LAO

65 YEARS OF SERVICE

September 13, 2011

Hon. Jared Huffman
Assembly Member, 6th District
Room 3120, State Capitol
Sacramento, California 95814

Dear Assembly Member Huffman:

This letter responds to the second part of your July 7, 2011 request for a research project on the structure and management practices of fish and wildlife agencies in other states that would inform the implementation of your AB 2376 (Chapter 424, Statutes of 2010). That law requires the Secretary of Natural Resources to develop a strategic vision for the Department of Fish and Game (DFG) and the Fish and Game Commission (FGC) that addresses the changing circumstances affecting California's fish and wildlife resources. In the first part of your request, you asked us to identify different models that exist for agency structures, particularly regarding fish and wildlife commissions, staffing models, the appointment of the director, and the array of functions that the agency performs. We provided a response to that part in an earlier memo with a summary of overall trends across all 50 states.

The second part of your request involved selecting several case studies to examine in greater depth. Based on our high-level nationwide survey of other states' fish and wildlife agencies and in discussion with your staff, we selected four states as case studies: Florida, Texas, Washington, and New York. These states were selected because in most cases they face similar challenges to California in terms of their geographical size, population, numbers of endangered and invasive species, and diverse habitat types. However, these states also represent a range of differing institutional responses, management practices, and funding strategies to meet those challenges. They also were generally well-regarded as effective by staff at the national Association of Fish and Wildlife Agencies.

We agreed with your staff on four areas to examine in greater depth for each state's fish and wildlife agency: the agency's structure; the scope of that agency's responsibilities; funding mechanisms and their effect on agency operations; and their planning and evaluation processes. In this letter, we also briefly describe the land management activities and some of the regulatory activities of the agencies. By examining these aspects of fish and wildlife agencies, we hope to identify practices or structures that can inform the evolution of DFG. Where our review identified such practices or structures that could warrant consideration in California, we make note of them in the letter. Our ability to independently assess these agencies was very limited. Moreover, because of the limited number of case studies and circumstances in other states that differ from California, we are not in a position to recommend at this time whether some organizational and operational features we identified in other states should be adopted here.

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Organization of the Letter. Our response is organized into several sections. First, for each case study, we provide an overview of the roles and organizational structure of the state's fish and wildlife agency. Second, we describe the budgets and funding sources of the agencies studied and estimate the revenue potential to California of some of the revenue mechanisms used by other states. Third, we compare fish and wildlife commissions across the four states studied and assess the benefits and costs of having a tightly integrated commission and associated department. Fourth, we describe and contrast the planning and evaluation processes of each agency studied, explore the relationship between program evaluation and performance-based budgeting (PBB), and propose criteria for evaluating fish and wildlife performance measures. Fifth, we compare land management and acquisition processes in each of the four states and highlight other states' attempts at coordinating land-related activities across state government. Finally, we describe regulatory activities for each agency and compare those to California's DFG.

Methodology. In gathering data for this report, we attempted to contact staff at each of the four state fish and wildlife agencies. Where possible, we spoke with executive staff (such as assistant directors) in an attempt to get a comprehensive and holistic view of the entire agency. In the case of Washington, we were unable to speak with executive-level staff but were directed to personnel in charge of budgeting, land management, and permitting. Calls to various staff at New York's Department of Environmental Conservation (DEC) went unreturned, and as a result our information on that state is less comprehensive. We also examined various documents such as strategic plans, commission meeting minutes, budget proposals, and independent reviews of agency performance.

LAO Bottom Line

Commonalities Among Agencies. We find that each fish and wildlife agency that we studied has a slightly different role and set of functions, but that Florida, Texas, and Washington share many commonalities. (Because New York's fish and wildlife entity is a division within a larger department that has a broad range of responsibilities beyond fish and wildlife management, it shares less in common with the agencies in the other three states.) First, we found that all agencies we studied have a dual mission of providing public access to fish and wildlife resources and protecting those resources for their intrinsic value, although the degree to which an agency favors one end over another in practice varies. Second, we found that all agencies receive around one-half of their budget from license sales and a range of fees, with federal funding making up a significant share of the remainder. Third, we determined that commissions were generally viewed in a positive light and were considered to add value to the process by ensuring that the agency considered the views of stakeholders and had done adequate research and analysis. Fourth, we found that states with well-regarded fish and wildlife agencies also tended to engage in PBB to some degree and that PBB increases the quality of their planning and evaluation efforts.

Differences Across Agencies. There were also several noteworthy differences across agencies. First, the basis for how the fish and wildlife agencies organized their divisions varied. In some states' fish and wildlife agencies, internal divisions were organized according to functions, such as permitting, law enforcement, and research. In other states' fish and wildlife

agencies, internal divisions were organized based on programs, such as game management, habitat conservation, and fish hatchery operations. Second, the portion of funding used to support fish and wildlife agencies from general-purpose revenues differed across states, in part due to the presence or absence of such dedicated revenue sources as sales taxes. Third, the types and amount of regulatory activity varied, in part because of the varying stringency of environmental laws in each state, although all four states have responsibility for issuing permits for the taking of species protected under state laws as well as issuing licenses for hunting and fishing. Fourth, administrative costs as a percentage of the agency's budget varied widely across states, reflecting varying degrees of functional consolidation of administrative activities. Finally, the number of agencies within each state with resources-related land management responsibilities varies significantly, as does the extent to which those agencies coordinate their land acquisition efforts among them.

Areas for Further Investigation. The states studied in this report may offer ideas for improvements to the structure and functioning of California's DFG. Areas for further investigation might include: establishing a quasi-independent research organization to perform the science that backs up policy decisions, increasing the integration between DFG and FGC, and creating a body to coordinate all environmental land acquisition in the state.

AGENCY ROLES AND STRUCTURES

Florida Fish and Wildlife Conservation Commission (FWCC)

The FWCC is Florida's sole fish and wildlife management agency and is charged with "managing fish and wildlife resources for their long-term well-being and the benefit of people." The FWCC was formed in 1999 pursuant to a constitutional amendment that combined the former Marine Fisheries Commission, the Game and Fresh Water Fish Commission, and parts of the Department of Environmental Protection.

The FWCC has a structure similar to California's Public Utilities Commission: it consists of a commission that is the decision-making body and staff that perform department-like functions. The FWCC is also similar to the Public Utilities Commission in that both are constitutionally created and do not have a super-agency to whom they must report (although the Governor appoints the FWCC commissioners). The FWCC is separated into seven divisions: Executive Director's Office; Fish and Wildlife Research Institute (FWRI); Freshwater Fisheries Management; Marine Fisheries Management; Habitat and Species Conservation; Hunting and Game Management; and Law Enforcement. The Law Enforcement section also has responsibility for boating licensing and safety. All administrative functions are located within the Executive Director's Office.

Five regional offices are spread throughout the state, covering 13,000 square miles on average. Within each regional office there is a designated representative for most divisions. These representatives are intended to provide the public in each region with a contact point for the various divisions in an effort to make the organization more accessible to stakeholders. The regional representatives may also serve to enhance consistency across regional offices.

One noteworthy feature of FWCC's structure is that all research done by the organization is conducted by a relatively independent arm: the FWRI. The FWRI develops and tests conservation and restoration techniques, monitors the status of species and habitats, and evaluates damages from environmental harms (such as oil spills). The FWRI provides input to the agency's decisions but is intentionally kept separate from the policy-making process. In the view of FWCC staff, a culture of separating research personnel from policy personnel ensures that the agency's scientific research remains uninfluenced by politics, thereby strengthening the validity of their research and the decisions that are based on it.

Recent Internal Reorganization Reduced "Siloing" of Divisions. In 2004, FWCC underwent an internal reorganization in an effort to break down perceived "silos" that agency staff had fallen into. Prior to reorganization, the previous divisions operated much like stand-alone operations, without significant communication or collaboration. The reorganization consolidated conservation personnel into the newly created Habitat and Species Conservation division. Additionally, many administrative functions such as budgeting, human resources, and information technology that were formerly spread out among the divisions were merged into offices under the Executive Director.

Staff considered the reorganization a positive development. The reorganization was described as an opportunity to break up some formerly siloed divisions, and it appears that the "shifting of boxes" in the organizational chart to some degree allowed for a subsequent cultural shift toward a more inclusive, consultative, and stakeholder-friendly orientation. This shift manifested itself through a directed effort to increase teamwork across disciplines and divisions, both formally and informally. Staff are expected to contact personnel in other divisions or relevant stakeholders, and managers are expected to identify additional contacts that staff may have missed initially. Finally, FWCC's long-range plan identifies numerous standing teams and working groups that span divisions, and many decisions are now made by teams rather than individuals. It is unclear to what degree either the cultural shift or the organizational shift was responsible for improving collaboration among divisions and external stakeholders.

