

Summary Sheet

Meeting dates:	March 15, 2018
Agenda Item:	2017-19 Proviso Workshop
Presenter(s):	Nate Pamplin, Policy Director Amy Windrope, Deputy Director

Background summary:

When they enacted the 2017-19 biennial operating budget, state lawmakers directed WDFW to complete three tasks to improve the Department's long-term financial stability and operational efficiency:

- Develop a long-term plan to balance projected expenses and revenues by providing prioritized options for spending reductions and revenue increases.
- Identify and implement management improvements and operating efficiencies.
- Conduct a "zero-based budget review" to accompany the Department's proposed 2019-21 operating budget.

Update

Since the February Commission meeting:

- The Legislature adopted a supplemental budget which included a provision that revised the due date of the long-term funding plan from May 1 to September 1.
- The Budget and Policy Advisory Group met on March 2.
 - Key Findings and Principles were discussed and updated. Revised Draft Findings from the Matrix Report and Budget Situation are included in the Commission notebooks.
 - New revenue options were considered.
 - Draft of long-term funding plan was discussed.
- The Department is initiating a process to develop a carry-forward level budget for 2019-21. The agency will need to implement a \$30+M reduction in services if no new funding materializes.
- Using the zero-based budget analysis where the agency's budget was divided into eight major outcome areas, the Department created internal Outcome Leadership Teams composed of executive and senior staff from various Programs and Regions to identify reductions and/or enhancements for the 2019-21 biennium. The Outcome Leadership Teams will also lead Strategic Planning and the development of Performance Measures for the 2019-21 Strategic Plan.

March 15 Proviso Workshop

Over the past several months, the Department has provided updates and detailed budget information to prepare the Commission for upcoming decisions in August.

We will lead an exercise to seek guidance on how best to provide the Commission information for the decisions the Commission may want to make in August relative to the Department's 2019-21 budget submittal and accompanying agency-request legislation.

April Proviso Workshop

Pending guidance from the March meeting, the Department will lead an exercise about the carry-forward level budget and invite members of the Budget and Policy Advisory Group to provide an update on that group's proceedings.

Policy issue(s) you are bringing to the Commission for consideration:

The Commission has expressed an interest in being more engaged in agency governance and influencing budget priorities. Both the recent Organizational Assessment by Matrix Consulting Group and the legislative direction in the proviso also encourage Commission engagement.

This is foundational information to prepare the Commission for engagement on the zero-based budget analysis and the development of a long-term revenue plan; as well as setting the stage for development of the next strategic plan and 2019-21 agency request legislation and budget decision packages.

Fiscal impacts of agency implementation:

Without new funding, the Department is anticipating a \$30+M reduction in services in 2019-21 biennium. The Department is identifying low priority work to eliminate and will develop decision packages for existing work that needs new revenue and is at risk, and for new enhancements. The Commission will be making decisions on the agency's budget proposals and approving the long-term funding plan and zero-based budget analysis at the August 2018 meeting.

Public involvement process used and what you learned:

Upcoming Proviso-related meetings:

Budget and Policy Advisory Group: May 2; 9am-4pm; Ellensburg

Additional meetings of the Budget and Policy Advisory Group are being planned for July and August. The agency will schedule at least six public meetings on its budget proposals during the summer of 2018.

Action requested: N/A

Draft motion language: N/A

Justification for Commission action: N/A; Briefing only

Post decision communications plan: N/A

Revised Draft Findings (3/7/18)

This document represents some of the initial findings by the Department's Budget and Policy Advisory Group. They are continuing to be edited, but are being shared to show the Commission the type of guidance the Department is receiving on how to frame.

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 ensuring public health, economic prosperity, and 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.”*
 - *“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.”*
 - *“We are concerned that 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.”*
 - *“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, 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.
 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 also are significant but 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.
 - *“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.”*
 8. The Organizational Assessment of Operational and Management Practices did not reveal any major high-level costs savings to be found from improving efficiency. It found that WDFW is employing best practices in organizational structure based on programs and regional focus; focus on core program areas; appropriate staffing levels for Procurement and Contracts, Human Resources, Information Technology, and Fiscal Services divisions. However, WDFW can improve on communication and outreach, and strategic planning and performance monitoring.