



2015-17 Operating Budget Submittal to OFM and the Legislature

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August 9, 2014 F&W Commission Mtg. Presentation
Information is subject to changes and amendments over time.

The Commission's Role Today

Review of Operating Budget Requests:

- Brief overview of proposals
- Clarification of proposals as needed
- Initial Commission feedback
- Preparation for August 15th Commission Conference Call with decisions on requests to move forward.

2015 Session Budget Timeline

September 19: Operating and Capital budget requests due to Governor's Budget Office

Mid-December: Governor releases operating and capital budget proposals

Mid-February: Quarterly Revenue Forecast

Late February/Early March: First legislative budget proposals released

April 26, 2015: End of 105 Day Regular Legislative Session

July 1, 2015: Start of the 2015-17 biennium

Complex Budget Environment

It's been difficult to develop this year's operating budget submittal for a variety of reasons:

- Projected state general fund shortfall is as bad as we've seen since the beginning of the "Great Recession".
- Federal budget reductions expected to affect commercial, tribal, and recreational fishing opportunities.
- Both of these challenges are on top of a major loss of general fund capacity we've been managing since the 2009 Legislative Session.

Projected State General Fund Shortfall

Even with state general fund revenues beginning to rebound after the recession, the Governor's Office is projecting up to a \$3 billion state general fund shortfall in the 2015-17 biennium.

- The projected shortfall is driven primarily by:
 - McCleary Supreme Court Case- State spending on education (K-12) deemed inadequate.
 - Inflationary costs in delivering government services.
 - State spending limit from I-601 will likely need to be addressed.
- The problem is projected to worsen in future biennia.

2015–17 Operating Budget Outlook

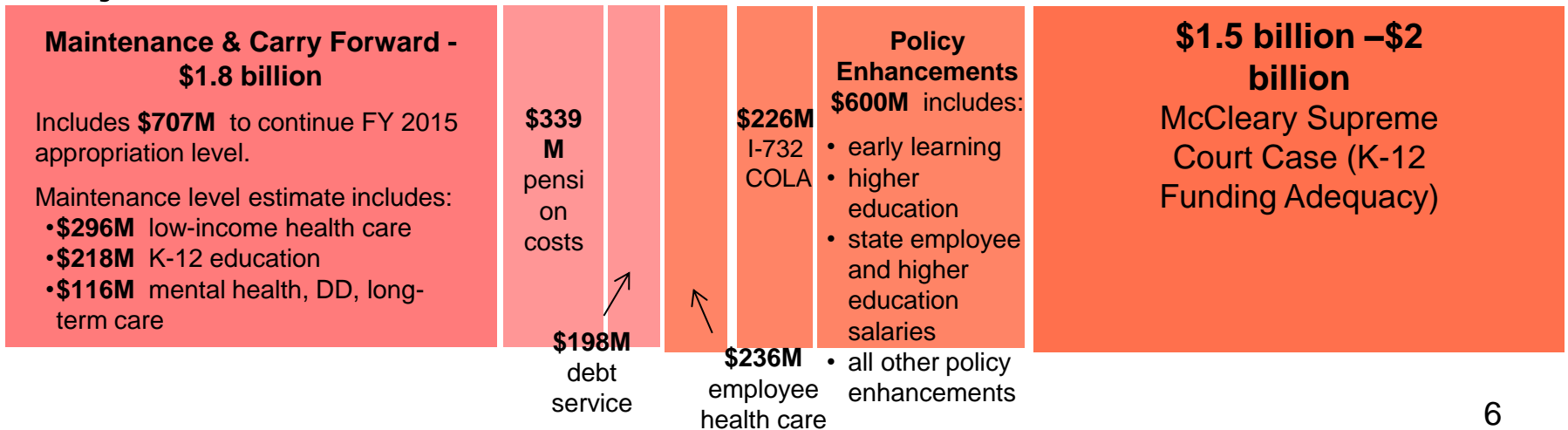
Near General Fund (GF-State, Education Legacy Trust Account, Opportunity Pathways Account)

