

# WDFW BUDGET AND POLICY ADVISORY GROUP MEETING #4 –SUMMARY

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**Wednesday, May 2, 2018, 9:00am-4:00pm**  
**Hal Holmes Community Center, Ellensburg Washington**

**Committee Members in Attendance**

Jason Callahan	Fred Koontz	Mike Peterson
Bill Clarke	Wayne Marion	Butch Smith
David Cloe	Andy Marks	Jen Syrowitz
Mitch Friedman	Greg Mueller	Dick Wallace
Eric Johnson	Mike Peterson	

**Facilitator**

Elizabeth McManus, Ross Strategic

**WDFW Representation**

Barbara Baker, Fish and Wildlife Commissioner	Shannon Haywood
Ellie Burelson	Mike Livingston, Region 3
Jim Brown, Region 2	Nate Pamplin
Raquel Crosier	Peter Vernie
Jeff Davis	Jason Wettstein
Rob Geddis	

**Welcome**

Nate Pamplin, Washington Department of Fish and Wildlife (WDFW) Policy Director, welcomed the Budget and Policy Advisory Group (BPAG) and provided an update on the WDFW Director Search. The Commission has received applications and begun narrowing down the list for initial interviews. The Department would like to have the new director begin in July or August. Nate also described that a number of BPAG members presented the group’s preliminary findings at the April Commission meeting which was an engaging session for the Commission.

Elizabeth McManus (facilitator) followed Nate by noting that the group is over halfway through the initial task of providing advice on a Long-Term funding plan. She explained that the group would need to leave the meeting with convergence around the findings and principles and a clear path forward for remaining work on the draft recommendations, including any new recommendations based on the day’s meeting.

**BPAG members expressed the following thoughts on the path forward:**

- The BPAG will need to take ownership of the final Long-Term Funding Plan and sell it to the Legislature and the general public.
- One member suggested that it would be a good idea to vet the document with key legislators and staff to ensure the recommendations are politically viable. Another member expressed that if the group thinks an option is valuable, it should be supported even if it's not popular with the legislature.
- Several members noted that this effort needs to be highlighted and done in a way that makes it stand apart from the other budget processes underway. The group needs to highlight the sense of urgency behind it.
  - Another member suggested relating this effort to other noteworthy work happening around Puget Sound, like the efforts around salmon and southern resident killer whales.

## BPAG Draft Findings & Principles

The group reviewed the revised list of Draft Findings and Principles ([Meeting Materials, page 4](#)). Findings and funding principles were originally developed based on BPAG discussions during the first two meetings and have been revised based on feedback from the group.

The group was largely in agreement with the latest version of the draft findings and principles. There was discussion about the audience of this document and how best to communicate the findings and principles. BPAG members requested that both the Findings and Principles sections be dramatically shortened where possible.

### Findings

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.

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 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.
2. The Department has an ongoing process improvement program tasked with finding and implementing efficiencies. An independent Organizational Assessment of Operational and Management Practices did not reveal any major cost savings to be found from improving efficiency within the Department.
3. Washington's unique context sets it apart from other fish and wildlife agencies. Co-management responsibilities, significant commercial fisheries, hatcheries, ESA listed species, and substantial recent and projected population growth increase the need for adequate funding and the demands for expertise of Department staff. Continuing 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.
4. Hunter and angler participation numbers are declining while other outdoor recreation such as nature watching, hiking, ATV riding, mountain biking, horseback riding, and recreational/target shooting grow in popularity. 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.

5. The Department's funding has not kept pace with its responsibilities. The Legislature has not adjusted the Department's budget to reflect modern realities resulting in a structural deficit where funding authority routinely exceeds appropriations. Significant funding cuts from 2008 have not been restored. With a few exceptions, user fees have not increased in ten or more years, and many of the newer, growing user groups do not participate directly in Department funding the way hunters and anglers historically have.
6. Over half of the Department's funding sources have restrictions on their use and this constrains the Department's ability to manage effectively.
7. Heavy reliance on user fees makes the Department's funding particularly vulnerable when stakeholders are at odds with one another or disagree with a Department action or policy and weakens the stability and reliability of funding and programs.
8. Over time, lack of stable, adequate funding has brought about adverse and non-productive outcomes including competition between stakeholders for scarce resources and insufficient investment in habitat protection and restoration in species of most concern especially non-game fish and wildlife. This has contributed to a lack of sustainable and productive hunting and fishing opportunities and put Washington at substantial risk of a crisis in fish and wildlife conservation.
9. Although the challenges are significant, 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 appropriate, sustainable funding.

