

# Organizational Assessment of Operational and Management Practices

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## WASHINGTON DEPARTMENT OF FISH AND WILDLIFE



January 11, 2018

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## 1. Executive Summary

The Matrix Consulting Group, Ltd. was retained by the Washington Department of Fish and Wildlife (WDFW or Department) to conduct an organizational assessment of the Department. The study was undertaken at the direction of the State Legislature as part of a budget proviso (Section 307(13), Chapter 1, Laws of 2017) that required the Department to undertake three areas of review:

- Development of a long-term plan to balance projected expenses and revenues by providing prioritized spending reductions and revenue enhancements;
- Identification and implementation of management and operational efficiencies; and
- Development of a zero-based budget review for the Department's proposed 2019-2021 operating budget.

This organizational assessment addresses the second bullet point identified above requirement to identify management and operational efficiencies. In assessing the operational and organizational structure of the WDFW, several key themes were identified that need enhancement and focus in the future. These include the following major themes: greater involvement and oversight of the Commission in guiding and evaluating operations; increased focus on public input, public education of Department accomplishments and priorities; transparency of operations; and organizational structure modifications to enhance operational practices.

### 1. IMPETUS FOR THE ASSESSMENT AND METHODOLOGY.

During the 2017-19 biennial operating budget adoption, state lawmakers directed WDFW to complete three tasks to improve the department's long-term financial stability and operational efficiency:

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

This report is focused on the second task, which as stated in the budget bill requires the following:

- (b) In consultation with the office of financial management, the department must consult with an outside management consultant to evaluate and implement efficiencies to the agency's operations and management practices. Specific areas of evaluation must include:
  - (i) Potential inconsistencies and increased costs associated with the decentralized nature of organizational authority and operations;
  - (ii) The department's budgeting and accounting processes, including work done at the central, program, and region levels, with specific focus on efficiencies to be gained by centralized budget control;

- (iii) Executive, program, and regional management structures, specifically addressing accountability.

In conducting this assessment, the project team undertook the following activities leading to the development of this report:

- Conducted information gathering and data collection on current staffing and operational practices of the Washington Department of Fish and Wildlife. This included staff interviews (over 65 individual interviews with key staff throughout the organization including executives, managers and supervisors), interviews with all Commissioners, and collection of data from the various operating programs and units to understand workflow and workloads.
- A comparison of the operating practices and organizational structure of comparable state departments of fish and wildlife. The other states chosen were selected to compare to other agencies with similarities in programs and responsibilities to those of WDFW.
- A comparison to three State of Washington Agencies (the Parks and Recreation Commission, the Department of Ecology, and the Department of Natural Resources). During this comparison various aspects of operational practices, staffing allocations and centralization/decentralization was reviewed.
- Comparison to best practices, in administrative functions, seen in other public-sector agencies that would have applicability to the Washington Department of Fish and Wildlife.
- Periodic review meetings to review progress and discuss preliminary findings were conducted with the Department's steering committee which includes WDFW executives and representatives from OFM and the Governor's Office.
- A review of the draft report was presented to the Washington Department of Fish and Wildlife Commission during their December meeting.

This final report presented took into consideration all feedback received from the involved parties.

## **2. Washington Department of Fish and Wildlife Operating Environment.**

The WDFW has a more complex operational environment compared to other fish and wildlife departments in other states due to the broad missions and programs that it oversees, the extensive commercial fishery operations, and the need to actively involve 29 federally recognized tribes in Washington, in addition to, out-of-state tribes with off-reservation hunting and fishing rights in the state of Washington as well as other key stakeholders of the department.

It should be noted that the Department spends significant effort coordinating its activities with the tribal entities in the state. Because the tribes are co-managers of fish and wildlife, they

share responsibility with the Department for setting policies for the state's various customer groups and stakeholders. Some Department staff dedicate a sizeable portion of their time to tribal affairs; Regional Directors routinely work with tribal leaders to address local concerns, and the Department has a tribal policy liaison dedicated to ensuring a strong working relationship with them. This level of effort is not required in many of the states that were used as comparatives.

