D)

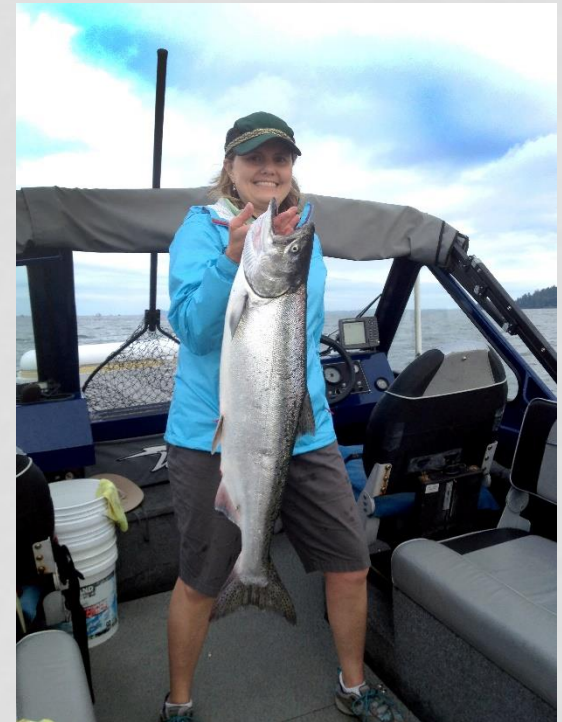
- Maintain Hunting (\$3.2M)
  - Game science and population monitoring
  - Hunter education services
- Maintain Customer Service (\$1.9M)
- Maintain Conservation (\$3.5M)
  - Species status assessments and PHS capacity
  - Species recovery efforts





# DRAFT DECISION PACKAGES – MAINTAIN (CONT'D)

- Maintain Fishing and Hatchery Production (\$8.6M)
  - Salmon and trout production
  - Warm-water game fish
  - Recreational shellfish opportunities
- Maintain Columbia River Salmon & Steelhead Endorsement (\$3.3M)
  - Enforcement
  - PIT tag arrays, hooking mortality studies, ESA permitting
  - Expanded fishing opportunities
- Indirect Impacts (\$6.3M)
  - IT, Policy and Public Engagement, HR



# FEEDBACK ON CFL BUDGET



# DRAFT DECISION PACKAGES – STRATEGIC ENHANCEMENTS

- Payment in lieu of Taxes (\$1.5M)
- Regional Fisheries Enhancement Groups (\$0.9M)
- Enhance Conservation in Washington
  - 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

# DRAFT DECISION PACKAGES – STRATEGIC ENHANCEMENTS (CONT'D)

- Southern Resident Killer Whale Recovery
  - Enforcement patrols
  - Increase Chinook hatchery production
  - Habitat protection/restoration
  - Fish passage
  - Outreach and education
  - Address prey competition
- Enhance Lands Operations and Maintenance
  - Staffing new wildlife areas
  - Grazing monitoring
  - Weed control
  - Enforcement

# DRAFT DECISION PACKAGES – STRATEGIC ENHANCEMENTS (CONT'D)

- Enhance Fishing Opportunities
  - Hatchery production
  - Monitoring and compliance
  - Increase enforcement
- Enhance Hunting Opportunities
  - Access programs
  - Increase enforcement

## Indirect

- Outreach, education, marketing
- Fishing and hunting app maintenance
- Matrix report recommendations

# FEEDBACK ON ENHANCEMENTS



# FEEDBACK ON OVERALL TARGET AND FUND SOURCE

Carry-Forward Level Budget: \$30M (GF-S, WL-S, CRSSE)

Enhancements: \$???? (GF-S, WL-S, or New?)



# AGENCY-REQUEST LEGISLATION



- Recreation Fee and Recruitment bill
- ADA Reduced License Fee Bill
- HPA Civil Authority

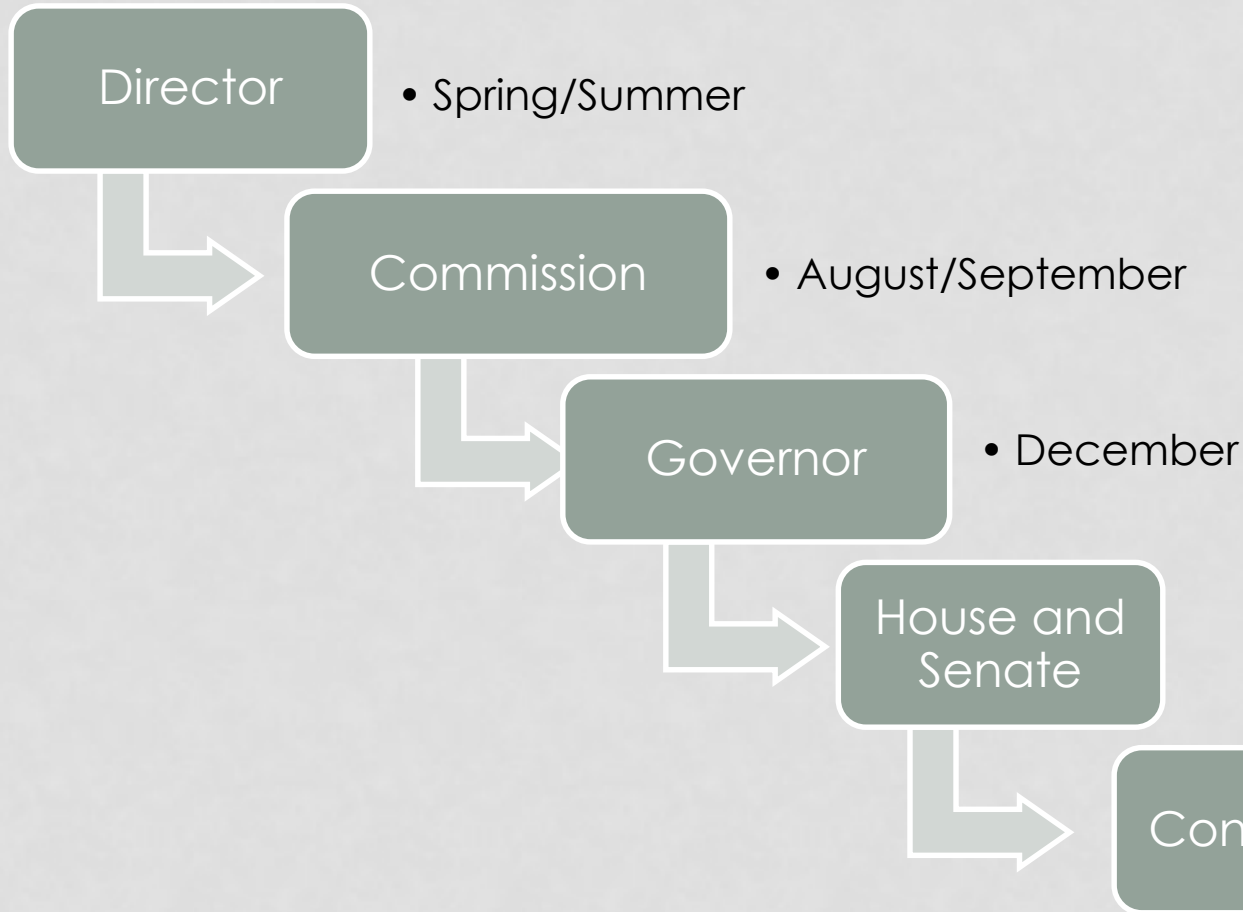
## Other Bills

Discover Pass

PILT



# ESTABLISHING THE BUDGET



# TIMELINE

Date	Key Meetings and Deliverables
May 2	B&P Advisory Group: Draft budget recommendations
June 14-16	FWC Budget and Agency-Request Legislation Preview
Late-June/July	Targeted Outreach <ul style="list-style-type: none"> <li>• RDs and B&amp;PAG members meet with regional opinion leaders</li> <li>• RMT Members attend local organizations</li> <li>• Collaborative Partners</li> <li>• Advisory Group Briefings</li> <li>• Legislative Tours and Briefings</li> <li>• Tribal Outreach</li> </ul>
July	<ul style="list-style-type: none"> <li>• B&amp;P Advisory Group</li> <li>• Public Webinar/On-line Town Hall</li> </ul>
August 10-11	FWC Approval of Budget and Agency-Request Legislation
September	Products due to OFM and Legislature
October	Regional Public Meetings w/ new Director; Strategic Planning

# OUTREACH OBJECTIVES

- Share our Vision
  - Sustain hunting and fishing heritage, enhance conservation
- Understand the Problem Statement
  - B&P Advisory Group's Findings
  - Carry-Forward Level Budget
- Provide Input towards Solutions
- WDFW Incorporates Feedback
- Advocating for Outcomes

# WHAT'S ALSO ON THE HORIZON?



- Strategic Plan
  - Regional Chapters
  - Outcome Performance Measures
- Recovering America's Wildlife Act
- FFY19 Priorities and Advocacy
- Agency Communication Strategy

# SUMMARY

- WDFW budget challenges: majority of the solutions for 2017-19 were one-time.
- Implement efficiencies and operational improvements.
- Re-purpose existing funding and align revenue sources.
- Budget message is around Outcomes, not Administrative Programs.
- Develop true carry-forward level budget AND realistic solutions.
- Develop long-term revenue plan with politically-viable options to secure financial stability for the Department.
- Iterations of decision package development and alignment with GF-S and fee bill request
- Need help in conveying the important work we do, the problem statement, and soliciting input on solutions.

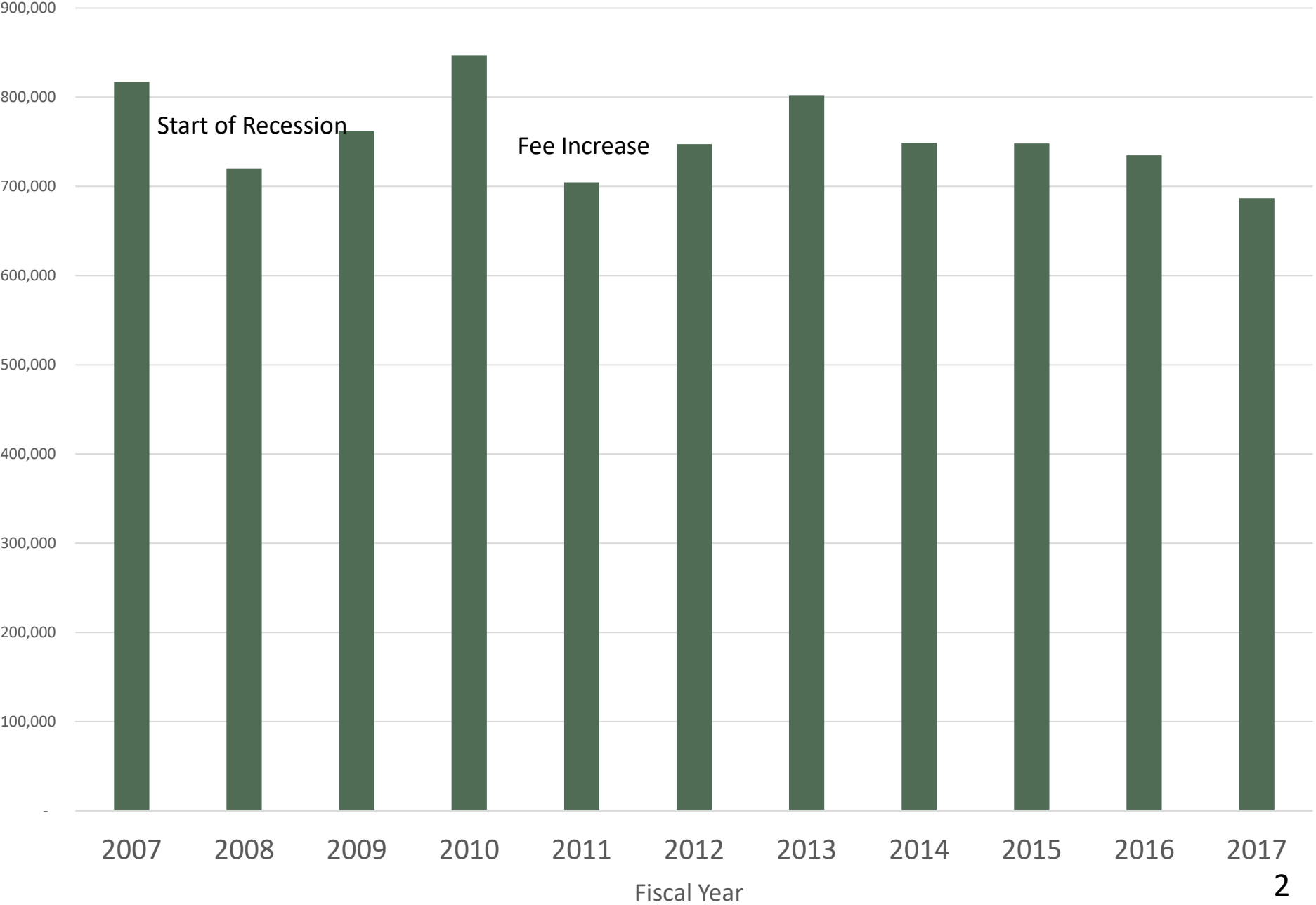
# TAKE-AWAYS/GIVE-AWAYS



# The Ever-Changing Customer

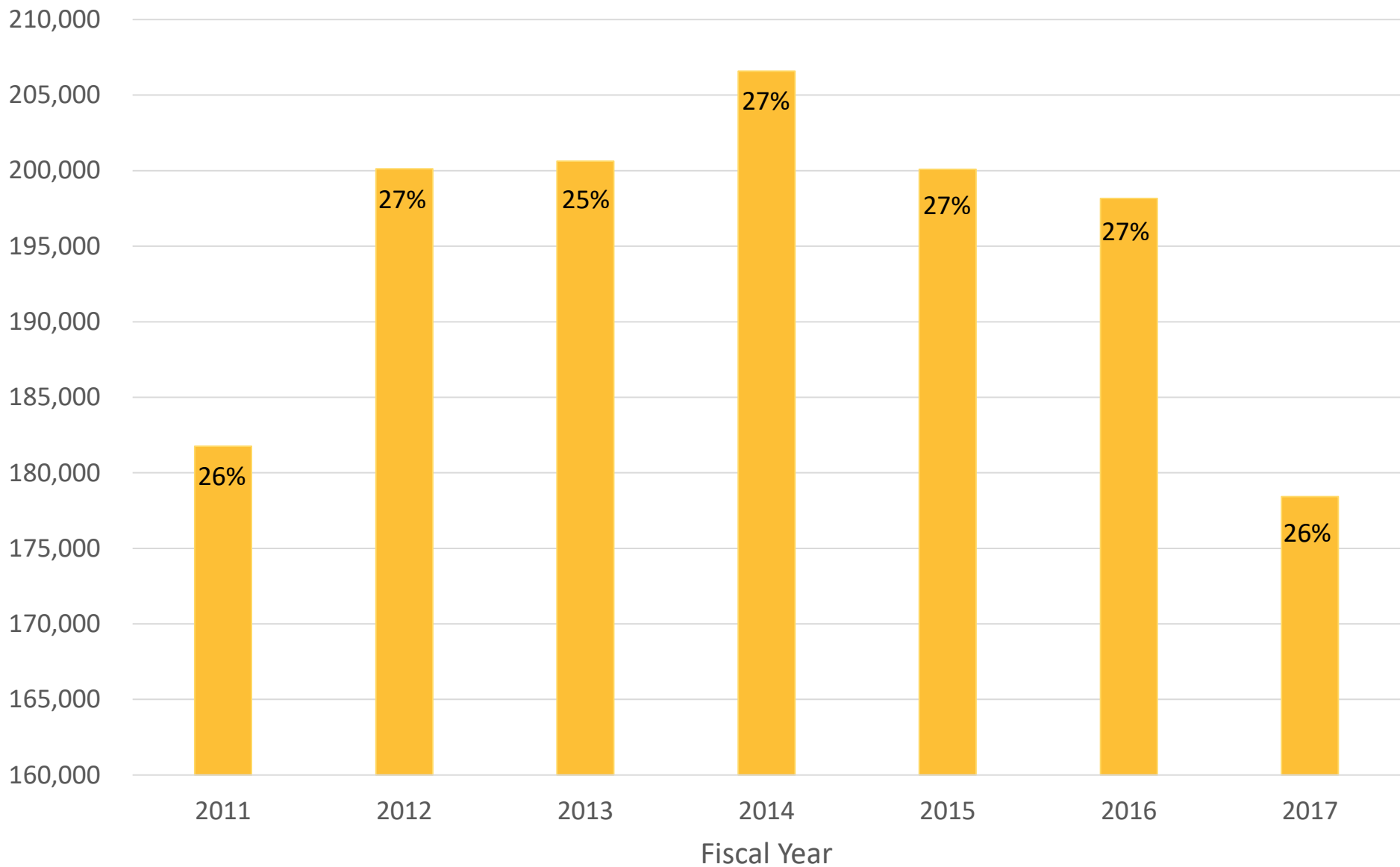
Presented by, Shannon Haywood and Ellie Burelson

# Fishing Customers by Year



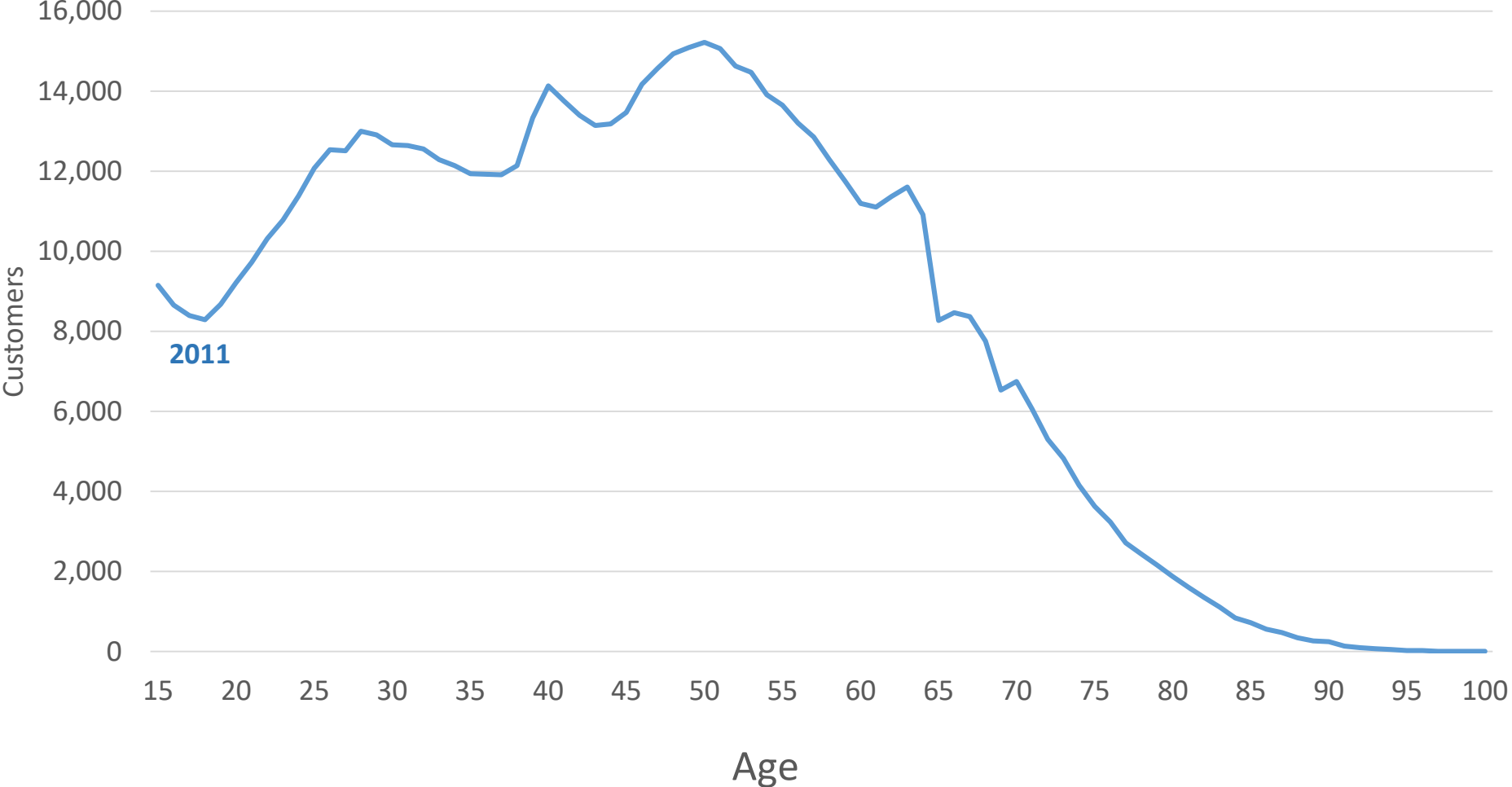


# New Fishing Customers

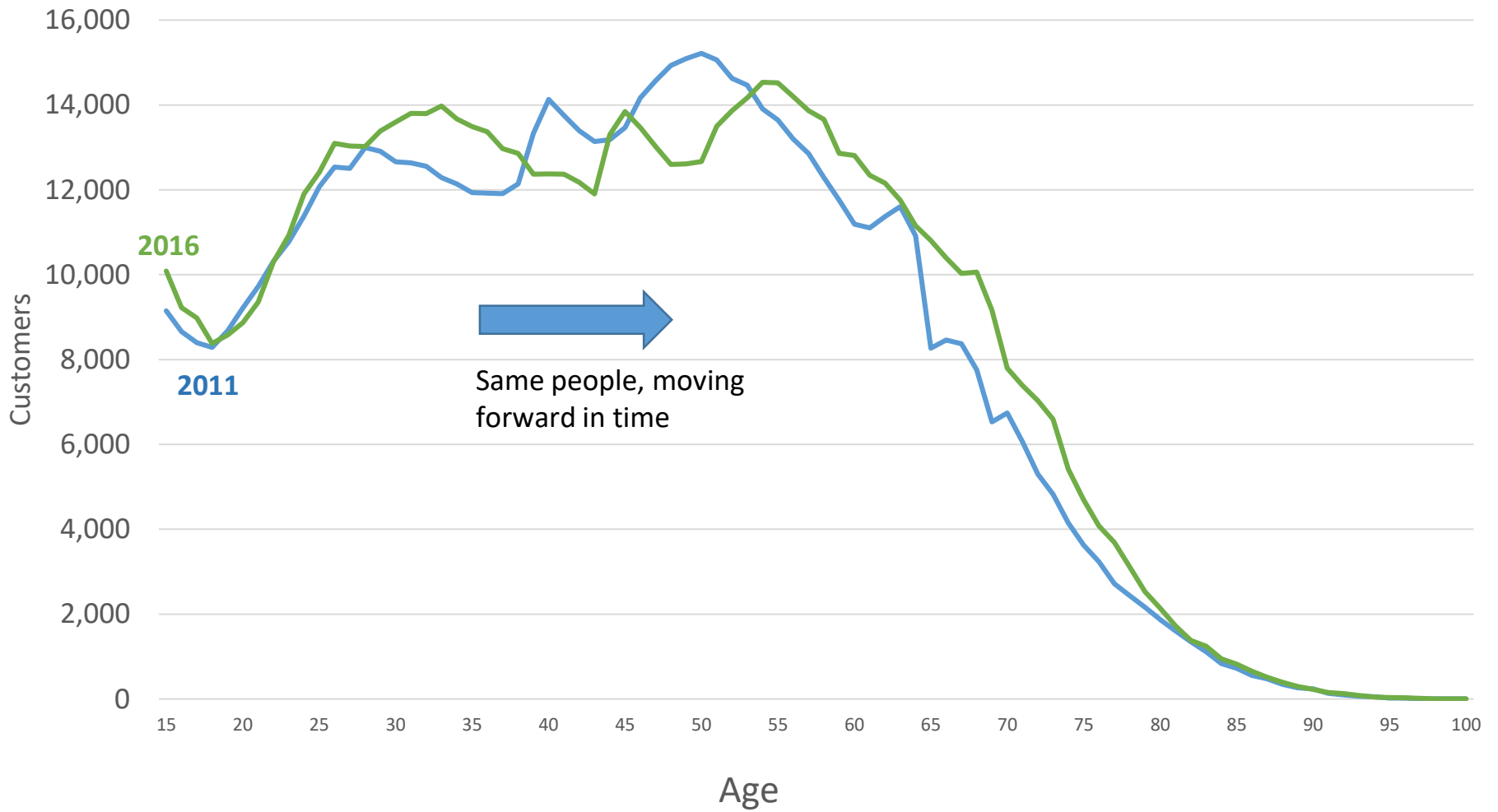


New customers = no license purchased in last 5 years.