Source: Office of Financial Management: May 5, 2014

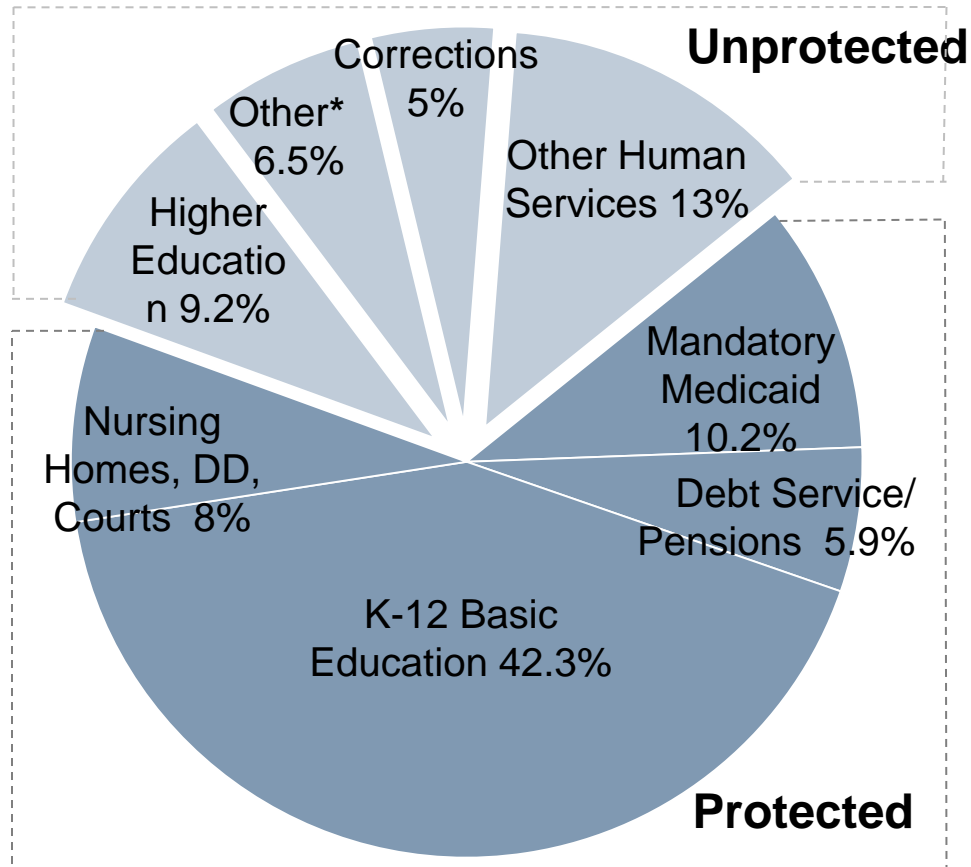
Projected Additional Revenue



Projected Additional Needs



Two-thirds of the budget is tied to constitutional and federal requirements



*Other includes balance of K-12, legislative agencies, governmental operations, natural resource agencies, transportation, other education, other appropriations

As a result of the projected budget shortfall...

State agencies are required to submit 15% state general fund reduction options.

Therefore, the Department's budget submittal will include both reduction packages AND the usual requests for budget increases.

Composition of State Budget Requests

1. 2015 Supplemental Requests- last chance to make changes to the current biennium.
2. 2015-17 Budget Requests- Adjustments to next two year budget cycle beginning July 1, 2015.

There are two types of budget requests:

Maintenance Level

- Requests to maintain current service levels

Performance Level

- Requests to begin new programs or activities.

2015-17 Maintenance Level Requests

Requests to maintain current service levels:

- Maintaining Technology Access*
- WILD Transaction Fee Technical Adjustment*
- L&I Rate Technical Adjustment*
- Hatchery Utilities Cost Increase*
- Food for Fish Hatchery Production*
- Wildfire Costs*
- Legal Services Adjustment
- PILT and Assessments

(Also included in 2015 Supplemental)*

Emergent Issues:

- Enhancing Puget Sound Recreational Fishing
- Protect Wild Salmon Through Marking

2015-17 Performance Level Requests

Requests to improve current service levels:

- Enhance Recreational Licensing System (WILD)
- SW Regional Office Relocation
- Fish and Wildlife Radio-Over-Internet
- Marijuana on State Lands
- PILT Fund Sources

New Investments:

- Recover Puget Sound Steelhead
- Tracking Puget Sound Fish Health
- Lower Columbia Hatchery Production
- Investigate and Manage Elk Hoof Disease

Other Potential Requests

Regional Fisheries Enhancement Groups (RFEGs)

- RFEGs anticipate reductions in funding and are looking for alternative revenue sources.

Biotoxin Account

- The Department of Health and the UW have identified a need for additional funding to support testing and monitoring of shellfish for biotoxins and for monitoring of harmful algal blooms.

15% GF-S Reduction Options

WDFW's target state general fund reduction is approximately \$11 million for the 15-17 biennium.

- Reduction of Enforcement Officers (\$2.3 million)
- Reduction in HPA permitting (\$3.0 million)
- Reduction in payments-in-lieu of taxes to counties (\$700,000)
- Hatchery reductions and closures (\$2.9 million)
- Close commercial salmon fisheries in Puget Sound (\$570,000)
- Close commercial salmon fisheries in Grays Harbor, and Willapa Bay (\$290,000)
- Reduce Puget Sound shellfish fisheries (\$450,000)
- Additional program reductions to reach target under development. (\$720,000)

Revenue Legislation with Budget Impacts Under Consideration

1. Sustain recreational fishing
2. Sustain commercial salmon/steelhead fishing
3. Aquatic invasive species funding
4. Commercial shellfish excise tax