The other state agencies studied varied considerably in size and sources of revenue. The largest was Minnesota (which includes other functions within their department that are not conducted by the Washington Department of Fish and Wildlife) with an annual budget of approximately \$500 million; the smallest was Arizona with \$117 million. The Missouri Department of Conservation benefits from a dedicated sales tax that provides income stability as well as autonomy in many budgeting decisions (expenditures of the dedicated sales tax revenues are not subject to state appropriation requirements and do not need to be approved by the legislature.)

Additionally, the funding approach utilized for the Washington Department of Fish and Wildlife distinguishes the Department from other States' departments of fish and wildlife, in that it is more reliant on state general funds than most other entities.

It is important to note that the recommendations contained in this report are designed to address the immediate fiscal problems facing the Washington Department of Fish and Wildlife. There remains a potential long-term fiscal constraint facing the agency if declines continue in the traditional customer base which provide a significant revenue stream to the Department.

### 3. KEY RECOMMENDATIONS.

The following table summarizes the key recommendations contained within the report listed in order they appear in the report narrative.

Table of Recommendations
Budget Deficit Related
Develop and propose a phased approach to fee increases to the Legislature to help balance the State Wildlife Account.
Request the Legislature to adopt language allowing for annual increases to fees based on a cost factor (Cost of Living Adjustment or Consumer Price Index) as this is a best management practice.
Enact legislation that would separate the State Wildlife Account into its non-restricted and restricted funding sources to better enable the legislature and department to track expenses and revenues for each type of account.
Identify programs that are solely restricted revenue programs and balance those programs to their revenue sources.
Improve communications during the budget process, including explaining to the Legislature the consequences and impacts to the Department of new programs or initiatives that have no funding identified.

Table of Recommendations	
Continue to ensure all administrative costs are appropriately calculated and charged to all funding sources through a cost allocation plan to effectively recapture costs of providing administrative services.	
Request the Legislature to allow the Department to retain 100% of commercial license revenues, landing taxes, and related fees to support the direct and indirect operations associated with those programs.	
Classify the services and programs that are currently funded through the General Fund State transfer.	
Report revenues from the State Wildlife Account by restricted and non-restricted accounts.	
Request the legislature to make the transfer from the State General Fund permanent and be based on a percentage of total non-restricted State Wildlife Account expenditures rather than a fixed dollar amount. This transfer will then be used to permanently fund and support activities and programs such enforcement, compliance, promulgation of hatcheries, and implementation of ESA, etc.	
Management Structure and Decision-Making	
Oversight and Leadership	
The Commission should take a more active role in overseeing the Department and conducting administrative duties assigned to it such as: participating in the development of the Department strategic plan; evaluation of the Director; and development, approval and oversight of the Department budget.	
The Department should maintain the current number of members on the EMT; however, the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend when topics requiring their technical input are under discussion.	
Organization and Management	
All administrative divisions should ensure that policies are clear and promote consistency across the agency. There should be review and compliance mechanisms in place to ensure that policies are being followed at all levels of the organization.	
The Regional Directors should play an active role in strategic planning by writing a section of the framing context for the document.	
The Department should implement either an "Administrative Service Director" or "Deputy Director of Administrative Services" reporting to the Director.	
The Human Resources Director should report to the new Administrative Services Director / Deputy Director position.	
The number of direct reports for the Human Resource Director should be reduced to eight or fewer.	
INTERNAL COMMUNICATIONS	
The Department should implement a procedural checklist and point of contact for field staff when taking actions with a financial impact on the Department.	
The videoconferencing tools in each region should be standardized.	
The EMT should enhance efforts at communicating decisions reached to the entire organization to enhance understanding of Department priorities, changes in policy and ensure greater consistency throughout the organization.	
Strategic Planning	