Staff at FWCC identified their recently completed Biological Status Review initiative as an example of increased collaboration with stakeholders. This initiative examined the status of 62 protected species in the state to determine whether they should remain classified as threatened or endangered. The FWCC evaluated the status of a species based on quantitative measures and then sent their findings out for independent peer reviews by experts across the country. Stakeholders were also given the opportunity to offer comments throughout the process that were incorporated into a staff recommendation to the Commission. Ultimately 16 species were removed from the threatened list, with seemingly minimal opposition from conservation groups.

Texas Parks and Wildlife Department (TPWD)

The TPWD manages Texas' fish and wildlife resources. It reports to the Texas Parks and Wildlife Commission (TPWC), which in turn reports to the Governor. In contrast to California, the Texas commission and department have a very close relationship. The TPWD is divided into 11 divisions, which may be roughly categorized as either administration or operations. Divisions related to administration include: Administrative Resources, Communications, Human

Resources, Information Technology, and Legal. Operational divisions include: Coastal Fisheries, Infrastructure, Inland Fisheries, Law Enforcement, State Parks, and Wildlife. As with Florida, TPWD's Law Enforcement division also regulates and polices boating activities for the state. Unlike all other states studied here, Texas has different regional boundaries for different functions: ten law enforcement regions, six parks regions, and four wildlife regions. The logic behind these different regions and the implications for the operation of the department are unclear.

Texas' Fish and Wildlife Agency Includes Parks to Unify Constituencies. The most notable feature of TPWD's programs is, that unlike the majority of states (including all of the other states in this study), the department has authority over parks in addition to fish and wildlife. The department cited several reasons for placing the management of parks as well as functions related to boating licensing and safety within a fish and wildlife agency. According to staff, in Texas the constituencies of parks, fish and wildlife, and boating are largely similar. In addition, Texas realizes efficiencies through the combination of those functions into a single department. In particular, the Infrastructure division manages all major capital repair and construction projects, including repairs to parks facilities and construction of a new fish hatchery. Law enforcement in state parks, wildlife areas, and other state-owned lands is conducted by TPWD. While TPWD has both game wardens and parks police, both types of officer train at the same academy and share communications dispatch services. Finally, administration is centralized for both parks and wildlife-related activities.

Mission Statement Changed in 2001, But Impact on Operations Is Unclear. The mission of TPWD was adjusted in 2001 because of legislative concern that hunting and fishing were not explicitly mentioned. Formerly, the mission was "to manage and conserve the natural and cultural resources of Texas for the use and enjoyment of present and future generations." This statement seemed to place greater emphasis on ensuring the continued use of the resources than on conservation as an end in and of itself. The new mission statement is "to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing and outdoor recreation opportunities for the use and enjoyment of present and future generations." This mission statement seems to place conservation and use on relatively equal footing with outdoor recreation uses.

Our discussion with TPWD did not specifically address whether the change in mission statements actually resulted in a shift in the organization's focus or activities. However, TPWD did indicate that most of its activities remain focused on the use of fish, wildlife, and natural resources. For instance, excluding parks and infrastructure, habitat and species conservation programs make up roughly 40 percent of the budget while public use programs make up the other 60 percent. Additionally, land is generally managed by the department for the purpose of hunting or other forms of public use.

Washington Department of Fish and Wildlife (WDFW)

The mission of the WDFW is "to preserve, protect and perpetuate fish, wildlife and ecosystems while providing sustainable fish and wildlife recreational and commercial opportunities." As is common amongst fish and wildlife agencies, WDFW's mission is dual in

nature without explicit prioritization between conservation and public use of fish and wildlife resources. There are, however, several indications that WDFW in fact has a greater focus on conservation. First and foremost, WDWF's affiliated commission directed WDFW in writing to preserve conservation functions, to the detriment of such public use activities during a recent round of budget cuts. Second, species and habitat conservation activities make up the largest component of the budget. Finally, unlike the other states studied and California, the majority of lands managed by the department are for conservation purposes rather than public use.

In Washington, the Washington Fish and Wildlife Commission (WFWC) is responsible for fish and wildlife management, but delegates authority over the day-to-day operations to an executive director, whom it appoints. The executive director reports to the commission, which then reports to the Governor on a quarterly basis. The WDFW has a more narrowly scoped role (and correspondingly smaller budget) because it does not cover boating or parks as do its Florida and Texas counterparts. The WDFW is composed of five programs: Fish, Wildlife, Habitat, Enforcement, and Business Services. The habitat program is primarily focused on conserving fish and wildlife resources through regulatory processes (this topic is discussed in greater depth in the regulatory activity section below). The fish and wildlife programs each have some activities that support resource conservation and resource use. For example, the wildlife program performs activities related to both game management and endangered species, while the fish program both maintains commercial fisheries and protects native fish. The department is also broken down into six regions across the state that each covers 12,000 square miles.

Some Administrative Functions Centralized, While Others Decentralized. The WDFW has a centralized administration division for some administrative services (such as Business Services) as well as other administrative functions that are spread throughout the programs. This may be a contributing factor to the relatively high percentage of the agency's budget that funds administrative activities (16 percent of the total budget).

Reorganization in 2001 Reduced Administrative Costs Slightly. There have been two attempts to reorganize WDFW over the past ten years. First, in 2001, WDFW consolidated several functions related to capital assets in response to budget pressures. Construction, engineering, and maintenance functions housed at the time in the Habitat and Fish programs were shifted into the Capital Programs and Engineering Division, resulting in a savings of $500,000 per fiscal year.

Recent Reorganization Effort Rejected. Washington was one of two states that proposed a consolidation of conservation and recreation departments in response to budget pressures in the most recent fiscal year. During the 2011-13 biennial budget process, Washington's governor proposed the creation of a Department of Conservation and Recreation that would have combined the State Parks and Recreation Commission, the Recreation and Conservation Funding Board, and WDFW. However, this consolidation was ultimately rejected for two main reasons, according to staff at WDFW. First, each of the agencies in the consolidation has its own constituencies, and those constituencies vocally opposed the merger. Second, each of the agencies has different governing structures and supervisory entities. While WDFW has an executive director that reports to a commission, the other agencies report to the Governor but

have a board structure internally, complicating the development of a reporting structure for the proposed department. These complications became a further barrier to the merger.

New York Department of Environmental Conservation

New York's fish and wildlife agency is the only one of the four we studied that is a division within a larger department with responsibility for the vast majority of the state's actions related to the environment. This entity, the Division of Fish, Wildlife, and Marine Resources (DFWMR), is located within the DEC, along with 16 other divisions or offices. (These range from the Division of Water to the Office of Remediation and Materials Management.) In addition to its programmatic divisions, DEC is also divided into nine regions of approximately 6,000 square miles. These regional boundaries apply uniformly to all divisions within DEC. Offices in each region are the first point of contact for the public for operational matters such as licensing and permitting. The executive manager of DFWMR reports to the DEC commissioner, who is responsible to the governor. The DFWMR coordinates closely with the Division of Lands and Forests and together form DEC's Office of Natural Resources. Although DEC has several associated boards with responsibilities relating to fish and wildlife management, they are purely advisory.

Several functions that cut across multiple divisions are centralized within DEC. For instance, administration for the entire DEC is located within its Office of Administration, and its Division of Operations manages the entirety of DEC's infrastructure (such as campgrounds) as well as maintains DEC's fleet of vehicles. The DEC's Division of Law Enforcement employs the state's Environmental Conservation Police Officers, who act as game wardens but are also in charge of investigating air, land, or water quality law violations. However, there are instances of apparent overlap in functions or artificial distinctions as well. For example, DEC has both a Division of Land and Forests that manages the state's forest resources and a Division of Forest Protection that fights wildland fires and performs wildland search and rescue operations. A notable absence from DEC is a parks division, which is instead located in the Office of Parks, Recreation, and Historic Preservation.

The DFWMR is the division charged with managing and protecting New York's fish and wildlife resources. It is composed of five bureaus: Fisheries, which produces and manages fish for recreational and commercial use; Marine Resources, which maintains shellfisheries and marine habitat; Habitat, which monitors, preserves, and restores habitat; Wildlife, which manages wildlife species for conservation and public use; and Fish and Wildlife Services, which is responsible for education and outreach for the division.