# Anglers by Age



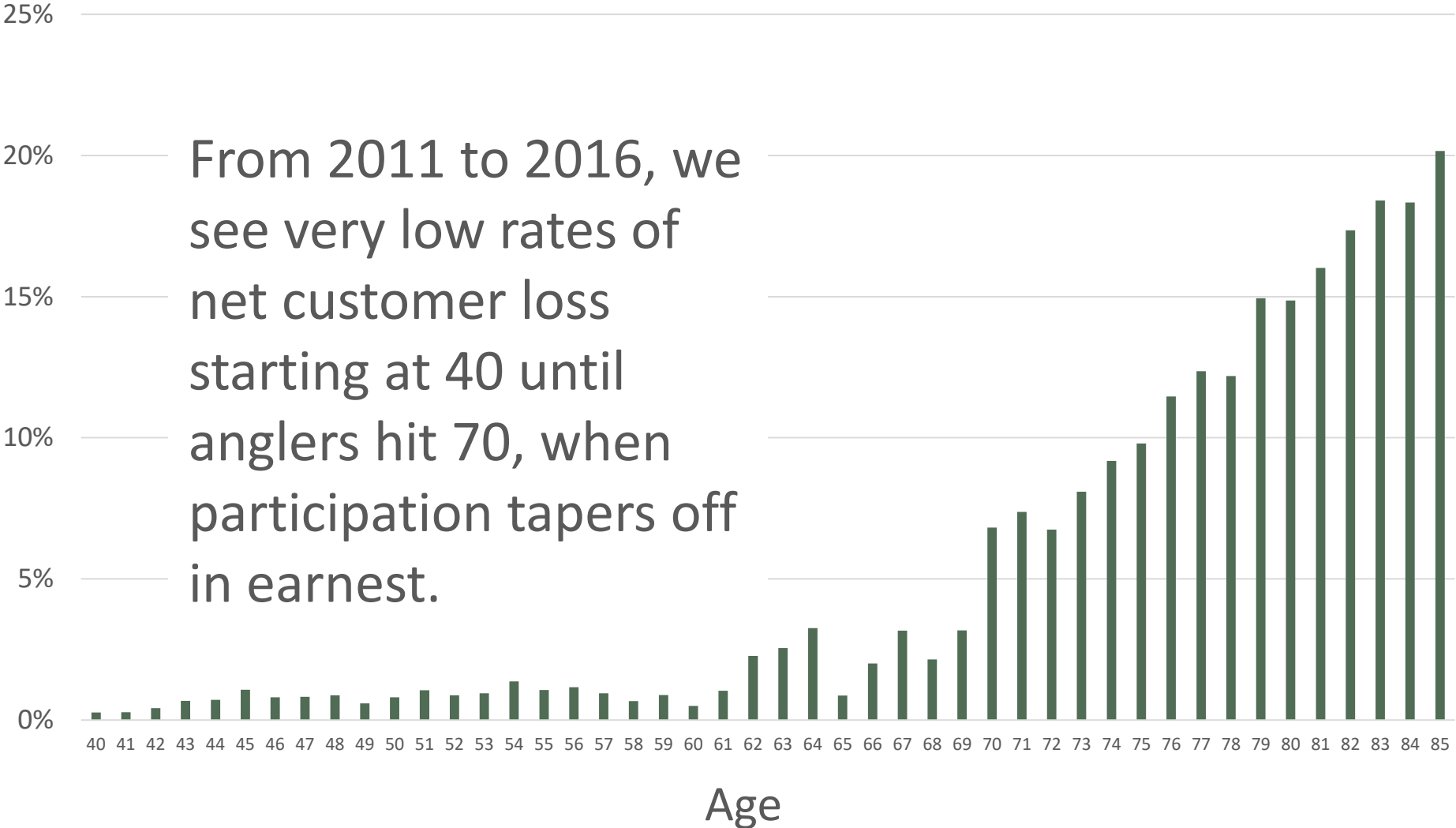
# Anglers Over Time



# Methodology

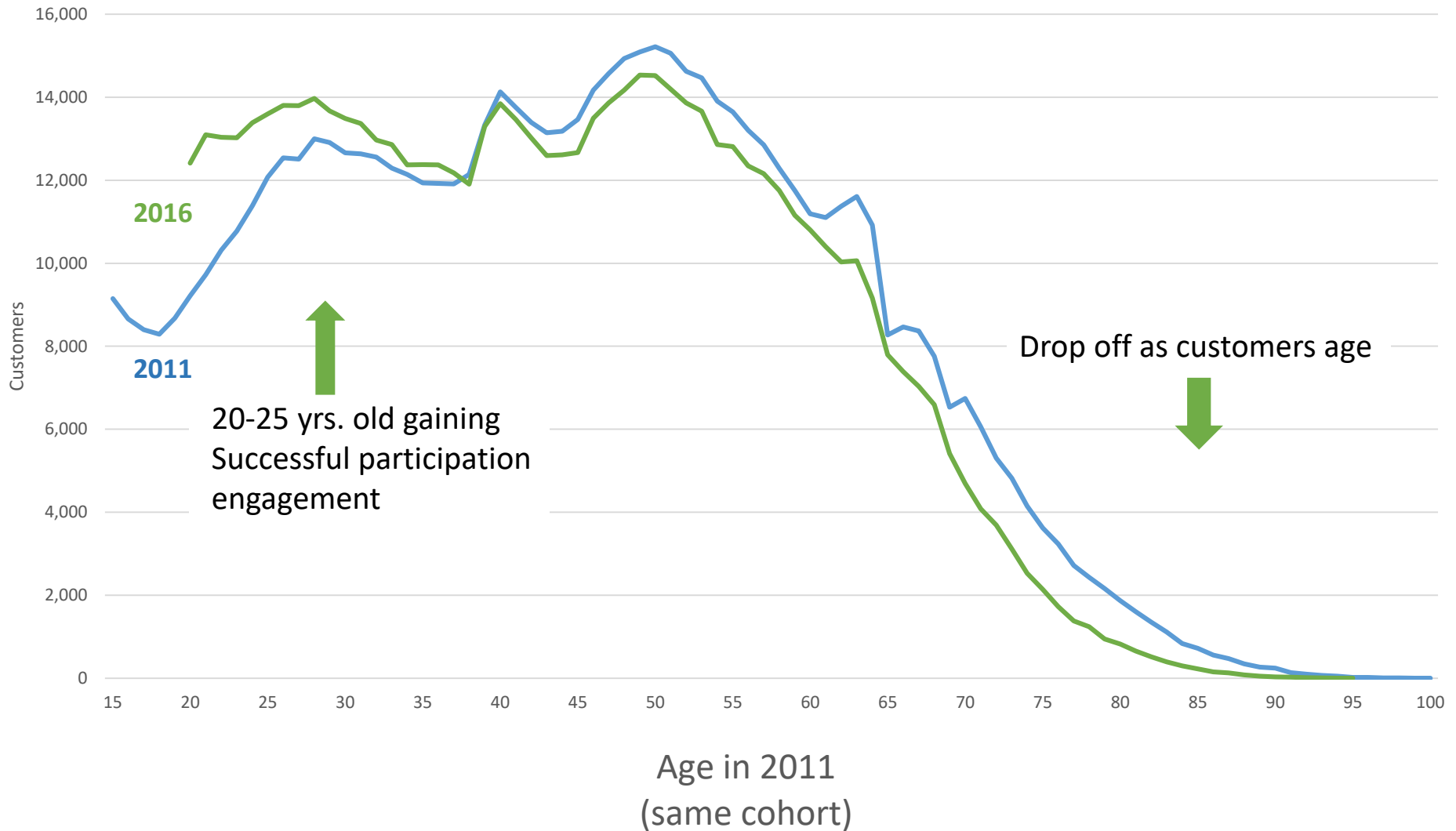
- Calculated average drop off for each age from 2011-2016.
- What is the average loss, for example, as customers shift from age 50 to 51 in every year.
- Focused on cohorts, comparing age 50 data in 2011 to age 51 in 2012 and so on.
- Compared pink years to pink years on a two-year cycle for fishing.
- Applied the average drop off rate for each age and projected each cohort of current customers out to 2026.

# Age Out Rate for Anglers

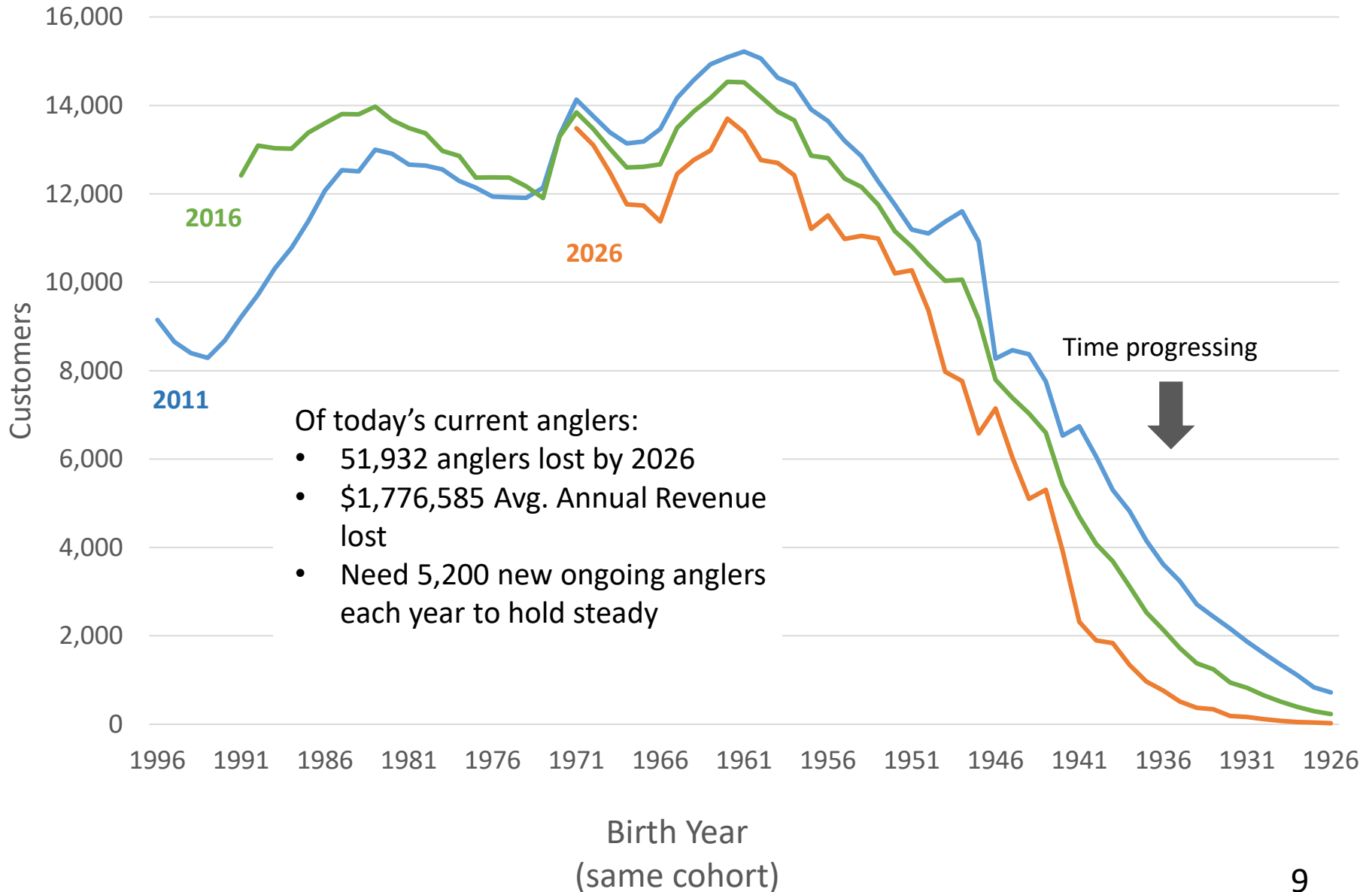


From 2011 to 2016, we see very low rates of net customer loss starting at 40 until anglers hit 70, when participation tapers off in earnest.