Table of Recommendations
The strategic plan should incorporate concrete strategies and action steps in support of its stated goals and objectives.
The strategic plan's goals and objectives should be supported by performance measures which can be tracked and reported upon.
The strategic plan should outline the trends and challenges facing the Department in each of its program areas and geographical regions.
The strategic plan should be developed using input from the Department's stakeholders and tribal co-managers.
Information Technology Strategic Plan
WDFW should develop and implement a comprehensive IT strategic plan for the Department with defined priorities and time schedules.
Performance Measurement and Evaluation
Under the guidance of the Commission, specific objectives and action steps should be developed for the Strategic Plan in the way they currently are for the Director's Performance Agreement. To avoid duplication of effort, The Director's Performance Agreement should include the same criteria as the strategic plan and be similarly assessed.
The Director's Performance Agreement should be evaluated on an annual basis rather than a biennial basis to ensure that the Department's progress is regularly tracked.
Periodic reports on progress towards achieving the adopted strategies and objectives should be prepared and provided to the Commission, the Governor, the Legislature and the public. The Department should provide a web-based "dashboard" for displaying performance metrics and tied to real-time data and information.
External Communications and Public Education
The Department should designate and support regional representatives to focus on ongoing conversations and relationship-building with local stakeholders as part of the Wild Future initiative through the creation of a Regional Outreach Coordinator position.
The Department should implement new online public engagement tools to solicit a higher-quality of public input.
The input from local meetings and issue advisory groups should be formally included in the strategic plan as part of the framing context and used to prioritize the agency's goals and strategies.
The Department should use on-line public engagement tools to enable conduct of on-line meetings, on-line communications, and various survey methodology with the general public to reach an audience beyond their current most involved constituents at an estimated annual cost of approximately \$200,000 annually.
The Department should establish an outreach plan to prioritize messaging to customers and provide a framework for the use of appropriate technology.
The Department should develop a strategic vision for the Agency's outreach efforts and plan. Additional regional staff responsibilities for public outreach should be developed and implemented.

<b>Table of Recommendations</b>	
<b>ORGANIZATIONAL STRUCTURE REVIEW</b>	
IT should implement additional policies and procedures, including establishing service level agreements and establishing a Department-wide, to enhance internal control over IT operations and achieve cost reductions.	
The Department should place greater emphasis on ensuring all employees have performance evaluations conducted in a timely manner.	
Additional training should be provided to HR Generalists to enhance the level of consistency in enforcing policies across the Department and to enhance the quality of data in the HRIS.	
The Department should conduct periodic spend analyses to identify services or commodities that could be procured for efficiently through establishment of master contracts or contracted bid prices.	
Transfer the Fiscal Analyst 4, Fiscal Analyst 2 and Fiscal Analyst 1 from the Licensing Division of the Technology and Financial Services Program to the Fiscal Office of the Chief Financial Officer.	
The Internal Auditor should be organizationally transferred from the Office of the Chief Financial Officer to the Office of the Director.	
The Internal Auditor should not be permitted to be a member of a collective bargaining unit of which other Department of Fish and Wildlife employees are a part.	
<b>Budgetary Process</b>	
The Office of the Chief Budget Officer should initiate the development of standard budget policies for the Department.	
Consolidate all Budget Analysts under the direction of the Chief Budget Officer in order to standardize approaches to budget development, tracking and reporting.	
Procure and install a new enterprise resource planning system that replaces CAPS as a budget development tool, and is also compatible with the State's The Allotment System (TALS) and Budget Development System.	
<b>Administrative Staffing Level Assessment</b>	
Retain the current degrees of centralization and decentralization in WDFW Human Resources, Financial Services, Information Technology and Procurement/Contracts.	
Transfer the Budget Analysts in the program areas of the agency to the Office of the Chief Budget Officer in order to achieve a greater degree of standardization over the mechanics of budget development, the use of master and project indices, and other advantages.	
Retain the current level of staffing in the Procurement and Contracts Division.	
Retain the current staffing levels of the Human Resources Division.	
Retain the current levels of Information Technology staff.	
Retain the current level of staffing in the Fiscal Services Division.	



Each of these recommendations, and the supporting narrative, is discussed in detail in the following report.

## 2. Financial Overview – Budget Deficit Review

This section of the report provides an overview of operating budget and revenues for the Washington Department of Fish and Wildlife (hereafter WDFW or the Department) including history and account restrictions and presents an explanation for current funding shortfalls.