LAO Comments

Independent Research Arm May Be Applicable to California. The FWRI—Florida's Fish and Wildlife Research Institute—may be a useful model for California to consider. Disputes in the state over water and land resources have sometimes been characterized as employing so-called "combat science," where opposing forces fund their own research to contradict each other's scientific assessments. Creation of a relatively independent body such as the FWRI for California might provide a counterweight to such combat science. In addition, California's DFG has been criticized for not evaluating the effectiveness of the mitigation measures it proposes

when commenting on rules or permit applications. An affiliated research arm might assist DFG in evaluating those measures. The FWCC approach effectively separates science from policy so that science may guide policy-making but not be influenced by it. However, such a separation of scientific staff and policymaking staff is not universally regarded as a positive step in the states we studied. In Washington, staff considered the integration of policy staff and scientific staff to be important for decision-making. Both WDFW and FWCC consider science-based policy-making to be absolutely crucial.

We note the concept of an independent research and science body in connection with regulatory departments already exists in California in the context of environmental and public health risk assessment. The Office of Environmental Health Hazard Assessment provides independent assessment of these risks to the California Environmental Protection Agency (Cal-EPA) boards and departments and the California Department of Public Health.

Administrative Costs May Be Lower in Organizations With Broader Responsibilities. There is some evidence from our review to indicate that consolidating the administration of multiple related functions may reduce overall administrative expenditures. New York's DEC, which performs a broad range of functions related to environmental protection for the state, devotes the smallest proportion of its budget to administration, at approximately 5 percent. We estimated that administration makes up roughly 7 percent of FWCC's budget, 10 percent of TPWD's, 12 percent of DFG's, and 16 percent of WDFW's. Across the five states mentioned above, administrative percentages are generally higher in organizations that perform fewer functions, particularly in the case of WDFW. Staff at the Association of Fish and Wildlife Agencies also speculated that there may be efficiencies or economies of scale from collocating within an omnibus department a number of environmental conservation functions, such as fish and wildlife activities.

We lack sufficient information at this time, however, to be certain of this conclusion. First, our estimates do not fully account for differences from state to state in what constitutes administrative costs (notwithstanding our attempts to standardize the definition when analyzing these data). Another factor that may impact administrative costs is PBB. Florida sets—and generally meets—a target limiting the proportion of its administrative activities as part of its PBB approach. This may aid FWCC in keeping down its administrative costs, although New York's DEC seems to minimize administrative costs without explicit performance targets. Finally, different levels of administrative costs may reflect differences in the levels of service provided. We were unable to control for this possibility in our analysis.

Consolidation of Environmental Functions Theoretically Promotes Coherent and Consistent Policy. New York's DEC is an interesting case study in potentially how to coordinate all environmental conservation activities performed by a state government. In theory, a single department with responsibility for all environmental conservation functions might more easily integrate multiple perspectives into coherent and consistent policy than several stand-alone departments each with narrower responsibilities. In the case of a consolidated department, all significant decisions ultimately flow through a single department head who can consider input from all divisions, rather than having multiple department heads issuing policies and regulations based on the perspectives and specific expertise of their departments. On the other hand, as a

department increases in size, a department's ability to coordinate internally and respond to its constituents effectively can suffer. Because we were unable to speak with staff at DEC, we are unable to assess how DEC's consolidated structure has played out in practice.

Interagency Processes Might Ensure Policy Coordination Without Consolidating Agencies. Additionally, consolidating all conservation functions within a single department may not be the only way to ensure that a state's environmental policy is coherent. The fish and wildlife agencies studied here seem to have regular contact with other state agencies and provide significant input into their rulemaking processes. This is especially the case for WDFW, which makes such comments as a part of its responsibilities under Washington's State Environmental Policy Act (see the regulatory activity section below). While such processes may improve coordination, they do not ensure it. For example, a recent review of TPWD found that although the department submitted comments to multiple agencies, no information was available on whether those comments resulted in changes to any actions by other Texas agencies because those agencies were not required to respond to the comments.

Agencies Choose Different Bases for Organizing Internal Divisions. The agencies that we studied chose one of two main bases for organizing their internal divisions: by function or by program. In a functional structure, activities that potentially serve multiple programs are grouped together by common function. For example, in the context of a fish and wildlife agency, functions such as permitting, law enforcement, and research would have their own divisions. Of the states we studied, the Texas fish and wildlife agency best exemplifies the functional structure. In a programmatic structure, a fish and wildlife agency's divisions would be organized on the basis of programs such as game management, habitat conservation, and fish hatchery operations. Of the states we studied, the Florida fish and wildlife agency comes closest to using the programmatic model.

There are pluses and minuses to each of the two organizational models. Organizing divisions according to functions can encourage economies of scale and can reduce the likelihood of redundant functions within the organization. However, functional structures can reduce an organization's flexibility and responsiveness to its customers or constituents who interact with the department on the basis of programs. For example, separating out the permitting function relating to the taking of endangered species from the enforcement of endangered species laws could make it more difficult for the agency to coordinate related regulatory activities. This could create inefficiencies and impede program effectiveness.

Organizing divisions according to programs can allow the agency to respond to different sets of constituencies rapidly because activities relating to a single program can be adjusted while leaving the rest of the organization unaffected. However, opportunities for economies of scale may go unrealized because functional expertise may be duplicated across divisions, and coordination among divisions may be hindered because each division is pursing potential competing program goals.

BUDGET AND FUNDING SOURCES

Florida

In the 2010-11 fiscal year, FWCC's budget totaled roughly $298 million, funding 1,947 full-time positions. The FWCC's main funding sources are license fees, fines, and other special funds, supporting 65 percent of the agency's budget. Federal grants make up another 25 percent of FWCC's funding, and less than 10 percent of the agency's funding comes from general-purpose revenues, the overwhelming majority of which supports the law enforcement program.

The FWCC Budget Is Evenly Split Between Public Use and Conservation Programs. Figure 1 ranks FWCC's programs by share of budget and share of positions. Law Enforcement is the largest program in terms of funding (39 percent of total). It makes up a much larger portion of FWCC's overall budget and employment than in other states we studied. This may be because of the high number of endangered and invasive species in Florida and because of high levels of water-based recreation such as boating and fishing, which the law enforcement division regulates. The other programs with the most personnel are the Habitat and Species Conservation division (18 percent) and the FWRI (17 percent).

Figure 1
Florida Fish and Wildlife Conservation Commission
2010-11 Budget and Employees (Share of Total)

	Budget	Positions
Public Use		
Law enforcement and licensing	39%	47%
Freshwater fisheries	3	4
Hunting and game management	2	2
Marine fisheries	2	2
Resource Conservation		
Habitat and species conservation	31	18
Fish and wildlife research institute	17	17
Administration	7	10

Real-Estate Transfer Tax Supports Much of Florida's Conservation Programs. Notably, FWCC's conservation programs are entirely supported by special funds, although the sources of these special funds are often dedicated general-purpose revenues. The documentary stamp tax (a type of real estate transfer tax) is a major source of funding for conservation efforts in Florida. Levied at a rate of $0.70 per $100.00 on documents that transfer interest in Florida real property, it has raised on average $600 million annually over the past ten years, 65 percent of which is dedicated to conservation programs, including but not limited to fish and wildlife programs. Proceeds from the tax have largely been used to pay debt service on $3 billion in bonds issued to fund restoration of the Florida Everglades. The Invasive Plant Control Trust Fund also receives documentary stamp tax revenues, gas taxes, and vehicle registration fees.

Texas

In 2011-12, TPWD's budget totaled roughly $325 million, funding 3,178 positions. License fees, fines, and other special funds support one-half of the agency's budget. Bond revenues are also a contributor to the agency's budget but vary greatly from year to year. For instance, $21 million in bonds are estimated to be expended in 2011, but that amount is expected to rise to $44 million in 2012. Federal grants make up another 15 percent of TPWD's funding. Figure 2 shows how both funding and positions are allocated—by share of total—for the department's various programs.

Figure 2
Texas Parks and Wildlife Department
2011-12 Budget and Employees (Share of Total)

	Budget	Positions
Public Use		
Parks operations[a]	30%	41%
Enforcement and licensing	18	21
Fish hatcheries	2	3
Hunting and game management	1	1
Resource Conservation		
Species and habitat conservation	15	18
Administration and Infrastructure		
Administration	10	11
Infrastructure	24	4

[a] Includes state parks police.