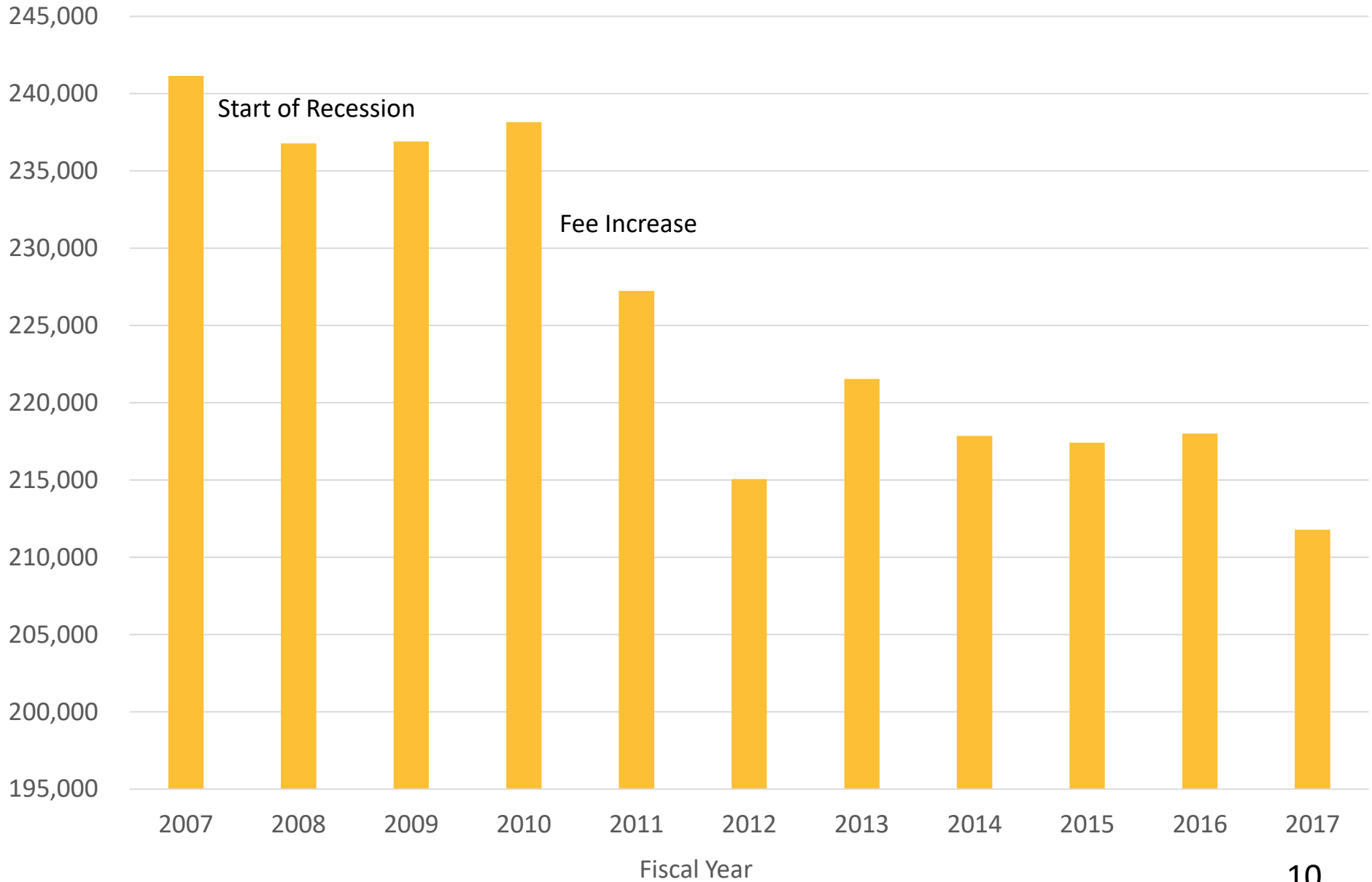
# Anglers Aging Out Over Time



# Projected Drop in Angler Participation

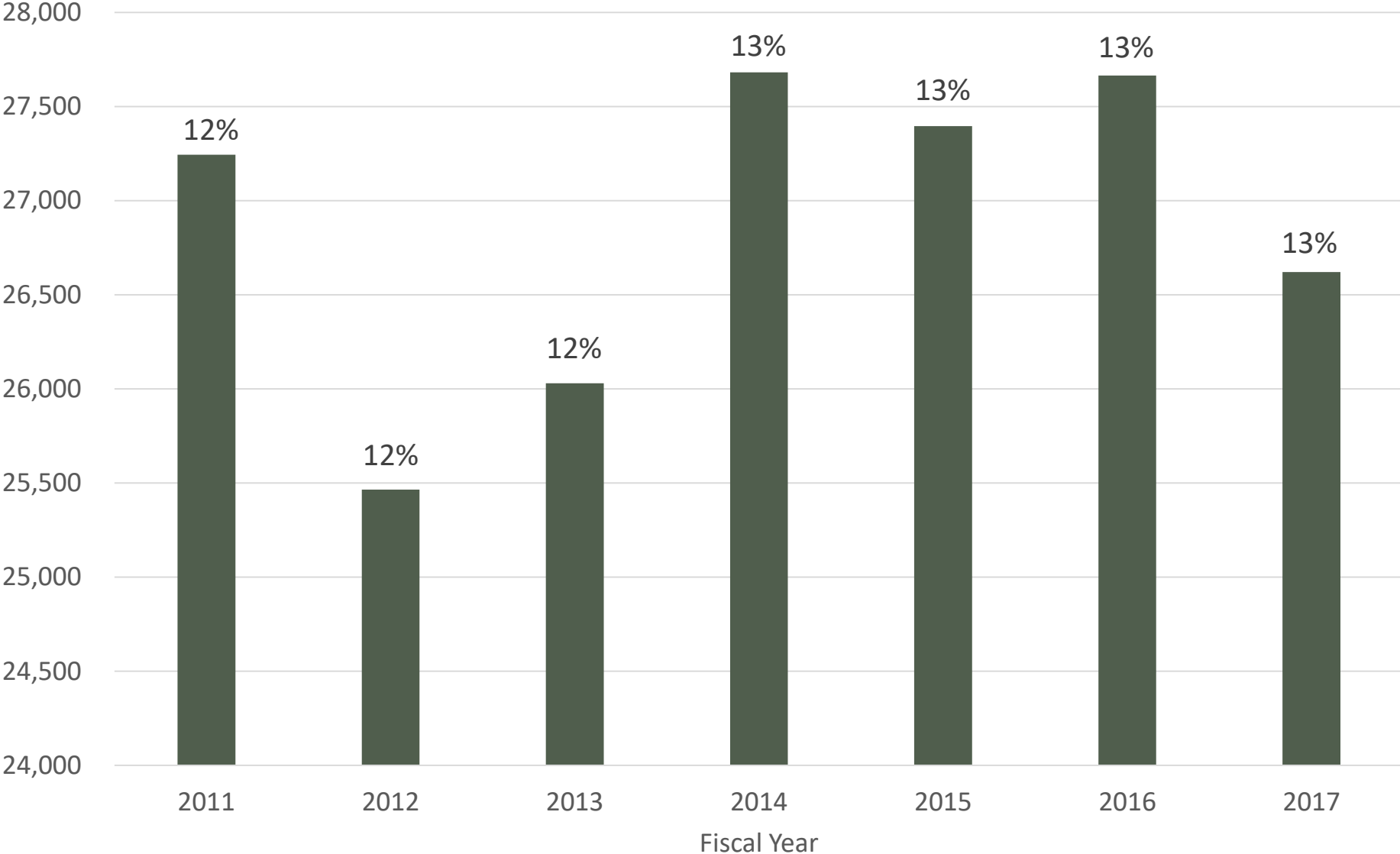


# Hunting Customers by Year



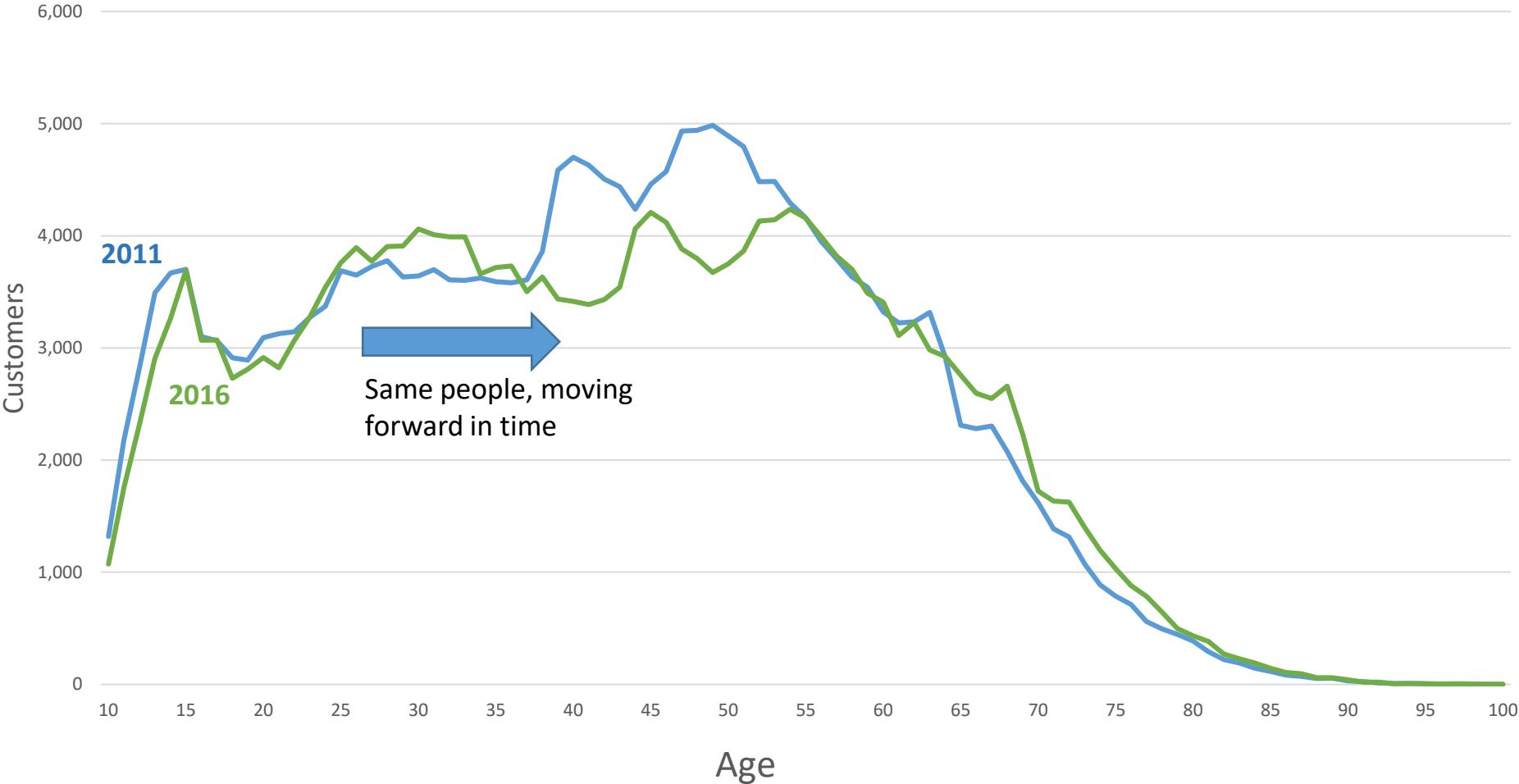


# New Hunting Customers

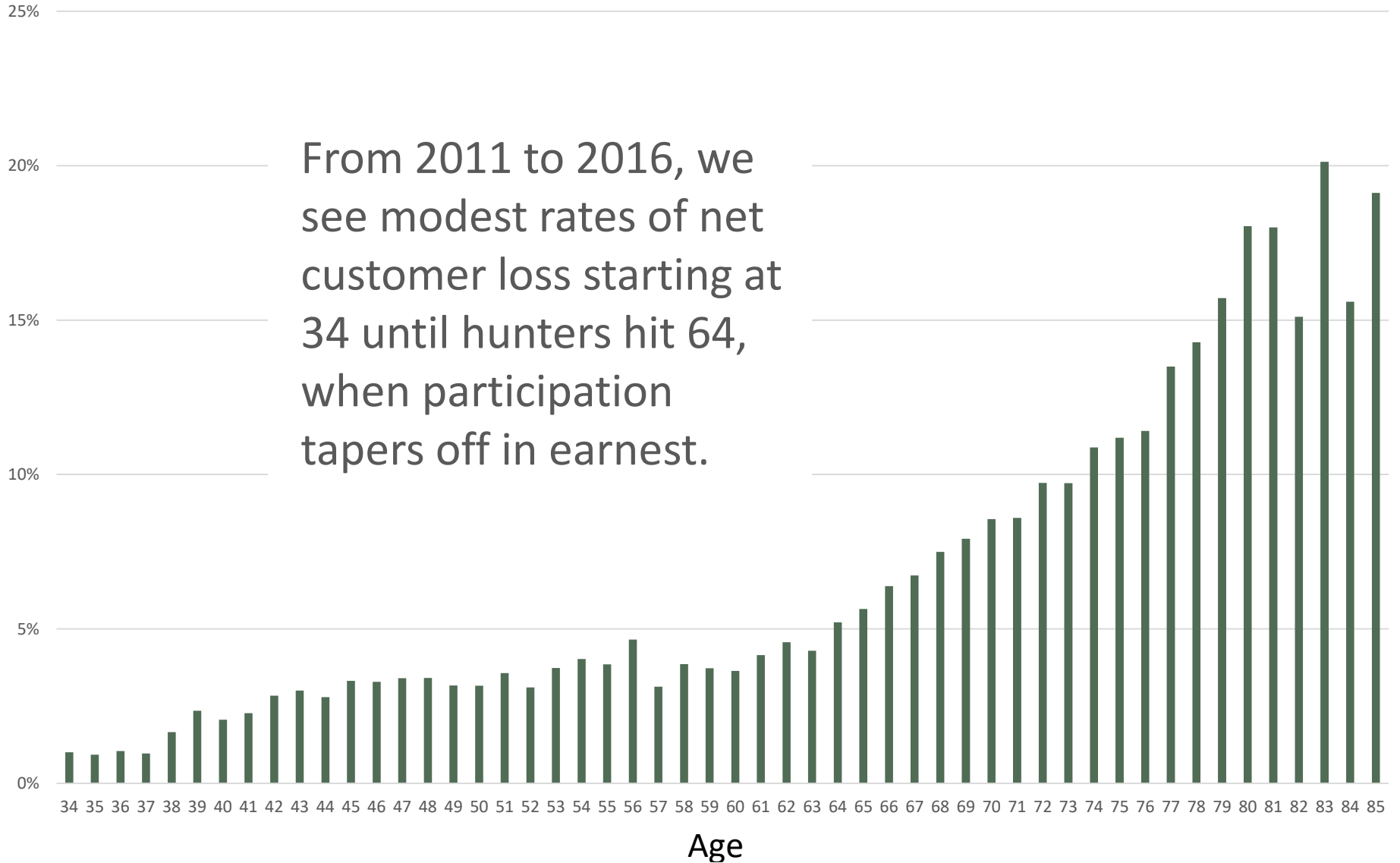


New customers = no license purchased in last 5 years

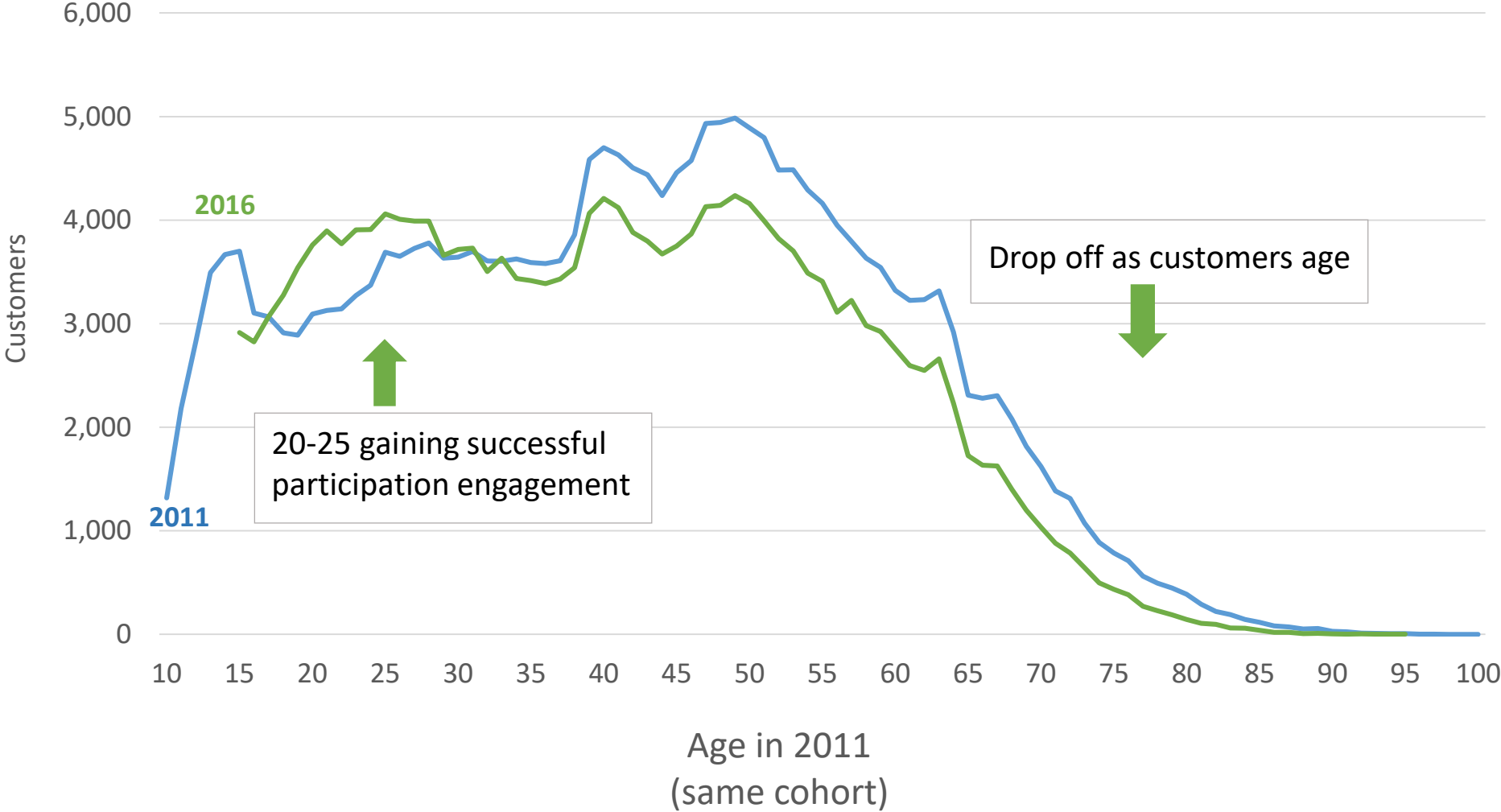
# Hunters Over Time



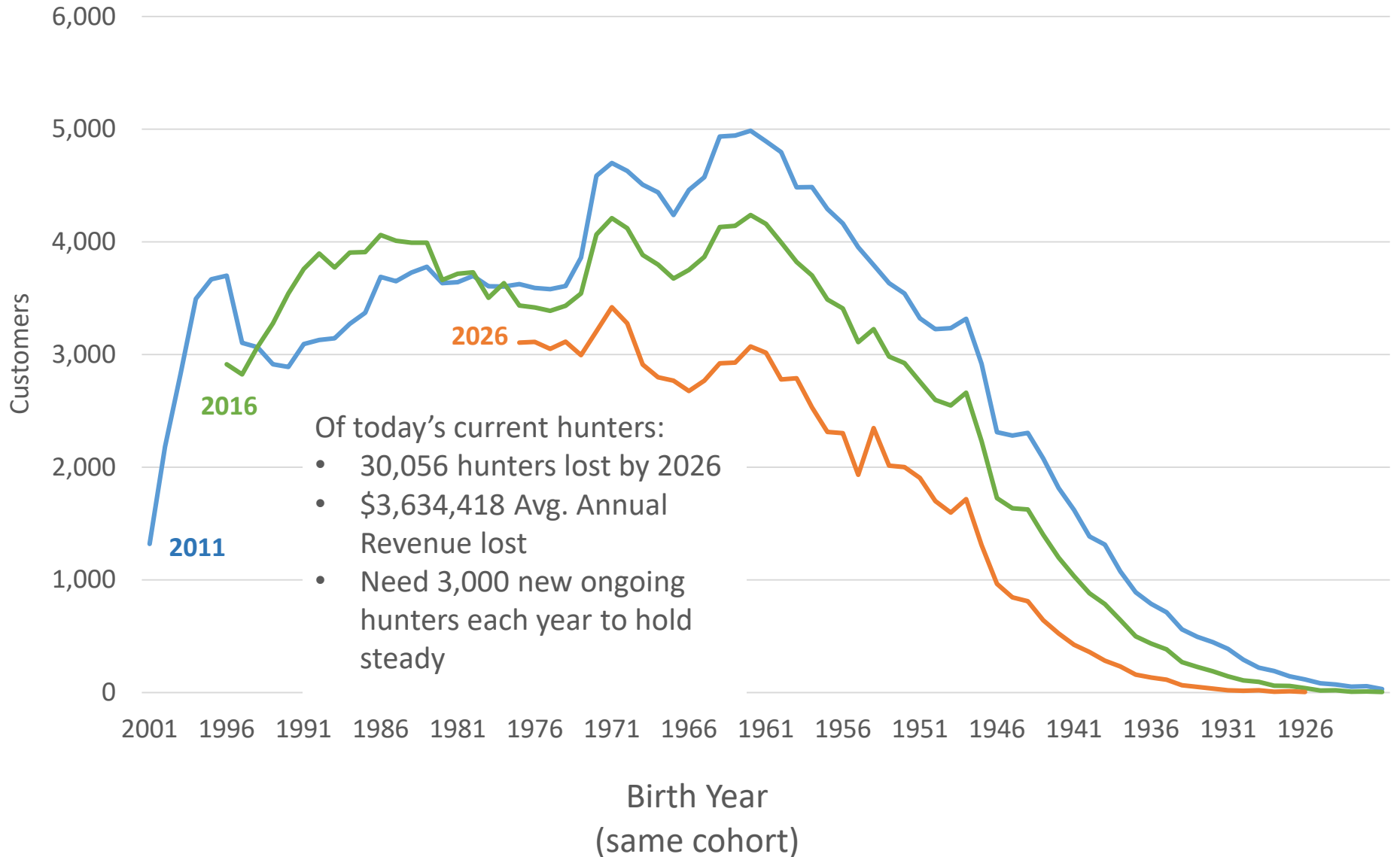
# Age Out Rate for Hunting



# Hunters Aging Out Over Time

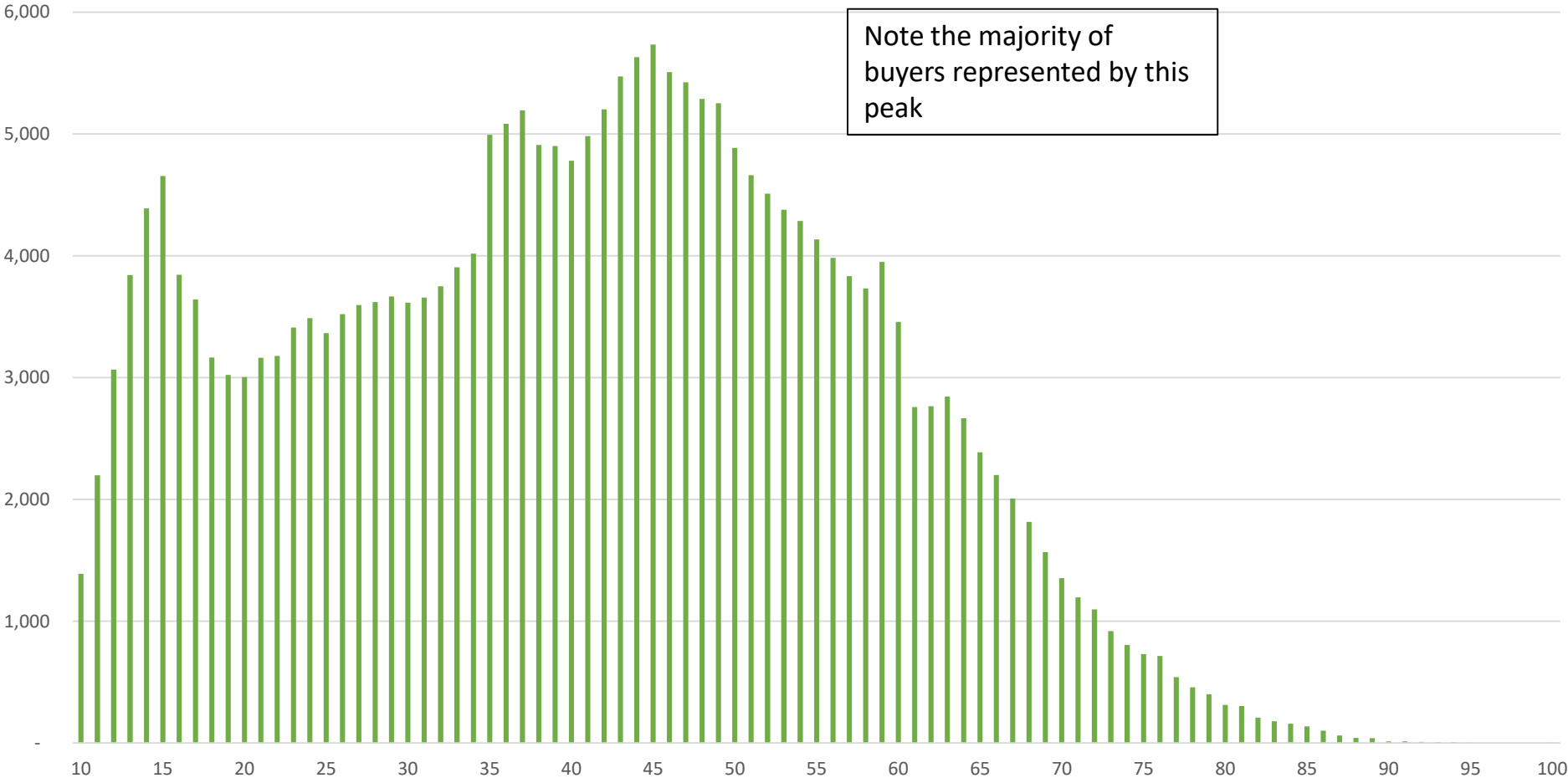


# Projected Drop in Hunting Participation

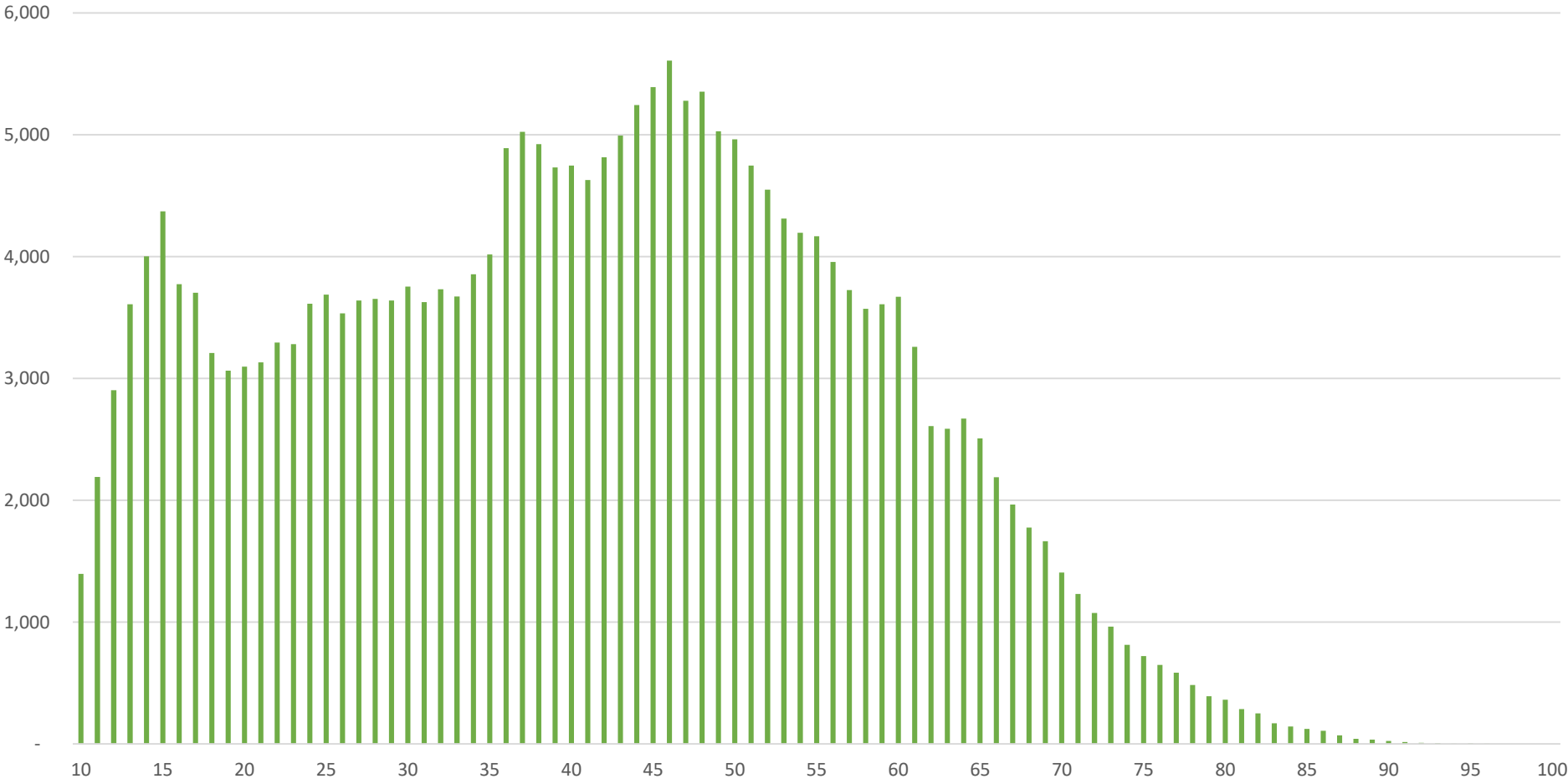


# Hunters Over Time 2007-2017

# Hunters - 2007

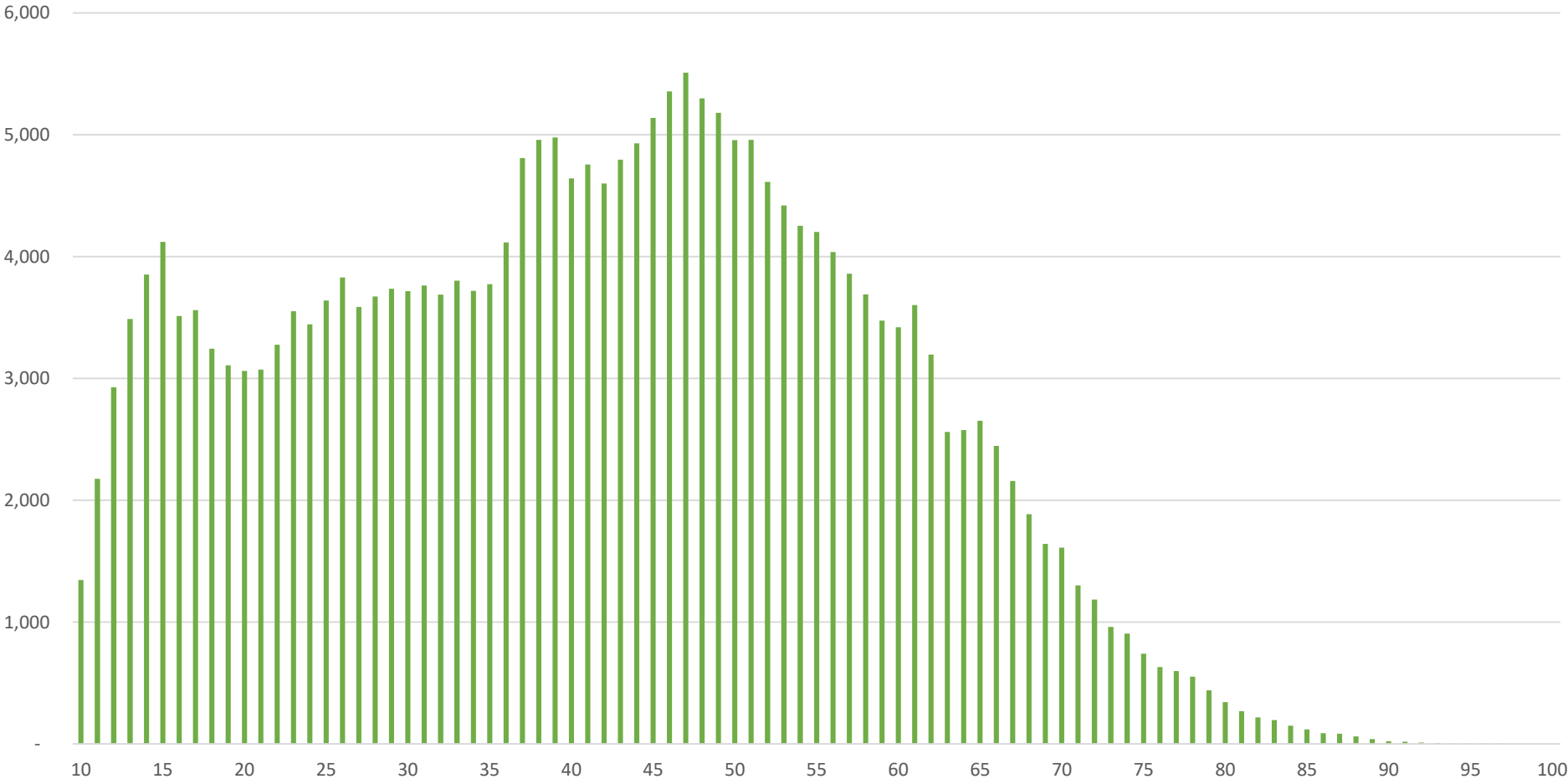


# Hunters - 2008

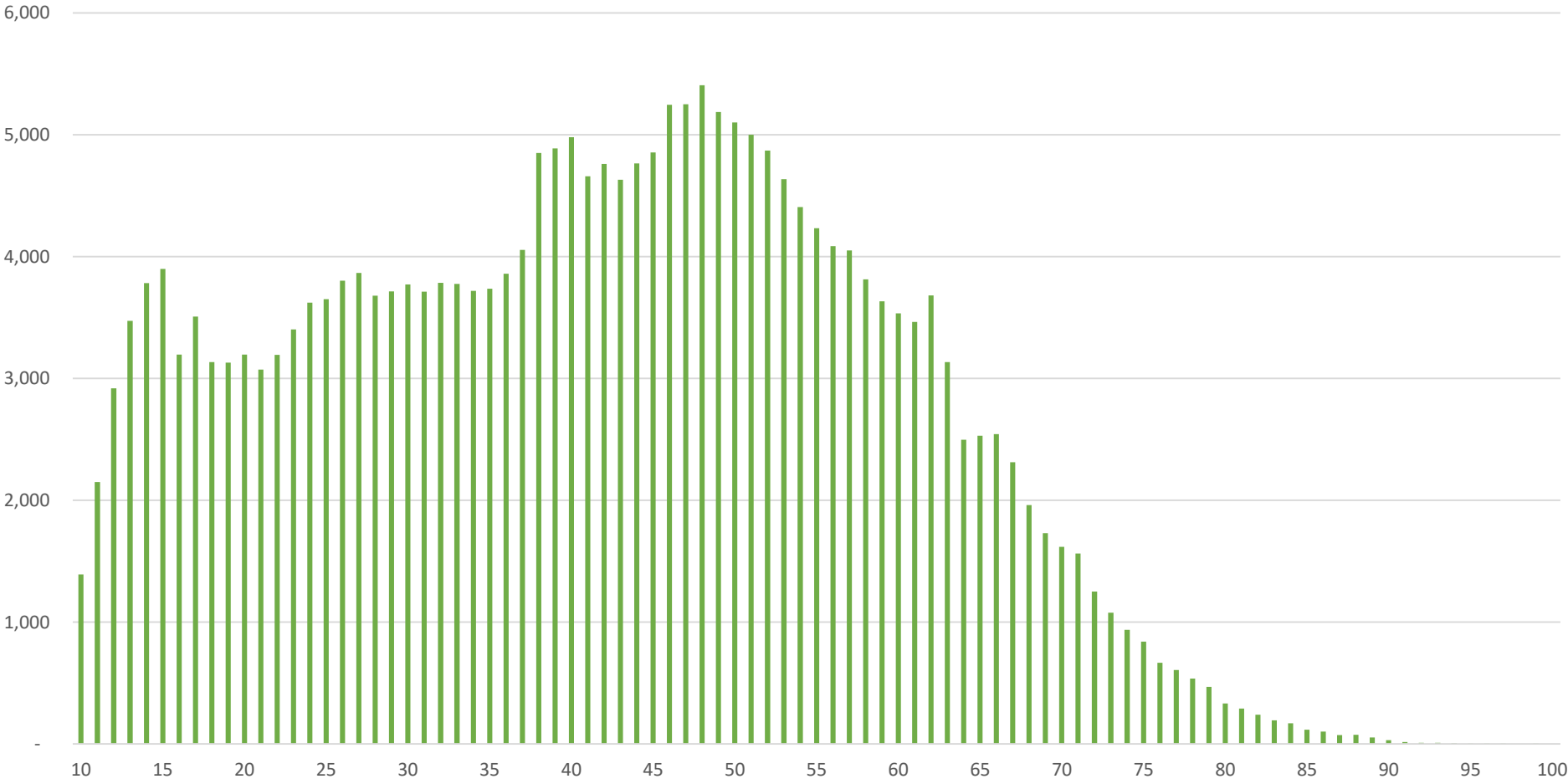




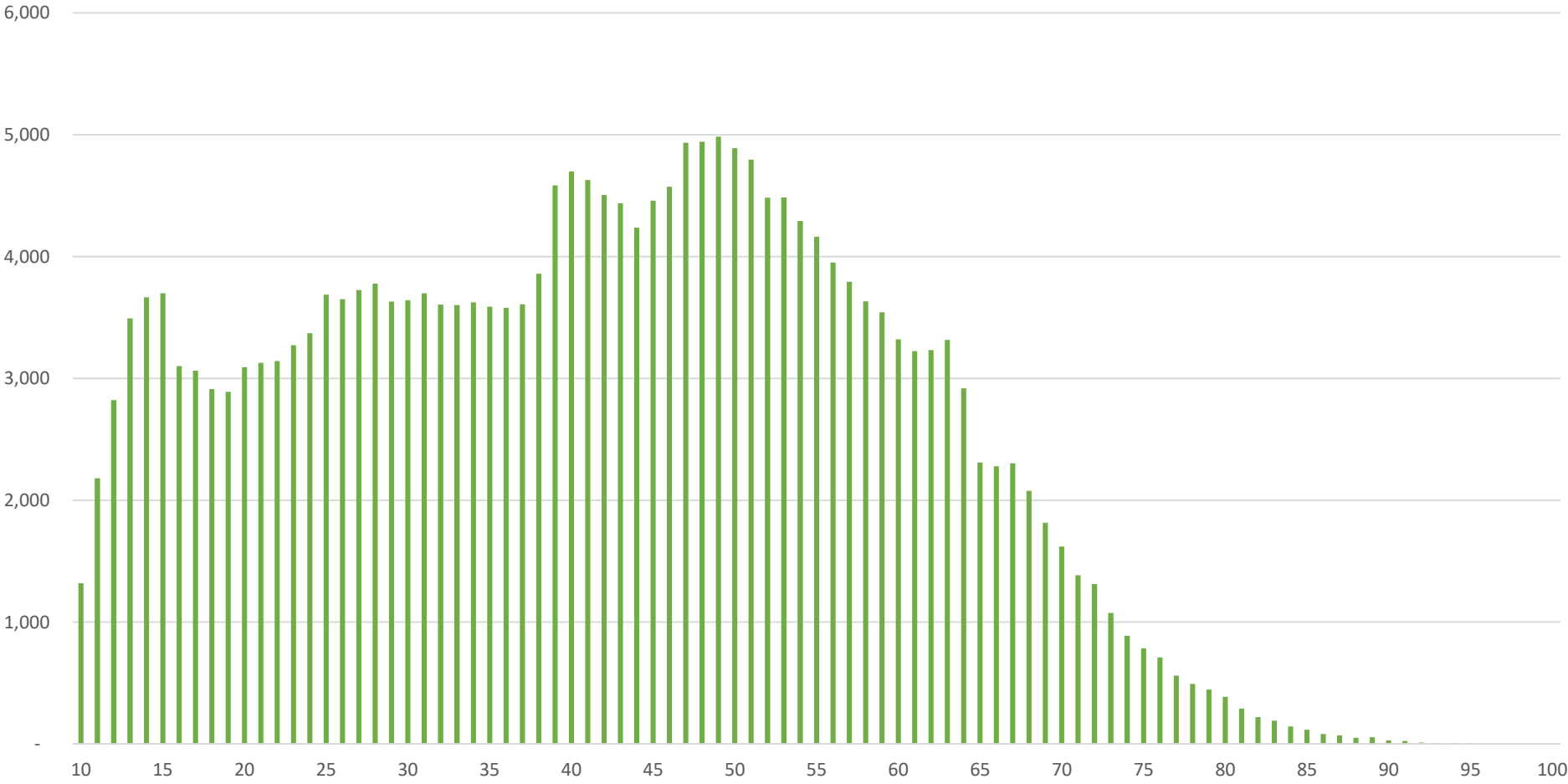
# Hunters - 2009



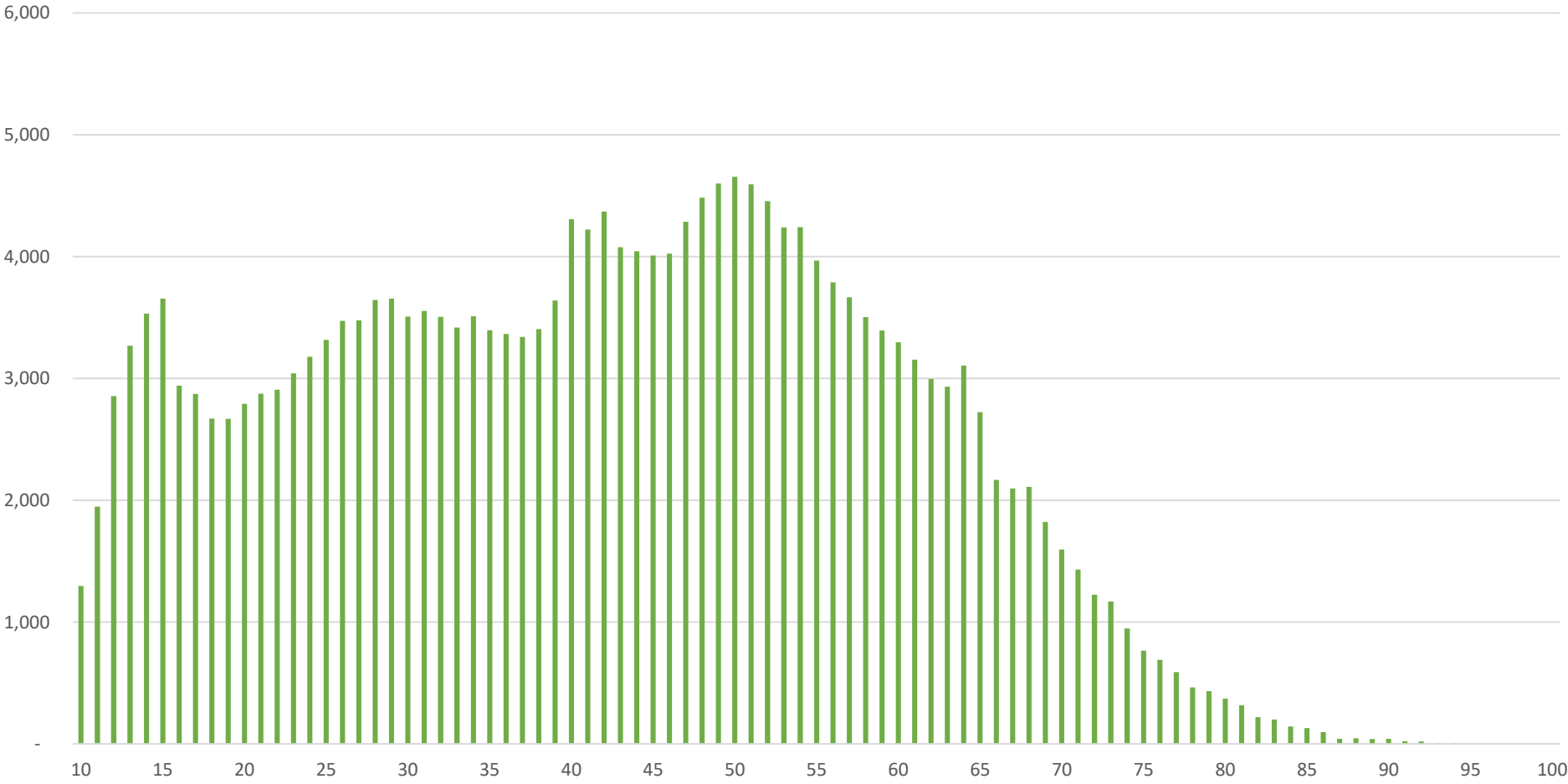
# Hunters - 2010



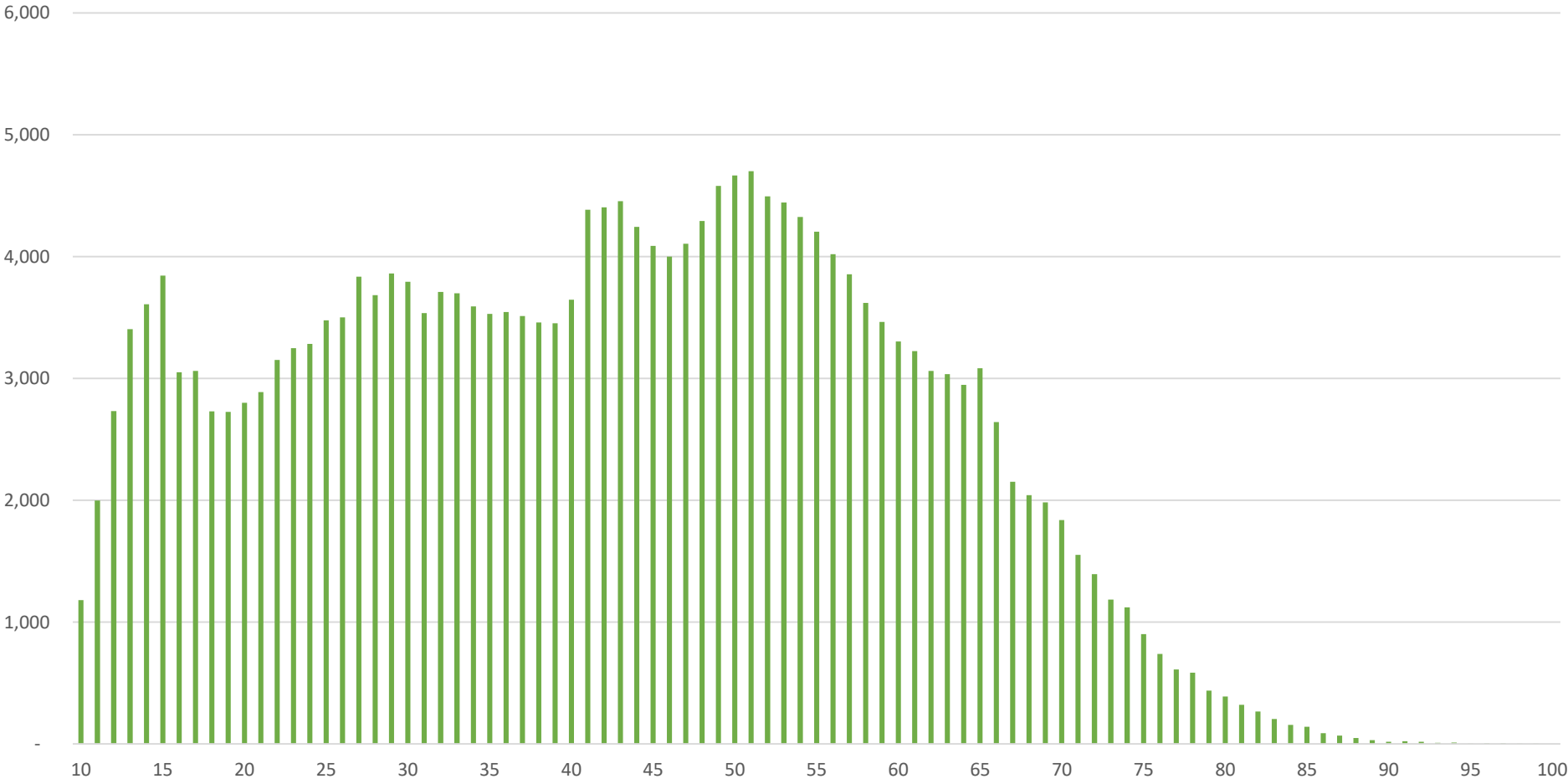
# Hunters - 2011



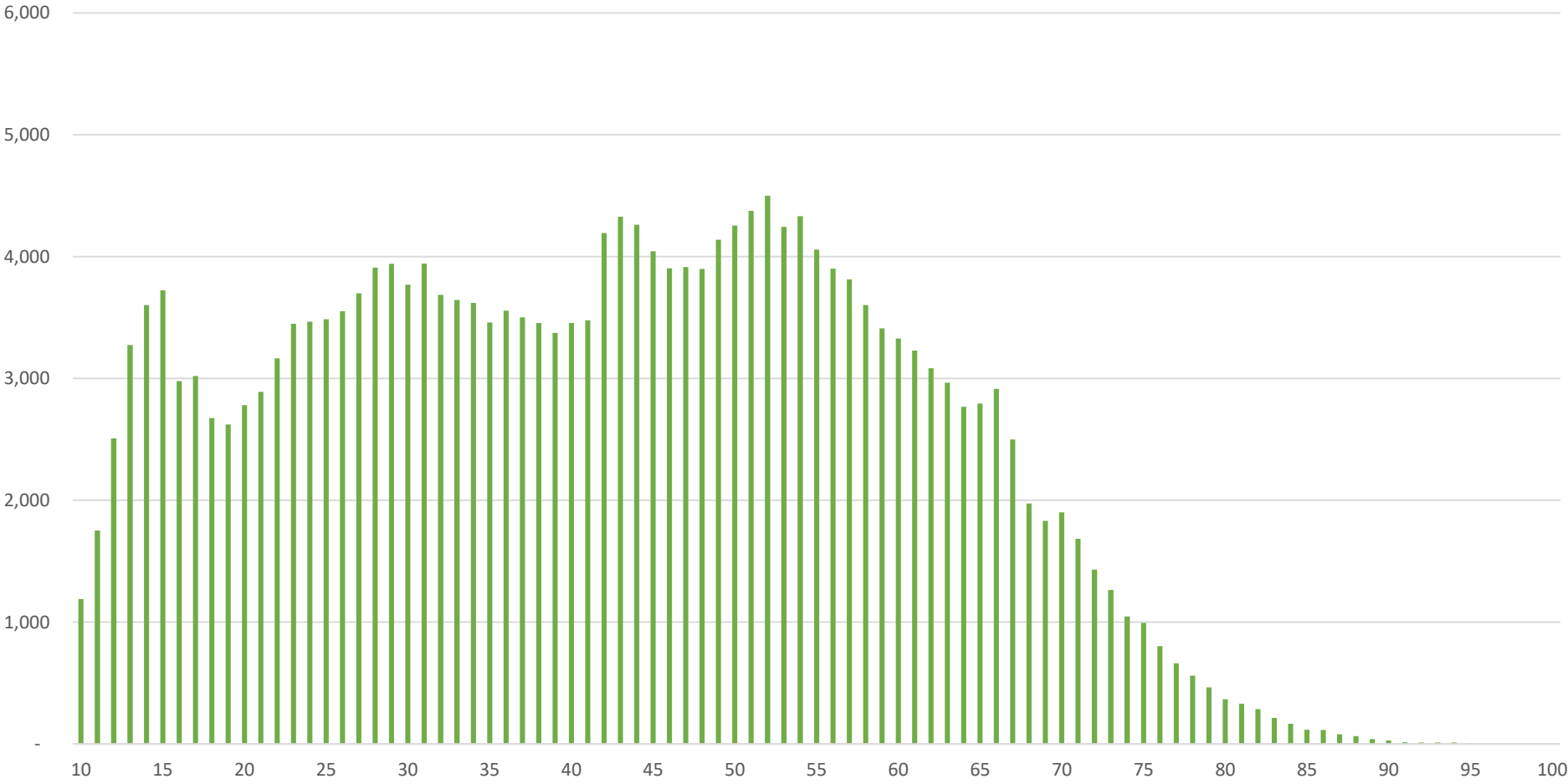
# Hunters - 2012



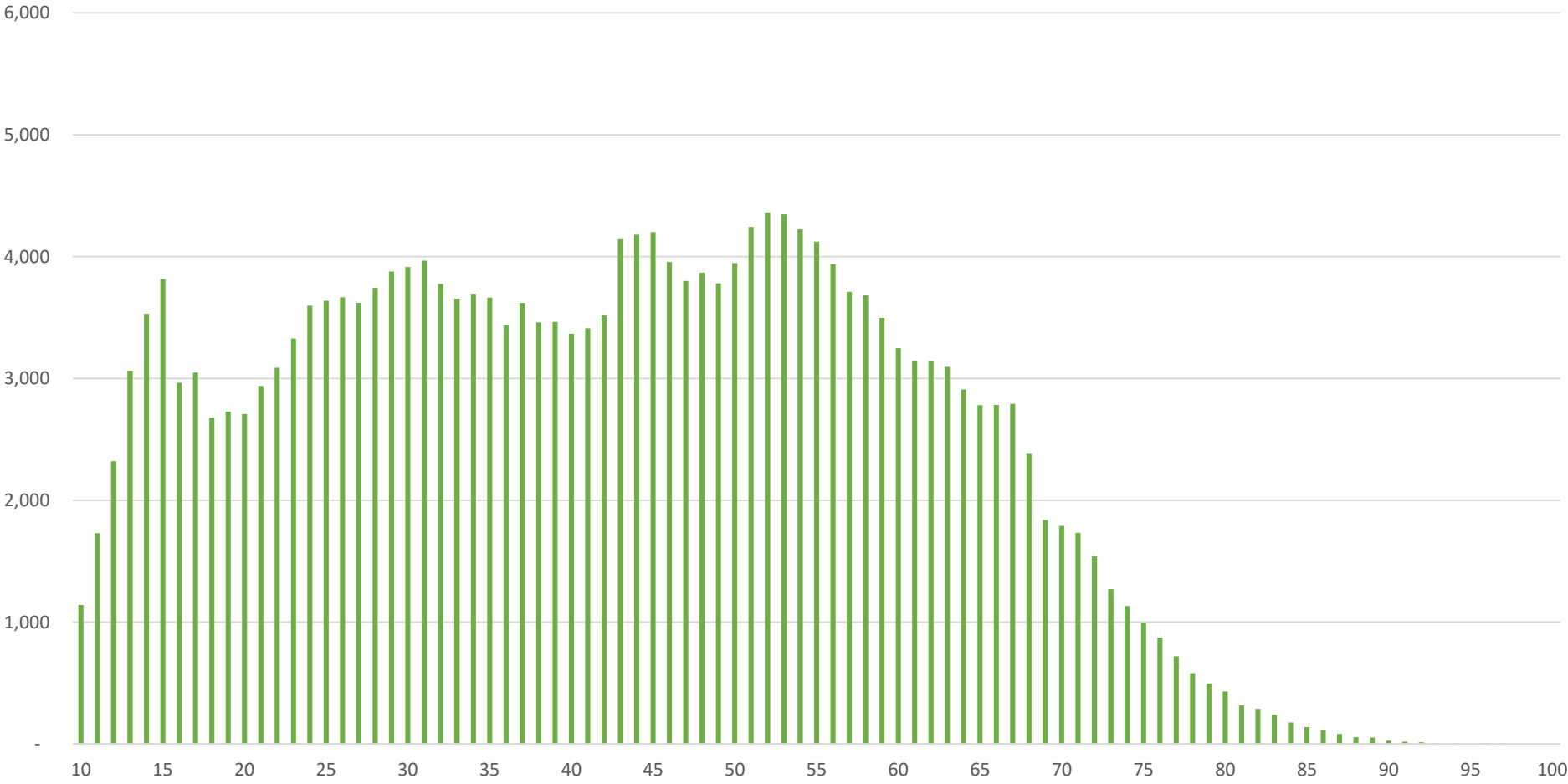
# Hunters - 2013



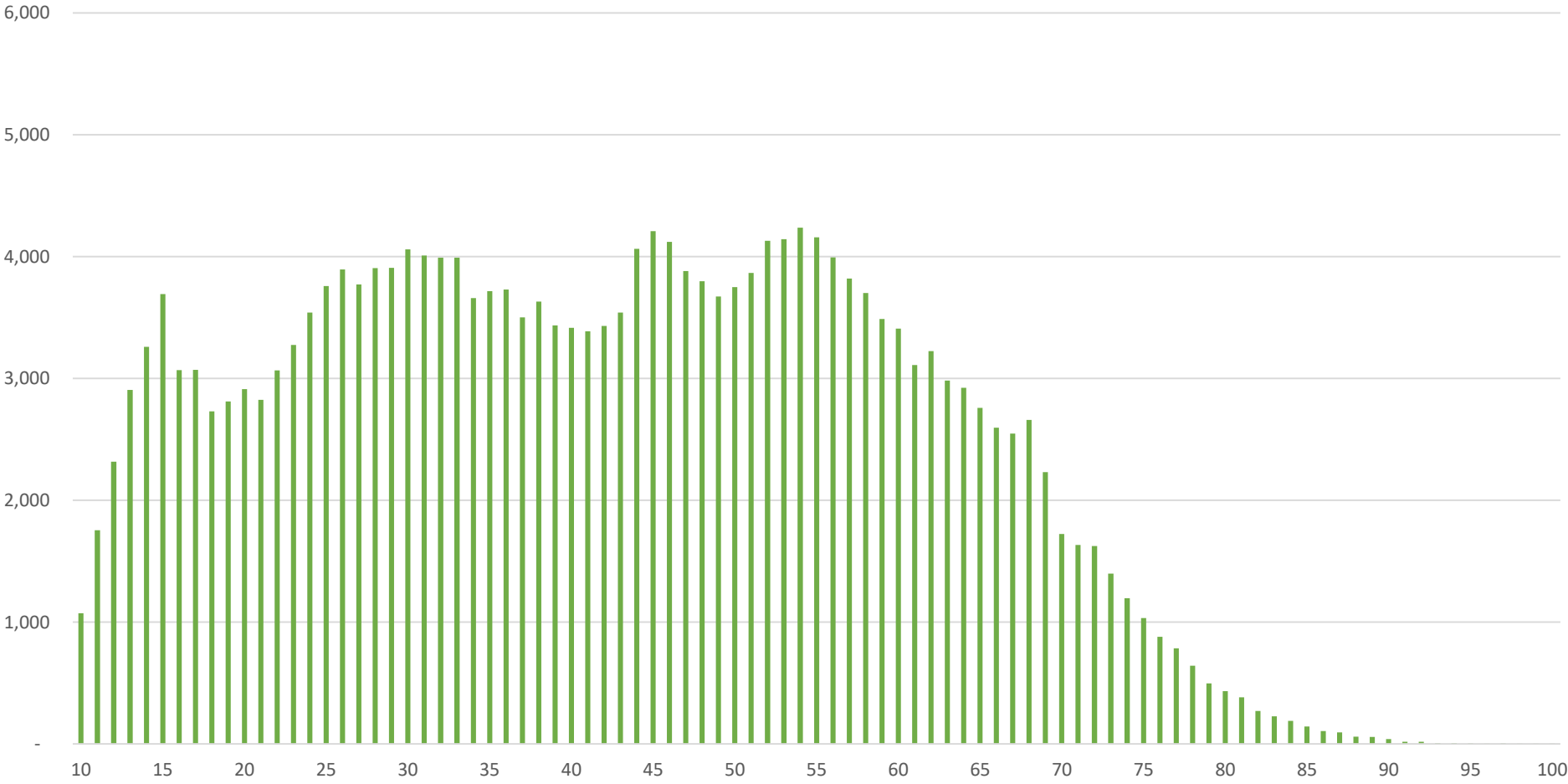
# Hunters - 2014



# Hunters - 2015

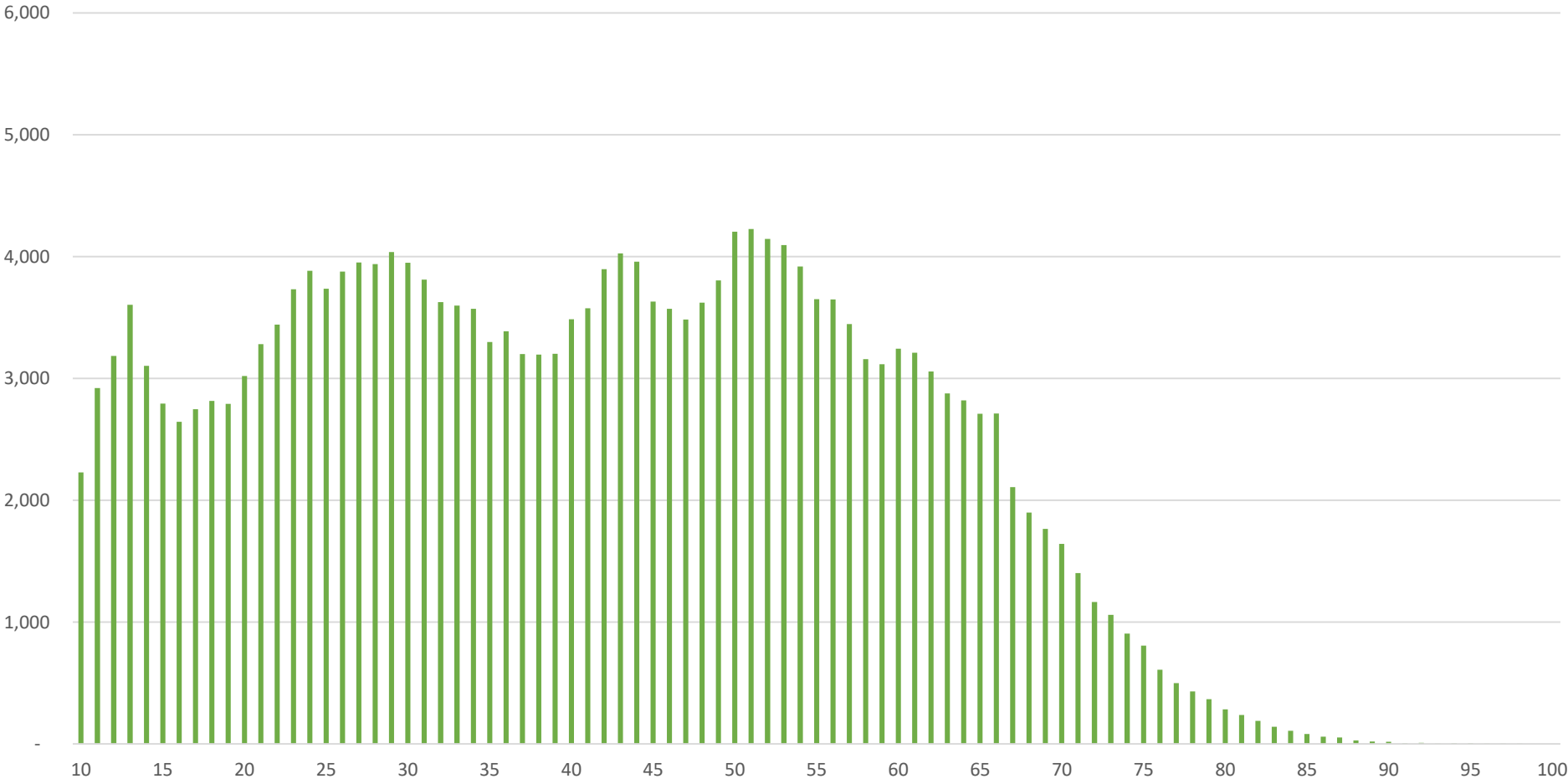