The WDFW has a highly complex budget that has dozens of revenue sources, many of which restrict spending to specific purposes. WDFW is primarily funded through user fees and reimbursable projects. State General Fund activities represent just 19% of the Department's authority. WDFW has been operating with a budget deficit, primarily within the non-restricted portions of the State Wildlife Account. The Department had to make several changes to its budget in order to balance the account for the current biennium. The following chapter provides a brief trend analysis of financials for the Department, a discussion of the deficit, and potential strategies to mitigate the deficit going forward.

### 1. BUDGET AND REVENUE TREND OVERVIEW

WDFW, similar to other agencies and organizations, has two different types of budgets – an operating budget and the capital budget. The WDFW capital budget refers to the expenditures associated with funding long-term facilities and infrastructure-related projects. The capital budget is annually updated by the Department to ensure all proposed expenditures are used to adequately fund the different projects through completion. The process for development and approval of the capital budget is clearly laid out with an identified prioritization system to ensure that projects are not left incomplete. As such, there are no deficits current or projected associated with the capital budget and it was not evaluated as part of this review of the Department's funding shortfall.

In order to obtain a clearer understanding of the Department's funding shortfall specifically associated with its operating budget, it is important to evaluate the trend of the Department's expenditure authority and funding sources. Expenditure Authority refers to the authorized budgeted expenditures for the Department for its different programs and accounts. Available funding for the Department refers to State appropriations, federal and other grant revenue, reimbursable project work, and license and other fee revenue assessed to users of the Department's services.

The project team primarily focused on evaluating the Department's finances over a span of the most recent six years to obtain a clearer understanding of the major changes in the Department's expenditure authority and financial gaps. However, to obtain a greater understanding of the historical context for certain funds, the project team reviewed information over a period of fourteen fiscal years. The data utilized in this section of the report was derived from sources including the Agency Financial Reporting System, Fund Balance Sheets, Expenditure Authority Schedule, the Control Authority Sheets, and the Budget Balancing Decision Model. The majority of this information is managed by staff in WDFW, with the exception of the Expenditure Authority Schedule for Operating Expenditures which is owned and updated by the Office of Financial Management and the Agency Financial Reporting System (AFRS) which is the statewide accounting application.

The following subsections discuss the overall spending authority, the overall funding for the Department, and the structural deficit associated with the State Wildlife Account.

## (1) Budget Analysis by Program and Funding Source / Fund Group

The project team analyzed the provided budget information based on the total authorized budget (known as Expenditure Authority) by program and fund group within the Department. This type of analysis provides a deeper insight into the major cost categories within WDFW. The following table shows for each of the three biennia, the total authorized operating budget by program.

**Table 2.1 Biennial Control Authority by Major Program Category**

Major Program	2013-15	2015-17	2017-19
Business Services Program	\$53,592,748	\$61,531,729	\$61,363,026
Enforcement	\$42,038,518	\$43,578,162	\$43,733,408
Habitat	\$42,449,638	\$47,207,567	\$48,706,255
Wildlife	\$73,800,604	\$80,056,758	\$80,838,144
Fish	\$154,733,912	\$169,924,514	\$177,610,475
CAMP (Capital Asset Management Program)	\$8,087,259	\$12,497,895	\$11,745,633
Un-Allotted Agency Authority	\$15,926,868	\$10,675,375	\$13,663,060
<b>TOTAL</b>	<b>\$390,629,548</b>	<b>\$425,472,000</b>	<b>\$437,660,000</b>

Table 2.1 clearly shows that the largest program in terms of authorized expenses is the Fish Program. The Fish Program comprises on average 40% of the total budget for the Department. The next largest portion of the budget for the Department is the Wildlife Program at 19%. It is also interesting to note the significant increases in budget between the 2013-15 biennium and the 2015-17 biennium in all areas, primarily due to federal authority and compensation changes.

## (2) Primary Funding Source

The project team conducted an analysis of funding by major account / fund group. WDFW has a spectrum of funding sources available and some funding sources are restricted whereas others are unrestricted.