### Funding Principles

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

The group noted that there was overlap between the principles, and the findings and recommendations. They suggested the principles may be better suited as an appendix or side bar to the Long-Term Funding Plan instead of a stand-alone section.

1. **Address the full Department mission and the needs of Washingtonians now and into the future.** A long-term funding plan should look to the long term, and this has been the focus of the effort. Shorter term actions also will be needed to address the ongoing structural budget shortfall as the longer-term funding portfolio takes shape. Urgent action is needed to solve the ongoing structural shortfall and get us on a more sustainable path to ensure vibrant, thriving ecosystems and native species for the future.
2. **Ensure a Mix of Funding Sources.** Funding for fish and wildlife conservation should be drawn from a variety of sources which both recognize the value of healthy natural lands

and native species to all Washingtonians and provides a connection to hunters, anglers, and other users.

3. **Maintain Access for all Washingtonians.** Hunting, fishing, and outdoor recreation fees should be affordable and accessible; fee schedules should provide accommodation for the young, elders, families, and low-income users.
4. **Increase Alignment and Transparency.** Funding decisions should reinforce the Department's mission, strategic goals, priorities, governing principles, and responsibilities. Revenue sources and funding decisions should be clear and broadly communicated.
5. **Address the Concerns of Users and Stakeholders.** Sustainable long-term funding becomes more in reach as relationships between the Department and its users and stakeholders improve.

## BPAG Draft Recommendations

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In addition to the draft findings and principles, BPAG members discussed the Initial Draft Recommendations on Funding Approaches and Sources. The initial draft was circulated as a means of gauging the group's convergence around topics that have been discussed during the first three BPAG meetings. The Group's high-level thoughts and feedback on the initial draft commendations are included below, followed by a revised set of draft recommendations that begin to incorporate the high-level feedback of members as well as more detailed revisions.

### **BBAG members provided the following feedback on the initial draft recommendations:**

- The group generally agreed on a recommendation that significant funding for the Department should be from a broad-based general source because the benefits of the departments work accrue to all Washington residents.
- Several participants expressed concern that it is politically difficult to get any general fund revenue, including public utility tax dollars and sales tax. However, other members noted that the BPAG's job is to include all recommendations that the group supports, not just those that are politically viable.
- One member suggested that the group think more creatively about linking recommendations to multiple benefits in order to make them broadly appealing.
- A number of BPAG members discussed including a recommendation to review and revise Title 77 to eliminate reporting and other requirements that might have been important in the past but are no longer needed and to ensure the Department's mission reflects the depth and breadth of the Department's responsibilities to all Washingtonians.
- The BPAG discussed adding new recommendations to touch on the need for a broader strategic planning effort that includes developing a strategy to better coordinate the conservation work and remove the siloed processes that are common across the state agencies.
  - While the group did not reach consensus, a number of members also suggested adding a recommendation that the Commission be responsible for fee setting, instead of the Legislature.

## Revised Draft Recommendations

### *Continuous Improvement and Efficiencies*

**Recommendation 1 – Organizational Efficiencies Report.** The Department should implement recommendations related to management structure and decision making, and organizational structure contained in the Organizational Assessment of Operational and Management Practices. Many of these recommendations will require additional resources to implement. Successfully addressing recommendations dealing with improvements to strategic planning, performance management, and external communications is particularly important.

**Draft Recommendation 2 – Streamlining Shared Responsibilities and Administrative Requirements.** The Department should evaluate its interagency agreements and shared responsibilities with other state agencies, federal, tribal, and local partners with a view toward identifying opportunities for streamlining work, clarifying and streamlining regulations and requirements, and other efficiencies which could be gained without sacrificing environmental protection or conservation values. Lean process improvements may create an appropriate model for these evaluations. One of the initial steps should include evaluating Chapter 77 RCW to identify reporting or other administrative provisions that may be out-of-date and no longer needed.