# Hunters - 2016



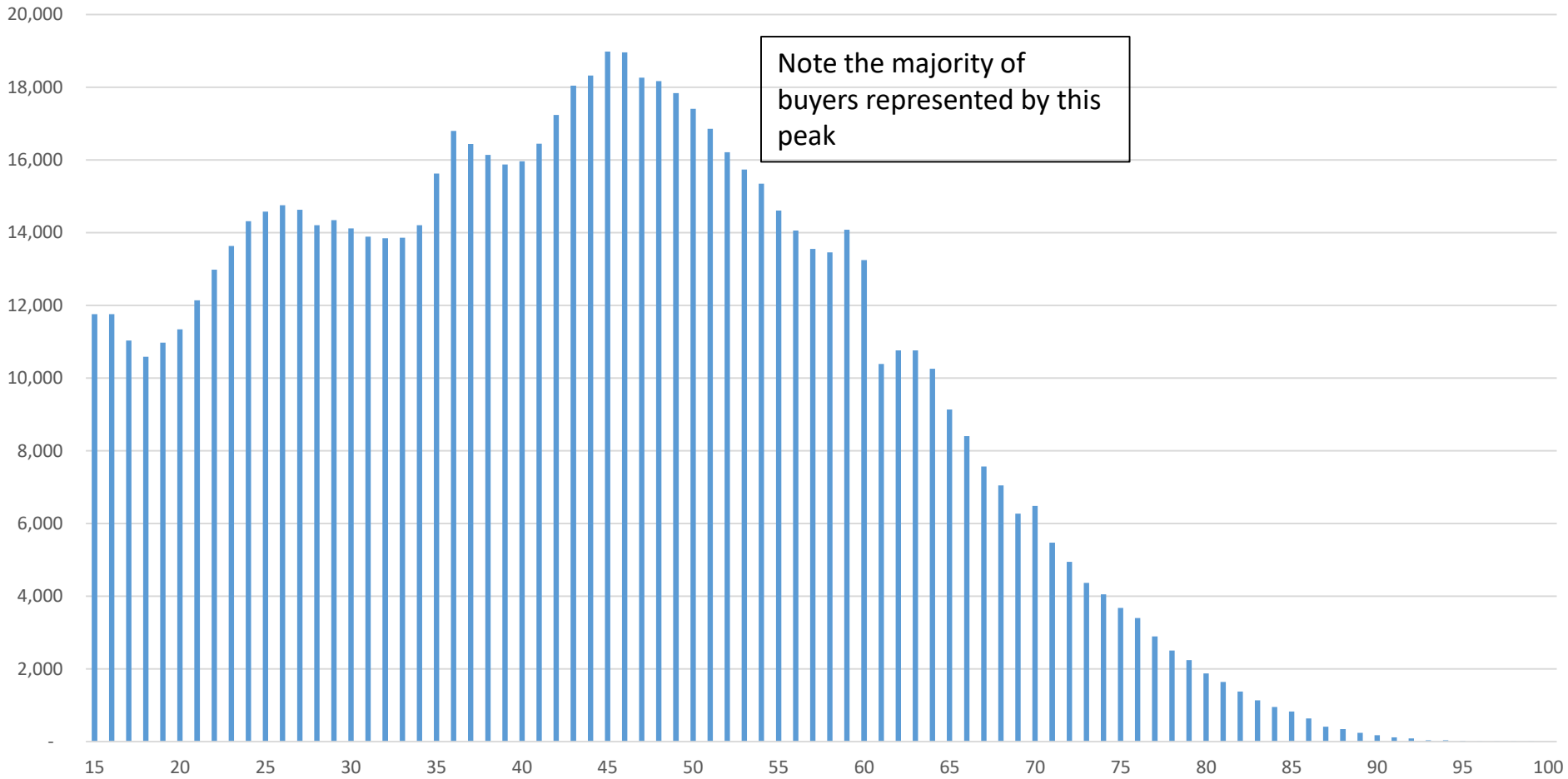


# Hunters - 2017

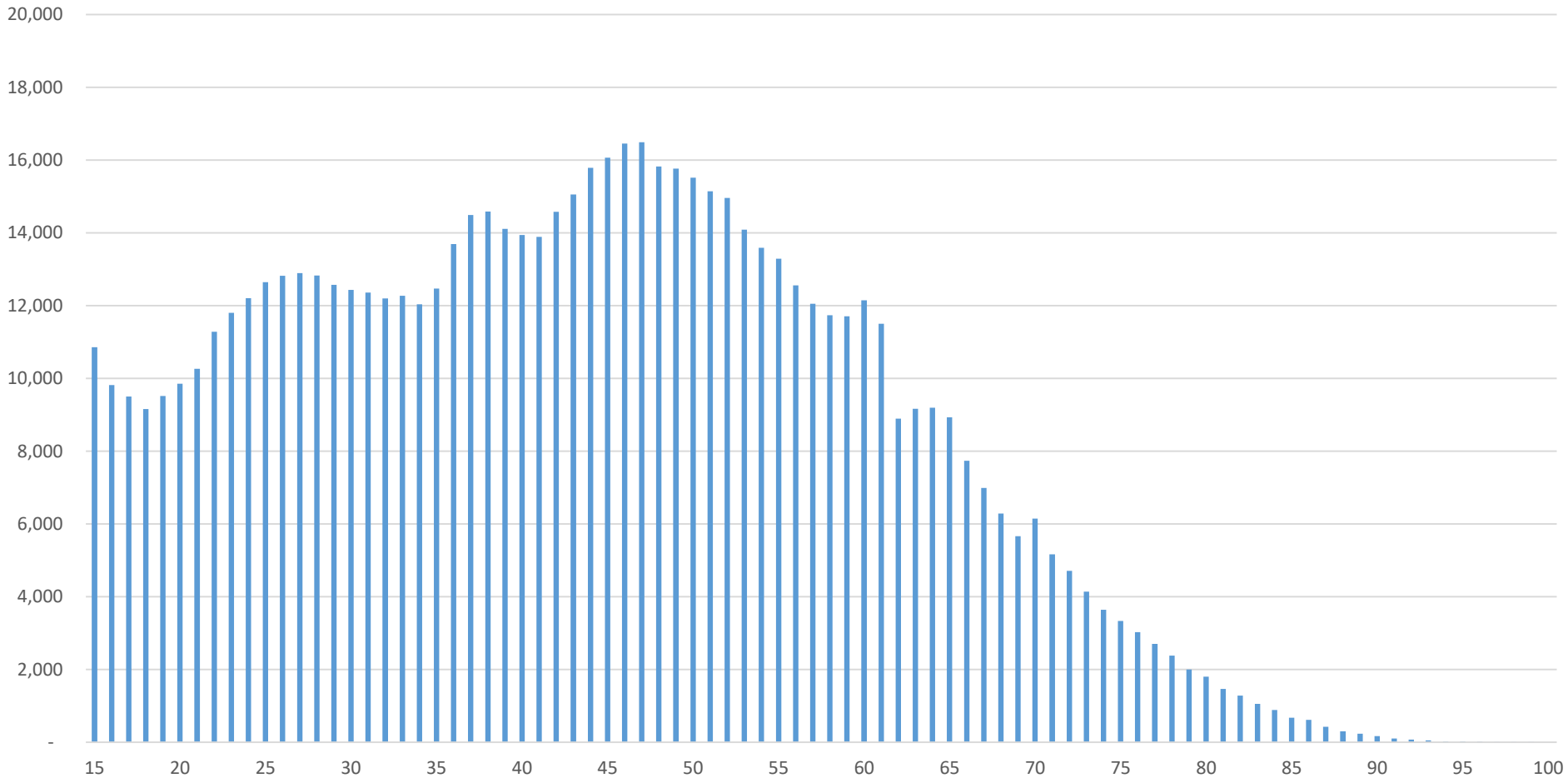


# Anglers Over Time 2017-2017

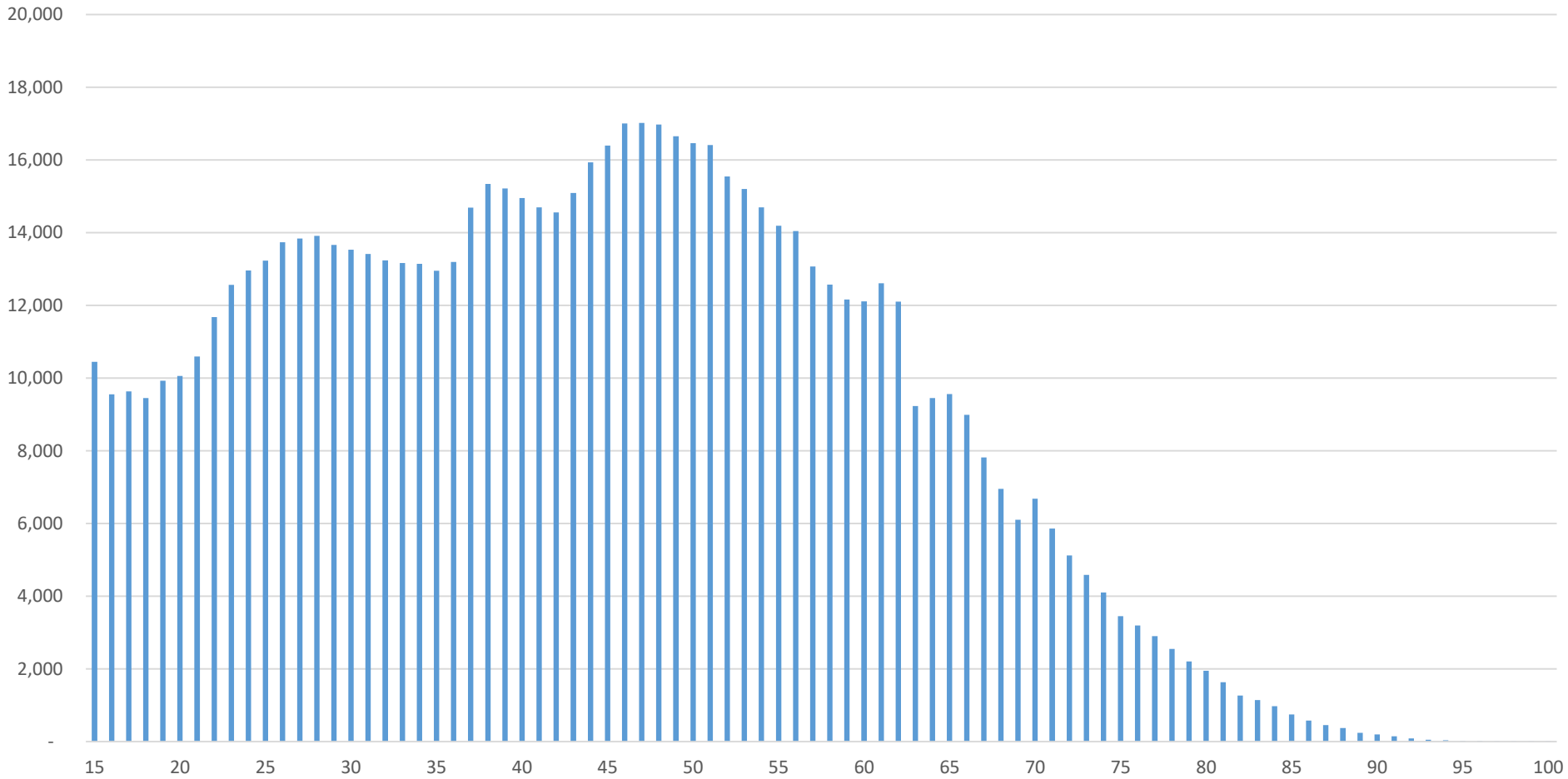
# Anglers - 2007



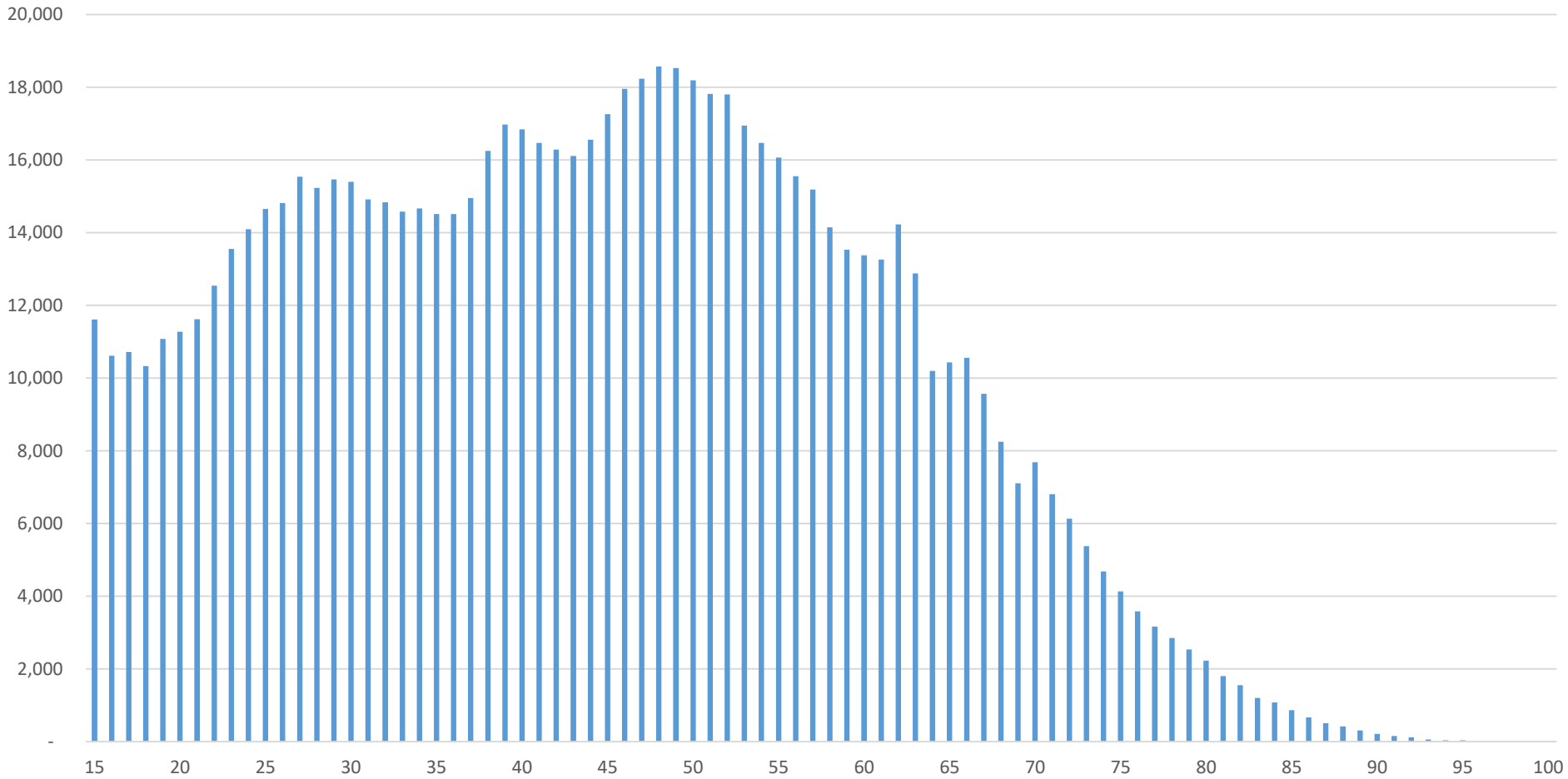
# Anglers - 2008



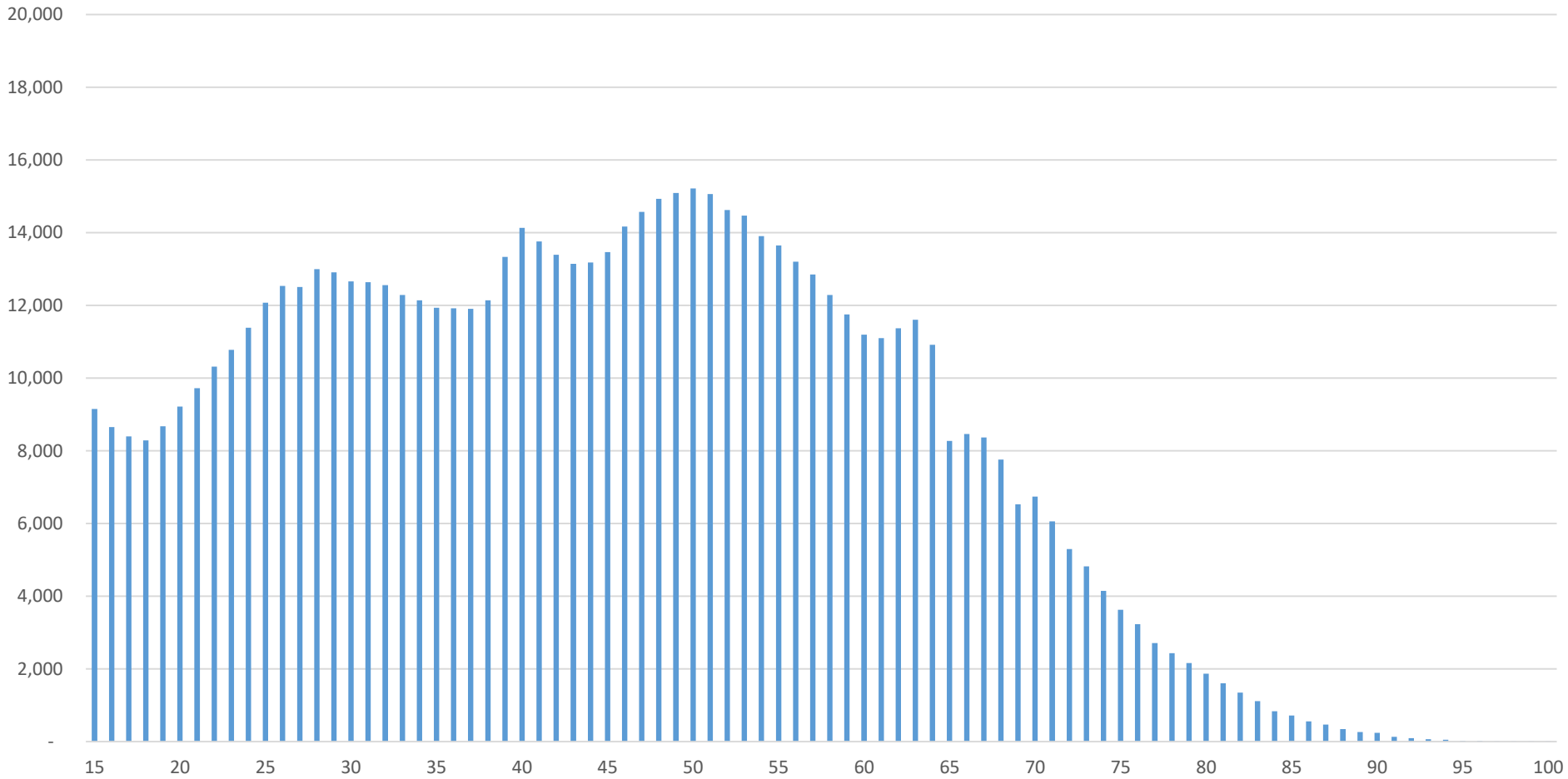
# Anglers - 2009



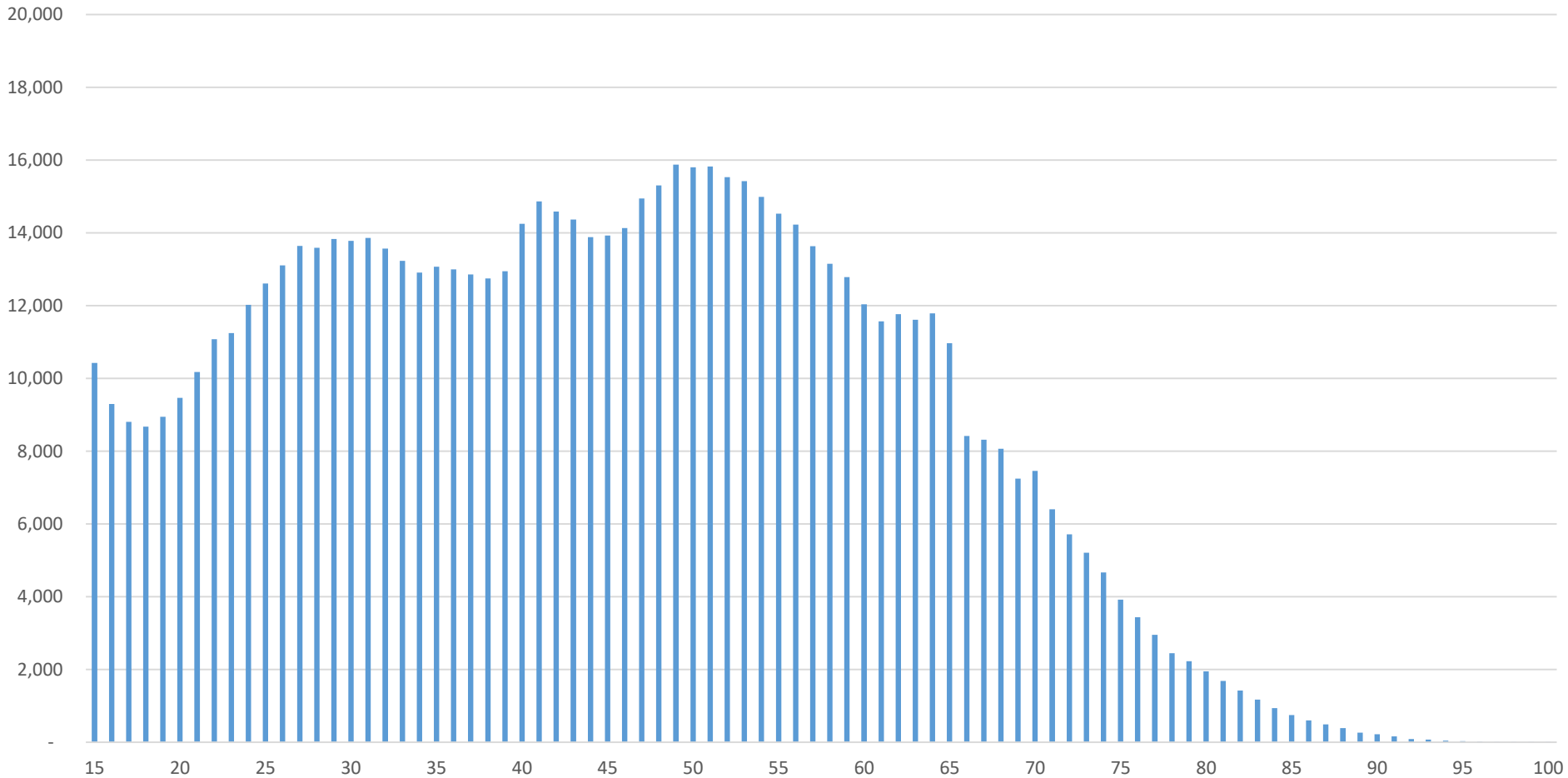
# Anglers - 2010



# Anglers - 2011

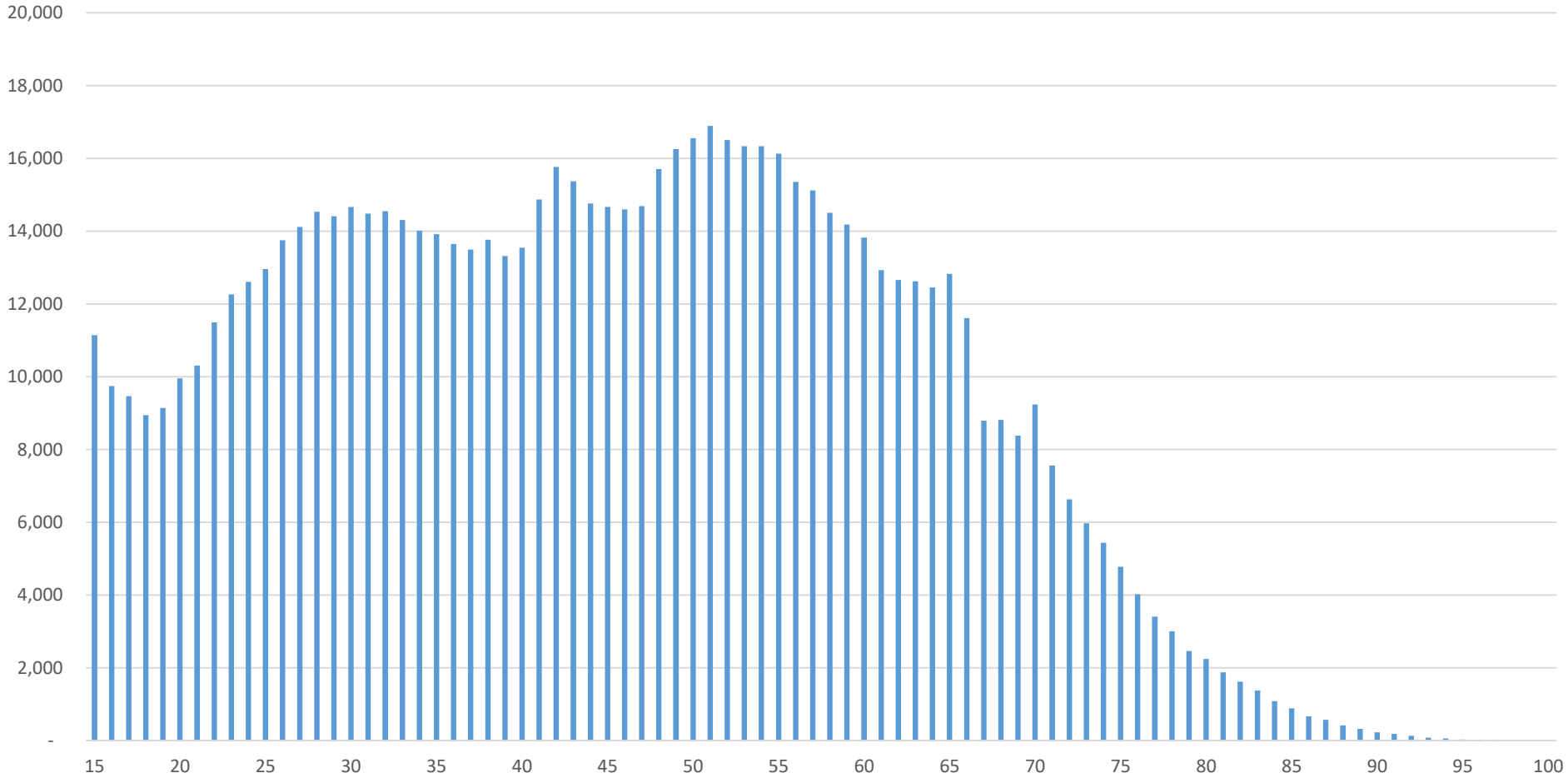


# Anglers - 2012

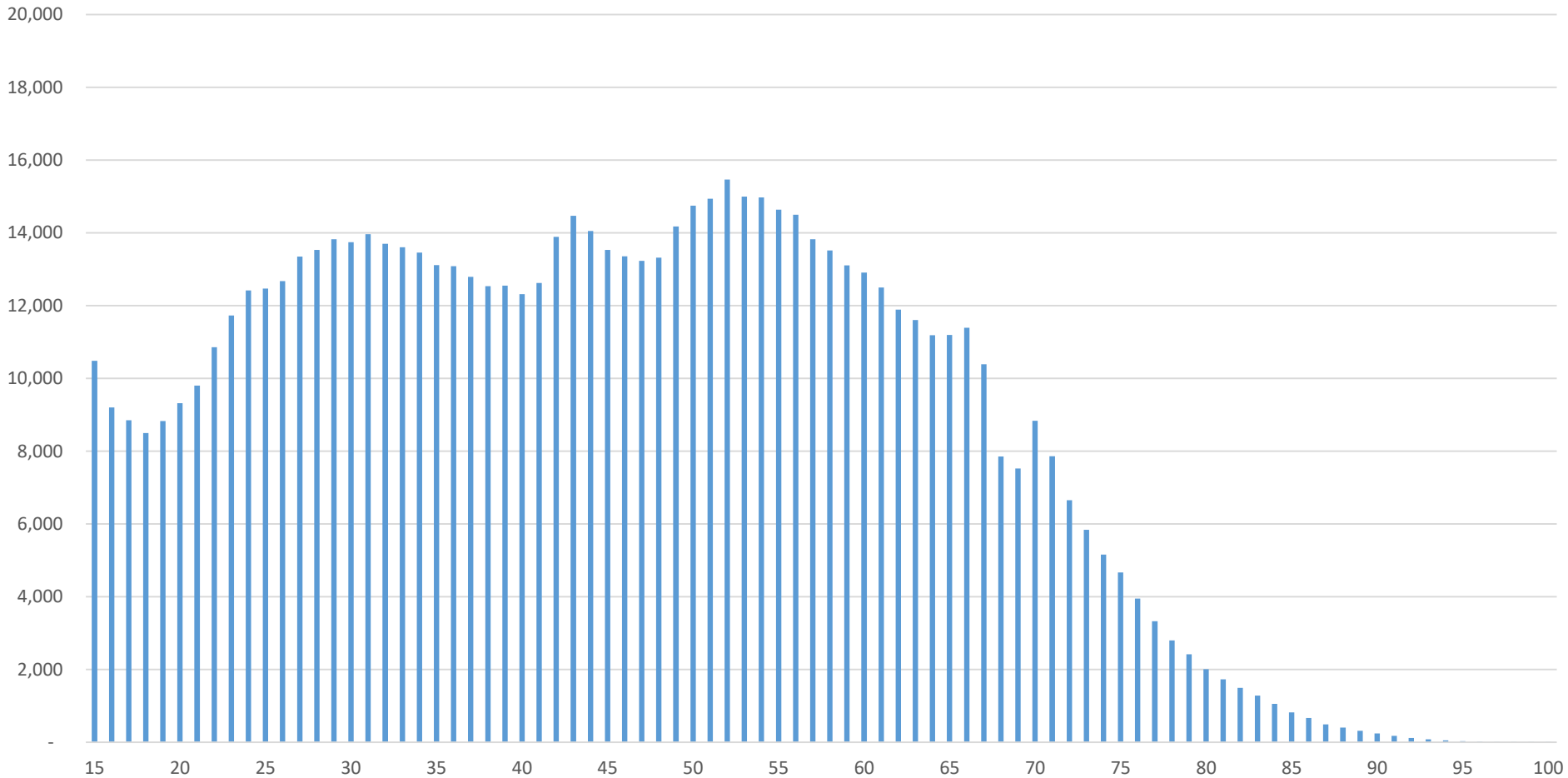




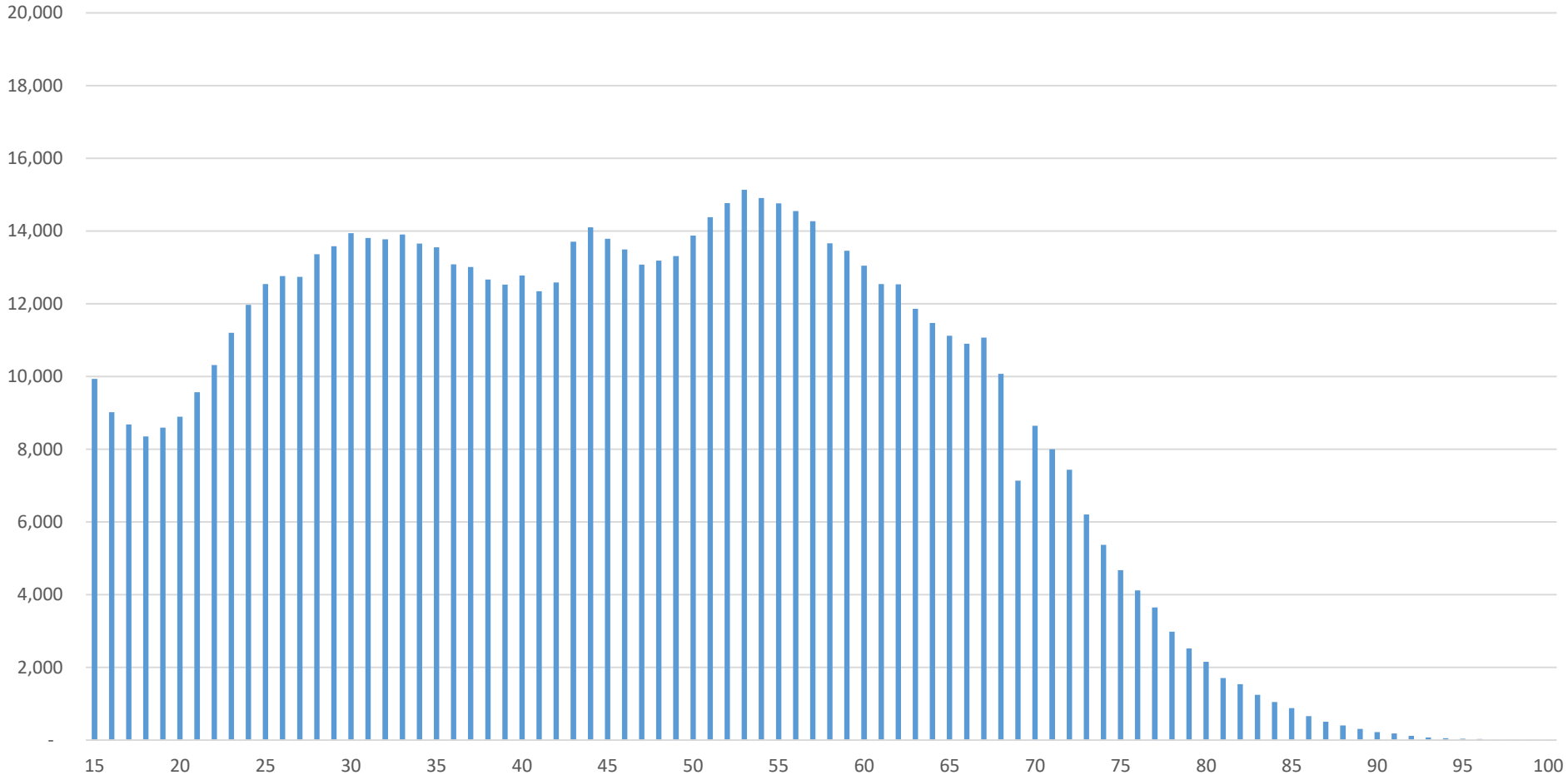
# Anglers - 2013



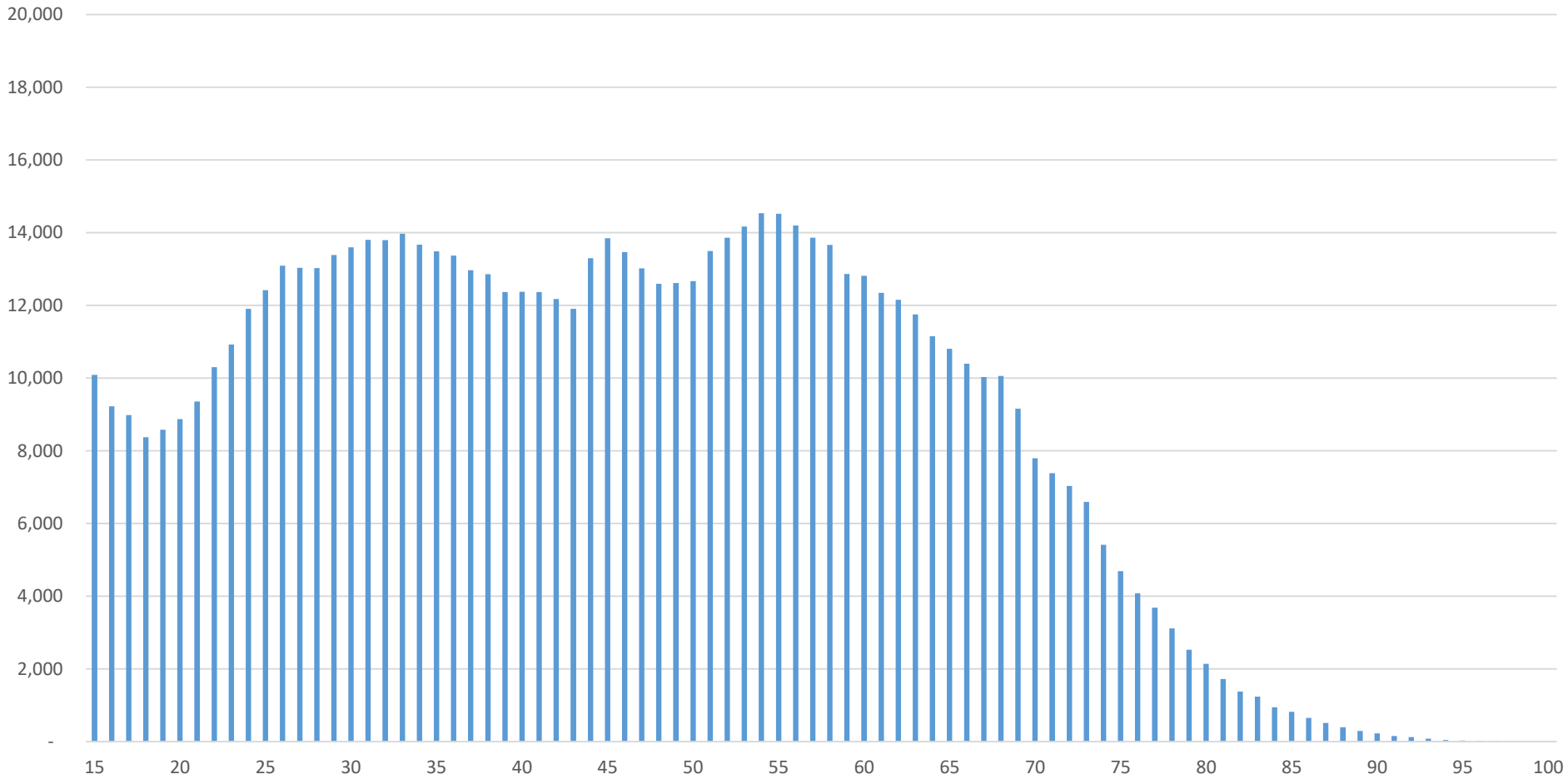
# Anglers - 2014



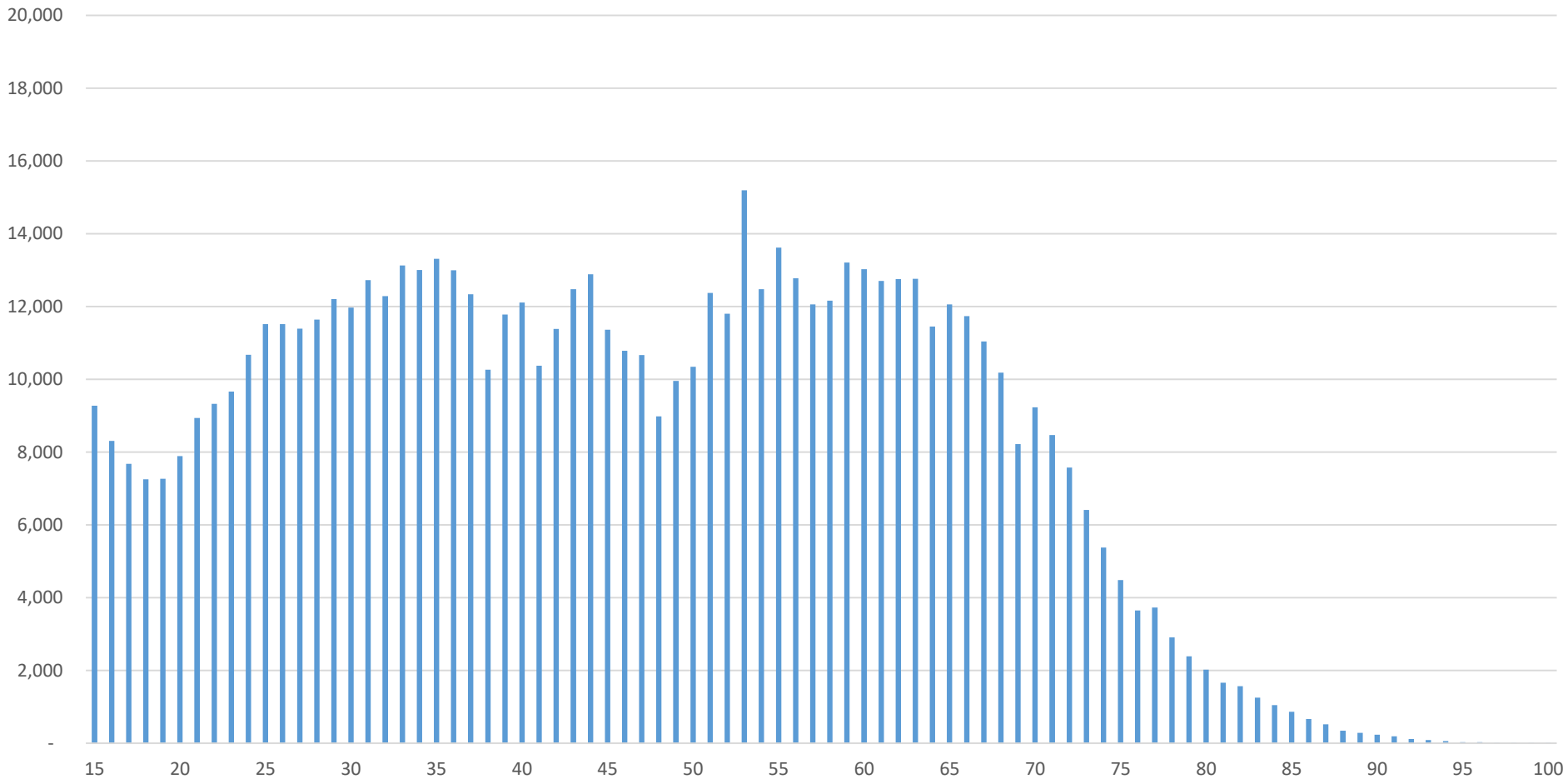
# Anglers - 2015



# Anglers - 2016



# Anglers - 2017



# Data Takeaways

20-25 year olds gaining participation.

Boomers aging out will hurt - sooner for hunting.

Angler drop off begins at age 40.

Hunter drop off begins at age 34.

In 10 years, our "typical" customer might be under 40

## **Lessons for marketing:**

Recruit the under 40 crowd, whether single, young families, or kids  
(make it easy to try)

Retain and reactivate current customers (make it satisfying/customer experience)

# Goals

At least replace customers who age out to avoid financial shocks - in a state with a growing population, this is not an ambitious goal