Restricted funding sources are those types of revenue streams that can only be used for activities identified and earmarked for those revenues. An example of this type of account is the WLS – Puget Sound Crab funding. Revenue is gathered from the sale of catch record cards carrying a Puget Sound Crab Endorsement (which is required to collect Dungeness crab in Puget Sound) and deposited in the State Wildlife Account. Per RCW 77.32.430, revenue from the sale of this endorsement may only be spent by the Department for activities related to Dungeness crab recreational fisheries. The Department tracks the revenue and subsequent expenditures of the Dungeness Crab Endorsements as a separate, restricted balance within the State Wildlife Account.

Unrestricted funding sources enable the Department to utilize the funds based upon a needs assessment rather than stipulated restrictions. funds which are limited to specific activities that only benefit specific goals and user groups. Examples of unrestricted funds are the State

General Fund and the non-restricted portion of the State Wildlife Account. WDFW's federal and private / local contracts also frequently require State matching funds, which are often provided by these flexible funds due to the limitations placed on the restricted and dedicated accounts.

It is important to note that while some of these funding sources will be from the same fund (i.e. State Wildlife Account) they have been split apart to represent the difference between restricted (R) and non-restricted (NR) revenue sources. Table 2.2 lists by major account / fund group the total expenditure control authority, the proportion of overall funding associated with that account, and a brief description of the funding source.

**Table 2.2: WDFW Primary Funding Sources**

Account / Fund Group	Funding Type (R or NR)	2013-15 Control Authority	2015-17 Control Authority	2017-19 Control Authority	Description / Comments
Wildlife Account	NR	\$75,021,542 (19%)	\$82,272,582 (19%)	\$83,014,430 (19%)	Recreational fishing and hunting licenses, and interest generate the projected revenue for this portion of the Wildlife Account. Recreational license fee revenue is used to provide support to recreational angling and hunting opportunities. Commercial application fees support Licensing Division work related to processing commercial license applications.
Wildlife Account	R	\$28,182,458 (7%)	\$35,183,418 (8%)	\$35,018,570 (8%)	Funding comes from 25 sources that support a variety of activities established by specific legislative actions. Examples of these activities include wildlife conservation (both non-game and game species), lands access, hunter education, and Puget Sound crab recreational opportunities. Spending is restricted to specific purposes. Consequently, the positive balances in most accounts are very limited in their ability to help the Department manage its overall budget problem.
General Fund, State	NR	\$60,889,000 (16%)	\$77,197,000 (18%)	\$93,343,000 (21%)	Flexible funding that can be used to pay for any cost. Funds cannot be carried forward and must be expended in the fiscal year in which they are appropriated.

Account / Fund Group	Funding Type (R or NR)	2013-15 Control Authority	2015-17 Control Authority	2017-19 Control Authority	Description / Comments
General Fund, Federal	NR	\$117,191,299 (30%)	\$122,151,000 (29%)	\$118,809,000 (27%)	Funding in this account are associated with federal block grants and other reimbursable projects. These fund sources typically have contractual constraints on fundable activities, which limits the Departments flexibility.
General Fund, Private / Local	NR	\$58,322,000 (15%)	\$61,887,000 (15%)	\$63,920,000 (15%)	Funding in this account is associated with reimbursable projects for private organizations and local government jurisdictions. As such, expenditures are restricted to the specific activities in the agreements with other organizations.
Other WDFW Managed Funding	R	\$31,121,249 (8%)	\$29,272,000 (7%)	\$28,196,000 (6%)	Various other sources from 20 separate accounts (including recreational endorsements and license fees) that support recreational opportunities and wildlife conservation. Examples of the activities these other sources support include purchasing of enforcement equipment, wolf management, aquatic invasive species management, wildlife rehabilitation centers, and Hydraulic Project Approval Permit application work.
Other Non-WDFW Managed Funding	R	\$19,902,000 (5%)	\$17,509,000 (4%)	\$15,359,000 (4%)	Other sources such as the Aquatic Lands Enhancement Account (which has been used to replace state general fund primarily in fish hatchery production). Off-Road Vehicle Account used to provide access and enforcement on wildlife areas. Environmental Legacy Stewardship Account also used to replace state general funding related to environmental protection. Motor Vehicle Account appropriated in the Transportation Budget to support the mapping and evaluation of fish passage barriers.
<b>Total</b>		<b>\$390,629,548</b>	<b>\$425,472,000</b>	<b>\$437,660,000</b>	

