

**Proposed New Funding Recommendations for the
California Fish and Wildlife Strategic Vision Project
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DFG Sustainable Funding Overview

The California Department of Fish and Game (Department) and California Fish and Game Commission (Commission) have taken on increasingly important roles in the management and conservation of natural resources and their habitats. Initially, they were primarily responsible for administering the state's hunting and fishing programs. However, habitat and non-game wildlife protection has become an important role of the Department in wildlife management and conservation. The transition to the Commission and Department's new roles has been difficult because funding has not kept pace with the expansion of responsibilities.

The Department has been underfunded for the last three decades limiting the ability to meet their responsibilities (Treanor Report, 2009). The public and stakeholders recognize that the Department does not have the resources they need to meet their responsibilities. There is a need to review the adequacy of existing funding streams and broaden the base of funding. Disagreement over the extent of the Department's underfunding should also be resolved.

The Department of Fish and Game's funding is complex with multiple special funds and accounts that limit the Department's ability to manage its fiscal resources. The convoluted funding sources undermine confidence in the Department to effectively use available resources to meet their responsibilities. Simplifying and consolidating accounts will help remedy these problems.

Current Funding: Fiscal Year 2012-13

The Department currently relies on funding from the general fund, the federal government and a number of special funding accounts.

FY2012-2013 Department of Fish and Game Funding	
General Fund	\$62,141,000
Fish and Game Preservation Fund	\$109,096,000
Federal Trust Fund	\$ 78,461,000
Total Budget	\$390,885,000

Legislative Analyst's Office has a number of reports that highlight the funding challenges of the Department and discussion of funding responsibility (A Review of the Department of Fish and Game (1991), A Ten-Year Perspective: California Infrastructure Spending (2011)).

- Proliferation of special funds within the Department's structure creates significant administrative burdens and limits the effective use of available resources.
- Growing backlog of deferred maintenance at the Department for maintaining the roads, parking lots, dams, water delivery systems, and buildings necessary to provide the public with access to its wildlife conservation sites.

- Over the last decade, the state has provided more than \$13 billion for state and local resources-related infrastructure. Most of this funding has come from bond funds – and funding from bond revenues now comprises approximately 20% of the Department’s budget. [NOTE: Given the expiration of available general obligation bond funding by 2015, there will be a significant impact on the scope of work conducted by the Department.] About three-fourths of the \$13 billion in spending over the last decade came from general obligation bond funds.
- Legislature has stated its policy intent that the costs of a resources-related program or project should, to the extent possible, be paid by its direct beneficiaries. Expenditures with broad public benefits, on the other hand, are appropriately funded with state public funds (such as General Fund monies and general obligation bond funds). Where the benefits of an activity are shared between public and private beneficiaries, the application of the beneficiary pays funding principle would allocate the funding responsibility for its costs proportionally between these two sets of beneficiaries.

Proposed Recommendation #1

The Nature Conservancy has one important clarifying additional recommendation to the BRCC and SAG proposals:

The BRCC recommends that the number of special funds be substantially reduced through elimination of particular accounts, consolidation of accounts, or both with the goal of promoting wider understanding of the Department’s funding/budget expenditures among direct user constituencies, policymakers, opinion leaders and the public. Additionally, we believe the Department should become less dependent on the general fund, consistent with the “beneficiary pays” principle from the LAO report.

The SAG proposals include identifying program costs, identifying potential stable funding options, and evaluating program efficiencies. However, to reform and simplify Department of Fish and Game funding programs legislation should be introduced to reconcile the complex and poorly understood funding of DFG programs.

We would propose sponsoring legislation that would create a one year charter to produce a funding plan that identifies comprehensive fiscal reform across the Department’s budget. We believe that an appropriately chartered “DFG Budget Reform Commission” should undertake a detailed review of the Department’s budget; recommend specific revenue sources aligned with program functions; and overall, simplify and streamline the Department’s budget and accounting.

In light of the multiple demands of different stakeholders, it is likely that this undertaking would fail unless viewed as a comprehensive reform and restructuring of the Department’s functions. Consequently, we believe that this legislation should be designed to empower the Commission to offer detailed reform proposals and simply allow the Legislature to take a “direct vote” on the proposal – without considering amendments to the plan. Such an approach would encourage all constituencies to look towards a higher performing Department overall.

The process could be based on the federal Base Realignment and Closure (or BRAC) process. In this process, the federal government directed the Department of Defense to realign inventory and reduce expenditures on operations aimed at achieving increased efficiency in line with Congressional and

Department of Defense objectives. The BRAC commission prepared their recommendations with the condition that it could only be approved or disapproved in its entirety.

This recommendation combines recommendations 2, 3 and 4 in the funding and efficiencies document dated March 6, 2012 (previously recommendations 6, 7 and 8 in the February 28 recommendations document): Funding and Efficiencies Recommendation: Establish legislation to reconcile funding issues. [NOTE: The proposed “DFG Budget Reform Commission would be charged with development of a sustainable funding path that incorporates recommendations 6, 7, and 8]