

Sustainable Financing Working Group

Notes from September 1, 2011

Discuss unfunded mandates for the Regulatory & Permitting WG meeting the week of Sept. 12. Likely will be presented to large stakeholder advisory group.

Definition of an unfunded mandate: Expectation of work without resources dedicated to satisfy that expectation.

Bulk of problem underfunded mandate.

Definition of an underfunded mandate: Expectation of a product or service that is not funded to deliver the expected outcome.

Perhaps remnants of old audits; DFG indicates that there are no late payment backlogs; much improved. If no budget, no payments – applies to all state agencies/departments.

Dedicated advisory group receive budget information related to that dedicated account.

DFG internet: Program expenditures, fund condition statements

DFG looking for more effective ways to better reflect program expenditures i.e. salmon. See “Salmon Conservation by Fund and Program” chart – presented at the first larger stakeholder advisory group; posted on vision website. “New component drill.”

Does the current structure of DFG’s budget reduce the department’s flexibility to meet its priorities? Yes

Should DFG be limited to its current budget level? Increase efficiencies and effectiveness with current resources only? Functions that might be appropriate to transfer to another state entity? Doesn't mean stop looking for other funding sources.

What does "full cost" mean? Are resource users maxed out in their ability to pay for more services.

Fee setting authority lies with the Legislature. Expectations do not fit revenues taken in.

Deliverables, expected outcomes before can figure out full costs.

Analysis of the baseline fees and program outcomes to determine whether a fee-based funding is adequate to meet program objectives. Scientific collection program; commercial fisheries; timber harvest plans.

There is no check and balance.

Expectations and other program requirements have grown over the years and outpaced revenues.

People more willing to pay the fee if they see a benefit.

DFG General Fund spent on: all NCCP, some THP, CESA, MLMA

THP program lost 7 of 22 positions. Persons moved to other programs.

Program can't "overspend" and can't go into next year's budget.

Litigation – unbudgeted. 168 active cases; \$3 million past year actual (AG costs) but liability could be tens of millions. Generally comes from internal budget savings.

How does DFG's litigation compare to other Natural Resources departments? Likely due to regulatory responsibilities.

Statutory caps in dedicated account covered by overall administrative overhead...pushed to 25%. If the caps were lifted it would be approximately 15%.

Work plans for managers, including/linking to budget.

Contract section doesn't work in synch with the program. DFG providing training for program and contracts staff. Governor's EO – no personal services contract; UC won't sign intellectual property provisions. Legislation to get the state and UC to compromise.

WCB going to run out of funding soon – 3 years? Retail-water user fee - \$s goes back to aquatic/terrestrial acquisition/management/enforcement/program. Agriculture cannot pass on the costs. Could have funding tiered. A buck or two a year. All public benefits from DFG. Need a Prop. 26 filter.

Should recommend something re: steady revenue stream.

Road-kill tax. DMV had to be at least \$5 on VLF. Need Prop. 26 filter.

DFG to provide Prop. 26 analysis – next WG meeting. Caution: AG doing a statewide analysis.

DFG doesn't have existing Prop. 26 issues with current structure.

Landing tax – not value based; pound-based. Need to overhaul? Like a royalty.

Outcome – good financial accounting; better widget counting system.

Need to explore a reliable funding source; reflects costs borne by all Californians.

Workload funded by GF is growing as GF decreasing.

What would a 0.10% sales tax be – question to FTB?

Orange Measure M = \$200 million/yr (2-3 years ago); San Diego county (5 years ago) – transportation sales tax – mitigation for transportation projects. Every county has 1% sales tax. Solano County – mitigation. COGS currently study for mitigation, habitat or open space.

Local funding to support DFG programs i.e. NCCP. Region 5 (central coast) – difficult to staff.

Sales tax on outdoor gear.

Other state's funding sources: Missouri – sales tax; Arizona – lottery

Have access to federal dollars but can't make the match; go to NGO for funding?

Level 4 water to wetlands; owes \$20 million to BOR

Per LAO, DFG not able to answer to Legislature – “how were the monies spent”

State Parks Foundation model – to response more nimbly; advocacy

Identify the outcomes rather than “fully and appropriately funded”

What does “integrated science” mean? Integrated systems rather than partnerships (good discussion in Science WG).

Permittee pays to have DFG pay for their review. Merit in the model?

Track record? Firewall? Perception money comes with expectations.

DFG to provide examples of how they work. ITEM FOR FUTURE DISCUSSION.

Beneficial project reviews delayed due to paid review for development projects.

Review federal “firewall” structure – Jay to provide

Concern about the cost of reimbursement contracts. It’s not a personnel issue.

Analysis of adequacy of existing fees to cover program objectives

Growing permit related dependence (i.e. CESA) on General Fund; vulnerability over time.