Table 2.3 clearly shows that there is a pattern of increasing control authority in most fund groups. The important distinction to make between these different fund groups is that the State Wildlife Account and Other WDFW Managed Funding are supported by licenses and other WDFW managed revenue, while General Fund State and Other Non-WDFW Managed Funding rely on taxes and other statewide fees. General Fund Federal and General Fund

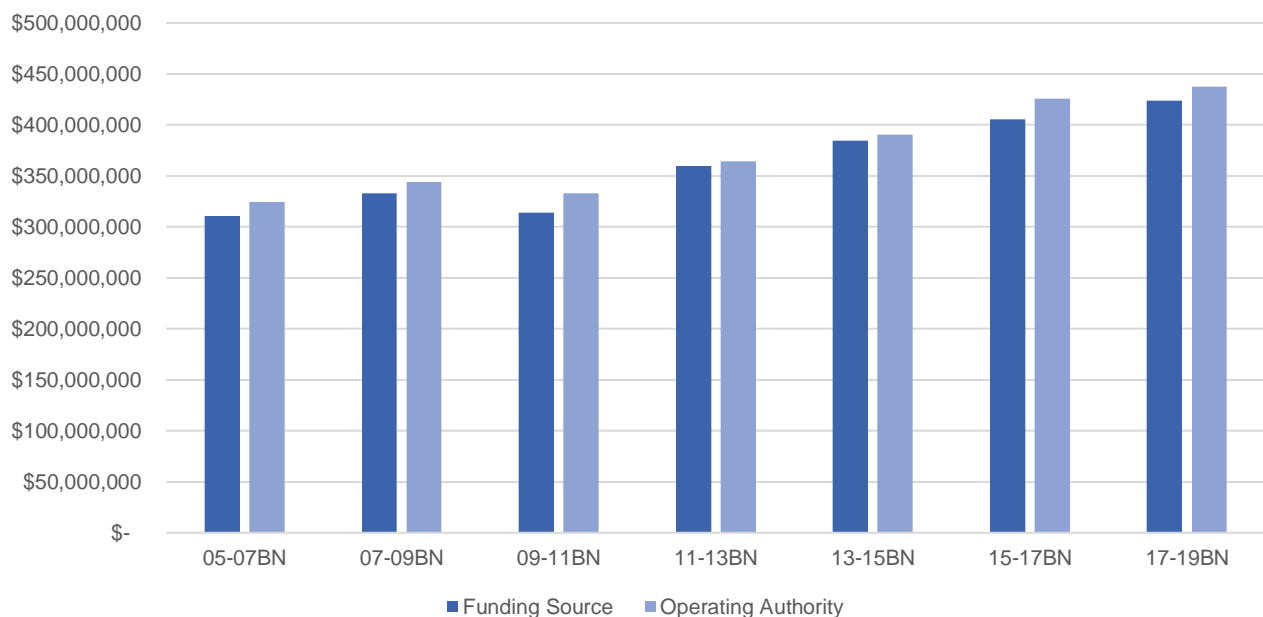
Private Local have revenue based on federal grants and contracts with public utility districts, local businesses and non-profits.

Hunting and fishing license fees have not increased since the 2011-13 biennium, and revenue from these fees (the primary source of funding for the Non-Restricted portion of the State Wildlife Account) has remained fairly static. However, the Non-Restricted Wildlife State Account expenditure control authority has increased by \$12.2 million since the 2011-13 biennium, without a corresponding increase in revenue. Since the Department does not have the funding to support this authority, it must utilize fund balances and reserves or spending cuts, which impacts its ability to serve Washingtonians. The Non-Restricted State Wildlife account balance will be almost entirely spent by the end of the 2017-19 biennium, and the Department will be forced to take much more significant reductions in the 2019-21 biennium.