Dedicated General-Purpose Revenue Funding Is Statutorily Protected, But Still Variable. A unique feature of TPWD's funding is that a relatively major portion of its budget—31 percent—comes from general-purpose revenue funds of some sort. Much of this general-purpose revenue comes from a portion of the state sales tax from the sale of sporting goods that is devoted to parks, fish, and wildlife purposes. These funds provide a relatively stable source of funding for the department because they cannot be redirected without a change in law, unlike other general-purpose revenues going to the department. At the same time, these funds are susceptible to the same economic pressures as receipts from the sales tax as a whole. The sporting goods sales tax will fund 18 percent, or roughly $60 million, of TPWD's budget in 2011, well below the $100 million annually it provided over the prior decade.

Parks Operations and Infrastructure Comprise Majority of TPWD Budget. As shown in Figure 2, parks operations makes up the largest share of TPWD's budget, at roughly 30 percent, followed by infrastructure construction and repair (24 percent) and enforcement and licensing (18 percent). As noted above, these percentages can vary significantly from year to year, due in part to Texas' use of bond funding to pay for construction and repairs to infrastructure such as hatcheries and parks. The parks division is also the largest in terms of number of employees—it employs 1,312 people representing 41 percent of the department's positions. Despite its large share of the budget, the Infrastructure division only employs 4 percent of the department's

personnel, reflecting the capital-intensive nature of the division. The Enforcement division employs 673 people, including over 500 wardens, but this does not include the approximately 160 State Parks Police employed by the Parks division. It should be noted that the infrastructure program also contains some expenditures on hatcheries and wildlife areas that require construction or repairs, and as such, the share of expenditures on fish hatcheries and hunting and game management programs may be underestimated.

Washington

In 2011-12, WDFW's budget totaled $173 million in operating expenses, funding 1,449 positions, and $18 million in capital appropriations. Like other fish and wildlife agencies, licenses, fees, and other special fund revenues make up the majority of the department's operating budget (51 percent). Federal grants make up another 30 percent of the budget, while the General Fund makes up just under 20 percent of WDFW's operational funding. Bonds are not used for operating expenses and typically fund just over one-half of the capital budget, with federal funds supplying most of the remainder.

As shown in Figure 3, WDFW's largest program area is habitat and species conservation (31 percent of the total budget), which includes functions such as land management for conservation purposes, endangered species protection, and regulatory functions such as commenting during the rulemaking processes of other state and local government entities. Activities relating to fish production and management also make up a large portion of the budget (25 percent). This includes operation of 87 hatcheries throughout the state (mostly constructed to mitigate the impacts of hydroelectric power). Law enforcement and licensing comprises a smaller amount than in other states, despite relatively high levels of fish and wildlife recreation in Washington.

Figure 3
Washington Department of Fish and Wildlife
2011-12 Budget and Employees (Share of Total)

	Budget	Positions
Public Use		
Fish production and management	25%	34%
Enforcement and licensing	13	12
Hunting and game management	4	4
Resource Conservation		
Habitat and species conservation	31	38
Administration and Infrastructure		
Administration	16	11
Infrastructure	11	1

Washington Spends a Disproportionately High Amount on Fish and Wildlife. The WDFW budget is smaller than that of Florida, Texas, and California because of that state's smaller population, but is significantly larger as a share of total state spending and on a per capita basis, as shown in Figure 4 (see next page). This is the case even though Texas, Florida, and California

have what seems to be a broader range of responsibilities. Neither the total area of the state nor population density appears to explain this discrepancy. Texas and Washington have the same density, but Washington spends over twice as much per capita and per square mile on fish and wildlife. One possible explanation might be the high proportion of power generated through hydroelectricity in Washington, which necessitates the construction of fish hatcheries as mitigation for dams. Washington also has a significantly higher percentage of its population that engage in recreation associated with fish and wildlife, relative to the other states studied. As a result, fish and wildlife activities may be seen as a higher priority by Washington than in other states.

Figure 4

Expenditures of Fish and Wildlife Agencies

	Florida (FY 2010-11)	Texas (FY 2011-12)	Washington (FY 2011-12)	New York[a] (FY 2010-11)	California (FY 2010-11)
Agency budget (in millions)	$298	$326	$191	$115	$408
Percent of state budget	0.42%	0.36%	0.54%	0.08%	0.18%
Per capita expenditures	$15.85	$12.96	$28.40	$5.93	$10.95
Expenditures per square mile	$4,585	$1,216	$2,690	$2,091	$2,488

[a] Data are for Division of Fish, Wildlife, and Marine Resources. Does not include the expenditures for centralized department administration that are shared among divisions.
FY = Fiscal year.

Statutory Revenue Limits Have Caused Financial Problems for WDFW. Washington was the only state studied that requires a two-thirds supermajority for raising taxes, as is required in California. Additionally, Washington state agencies are prohibited from imposing or increasing fees without prior legislative approval. These laws have led to some General Fund support going to activities with identifiable beneficiaries because fees could not be raised to cover increased costs. The WDFW's hunting and fishing license fees are set in statute and generally not automatically adjusted to reflect inflation. The last major fee increase was passed in the mid-1990s. Over time, the department's fee-based funds have decreased in real terms and as a share of the department's budget. Prior to the recent recession, that loss of fee revenues was covered by a combination of efficiencies, programmatic cuts, and General Fund revenues. However, over the past four years, General Fund support for the department was reduced by 37 percent ($41 million) because of the state's budgetary problems. In order to backfill those cuts, the Washington Legislature adjusted all fish and wildlife fees to reflect the cost of the services provided, but future fee increases will need further legislative authorization.

New York

As noted above, data on programmatic expenditures within DEC divisions were limited. As a result, very few findings can be made about its expenditures, funding sources, and relative priorities. It is clear that New York spends less on fish and wildlife management than the other states studied. The DFWMR comprises 14 percent of the total DEC budget. We estimated that law enforcement devoted to fish and wildlife management adds an additional 8 percent of the share of DEC's budget. Thus, in 2010-11, total expenditures on DFWMR and the associated law

enforcement activities totaled about $115 million. This amount funds 962 positions, composed of 632 in DFWMR and an additional 330 conservation officers in the Division of Law Enforcement.

As with the other fish and wildlife agencies, DFWMR's most significant funding source is special funds derived largely from licenses and fees. The General Fund and federal funds each make up about a quarter of its budget. Most of the General Fund supports law enforcement activities (85 percent). Unfortunately, no information with greater detail on specific fish and wildlife program expenditures was available to us for this study.

LAO Comments

California's Relative Funding Position. With the exception of New York, California spends less on its fish and wildlife agency as a share of the state's budget than the other states we studied, as indicated in Figure 4. Not all agencies have equivalent scopes or functions, which necessarily affects the size of their budgets. But even when subtracting expenditures on parks from Texas and adding expenditures on the Department of Boating and Waterways to DFG's budget, California expends relatively less. On the other hand, California's expenditures per capita and per square mile are more in line with other states, making it difficult to draw conclusions about California's funding position relative to the other states studied.

Potential From Dedicating a Portion of General-Purpose Revenues to Conservation Purposes. The Blue Ribbon Citizens' Commission requested that we estimate the revenue potential from other states' funding mechanisms that are currently not used in California. As discussed above, Florida and Texas both have dedicated portions of their general-purpose revenue receipts to conservation activities. Florida dedicates 65 percent of its real estate transfer tax to conservation purposes. California does not have a real estate transfer tax. If such a tax could be assessed here, an equivalent tax could raise roughly $3 billion annually on average, based on California's greater population and higher home prices. However, this would likely be a volatile funding source. Recent trends in the housing market have caused significant variation in revenues in Florida: receipts have ranged from a high of $1.6 billion in 2003-04 to a low of $130 million in 2008-09.

Texas dedicates the sales tax revenues received from the sale of sporting goods to conservation purposes, which typically amounts to roughly 0.6 percent of Texas sales tax receipts. Assuming that percentage holds true for California, dedicating the revenue from the sale of sporting goods in California could raise approximately $160 million annually for conservation efforts. As with other general purpose revenues, these funds would be subject to changes in economic conditions and would therefore be variable across years.

ROLE OF A COMMISSION

Nearly all states across the United States, including those studied here, have some type of commission or board associated with its fish and wildlife agency. Commissions may have either regulatory or advisory responsibilities, or both, and the extent of their authority within those categories varies as well. Of the states examined in this report, New York is the only state with a fish and wildlife board that has solely advisory functions. The commissions in Florida, Texas,

and Washington all have varying degrees of regulatory authority and authority over their affiliated fish and wildlife agencies. Relative to those three states, California's FGC appears to play less of a role in administration of the department and operates relatively independently. In all of the states studied except New York, the commission at a minimum sets both rules on fish and wildlife management and general policies for the department, as does FGC. The interpretation of "setting policy," however, differs from state to state, with Texas having the least distinction between the policy-setting and administration of the agency.