Broaden constituency to preserve social acceptance of hunting and fishing knowledge and appreciation

Ensure the younger generations have access to fulfilling outdoor experiences and opportunities that interest them

# The New Customer





# Participation varies by life stage



## 6-12

Camping  
Basketball  
**Fishing**  
Soccer  
Swimming  
Bicycling  
Running  
Football  
Team Swim



## 13-17

Camping  
Swimming  
Running  
**Fishing**  
Bicycling  
Exercising  
Hiking  
Basketball  
Football



## 18-24

Camping  
Bicycling  
Backpacking  
Martial Arts  
Climbing  
Exercising  
Hiking  
Basketball  
Football



## 25-34

Swimming  
Camping  
Bicycling  
Running  
Hiking  
Canoeing  
**Fishing**  
Exercising



## 35-44

Camping  
Bicycling  
Swimming  
Hiking  
Exercising  
**Fishing**  
Running  
Canoeing  
Backpacking



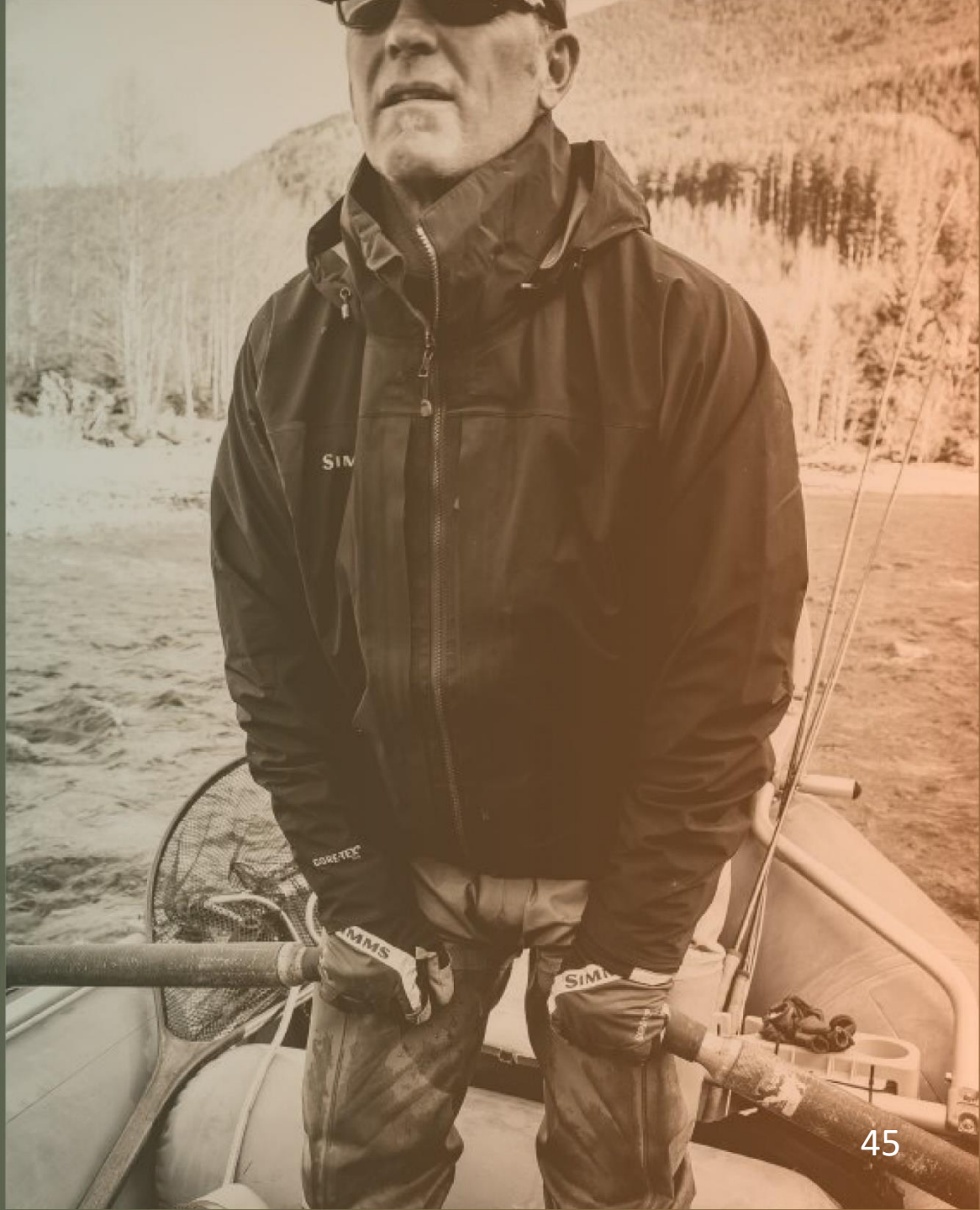
## 45+

Camping  
Nature Viewing  
**Fishing**  
Bicycling  
Hiking  
Exercising  
Canoeing  
Backpacking

A photograph of a yellow door set in a dark wood-paneled wall. To the right of the door is a glowing lantern. The text "Old Ways Won't Open New Doors." is overlaid on the right side of the image.

