

WDFW BUDGET AND POLICY ADVISORY GROUP MEETING #1 –SUMMARY

Wednesday, December 6, 2017, 9:00am-4:00pm
South Puget Sound Community College, Lacey Campus

Committee Members in Attendance

Jason Callahan	Ron Garner	Craig Partridge	Rachel Voss
Bill Clarke	Andrea Imler	Mike Peterson	Dick Wallace
David Cloe	Fred Koontz	Mark Pidgeon	Greg Mueller
Tom Davis	Wayne Marion	Butch Smith	
Mitch Friedman	Andy Marks	Jen Syrowitz	

Facilitator

Elizabeth McManus, Ross Strategic

WDFW Representation

Kathy Backman	Rob Geddis	Nate Pamplin	Director Jim Unsworth
Raquel Crosier	David Giglio	Owen Rowe	Peter Vernie
Jeff Davis	Kim Marshall	Joe Stohr	

Welcome and Introductions

Nate Pamplin, WDFW Policy Director thanked Advisory Group members for volunteering their time and effort to participate on the Washington Department of Fish and Wildlife (WDFW) Budget and Policy Advisory Group (Advisory Group). He noted that this group has been established to help with WDFW's future budget planning and long-term strategic planning. The current work is expected to be completed in April, but the group will exist past the spring timeline as a standing advisory body for WDFW.

Elizabeth McManus (facilitator) also welcomed Advisory Group members and described that Ross Strategic's role is to support the Advisory Group process and Advisory Group members as a neutral third party.

Opening Remarks & Discussion with WDFW Director

Jim Unsworth, WDFW Director, provided an overview of the initial tasks before the Advisory Group and said a few words about WDFW's budget and funding. The initial task for the Advisory Group is to focus on assisting WDFW in preparing a long-term funding strategy, which is due to the Legislature in April 2018. Director Unsworth explained that WDFW has a complicated budget with funds coming from many sources (hunters and anglers, commercial fishing licenses, state grants,

federal grants, and more), many of which have restrictions on how they can be used. He added that WDFW's spending needs to be reflective of the people in Washington state and their priorities. He explained that the Legislature instructed WDFW to look internally at opportunities to gain efficiencies, to undergo a Zero-Based Budget (ZBB) analysis to help inform development of the long-term funding strategy; both these analyses are ongoing and will be available to the Advisory Group soon. Director Unsworth also mentioned the proposed Recovering America's Wildlife Act (RAWA), potential federal legislation that reiterates the importance of long-term funding for conservation.

In response to questions, WDFW provided the following additional information:

- The idea for the RAWA came from a [Blue-Ribbon Panel](#) [on Sustaining America's Fish and Wildlife Resources] that looked at trends in fish and wildlife departments and saw the need for conservation funding. The state's match for the Act would come from offshore oil and gas drilling revenue that is currently in the budget but unallocated.
- WDFW intends for the Advisory Group to understand what funding each individual user group is contributing, different spending authorities, and shortfalls in funding and service levels.
- The zero-based budget analysis will be one product to use in developing the long-term funding strategy. It should help the group to run different scenarios and "turn the dials" to see what happens to activities with different levels of funding.

Setting Up the Advisory Group

Nate reiterated his thanks to Advisory Group members and discussed the Advisory Group's role in helping WDFW develop a long-term funding strategy and the timeline for completing the work. The zero-based budget and efficiencies analysis will be completed first, in order to inform the long-term funding strategy. The Advisory Group will review those products – and can influence them – and use them to provide advice on what a long-term funding strategy should look like. This would include addressing questions such as: the role of general fund, or "state-wide" funding sources, the role of user-group-based funding, how (and to what extent) each user group should participate in funding including more direct participation from users who historically have not participated as fully as others (e.g, wildlife watchers). A draft long-term funding strategy will be developed with the Advisory Group, supported by the consultant team and WDFW staff. Recommendations will be brought to WDFW leadership and the Fish and Wildlife Commission, which ultimately makes recommendations to the Legislature.