**Recommendation 3 – Ensure Partners Pay Their Fair Share.** The Department should pursue full federal funding for 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.

### *Approach to Funding and Funding Sources*

**Recommendation 5 – Increase the Amount and Stability of Funding.** The Legislature should increase the amount and stability of funding to fish and wildlife management and conservation. In the short term, 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 be strengthened, so the Department can effectively sustain programs during economic downturns and plan for the future. In the longer term increased investment overall is needed to protect and restore fish and wildlife species managed by the Department for the public trust, prevent a new wave of threatened and endangered species listings, and ensure healthy natural lands for the benefit of all Washingtonians.

**Recommendation 6 – Most Funding Should Come from a Broad-Based Source Such as the General Fund.** 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. The goal is for 50% or more of the Department’s funding to come from a dedicated, reliable, broad-based revenue source. Currently approximately 18% of the Departments spending is from the general fund.

**Recommendation 7 – Revenue from User Fees and Licenses Should Supplement Broad-Based Funding.** Revenue from fishing and hunting license fees and other user fees (e.g., Discover Pass) should supplement, not replace, broad-based general funding sources. License and recreation fees cannot and should not be expected to fully recover the costs of Department programs and activities

related to hunting, fishing, and recreation programs. The goal is for users to meaningfully participate in funding for fish and wildlife management and conservation programs through appropriate, affordable, and balanced fees.

**Recommendation 8 – Improve Products and Update Fees for Hunters and Anglers.** 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. At the same time, products and access for hunting and fishing must improve, the regulations should be simpler and easier to access and understand, and more focus should be given to recruitment, retention, and reactivation of hunters and anglers.

**Recommendation 9 – Recreational Users Should Contribute Too.** Like hunters and anglers, non-consumptive recreational users such as hikers, bird-watchers, horseback riders, mountain bikers, target shooters, and ATV riders should directly participate in fish and wildlife conservation funding to supplement broad-based funding sources through an appropriate license or user fee or by other means. The most likely mechanism for this participation is through the existing Discover Pass system. The ongoing re-evaluation of the Discover Pass led by the Ruckelshaus Center should specifically address the need to increase recreational user participation in fish and wildlife funding and to increase rather than simply sustain revenue from recreational users.

**Recommendation 10 – Ensure Stability and Predictability of Hunting and Fishing License Costs and User Fees.** Once license fees for hunters and anglers are at a new baseline, there should be small, automatic biennial increases tied to the consumer price index or a similar index to ensure fees keep pace with inflation and compensation costs. A similar biennial increase also should apply to any recreational user fees. The Fish and Wildlife Commission should have the responsibility for reviewing these biennial increases and ensuring the inflation-indexed increase amount is warranted by actual program costs and spending authorization to the Department.

#### *Looking to the Future*

**Recommendation 12 – Strategic Planning.** Over the next year, the Department should undergo a strategic planning effort. This planning should engage partners and stakeholders in coming together around a long-term vision for fish and wildlife conservation in Washington which recognizes the broad benefits of effective conservation to all residents and seeks to improve opportunities and services for hunters, anglers, and those who recreate on Department-owned lands. Planning should identify specific goals and performance measures for each of the outcomes identified in the recently completed Zero-Based Budget exercise and should describe how quickly goals can be achieved under the current funding scenario.

**Recommendation 13 – Public Engagement.** The Department needs to do a much better job engaging Washington residents in fish and wildlife conservation and listening to users. A new public engagement plan should focus on understanding concerns and goals of users and all Washington residents relative to fish and wildlife conservation and providing opportunities for engagement in WDFW planning and priority setting.

**Recommendation 14 – A Sustainable and Long-Range Vision for State Lands.** The Legislature should direct state agencies with land management responsibilities to look across these responsibilities and develop recommendations for streamlining and consolidating work where appropriate, eliminating duplication, increasing efficiency, and improving access and user satisfaction across all user groups.