### (3) Overall Budget and Funding Analysis

Based upon the operating authority information provided in the two previous subsections, the project team conducted an overall control authority and funding source analysis for WDFW. The following chart shows the comparison between the operating expenditure authority for WDFW against all of its funding sources for the past seven biennia.

**Figure 2.1: Operating Control Authority and Funding Source by Biennium**



As Figure 2.1 indicates the operating expenditure control authority for each biennia is always greater than the available funding. To further analyze the information in the chart the project team also presented the information in a tabular format, which lists the operating expenditure control authority, the available funds, the net impact, and the overall cost recovery for the Department.

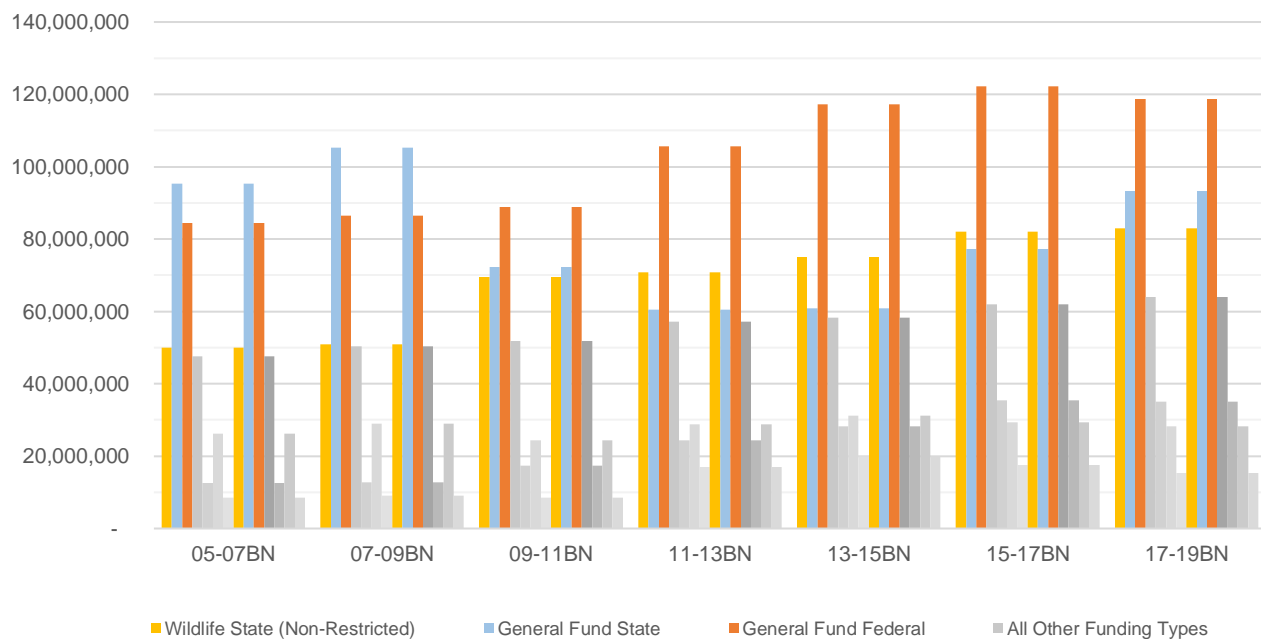
**Table 2.3: Operating Authority Net Impact by Biennium**

Biennium	Available Funds	Control Authority	Surplus / (Deficit)	Cost Recovery
2005-07	\$310,830,895	\$324,606,580	\$(13,775,685)	96%
2007-09	\$333,214,384	\$343,939,677	\$(10,725,293)	97%
2009-11	\$314,083,483	\$332,940,534	\$(18,857,051)	94%
2011-13	\$359,897,325	\$364,326,902	\$(4,429,577)	99%
2013-15	\$384,749,616	\$390,629,548	\$(5,879,932)	98%
2015-17	\$405,273,378	\$425,472,000	\$(20,198,622)	95%
2017-19	\$423,981,918	\$437,660,000	\$(13,678,082)	97%

As Table 2.4 shows the deficit impact for the Department varies from a low of \$4.4 million (which was immediately following the passage of license fee increases) to a high of \$20.2 million. This is a significant funding shortfall that has a dramatic negative impact on the Department's ability to serve its constituents and fulfill its obligations to stakeholders.