Florida

As noted above, FWCC is headed by a commission like California's Public Utilities Commission. Therefore, all the responsibilities given to the FWCC ultimately rest with the seven commissioners, although responsibility for the day-to-day operation of the agency is delegated by the commission to the executive director. For instance, FWCC staff develop the agency's annual budget proposal, but the commissioners ultimately approve the proposal before it is submitted to the governor. Other notable powers of the commission include approval of land purchases and approval of various fish and wildlife management plans. Florida's commission is comprised of seven commissioners, appointed to five-year terms by the Governor and confirmed by the state Senate. There are no specific professional requirements for the commissioners. The FWCC's executive director is appointed by the commissioners and serves at their pleasure, although the director is also subject to confirmation by the state Senate.

The commission has broad authority over fish and wildlife management in the state of Florida. The commission is explicitly granted exclusive authority over rules and regulations pertaining to fish and wildlife resources by the state Constitution, which is unique among the states studied here. As described by FWCC staff, within that policy area FWCC operates autonomously, with limited opportunity for the Florida Legislature to exercise oversight outside of the budget process. This highlights an important distinction between California and Florida. While both California's FGC and Florida's commission are established in their state Constitutions, in California the Legislature delegates authority to the Commission and specifies its powers. In Florida, the FWCC has authority even without additional enabling legislation. Finally, the FWCC was also unique among the agencies studied in that, in some limited cases, it is exempt from its state's Administrative Procedures Act.

Texas

Texas also has a strong commission—established by statute—with broad authority over the department. The TPWC is composed of nine members appointed by the Governor and approved by a two-thirds majority of the state Senate. In practice, the TWPC appears to have greater involvement in the department's operations than does Florida's commission, despite the broad mandate of the FWCC. As in Florida, the executive director of TPWD serves at the pleasure of the commission, and the commission approves the department's annual budget proposals. But TPWC also has also exercised authority over some programmatic functions, such as: approving land acquisitions, easements, and sales; approving grant awards; ruling on disputed permit applications; and approving administration of the department's funds (for instance, approving fund allocation methodologies).

Staff at TPWD specifically highlighted the importance of a close working relationship between the commission and the executive director. Without an engaged commission, department staff considered it likely that they would spend more time fending off challenges from unhappy stakeholders to the detriment of their other responsibilities.

Washington

As noted above, the commission and the executive director together constitute the Department of Fish and Wildlife. The commission is composed of nine members, appointed for staggered terms by the Governor and approved by the state Senate. Unlike in Florida and Texas, Washington's commission make-up is in part determined according to geography. Three members must reside in the eastern one-half of the state and three must reside in the western one-half. Three members are chosen at-large, but no two commissioners may reside in the same county.

The responsibilities of the commission are clearly demarcated in Washington statute. Beyond the typical responsibilities for setting department policy and making fish and wildlife rules, WFWC also: regulates food fish and shellfish; approves the department's budget proposals; approves agreements related to fish and wildlife between the department and other entities; appoints the department's executive director; and monitors the performance of the department and the director. Included in its budgetary authority is the authority to approve land acquisitions.

A unique aspect of the WFWC is the degree to which it formalizes much of its direction for the department. In Florida and Texas, most policy guidance issued by the FWCC and TPWC seems to emerge during the course of commission meetings as requested by staff. In Washington a similar process occurs, but WFWC also writes formal policy documents that lay out direction for the department. For example, during recent budget difficulties, WFWC issued a policy with general guidelines concerning which areas of service to cut and which to leave intact.

New York

New York has no commission or board with regulatory authority relating to fish and wildlife management, and it was the only state studied where the director of the department overseeing fish and wildlife matters is appointed by the Governor rather than by a commission. However, several boards associated with DEC have advisory functions relating to fish and wildlife management. The most significant is the Conservation Fund Advisory Board, which is charged primarily with reviewing the allocations and expenditures of the DEC for fish and wildlife purposes, informing sportsmen/women and the general public about the expenditures, and creating an opportunity for public input into those expenditures. The 11 members of the board must demonstrate an interest in the state's fish and wildlife resources, in part by owning a hunting or fishing license. These members include one representing each of the nine DEC regions, as well as a representative of a conservation non-profit and another advisory board, the Fish and Wildlife Management Board.

LAO Comments

Integration Between Commissions and Departments May Enhance Responsiveness, Public Participation, and Stability. Staff at both FWCC and TPWD identified numerous benefits to tightly integrating the commission into the programmatic operations of the department. Primarily, they feel that it allows for greater stakeholder buy-in and public participation in key decisions. Ultimately, stakeholders can make their case to the commission if they believe that agency staff have not adequately considered their position. Should the commissioners choose, they can send the agency staff back to the drawing board on any decision. In this way, the structure ensures that staff have "done their homework" by thoroughly researching a policy issue and consulting all stakeholders prior to any action by the commission.

There are ways of structuring commissions to enhance benefits from having a more integrated approach. Staff felt that the extended terms of the commissioners enabled the agency to adhere to longer-term plans and policies that are required in fish and wildlife management. Likewise, experienced commissioners can lead and mentor new commissioners, potentially ensuring consistency. Moreover, staggering the appointments of commissioners makes it is difficult for a Governor to radically shift direction on policies.

Tighter Integration and Stronger Commissions Might Come With Tradeoffs. There are some potential downsides to tightly integrating the commission into an agency's operations. A single department head who is empowered to make direct management decisions may be more readily held accountable for the department's performance by the Governor and the Legislature, while the diffuse decision-making authority of a commission can make it difficult to identify the individual responsible for a decision. In addition, a single department head may be able to respond more quickly to changing situations than a board of several individuals that must reach agreement. In that way, commissions may hinder efficiency and responsiveness. Finally, the public participation that a commission enables may be included into regulatory processes in other ways. For example, California statute requires the Department of Toxic Substances Control to have public input into its regulatory decision making processes.

PLANNING AND EVALUATION PROCESSES

Planning and evaluation can be an important tool for managing fish and wildlife resources, but it can also be seen as an unnecessary burden if it does not actually affect or guide the actions of the agency that does the planning. Florida and Texas have relatively strong strategic plans that have an impact on the daily operation of the department and are based on quantitative measures. In particular, Texas' strategic planning and evaluation process is thoroughly integrated vertically throughout the organization. Washington's planning process is also based on quantitative measures and is tied to the budget, but it is unclear whether it is truly integrated at all levels of the organization.

One major reason those three states manage to integrate planning into the budget process and their activities is that all three have some form of PBB. This is a budgeting methodology that uses quantified goals and objectives to inform the budget process. Inputs, outputs, and outcomes (where possible) are tracked in order to assess (1) how well a department is achieving its desired

outcomes and (2) whether its performance is improving over time. These measures can also be used to determine the cost of producing a given service or good on a per-unit basis.

Agency Planning Processes

All four states, including New York, have a high-level conservation plan that lays out very broad thematic goals with little in the way of specificity about how those goals will be achieved. Where the states differ is on the inputs to that overarching vision and the relevance of the strategic plan to daily activities of the department. A PBB process can—in theory—increase the relevance of the planning process to an agency's operations because it breaks down an agency's activities into discrete units that can be given funding with a particular outcome in mind. Strategic planning assists a department in breaking down its operations into core activities, and therefore it is an integral component of PBB.

New York

New York's Strategic Planning Appears Minimal. We were unable to speak to staff at DEC, and as a result our information on their planning process is incomplete. The most significant strategy planning document compiled by DEC's Division of Fish and Wildlife appears to be its Comprehensive Wildlife Conservation Strategy (CWCS). The CWCS is mandated for all states by the U.S. Fish and Wildlife Service as a condition for receiving federal grants. These plans must contain specified elements—such as descriptions of the condition of habitat in the state, major issues for wildlife, and strategies for conservation. This plan contains relatively little detail on specific actions that will be taken, and its relevance to the agency's daily operations is unknown.

Texas

Texas' Strategic Planning Drives Long-Term Objectives, Budget Requests, and Daily Activities. The strategic planning process is tightly integrated into the operations of TPWD. At the highest level of Texas' strategic planning process is the Land and Water Resources Conservation and Recreation Plan (the Land and Water Plan). This plan lays out guiding principles and priorities for TPWD over the next five years (2010-14 in the current iteration), which agency staff use to ensure that their activities fit in with the organization's overall aims. The Land and Water Plan is composed of a handful of goals for the organization over the lifetime of the plan. Those goals tend to be abstract and express a vision for the department, but they also have associated objectives that speak to specific aspects of the goal. Underlying each objective are several strategies that identify categories of actionable activities that TPWD will take to complete those objectives, such as "providing technical guidance on wildlife and habitat management." Finally, the plan identifies specific actions with specific dates and quantifiable targets, such as "increasing the number of acres managed under Wildlife Management Plans from 23.5 million to 26 million by December 2011."