**Old Ways  
Won't Open  
New Doors.**

# The Traditional Customer



Traditional  
methods of  
communication  
are no  
longer effective



# Millennials, Gen Y vs. Gen Z

## Y

## Z

Born 1980-1995  
Current Age 23-38

Born 1996-2017  
Current Age 1-22

### Attention Span

12 Seconds

8 Seconds

### Attributes

Creative, Open-minded,  
Socially Interactive,  
Problem Solvers

Innovative, Dogmatic,  
Virtually Interactive,  
Quick-fix

### Social Networks



### Product Types

Tech And Comfort

Escapist Pursuits

# The Future



SHIMANO



# Experience Over Results

The takeaway is not the fish or the elk on the wall,  
it is becoming more and more about the  
experience itself



# Interesting Not Perfect

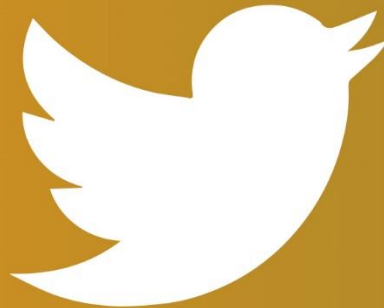
The new customer is less concerned with perfection and instead searching for experiences that are both real and interesting.



# Connection vs. Competition

Connecting amongst their peers is critical to the consumer.  
It is a sharing culture.

# Social Sharing





**Fits 22 hours of media time  
into a 24 hour period**