BPAG members made the following comments in response to Nate's overview:

- The 2007-09 recession led to a 15-20% cut of WDFW's funding resulting in lost functions that, in term, have led to losses in revenue from licenses, tags, etc. Funding and functions lost in the 2007-09 reduction have not been restored.
- If WDFW goes to the Legislature and asks for a short-term fix or a "crutch," they'll give us a crutch. Is WDFW trying to get that crutch or is it trying to transform the agency?
 - Initially the long-term funding plan needs to address current funding needs; but it must do so in light of future needs and priorities. The challenge for the BPAG will be to

manage time, since the initial long-term funding strategy is due to the Legislature in April 2018.

- A critical question as this group looks at needs and potential funding is the time frame of concern. There is an increasing awareness that wildlife and biodiversity are essential for recreation, commercial interests, and a higher quality, sustainable life.
 - Nate added that the work of this group is two-fold. In the short term, the group is responsible for delivering the long-term funding plan to inform the FY 19-21 budget. But this group will also be tasked with considering the longer-term vision and future of WDFW by helping with the strategic plan and future agency requests for budget and legislation.
- Washington is a fast-growing state with growing environmental pressures. The questions this group addresses need to be framed to provide the Commission and the Legislature with real advice to be successful.
- At what level of granularity will this group be looking? How much of the budget recommendation is based on policy recommendations?
 - This group will be able to discuss policy priorities. The group will review the Performance Audit and the ZBB to look for areas where funding is not matching service priorities, and to explore efficiencies within flexible fund sources.

Draft Charter and Ground Rules

Advisory Group members reviewed the draft charter and accepted it without revisions. One key point of the charter is the approach to consensus, which is defined as a recommendation that all Advisory Group members can at least “live with,” even if it is not their first, or preferred, choice. When consensus cannot be reached, the facilitator will provide a summary of the different perspectives help by Advisory Group members on the topic and the weight of each perspective. The group also reviewed the draft Ground Rules and accepted them without revisions.

Following the meeting, two typos were found and corrected in the charter. The first was in the purpose statement where it said that BPAG will help shape WDFW proposals which are presented “by me” to the Commission. “By me” was removed. The second typo was in the “expectations” section where it said that “State agencies and local elected officials assisting the Advisory Group are present as resources to the Group to offer perspectives and answer questions.” The reference to local elected officials was removed since none are participating as subject matter experts in this effort at this time.

During this discussion, Advisory Group members made the following comments regarding interactions with the media:

- **Accurate reports.** Advisory Group members expressed concern that partial information can derail the process. Fewer reports with more accurate information are better.
- **Communication regarding draft materials.** Advisory Group members noted concern that, while this is a public process and providing information to the public is important, using stakeholders and influence outside of meetings could undermine the group.

- **Positive and general response to media.** Advisory Group members will likely be asked by reporters for comment. Some Members suggested that responding in a positive and general manner about the process could be a good approach.
- **Positive public relations.** All Advisory Group members now have their name associated with this effort. It is a great opportunity to build trust and show the public that a diverse group is coming together to work with and advise WDFW.

Process Map & Summary of Interview Themes

Elizabeth described the process map as a tool to provide clarity on what the group is talking about and how each piece of work fits into the larger process. The map includes the ZBB, the Efficiencies Analysis, the Outreach Plan, and the Long-Term Funding Plan.

Elizabeth added that the Interview Themes is a collection of themes expressed by Advisory Group members in the initial meet and greet conversations. Key themes include: frustration with who is paying and how much they're paying; increased need for transparency from WDFW; support for this effort and process; and information needs to inform the work. Advisory Group members are invited to suggest revisions to the process map and the themes document as needed.