There are several ways that the Land and Water Plan impacts the operation of the department. First and foremost, the department's biennial budget requests are articulated through the objectives and actions described by the plan, rather than by agency division or program. Each activity listed in the budget is accompanied by an evaluation according to quantified

performance metrics. This linkage between achieving objectives and the budget is intended to ensure that the department is cognizant of the goals it has set for itself and that it is continually working toward those goals. Second, each division within TPWD also develops a strategic plan every five years. These plans must align with the Land and Water Plan, helping to ensure that divisions are coordinating their activities. Third, at the individual level, employees develop annual work plans with input from their supervisors that outline the activities that they will perform and describe how those activities help meet the larger goals of the organization. In this way, the strategic planning process encourages employee buy-in by ensuring that they understand the value of their actions. It also helps to ensure that the Land and Water Plan actually impacts the daily activities of TPWD rank and file staff instead of being just a managerial exercise. Staff seem to view the process favorably and consider it a worthwhile process.

According to TPWD staff, the plan receives a significant amount of public input, particularly through their "conservation forum" process in which field staff hold public meetings to air components of the plan and to receive input from stakeholders in an open forum. Because the Land and Water Plan describes all of the activities of the department for the next five years and thus the department's budget requests, it gives stakeholders an opportunity to significantly shape the direction of the department. In addition, the Land and Water Plan must be approved by the Commission, creating another opportunity for stakeholder input.

Florida

Florida's Long-Range Program Plan Quantifies Outputs. The FWCC has a similar planning process to TPWD, although it appears to be less integrated into the day-to-day activities of individual employees. Like Texas, there are three levels of planning that occur vertically throughout the organization. At the highest level, FWCC has an overarching Strategic Plan which maps out the conservation vision for the organization. The plan is designed to set a vision, a mission, goals, and strategies that span approximately 25 years. This plan sets out guiding principles which the agency can refer to in order to ensure that it stays true to its mission. Beneath the Strategic Plan is the Long-Range Program Plan (LRPP), which is described as the roadmap to accomplishing the goals and objectives set in the Strategic Plan. The planning process in Florida is simultaneously retrospective and prospective. The LRPP reviews agency performance over the past several years. It also sets quantified targets for future performance, proposes new performance measures to the Legislature, and lists expected per-unit costs for activities such as issuing permits. The LRPP is revised annually and extends five years from the date of the annual update. Each division also develops an annual operational plan that feeds into the LRPP and Strategic Plan. These operational plans are developed by staff at the project leader level.

Washington

Washington's Planning May Not Be as Involved as in Florida and Texas. As in New York, we were unable to speak with staff directly in charge of planning at WDFW, although we did receive some input from other staff that pertains to the planning process. From the documents available on Washington's strategic planning process, the process appears to be less involved

than that of Texas and Florida. The WDFW has a high-level Strategic Plan that articulates a broad vision, goals, objectives, and strategies. Similar to Texas and Florida, the Strategic Plan spans five years and is updated biennially. However, we could not find any lower-level operational plans for individual departments. In addition, the process of updating measures appears to be less formalized and regular as compared to Florida and Texas, although WDFW staff did indicate that they are currently in the midst of an update to their measures.

LAO Comments

Plans Lack Explicit Prioritization of Goals and Objectives. A shortcoming common to all of the strategic plans we analyzed is that there was no obvious prioritization amongst goals and objectives. On the contrary, several plans stated that these goals and objectives are all of equal priority. This lack of explicit prioritization is a serious shortcoming, particularly given the economic challenges that have affected all departments over the past several fiscal years. Without prioritization, the department is left to make ad-hoc decisions about which goals and objectives to pursue and which to suspend. Setting priorities is within the purview of the legislature in each state because it appropriates funds, but in cases where the governor proposes the budget and requests funding, a strategic plan should guide those requests when funding is more limited as well as when funding is more freely available.

Program Evaluation

Agency PBB Processes

PBB Creates Opportunities for Program Evaluation. In three of the four states we studied, program evaluation is formalized through the budget process, and to a lesser degree, through "sunset reviews." (We explain this process later in this letter.) Florida, Texas, and Washington all have some form of PBB, and this provides the Legislature the chance to evaluate the success of an agency's actions and hold the department accountable.

Texas' PBB Process Sets Expected Outputs and Outcomes Based on Funding Levels. Texas implements PBB through the structure of its General Appropriation Act, which lists appropriations according to the goals and corresponding strategies that the executive departments have described in their strategic plans. These goals and strategies are revised every two years as part of the budget process and are in part shaped by directions from the Governor and the Legislature. The budget also includes outcome, output, and efficiency targets to set expected levels of performance for each agency, based on the amount of funding they will receive. The budget process, and therefore the planning process, also retrospectively evaluates each agency's performance over the past two years, along with narratives explaining the relationships among agency activities, external factors, and changes in the values of its quantitative measures.

Florida's PBB Process Requires Justification of Per-Unit Costs of Services. Three aspects of Florida's strategic planning processes tie planning and program evaluation directly to funding in order to ensure that the plan is relevant to agency operations. First, funding is appropriated according to services provided by the program to the citizens of Florida based on associated outcome measures. Second, each agency is required to develop a LRPP, as described above. The

LRPP explicitly calculates per-unit costs of services such as permitting, regulatory activity, and enforcement actions. Agencies are required to justify those costs through the budget process. Third, the time that the LRPP covers is generally aligned with federal grant funding cycles. Grant cycles tend to start and end at the same time as the five-year LRPP. This alignment with funding cycles ensures that grant funding is being used to further the goals FWCC has set for itself and allows for retrospective evaluation of the accomplishments resulting from the previous cycle.

Washington's PBB Is Less Developed. Washington's PBB process creates a budgetary link between agency activities and appropriations. All executive agencies create an "activity inventory" that details the agency's budget requests according to the activities it performs. Unlike Texas and Florida, Washington's budget is appropriated at the agency level without reference to goals or outputs. These activities are evaluated according to quantitative measures in the inventory. In many cases, however, the measures have a limited historical track record and lack a narrative explanation of the performance of the department. As a result, it is challenging to piece together an accurate picture of the department's performance.

Washington has attempted to move closer toward the style of PBB practiced by Texas and Florida with its Priorities of Governance initiative. This initiative identifies several high-level priorities across state government, each of which has associated performance measures. Teams of experts are convened to identify new ways of achieving these outcomes and to determine the costs of these efforts. Finally, a level of funding for the activities is set by the Governor. However, this initiative is not directly integrated into the appropriation of funds.

Agency Sunset Review Processes

Sunset Reviews in Texas and Florida Enhance Program Evaluation. Texas and Florida are regarded as having two of the most stringent PBB policies because they are the only two states that regularly threaten all state agencies with elimination if they fail to perform satisfactorily according to certain measures. Under this process, called a sunset review, all state agencies expire periodically (typically every 10 to 12 years) without explicit reauthorization by the Legislature. A Sunset Review Commission composed of legislators examines the operational efficiency of the department up for review and compares that department's activities across all state agencies for duplication. Agencies are first required to submit self-evaluation reports, that are then reviewed by the review commission's staff. Staff then analyze operational data and conduct interviews with employees, outside experts, and stakeholders to supplement the self-evaluation, and the information is aired at a public hearing. The review commission then formally issues recommendations on activities that should be discontinued or pursued in a different manner, reorganizations, or other operational changes to improve the function of an agency, accompanied by any relevant legislation, including a bill that reauthorizes the agency.

In Texas, statute specifies 12 criteria for the review commission to use in determining the need for the continued existence of an agency. Among others, these criteria include: the degree to which an agency is has met its mission, goals, and objectives; the extent to which an agency encourages public participation and stakeholder involvement; any duplication of activities within the agency or with other state agencies; and the impact on the receipt of federal funds if the

agency is abolished. The review commission also may issue recommendations regarding statutory changes that may improve the way the department functions. In this way, the process can potentially be helpful to the agency under review if it reveals a statutory issue that is adding unnecessary difficulties to its functioning.