A close-up photograph of a family of four. A man with a beard and sunglasses on his head is smiling broadly in the foreground. Behind him, a woman with blonde hair and sunglasses on her head is also smiling. Two young children are visible, one in the upper right and one in the lower right, both looking towards the camera. The background is slightly blurred, suggesting an outdoor setting.

60% of parents with children under the age of 18 are millennials, making them the biggest influencer's over what activities today's youth participate in and are exposed to.

**Millennials will affect youth participation.**

**83%** of adults who participated in fishing as an adult were first exposed to it as a child. First fishing experiences are rare after **18** and virtually nonexistent after **35**.

# How Do We Speak to **Millennials?**

# By Speaking to **Their** Values and Increasing Relevancy



Cost for License - \$50.90

Hunter Success Rate - 10.7%

Average Price Elk/Lb - \$15.25

Average boneless meat on 600 lb. Elk - 200 lbs.

Meat per Meal (lb) - 0.50 lb.

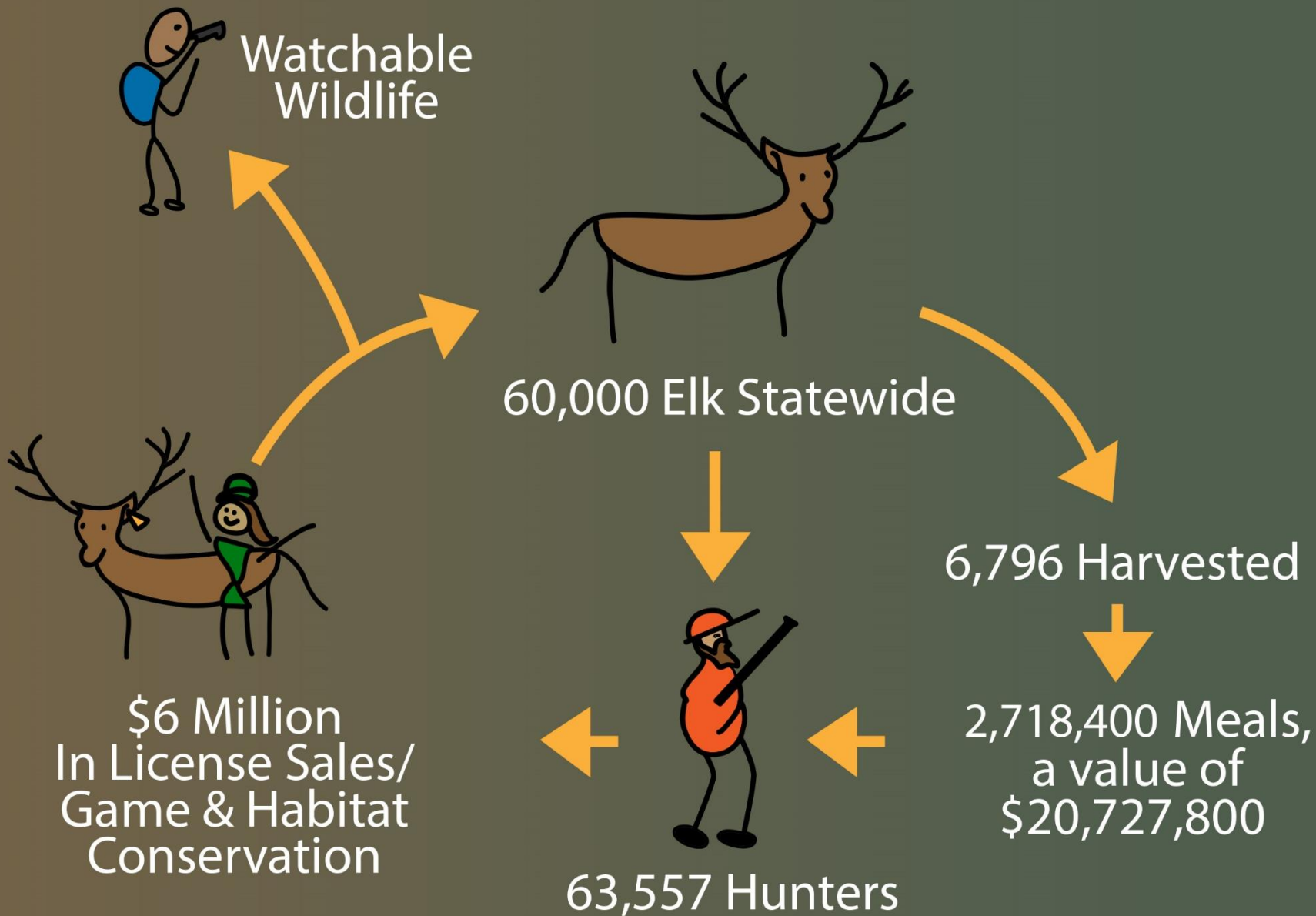
Total Value per Elk - \$3,050

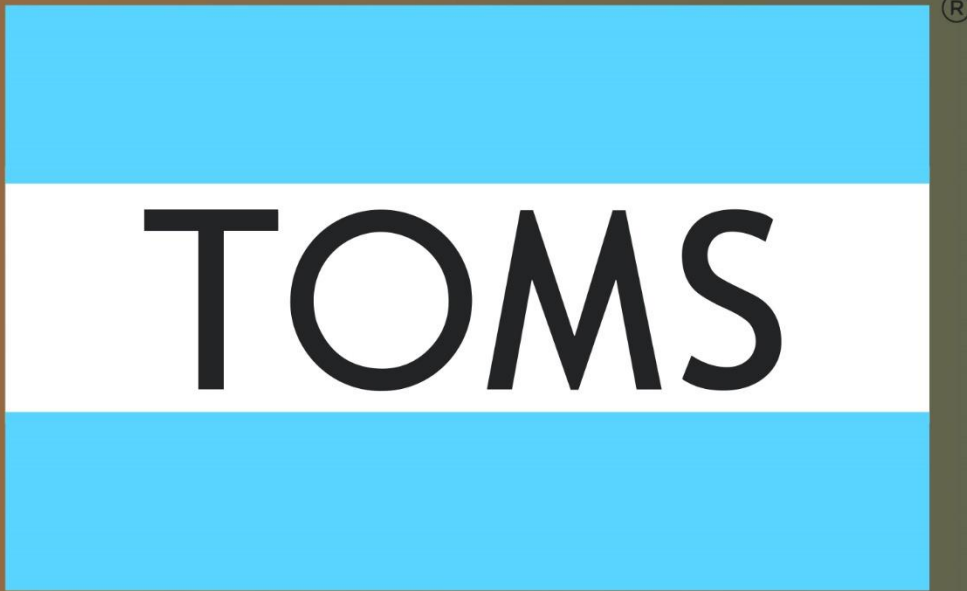


Total Meals per Individual Elk

400







One for One

**Millennials** support brands that stand for something.

52% of **millennials** made a purchase in the past year simply because of what a brand stands for.