Budget 101 Discussion

Nate Pamplin and Owen Rowe, WDFW Budget Director, provided a high-level overview of WDFW's budget ([PDF pages 5-36](#)), including information on where WDFW's funding comes from, restrictions on funding and expenditures, and how and where the money is spent. The process of developing the budget takes two years, starting with development by WDFW staff, then approval by the WDFW Director and the Commission. It then goes to the legislature to be approved by both houses, and then to the Governor to veto or adopt. The current \$27 million budget shortfall is the result of a number of factors. A key point is the process by which the Legislature can give agencies the authority to spend, but they don't always ensure that the money is "in the bank". To address the budget shortfall and continued increasing costs, this group is tasked with developing a long-term revenue plan that is politically viable, will secure financial stability, and will define targets to achieve outcomes.

WDFW's total operating budget for the 2017-19 biennium was \$437.6 million dollars, divided as follows.

- **General Fund – State:** 21% of WDFW budget, largely funded through sales tax, businesses and occupation tax, and liquor and tobacco sales.
- **State Wildlife Account:** 27% of WDFW budget, mostly generated from recreational fishing and hunting licenses, but is composed of 26 different fund sources in total.
- **General Fund – Federal:** 27% of WDFW budget, mostly federal block grants like Pittman-Robertson, Dingell-Johnson, Bonneville Power Administration, and the Mitchell Act, all of which are competitive grants that fund work for a specific purpose.
- **General Fund – Local:** 15% of WDFW budget, typically funded through fees utility rate-payers contribute as mitigation dollars.
- **State Dedicated Accounts:** 10% of WDFW budget, funded by 25 different fund sources, the largest is the Aquatic Lands Enhancement program managed by DNR.

Owen added that one-third of all accounts are considered flexible, meaning WDFW can use their discretion in how to use the resources. The other two-thirds are contractually based funds with specifically prescribed uses.

Clarifications based on Advisory Group questions and comments:

- The Special Wildlife account is comprised of monies deposited for specific purposes. That money comes from wills or estates, or other specific sources. The balance sheet for that account has about fifty different sources, all with restrictive uses.
- The Revolving Fund includes funds that come from charging for use of WDFW equipment. The fund owns the equipment and the account funds the replacement of the equipment over time.
- The state dedicated accounts must balance like any other account in the state treasury. WDFW can't deficit spend.
- Maintenance-level spending is the cost of providing the current services. Policy level funding, is other work WDFW is taking on apart from what is directed by the Legislature.
- Advisory Group members expressed some confusion regarding accounts being income sources or expenditures.
- WDFW developed Wild Futures mainly to address the Cost of Living Adjustment costs. It was intended to look at what services the public wanted from WDFW, but the outcome would lead to too many cost increases that made it unviable.
- Implementing efficiencies does not necessarily mean staff cuts. The final report from Matrix might show efficiencies that can be gained without cutting staff.
- The Discover Pass currently brings in about \$4 million.
- State tax dollars contribute to both the operating and capital budgets. The operating budget is a two-year budget that provides ongoing, base operating costs for WDFW. The capital budget is project-based funding that benefits taxpayers over time. All fund sources in WDFW are subject to the indirect rate, which accounts for the administrative costs for the agency that can't be easily attributed to a project. There are certain spending objects that are exempt from an indirect rate. The Department of Interior approves this rate each year, currently set at 32.46%, but has been lower in past years.

Clarifications on the Indirect Rate based on member questions and concerns:

- It is based on how much was spent on administrative work for two years previous. It typically fluctuates between 28-29%.
- It is not applied to all things. It ends up being about \$20 million in indirect costs.
- WDFW is on the higher end because other fish and wildlife departments typically only account for central work when determining their indirect rate. That means license fees are likely subsidizing contract work.

Zero - Based Budget Overview & Discussion

David Giglio and Kim Davis provided an overview of WDFW's Zero-Based Budget (ZBB) analysis. The goal of the ZBB exercise is to establish transparency and credibility for WDFW. The Budget Proviso requires the following things to be included in the ZBB:

- Each agency program and service
- Statutory or another basis for creating each program
- How each program fits with the agency goals and objectives
- Performance measures
- Cost and staff data
- Costs, benefits, and rationale for current funding
- Administrative and overhead costs
- Level of service provided
- If the program goals are not being met, how much funding is needed to meet the goals