Florida's Sunset Review process functions similarly to Texas', except that there is no explicit requirement for the review committee to write and submit legislation to implement recommendations that require statutory changes. As in Texas, Florida's Joint Legislative Sunset Committee issues similar recommendations for operational efficiencies, such as directing FWCC to examine opportunities for outsourcing some land management functions.

Washington's Sunset Review Process Is Limited. Washington has a limited sunset review process as well. Not all agencies are subject to a regularly scheduled sunset review. Instead, specific agencies are added to a sunset list. Agencies added to that list then are subject to a review similar to the processes in Texas and Florida.

LAO Comments

PBB Can Improve Program Evaluation and Increase Accountability. A potential benefit of PBB is improved accountability by quantifying the services provided per amount of taxes paid. Tracking an agency's activities according to specified quantitative measures on a per-unit basis enables a legislature to make explicit tradeoffs in the allocation of resources for different services. Because a legislature has a measure of what effect a given appropriation is intended to produce, it could weigh, for example, funding for additional staff to reduce permitting wait times against the cost of acquiring and managing an additional acre of endangered species habitat. This improved ability to make trade-offs is especially relevant in tight fiscal times because it enables a government to establish priorities and to ensure that those priorities are met when limited funding is available. By quantifying expectations, it also provides a mechanism for the legislature to hold the agency accountable for its results.

California's PBB Pilot Did Not Produce Conclusive Results. Beginning in 1993, California attempted a PBB pilot program that included five departments (the DFG was not included). In our *Analysis of the 1995-96 Budget Bill*, we reported that the implementation cost had been significant, and at that time, there had been little change in the budget process as a result of the pilot project. However, we also considered it too early to tell whether the pilot was successful in achieving some of the longer term goals such as cost savings, improvements in service delivery, and increased transparency. (Please see our *1995-96 Analysis* for additional details.) The program ended in 1999-00.

Senate Bill 14 (Wolk) Would Establish PBB in California. Senate Bill 14, recently passed by the Legislature, provides a statutory framework for the implementation of PBB for all state departments and agencies. The bill requires the Department of Finance (DOF) to begin PBB in the 2013-14 budget process. Given that Washington, Florida, and Texas all engage in PBB and all are considered generally well-functioning departments according to the Association of Fish and Wildlife Agencies and a fish and wildlife management consulting firm we spoke with, PBB in California—if well implemented—could generate similar benefits here.

Program Evaluation Requires High-Quality Performance Measures. One of the most significant challenges to PBB—and to any sort of monitoring and evaluation in general—is developing meaningful evaluative measures for the agency. Four criteria commonly discussed by management experts include relevance, specificity, consistency, and timeliness. To be relevant, a measure must accurately capture the impact of an agency's activities on the desired outcome. If a change in the metric does not correlate to a change in the outcome, performance cannot be accurately gauged. Many outcomes that fish and wildlife agencies strive for are difficult to quantify and subject to multiple forces that can mask the impact of their efforts. In order to be considered specific, a measure must be unambiguous, and it must be readily comprehensible by its audience. A metric must also be expressed in units that are consistent across years to allow for comparisons and tracking of performance over time. Finally, a metric must be available to decision-makers within a time frame that allows a response to the conditions that have caused a change.

Fish and Wildlife Agency Metrics Are Generally Timely and Consistent, But Not Always Relevant and Specific. Staff at FWCC, TPWD, and WDFW all indicated that they faced difficulties in developing metrics that are relevant, and those difficulties are evident in their strategic plans and budget documents. In general, timeliness and consistency seem to be relatively easily achievable criteria, but many metrics seem to be non-specific or unrelated to a given outcome. Some high-quality metrics that satisfy all four criteria include: percent of critical habitat protected and response time to emergency calls. In all of these cases, the metrics bear a clear relationship to a desired outcome such as species recovery or hunter safety. They also are unambiguous, consistent across time, and measured relatively quickly.

Some Processes Can Make Up for Inadequate Measures, But May Reduce Accountability. Currently, Texas and Florida both formally allow agencies the opportunity to describe the mitigating factors that may have impacted their scores according to the established measures. This ensures that agencies do not suffer because their measures are affected by factors outside of their control, but it potentially reduces the usefulness of the entire PBB process because it reduces how accountable an agency is for the ultimate outcome of its actions. Florida tracks each of FWCC's objectives with multiple performance measures, potentially reducing the negative impact of a measure with low relevance.

Sunset Reviews May Improve Service Delivery. The value of the sunset review process is not necessarily savings from abolishing agencies. In fact, Texas is the only state to have eliminated agencies through its review process (60 agencies have been abolished, separated, or combined since 1979). Moreover, as noted above, there are significant costs to all of the attendant monitoring and evaluation that comes with PBB and the sunset review process. Whatever their fiscal effect may be, a potential benefit is the opportunity for lawmakers to identify improvements to the agency's functions in terms of effectiveness, enabled by the periodic and comprehensive reevaluation of that agency's operations. The final result may not be less-expensive government services, but improvements in service delivery.

LAND ACQUISITION AND MANAGEMENT

All fish and wildlife agencies across the United States have some responsibility for managing land for public use or for conservation purposes. Where possible, lands are managed to maximize both public use and conservation. Because public use can interfere with conservation and vice versa, however, a primary purpose for the land is generally designated. For instance, California's DFG manages the majority of its lands for public use (these lands are called wildlife areas), but over 20 percent of the land it manages are ecological reserves established for conservation purposes (although some limited forms of recreation are often allowed).

The other state agencies studied here vary in the proportion of land they manage for public use or for conservation, as well as in the relative importance of their land management responsibilities. There are also some differences in the number of organizations that acquire land for environmental purposes within a given state. We describe briefly the differences among states below.

Texas

The TWPD is the primary owner of land set aside for conservation purposes in Texas. The General Land Office in Texas also owns land and does some limited conservation work, but its main purpose is to utilize state lands to generate revenue to finance public schools, principally through leases of mining rights and land for renewable energy development.

TPWD Focuses on Public Use of Managed Lands. The TPWD manages relatively few lands for the purpose of environmental conservation. Instead, the vast majority of lands owned or leased by TPWD serve some sort of public use. Over one-half of the department's lands are wildlife management areas that have been selected because they represent the ecological regions of the state. The primary purpose of these lands is to allow the public to learn about and experience the natural Texas environment. Hunting, fishing, hiking, camping and other outdoor recreational activities are encouraged on these lands. These 51 wildlife management areas encompass over 750,000 acres around the state, which is a total area comparable to California's network of wildlife areas. The other major category of land owned and managed by TPWD is park lands, which cover 580,000 acres spread over 113 state parks, historic sites, and natural areas. These sites also allow hunting and fishing in addition to other outdoor recreational activities.

Less than 3 percent of land in Texas is state-owned and, as a result, land management efforts to conserve species revolve around improving and expanding resource stewardship by private landowners. The TPWD has an extensive program to educate private landowners about steps they can take to promote species conservation and to provide them with technical assistance, such as plans for managing wildlife on their land. Through this program, 26 million acres are managed under these wildlife management plans by several large non-profit organizations, 1,200 land trusts, and other private parties.

Staff at TPWD listed several benefits to working with private parties to conserve fish and wildlife resources instead of acquisition and management of land by the department. They see private parties as more nimble than government agencies, in part because private parties are not

subject to the same bureaucratic processes that can slow a government agency's operations. The largest of these private parties also have the ability to make large upfront purchases rather than leasing lands, as the department does in some cases. Finally, private landowners can be more willing to deal with private parties than a state agency. At the same time, the downside of this arrangement is that the state has relatively less control over sensitive ecosystems if they are protected by private parties. Also, by virtue of its longevity, the state may be in a better position to manage land in perpetuity than is a private landowner.

Washington

As with TPWD, WDFW owns or leases and manages nearly 900,000 acres of wildlife areas for both public use and protection of fish and wildlife. Access to these lands is available upon purchase of a hunting or fishing license. Therefore, public use was the primary purpose driving WDFW's acquisition and management of lands for many years. However, staff at WDFW indicate that a shift is taking place concerning acquisition and management decisions. While in the past, land was acquired for hunting and fishing, recent acquisitions have focused on conservation and preservation. For example, approximately one-half of the funding for land acquisition comes from funds that are earmarked for purchases of critical habitat, and the Washington Legislature specifically authorized WDFW to acquire that type of land. At this point, staff estimated that two-thirds of the wildlife areas managed by WDFW are managed primarily for conservation purposes.