0:02 / 2:21



What is our purpose?

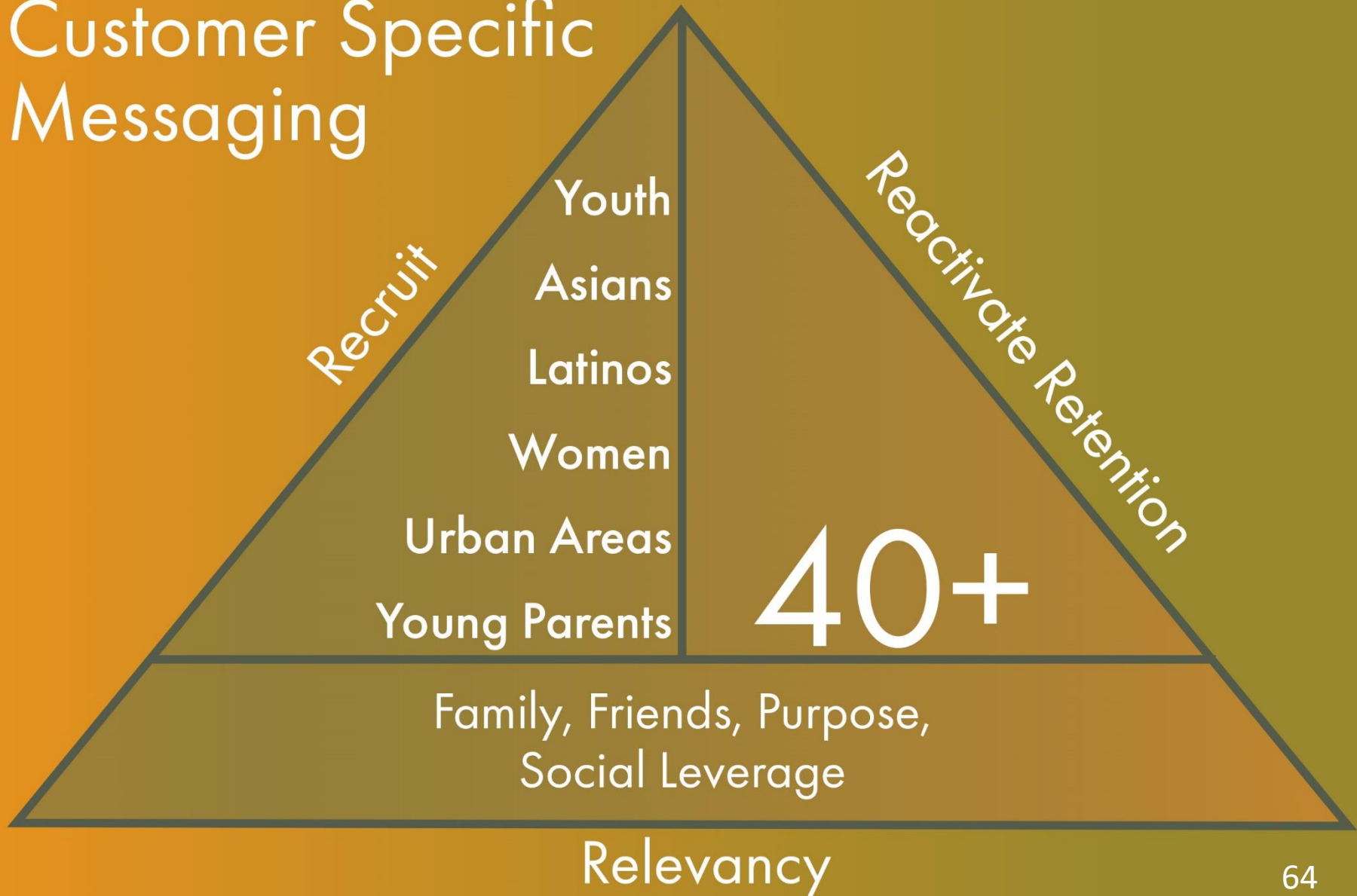
How do we build our brand?



# Diversify and Adapt

# Relevancy

Customer Specific  
Messaging



**Questions?**

# REC REVENUE IDEAS

Presented by:  
Peter Vernie, Mike Davenport, and  
Ellie Burelson



# HISTORY OF REC FEE CHANGES

- 1999-2000
  - Shifted from calendar year to license year
  - Consolidated licenses
- 2001
  - Transaction fee applied when system launched – all went to vendor
- 2006
  - New vendor, transaction fee split
- 2009
  - Legislature approved additional 10% fee to apply to all sales
- 2011
  - License Fee (specific item and amount) increase

## LESSONS LEARNED FROM WILD FUTURE

- Complicated license packages are hard for customers to understand
- Large increases to license fees were unpalatable
- We heard strong support for additional enforcement and conservation
- We heard strong support for overall mission and the agency was doing a good job trying to fulfill that mission
- Hunting and fishing community felt outdoor enthusiasts need to contribute

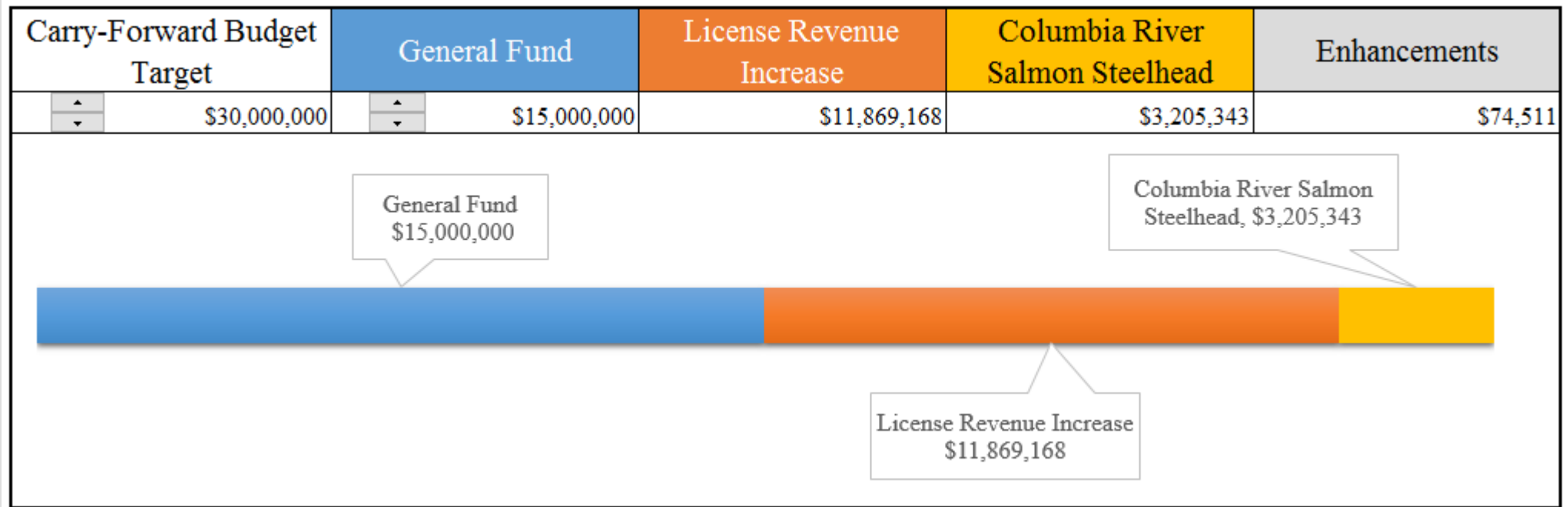
# BPAG KEY PRINCIPLES

- Tell the story. Ensure Washington residents, the F&L Commission, and the Legislature have a broad understanding of the Department's services, benefits, and challenges.
- 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 benefit for all Washington residents and for the overall Washington economy.
- 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.

# REC REVENUE IDEAS

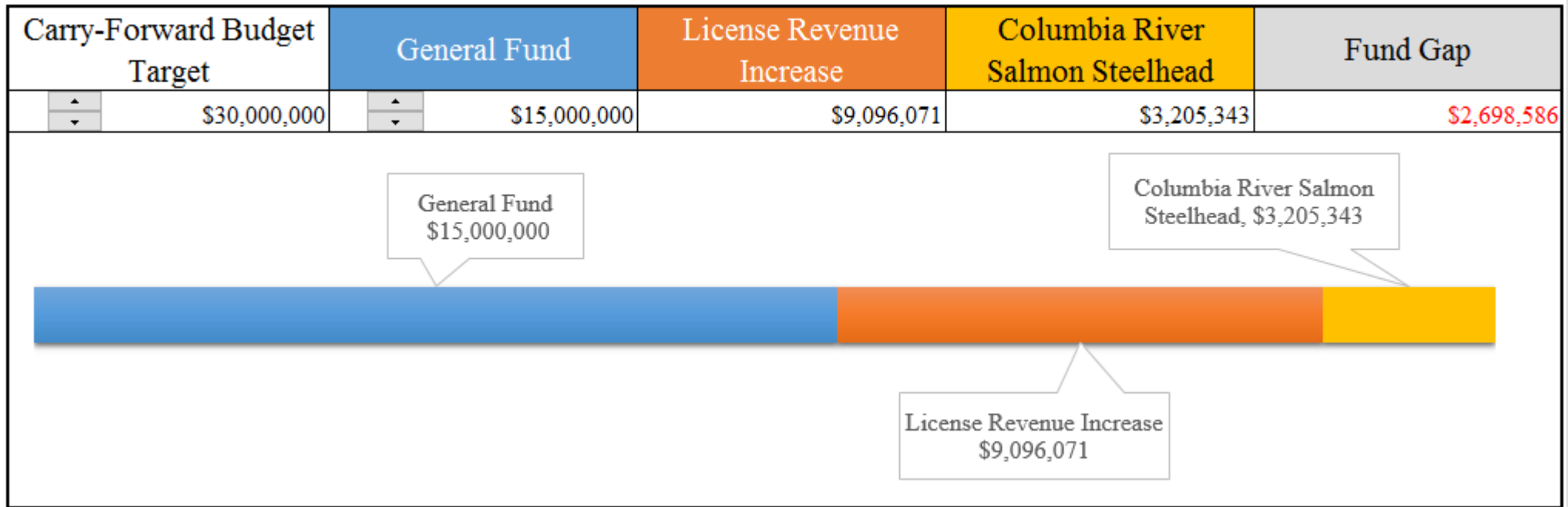
- Across the board % increase
- Two CRCs, Salmon-Steelhead & Sturgeon
  - Fish admin penalty
- Two CRCs, Salmon-Steelhead & Sturgeon w/rebate
  - Fish admin penalty
- One CRC, Salmon-Steelhead, & Sturgeon
  - Fish admin penalty
- Puget Sound Crab Endorsement
- Puget Sound Crab Endorsement Summer/Winter split
- Renew Columbia River Salmon-Steelhead Endorsement (CRSSE)
- Fishing % increase
- Hunting % increase
- Reduce to 1-day temp fishing license
- Wildlife admin penalty per species
- Wildlife admin per species at time of purchase
- Wildlife admin per species giving rebate
- Conservation Stamp
- Boat Launch & Camping fee
- Charge admin fee on next purchase

# OPTION I



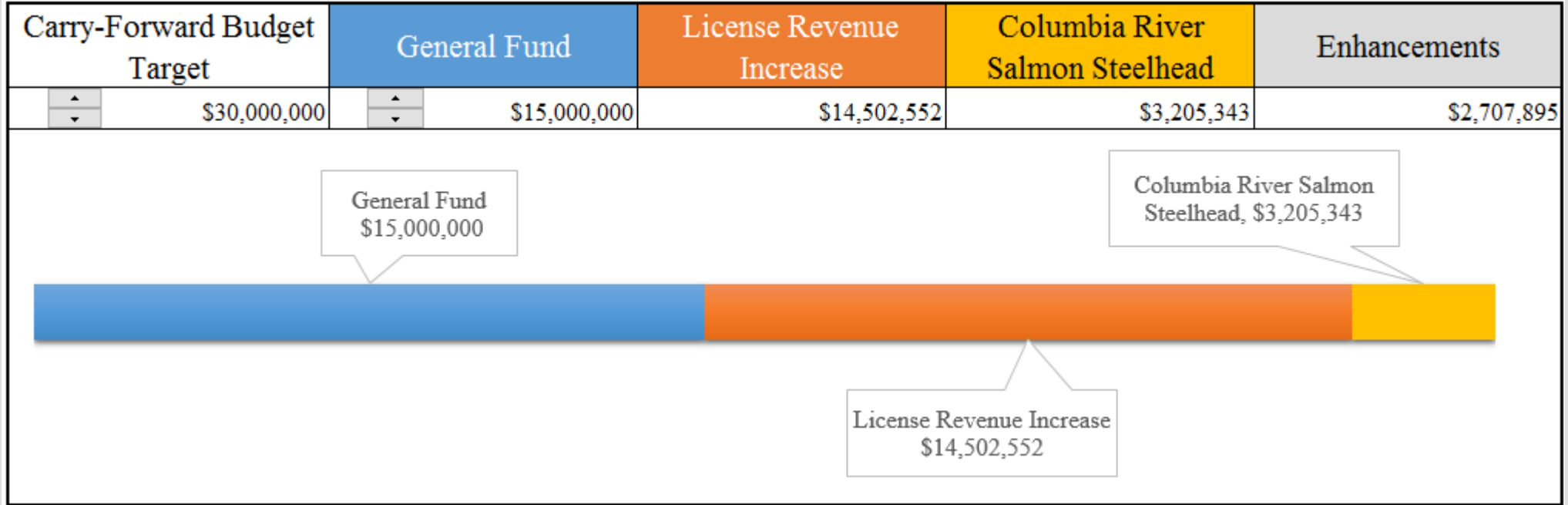
- 13% Increase overall \$11,921,802
- Renew CRSSE \$3,205,343
- Align fish youth designation with hunting (\$232,635)
- Charge admin fee on next purchase \$180,000

# OPTION 2



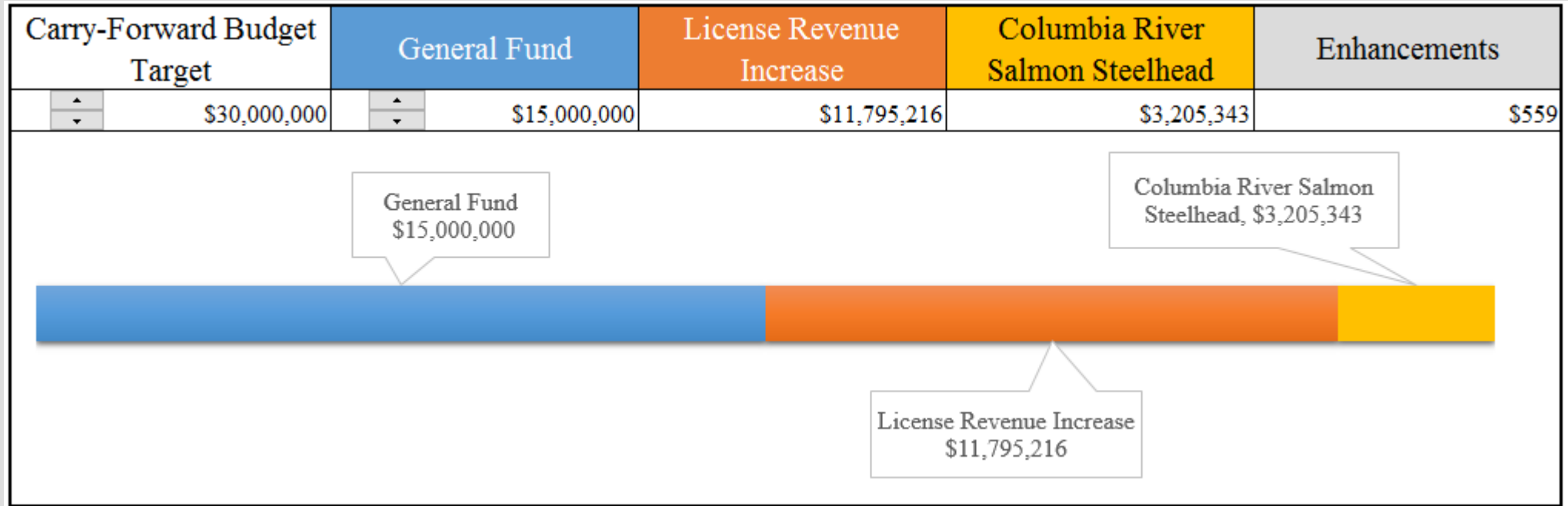
- Renew CRSSE \$3,205,343
- Align fish youth designation with hunting (\$232,635)
- Charge admin fee on next purchase \$180,000
- \$5 Res, \$10 non-res salmon-steelhead & sturgeon CRC's \$3,396,628
- 33% Increase to Puget Sound Crab Endorsement \$844,511
- 5% Increase to Parent Fishing Licenses including Temp \$2,064,028
- 5% Increase to Parent Hunting Licenses \$1,397,380
- Eliminate 2 & 3-day temp licenses \$1,446,160

# OPTION 3



- Renew CRSSE \$3,205,343
- Align fish youth designation with hunting **(\$232,635)**
- Charge admin fee on next purchase \$180,000
- \$5 Res, \$10 non-res salmon-steelhead & sturgeon CRC's \$3,396,628
- \$10 Admin Penalty per CRCs, Tags, Report Cards \$6,038,776 starting 2<sup>nd</sup> yr
- 33% Increase to Puget Sound Crab Endorsement \$844,510
- 10% Increase to Parent Fishing Licenses including Temp \$4,128,054
- 5% Increase to Parent Hunting Licenses \$1,397,380
- Eliminate 2 & 3-day temp licenses \$1,769,226

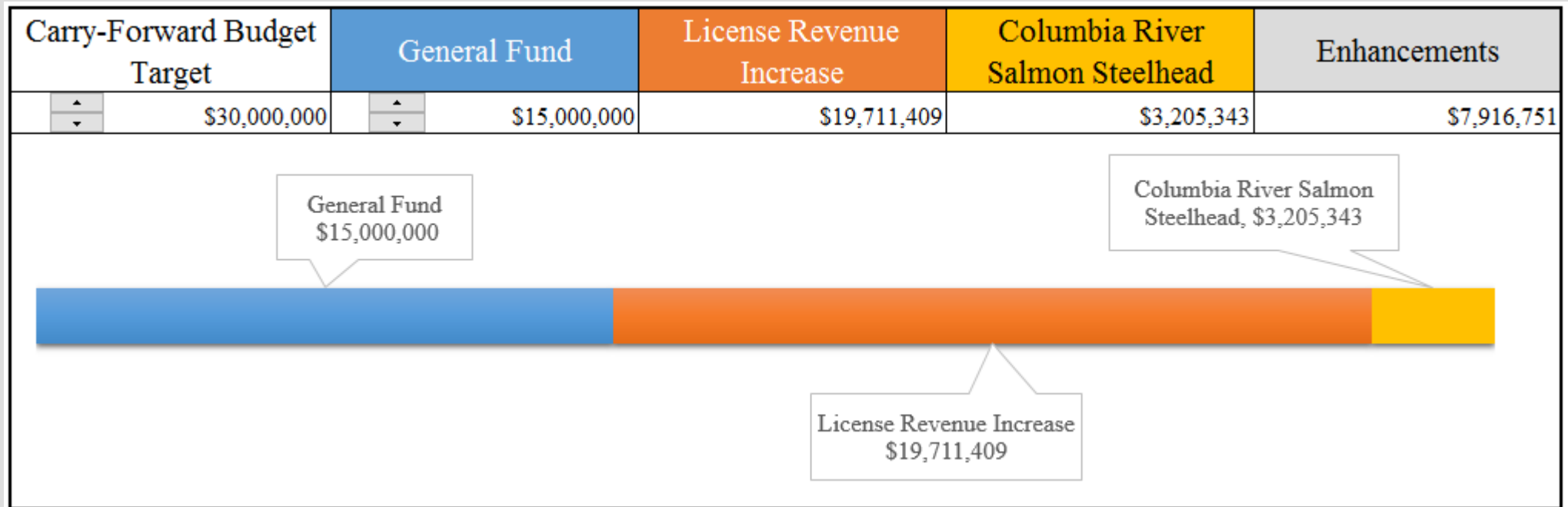
# OPTION 4



- Renew CRSSE \$3,205,343
- Align fish youth designation with hunting **(\$232,635)**
- Charge admin fee on next purchase \$180,000
- \$5 Res, \$10 non-res salmon-steelhead & sturgeon CRC's \$3,396,628
- \$10 Admin Penalty per CRCs, Tags, Report Cards \$6,038,776 starting 2<sup>nd</sup> yr
- 33% Increase to Puget Sound Crab Endorsement \$844,510
- 5.5% Increase to Parent Fishing Licenses including Temp \$2,270,430
- 3% Increase to Parent Hunting Licenses \$838,428
- Eliminate 2 & 3-day temp licenses \$1,478,466



# OPTION 5



- Conservation Stamp \$19,764,044
- Renew CRSSE \$3,205,343
- Align fish youth designation with hunting (\$232,635)
- Charge admin penalty on next purchase \$180,000

# STATE COMPARISON

	Deer		Elk	
	Resident	Non Resident	Resident	Non Resident
<b>Washington</b>	67.40	531.60	72.90	594.30
<b>Nevada</b>	65.00	275.00	155.00	1,235.00
<b>Idaho</b>	42.13	484.00	53.46	602.45
<b>Oregon</b>	63.00	599.50	83.50	740.00
<b>Colorado</b>	41.00	396.00	56.00	651.00
<b>Montana</b>	28.00	100.00	38.00	295.00
<b>Arizona</b>	82.00	460.00	172.00	810.00
<b>California</b>	41.00	396.00	56.00	651.00

# STATE COMPARISON

<b>Resident</b>	<b>Fish Washington</b>	<b>Fish Oregon</b>
<b>Angling License</b>	55.35	41.00
<b>Shellfish</b>	Included in Angling License (Combo)	10.00
<b>Columbia River Endorsement</b>	8.75	9.75
<b>Puget Sound Crab Endorsement</b>	8.75	-
<b>2-Pole Endorsement</b>	14.80	24.50
<b>Angling Tag</b>	-	40.50
<b>Harvestable</b>	26	20
<b>Total</b>	<b>87.65</b>	<b>125.75</b>



CREATE OUR OWN