



STATE OF WASHINGTON

Department of Fish and Wildlife

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September 22, 2011

Mr. Marty Brown, Director
Office of Financial Management
300 Insurance Building
Olympia, Washington 98504-3113

Dear Mr.  Brown:

Enclosed is the 2012 Supplemental Operating Budget Request for the Washington Department of Fish and Wildlife (WDFW), as approved by the Fish and Wildlife Commission.

The last three years have been exceptionally difficult for everyone making and implementing budget decisions. The global recession was deeper than any in decades, and the notable absence of a rebound in the job market has stifled state revenue growth, creating an incessantly unstable economic environment.

We understand that every agency must do its part in crafting solutions to the current dilemma. However, we find ourselves out of any good options to suggest. Over the last three years, the Department has permanently lost 37% of its general fund support. Back out the inflationary and workload increases of \$5.4 million, and the figure becomes an ongoing loss of 41%.

Our Department provides three main benefits: resource conservation, economic growth, and recreation. Our conservation activities all ranked in the top third of the most recent POG process, yet we have had deep cuts. Much of our state general fund use directly results in increases to economic activity. The fish we produce and the fisheries we manage generate \$2.7 billion of economic activity each year. Despite concerns about jobs and growth, we have sharply reduced the salmon production that supports recreational, commercial and tribal fisheries. Lastly, our work that supports outdoor recreation is funded solely through user fees, so there is no general fund to cut.

We have managed the last few years of reduction through several tools:

Strive for efficiencies. We have cut layers of management and support. While this approach protects our on-the-ground functions, it is now leading to operational inefficiencies. We are seeing greater risks, liabilities and claims in the agency as supervision has been spread ever thinner. We are also seeing declines in productivity as infrastructure reductions result in Information Technology bottlenecks. Some



“efficiencies” are simply illusory: releasing fish from hatcheries earlier saves some staff, utility and food costs, but their survival rate drops.

Use other funds. Federal funding is now declining. Our license fee revenue is inadequate to sustain current hunting and fishing opportunities, and would be inappropriate for most work we do with state general fund. We were able to shift funding for some hatcheries to private sources, but that model is struggling and there is no known interest in further partnerships.

Reduce programs and service levels. These are the most painful reductions, where the agency mission is compromised, and we cannot help but wonder if the dollar savings are worth the impact to our citizens and our natural resources.

Our options for reductions in this supplemental budget will negatively impact natural resource conservation and will damage private business infrastructure that relies on our services and products. A quick overview of our budget reveals that 96% of our state general fund use falls into just four main areas: fish production, recovery and fisheries management (41%), enforcement (20%), and habitat conservation (21%). Fourteen percent covers the general fund’s portion of executive policy, infrastructure and staff support functions. There are no good choices left.

The attached reduction proposals generally have one of two types of impact:

Further cuts that will hurt the economy. Given our uses of state general fund, this budget submittal describes the impacts of closing three hatcheries and reducing or closing four fisheries. This would directly lead to a loss of jobs and economic activity.

Further cuts that will increase risk. Under these proposals, there would be less protection of natural resources: fewer staff to protect fish life through Hydraulic Permits, fewer staff to leverage outside grants to recover salmon populations, no staff to detect invasive mussels in ballast water, and less leadership to ensure the department operates efficiently and effectively.

Given how unpalatable these cuts will be to the state’s decision makers, we expect there will be continued pressure to try to shave off additional slices of funding for certain activities, rather than eliminating whole activities. As an agency, we have asked more and more of our staff who remain. Back-office functions have just half the recommended staff relative to their workload. We have low levels of WMS employees. Our agency federal indirect rate, which reflects the size of support functions, is lower than our peers. We do not believe we can push any more work onto staff; we need to let go of work functions in this round of reductions.

As part of this package, you will also see we have some budget requests for additional authority. These fall into two categories: unavoidable costs and cost increases, which unfortunately hit the state general fund, and emerging needs and opportunities, which are generally covered through specific license fees in restricted sub-accounts where revenues can support program expansions.

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We look forward to working with you as you develop your statewide budget proposals. We welcome new ideas we may have missed, or ongoing refinement of these ideas.

Department staff members are available to assist you with evaluating this request and will be happy to answer any questions as they arise. Please contact Owen Rowe, Budget Director, at 360-902-2204 or David Giglio, Assistant Director, at 360-902-8128 for any further information.

Sincerely,



Phil Anderson
Director

Enclosure

cc: Chris Stanley, Budget Assistant, Office of Financial Management
Joe Stohr, Deputy Director, WDFW
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