The WDFW is only one of several departments that manage state-owned lands. The largest owner of lands for environmental purposes is the Department of Natural Resources (DNR), which manages 5.6 million acres of forest, range, agricultural, aquatic, and commercial lands. As with Texas' General Land Office, these lands are leased to generate revenue for public schools (among other purposes). But DNR also manages 132,000 acres of conservation lands called Natural Area Preserves which protect Washington's biodiversity and serve as models for restoring degraded lands. Public access to these lands is restricted. The DNR also leases approximately 125,000 acres to WDFW for its system of wildlife areas. The other department with significant land holdings for environmental purposes is the Washington State Parks and Recreation Commission, which includes over 100 state parks.

Concern over duplication of efforts across the various state agencies spawned a 2004 bill, requiring an inventory of state lands, a review of the processes for land acquisition, and the development of a coordinated strategy for acquiring and disposing of land by Washington agencies. The resulting report by the Interagency Committee for Outdoor Recreation developed a set of 12 recommendations for improving coordination, communication, documentation, and planning as they pertain to land acquisition by the state. Notable recommendations included: developing an annual forum for agencies to discuss proposed acquisitions, developing standards for producing a forecast of acquisitions, standardizing acquisition data and record-keeping, and investigating a "no net gain" option that would restrict the total amount of land owned by the state.

Florida

Florida has an extensive system of state-owned or managed land, totaling over 9.8 million acres of conservation land, of which FWCC owns or manages over 5.8 million acres. The vast majority of FWCC's lands are wildlife management areas that promote public use, but FWCC also manages wildlife and environment areas that are similar to California's ecological reserves and are primarily for conservation purposes. The FWCC owns 1.4 million of the 5.8 million acres of lands it manages; the remainder are owned by other entities, such as other state agencies or non-profit corporations. These are managed by FWCC, often jointly with the organization owning the property.

In addition to these joint management efforts, FWCC has attempted to outsource certain aspects of land management at the direction of the Sunset Review Committee. A pilot program where FWCC contracted for prescribed burning of their lands was pursued in 2008. Because of the extensive certifications required for private land managers, FWCC found contracting to be more expensive than conducting the burning itself. (Some FWCC staff are now sent to the Division of Forestry's Center for Wildlife and Forest Resources Management Training to receive the appropriate training.)

"Florida Forever" Program Coordinates All Resources Land Acquisition. Florida coordinates all land acquisition for environmental purposes through its Florida Forever program within the Department of Environmental Protection (DEP). The FWCC is only one of several entities in Florida that have significant land management responsibilities. The Division of State Lands acts as the real estate agent for all conservation land purchases. Purchases of land are coordinated by DEP's Acquisition and Restoration Council, which is a ten-member board composed of four state agency representatives, four gubernatorial appointees, and two appointees selected by FWCC and the Commissioner of Agriculture and Consumer Services.

The Council evaluates all proposed land acquisitions according to a "conservation needs assessment," based on legislatively established criteria to determine whether the acquisition should go forward and which of the three major conservation agencies should have responsibility for managing the land. The Division of State Lands then appraises the proposed acquisition and negotiates the purchase. Before a purchase can be completed, it must be approved by a separate Board of Trustees composed of the Governor and the Cabinet. In this way, duplication of conservation purchases is avoided, and expenditures on conservation are prioritized according to expressed legislative direction. Over 2.5 million acres of land have been acquired through the Florida Forever process since 1990.

New York

Much like all other administrative functions within DEC, land acquisition is centralized in the Division of Land and Forest's Bureau of Real Property, which serves as the real estate agent for all DEC divisions. The DEC owns or manages over one million acres of land for a variety of environmental purposes. The DFWMR—New York's fish and wildlife division—manages approximately 20 percent of that land as wildlife management areas that provide outdoor recreational opportunities, such as hunting and fishing.

Open Space Conservation Plan Provides Goals and Priorities for Conservation Acquisition. Priorities for conservation land acquisitions are established in a regularly updated Open Space Conservation Plan developed by the Governor with input from the DEC and the Office of Parks, Recreation, and Historic Preservation. Nine regional advisory committees and various stakeholder groups also provide input into the plan. The conservation plan lays out conservation goals and guiding principles to assist the New York government in preserving open space. It then describes actions at the agency level that should be undertaken to pursue those goals. Those actions include acquisition but also identify opportunities to preserve open space without actually acquiring land, such as through landowner technical assistance programs or incentives for sustainable private land management. The conservation plan also identifies conservation projects that have been started or completed. However, there appears to be no quantitative evaluation of progress toward achieving the goals established by the plan.

LAO Comments

Florida's Coordination Efforts May Be Applicable to California. Like Florida, California has multiple state agencies that are involved in the acquisition and management of land for various purposes related to conservation, such as DFG, the Department of Parks and Recreation, 11 regional conservancies, and the California Department of Forestry and Fire Protection (CalFire). Concerns have been raised in the past that there is inadequate coordination among the various land-owning agencies. Therefore, the Florida Forever program represents a model that may be applicable to California.

Regulatory Activity By Fish and Wildlife Agencies

Licensing and endangered species take permitting are common to all of the fish and wildlife agencies that we studied, as well as California's DFG. However, there are differences in the other types of regulatory activity the agencies perform. Specifically, WDFW has a number of other regulatory responsibilities similar to California's DFG, while Texas and Florida appear to be more limited in this regard. We note that we did not come across any agencies with regulatory responsibilities equivalent to DFG's Desert Renewable Energy Conservation Plan. The DFWMR in New York provides comments on renewable energy project permit applications, but there does not appear to be a similar large-scale program devoted specifically to assisting renewable energy development.

Florida

FWCC Does Not Issue Permits for Alterations to Waters of the State. The FWCC comments on environmental rules and permit applications to identify potential impacts to wildlife. In Florida, most environmental permitting functions are located within the state's Department of Environmental Protection, but FWCC issues permits for the taking of endangered species and comments during the course of other state agencies' rulemaking and permitting processes. Unlike California and Washington (described below), the FWCC is not directly responsible for issuing permits for construction in or alterations to the waters of the state.

Texas

TPWD's Regulatory Activity Is Similar to Florida. Most environmental permitting functions for the state of Texas reside in the Texas Commission on Environmental Quality, although TPWD issues permits for the taking of protected species and for breeding game. The TPWD also does some limited permitting of alterations to the beds of navigable waters in the state, but the scope of that permit is much narrower. It also comments on rules and permits issued by other state agencies.

New York

DEC Is New York's Main Environmental Regulatory Body. The DEC is New York's main environmental regulator and therefore conducts the vast majority of environmental permitting. Specifically, DEC's Division of Environmental Permitting handles permits required under the state's Environmental Conservation Law. Regardless of the type of activity, all permits undergo a similar process under the Uniform Procedures Act, which involves coordinating input from all relevant DEC divisions and then issuing a decision that may have conditions for the permit. The Division of Environmental Permitting also oversees DEC's implementation of New York's State Environmental Quality Review Act and assists other state agencies and local government in complying with the law. Like the California Environmental Quality Act, New York's law requires government agencies that are taking an action to identify—and more importantly, mitigate—the significant environmental impacts of the activity it is proposing. The DFWMR contributes to these regulatory efforts as do other divisions within DEC, and it submits roughly 10,000 comments annually to the Division of Environmental Permitting and other agencies.

Washington

WDFW Regulatory Activities Are Similar to DFG's. Washington's Department of Ecology is responsible for the majority of environmental regulatory activity in that state. However, WDFW performs many regulatory functions similar to those of California's DFG. One unusual component of WDFW's regulatory activities is its Hydraulic Project Approval program, which is similar to California's Lake and Streambed Alteration permitting process. The WDFW also spends a significant amount of effort on commenting on regulatory actions taken by other agencies. Washington has a State Environmental Policy Act which requires an evaluation of the environmental impacts of a state action before that action can be taken. That law is similar to California's Environmental Quality Act, although it does not require mitigation of those impacts—only consideration of their potential effects. In addition, the WDFW holds a seat on the Forest Practices Board, an interagency board that sets rules for timber harvests, pre-commercial thinning, road construction, and forest chemical applications. It also works closely with the Washington Department of Natural Resources on Forest Practices Applications, which are similar to California's Timber Harvest Plans.

CONCLUSION

The states studied in this report may offer ideas for improvements to the structure and functioning of California's DFG. Areas for further investigation might include: establishing a quasi-independent research organization to perform the science that backs up policy decisions,

increasing the integration between DFG and the FGC, and creating a body to coordinate all environmental land acquisition in the state.

If you have any further questions and/or would like to arrange an in-person briefing on our response, please contact Anton Favorini-Csorba of our office at (916) 319-8336 or anton.favorini-csorba@lao.ca.gov.

Sincerely,

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