## WDFW Carry Forward Budget Analysis

Nate Pamplin presented WDFW's carry-forward budget analysis. The Department anticipates a budget shortfall of approximately \$33 million in the 2019-2021 budget. This shortfall could be addressed through gaining efficiencies, cuts to current work, additional funding, or a combination of the three. The carry-forward analysis lays out the Department's options in the event no new funding becomes available. The Department would like the BPAG's input on their analysis, especially on an overall funding target for 2019-2021 (i.e., which potential cuts to take and which to try to "buy back" with new funding), fund sources, and recommendations on fee setting if increases to fees are recommended.

To start, Nate reviewed the context for the \$33 million shortfall. He reviewed the shortfall in the 2017-2019 budget and outlined the one-time budget fixes such as spending down accounts ([Meeting Materials, Page 35](#)) implemented to maintain services in 2017-2019. He reiterated that these one-time fixes are not available as solutions to the 2019-2021 budget shortfall.

Nate described that for the carry-forward budget analysis, the Department began by identifying all potentially flexible funding, which they defined as funding that can fund two or more outcomes ([Meeting Materials, Page 44](#)). Flexible funding is about half of the agency's budget. Department leadership also took a qualitative look at agency performance for each outcome and considered whether a relatively small change in funding would lead to a dramatic shift in performance, e.g., would a small cut drive performance disproportionately down, similarly would a small increase drive performance disproportionately up.

Next, the Department established cross-program teams that used the flexible funding analysis to identify a 20% reduction in the flexible funding and then prioritize those reductions. The teams used the following criteria, including Legislative criteria laid out in the Proviso, to prioritize the reductions.

- Financial stability\*
- Public impact\*
- Fishing impact\*
- Hunting impact\*
- Timeliness\*
- Ability to achieve an outcome\*<sup>1</sup>
- Conservation impact
- Long-term impact
- Species protection priority
- Obligation priority
- Economic return on investment
- Political viability
- Can others do it?
- Cost Savings

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<sup>1</sup> \* indicates the criteria was specified by the Legislature in the Budget Proviso

This exercise identified \$3 million in reductions the Department recommends regardless of funding levels. Detailed information on the reductions was not available but will be provided after affected staff are briefed. At a high-level, the changes include: trout hatchery efficiencies; ceasing triploid trout purchases; IT efficiencies; habitat monitoring reductions; and volunteer grant assistance reductions.

In addition to the \$3 million in recommended reductions above, the Department identified \$30 million in additional potential cuts. These cuts would be made in the service areas listed below. Nate explained more specifically how much additional funding would be needed in order to avoid cuts and maintain current service levels in each of these areas ([Meeting Materials, Pages 55-57](#)).

Potential cuts would be realized in the following service areas:

- Wildlife conflict and response
- Public health and safety – shellfish program
- Lands management
- Hunting maintenance
- Customer service
- Conservation
- Fisheries and hatchery production
- Columbia River Salmon and Steelhead Endorsement

For each set of cuts, there would be related reductions in business management obligations that would have impacts on IT, policy and public engagement, and human resources capacity.

Finally, Nate provided a draft list of potential enhancement activities that might be undertaken. These are largely activities the Department believes would have (relatively) significant benefits to outcomes without (relatively) significant additional investment. At a high-level, potential enhancements include: Payment in Lieu of Taxes, Regional Fisheries Enhancement Group, fishing and hunting enhancements, and conservation enhancements ([Meeting Materials, Page 59](#)). More information on potential enhancements will be available to the group later in May.

**Advisory Group questions and comments:**

- A number of BPAG members said they understood why WDFW had to provide the analysis of potential cuts but expressed frustration that they wanted the BPAG discussions to focus on developing a long-term funding approach that completely fills the budget shortfall and gives the Department the resources needed to meet its mission.
- A BPAG member asked how this analysis relates to the Zero-Based Budget analysis. Nate answered the Zero-Based Budget analysis was built based on what the public expects of the Department and was used to help build this budget.
- A BPAG member asked if the potential cuts in the carry-forward budget analysis includes reductions that could require a change in statute, that is, because they would result in under-performing on a statutory responsibility or result in the Department failing to meet a part of its mission.