The ZBB Team first showed the group a set of Frequently Asked Questions that will accompany the ZBB Chart. Advisory Group members added the following questions and comments:

- One member commented on the Fund Usage category of FAQs and noted that a lot of assumptions are missing. For example, there is less access to timber and other private lands for hunters, fewer fish available for anglers, litigation over hatcheries (so less hatchery production & fewer fish for anglers), and population growth leading to less winter range for elk and deer.
- What are the economic impacts of fish and wildlife activities (direct and indirect), hunting, fishing, wildlife watching, and other uses?
- What are trends in staffing? Where have staff cuts been taken; are more staff devoted to administration than in the past? Are more in Olympia or more in the field? Other trends?
- What is the process to change budget restrictions or state legislation, and how long does it take?

Kim and David showed a draft ZBB chart ([PDF page 45](#)) that organized WDFW's services and activities into meaningful units of work (major activities) across four broad categories: fishing, ecosystems, hunting, and business management and obligations. This framework will be used to show how dollars are spent or could change as funding levels vary.

Feedback on the ZBB Chart:

- 3.3: Is WDFW mandated to do oil spill cleanup?
- 4.2: One participant commented that the phrase, "*and sell lands* that no longer support serving our mission" was surprising because it did not seem like selling lands was a priority for WDFW.
- 4.4: Instead of saying "ensure public safety" a member suggested revising to "promoting safe use of public lands."
- 5.2: Add organizations to this activity in addition to businesses, landowners, and government, such as the types of organizations involved in BPAG.
- 5.3: Expand this box to include federal agencies, other state agencies, and other partners in addition to private landowners.
- 5.7: One member suggested revising this activity to say, "Respond to and mitigate human and wildlife conflicts" instead of "wolf" conflicts.
 - Several BPAG members expressed their preference to keep wolf conflicts separate from other human-wildlife conflicts, as this is a highly scrutinized activity and WDFW often needs to report wolf expenditures.
- 5.8: This activity is missing the idea of developing additional wildlife viewing opportunities.

- 6.5: This activity includes game species, is there a place for non-game species in this ZBB chart?
- Add a layer of information for each activity, including cost, budget, connections to other activities (multiple benefits), and potential fund matching opportunities (e.g., RAWA incentives).
- Use language consistent with the potential RAWA in the ZBB table.
- This is missing the future lens, including things like priority habitat areas, landscape-level analysis, and priority ecosystems.
- Marine enforcement is missing and should be added.
- Simplifying regulations for hunting and fishing is missing, but very important.

Other ZBB Questions and Comments:

- One group member asked if the zero-based budget is built to a certain target number, and WDFW indicated that it could be built to different levels.
- This chart includes both operating and capital budget opportunities. Is that comparing apples and oranges?
- Having so many small tasks (and funding accounts) not central to the core mission may erode focus and reduce efficiency.
- It would be helpful for WDFW to present this information in terms of return on investment. One member mentioned the constituents issue with the Wild Futures proposal to increase fees while hunting and fishing opportunities were declining.
- How does the ZBB fit in with the efficiencies analysis and the long-term funding plan?

Public Comment

There were no public comments offered.

Other Materials, Wrap Up, & Next Steps

Due to time constraints, the following materials were briefly described and later sent to the Group electronically for review and comment:

- **Outreach Plan:** This plan covers the basics of outreach plans for the proviso including a proposed target audience and proposed outreach methods.
- **Future meeting schedule:** The Budget and Policy Advisory Group will meet in early February, early March, and early April. Conference calls will be scheduled in the interim to review materials and answer questions. Conference call topics could include a briefing on the Efficiency analysis report, additional information on the ZBB work, and research on other state programs. More information on scheduling both in-person meetings and conference calls will be distributed via email.

Requests for information from WDFW:

- Table showing the revenue and expenditure for each fund.
- Trends and expected forecasts for fishing and hunting license revenues over the next 20 years
- History of how WDFW has addressed funding shortfalls in the past, what has worked, what hasn't, etc.

- Cost comparison of FTEs in the Enforcement Program from 2007 to the present?