- BPAG members discussed the Department’s mission and whether it was broad enough as currently written to fully capture the responsibility they believe the Department has to protect and conserve fish and wildlife populations for current and future generations. This issue was not resolved although BPAG members did agree that the current mission is two-part. Part one addresses conservation and part two addresses providing sustainable fishing, hunting, and recreation opportunities.
- A number of Advisory Group members noted that there is momentum behind conservation in the state right now (e.g., as evidenced by investments related to Southern Resident Killer Whales) and the Department and the BPAG should utilize it as much as possible.
- Several BPAG members expressed interest in a more detailed look at where the cuts could be and what enhancements might look like, including the percentage and dollar amount of the potential cuts. Nate said that additional details could be made available after potentially affected staff were briefed.
- A number of BPAG members expressed an interest in discussing potential additional/new broad-based funding sources for the Department and in looking at ideas that would be creative and potentially viable in the Legislature. BPAG members asked for an additional meeting in June to focus on what types of broad-based funding sources might be viable.
- A number of participants observed that, given that the Matrix Report determined the Department’s funding need is real and cannot be solved through efficiencies, the group’s time and effort going forward should focus on additional funding and on possible enhancements.

## WDFW License Analysis and Options

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Peter Vernie, WDFW Licensing Division Manager, discussed the Department’s analysis and ideas for changing the current license fee structure and approach. Based on past efforts, the Department has the following observations and context for discussions of licensing. :

- Complicated license packages are difficult to understand and communicate
- Large license fee increases are not well-supported
- Enforcement, conservation, and the Department’s mission are well-supported
- Many members of the hunting and fishing community feel other outdoor enthusiasts should be contributing

WDFW has developed a license tool that allows users to “turn the dials” on different license options and see the resulting changes in costs and revenue outcomes. Peter walked the group through five pre-populated draft scenarios as examples ([Meeting Materials, Page 136](#)). Examples of license changes observed in the scenarios include: incremental, across the board increases to license fees, renewal of the Columbia River Steelhead and Salmon Endorsement, elimination of two and three-day licenses, and the creation of a conservation stamp that would be a once-a-year fee added to the purchase of hunting or fishing licenses, and would be required to use other agency resources like boat ramps.

### **Advisory Group Questions and Comments:**

- A number of members expressed concern with the Conservation Stamp, citing the existing confusion with numerous access stamps and passes in Washington state. However, other

members supported the idea because it taps in to WDFW customers that are not currently paying (i.e. boat ramp users that are not paying for use)

- Nate noted that a recent report examined the access and user passes in Washington, and a follow up report led by the Office of Financial Management is underway.
- One member suggested the creation of a “Pioneer License”, which provides license discounts for seniors or long-time residents.
- The group noted that this license exercise should take into consideration past BPAG discussions about creating a baseline fee and implementing small, yearly increases. There will need to be further discussion about what index to tie regular increases to, but the necessary first step is establishing the framework.
- In response to one members question, Peter added that this effort will include work to clarify and better communicate the fishing and hunting regulations.

## Regional Outreach, Long Term Funding Plan, and 2019 Legislative Session

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Due to time constraints, this agenda item was not discussed as a separate topic; although discussion of the long-term funding plan and the 2019 legislative session occurred as part of talking about other discussion topics.

## Public Comment

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One person provided comment during the public comment session of this meeting.

- The commenter brought to the group’s attention the application of rotenone to Eastern Washington lakes. He noted concerns associated with rotenone and provided a handout detailing the work of the National Rotenone Task Force and proposed policy changes, for the BPAG’s review.
  - BPAG members thanked the commenter for his remarks.
  - Nate also thanked the commenter for his remarks and committed to providing the information to the Fish and Wildlife Commission

## Next Steps

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The Budget and Policy Advisory Group has two remaining in person meetings in July and August. In addition, the group decided to schedule an additional half-day meeting in June and a series of optional webinars/conference calls in June to discuss WDFW’s carry-forward budget process as described below. In addition, small groups will meet on licensing options and on considering creative, new sources of broad-based funding.

### June Meeting

**Date:** Wednesday, June 13<sup>th</sup>

**Time:** 12pm – 4pm

Final 6/14/18

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

**Meeting #5 – July**

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

**Meeting #6 – August**

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

**Time:** 9am-4pm

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