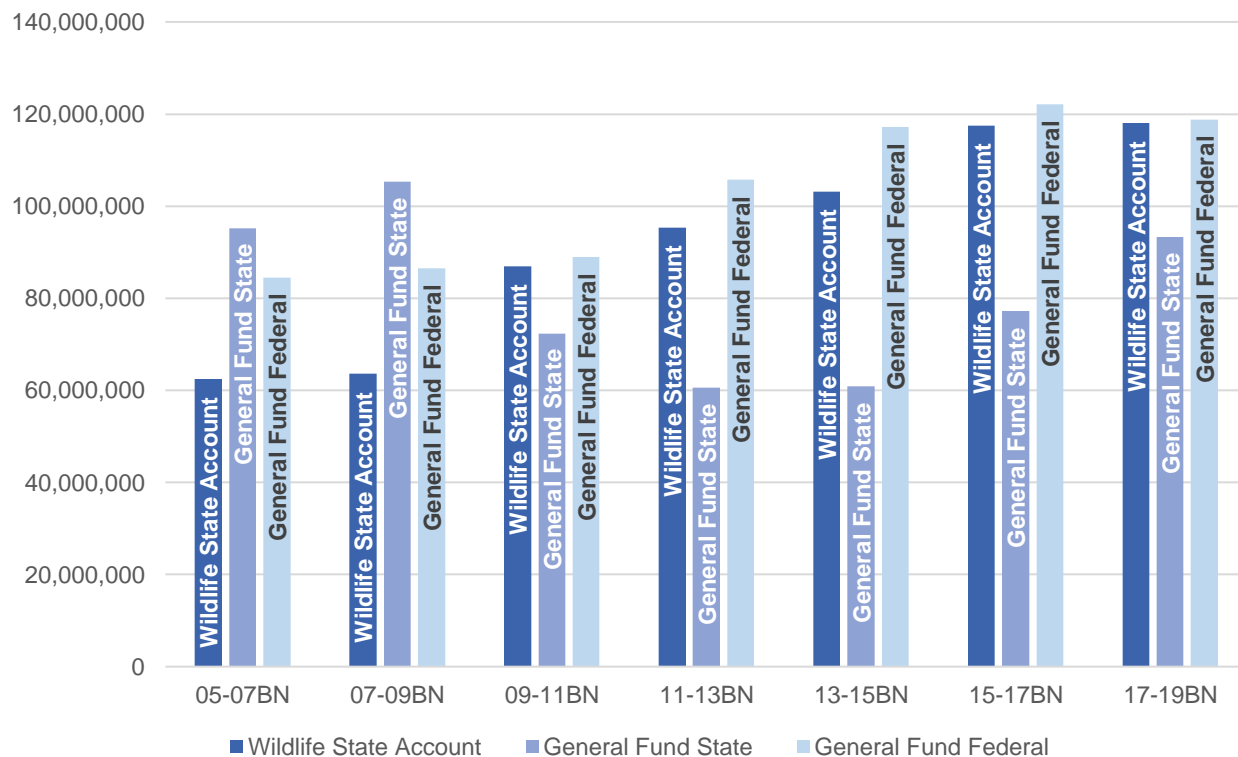
The project team evaluated the change in the funding sources for the last ten years for the Department as shown in Figure 2.2.

**Figure 2.2: Change in WDFW Funding Sources by Biennium**



As Figure 2.2 indicates there has been a significant change in funding sources over the last ten years. There has been a decline in reliance on the State General Fund and an increase in the reliance on the General Fund Federal. To better illustrate this shift and decline among the different types of funding sources, Figure 2.3 below shows this difference by focusing only on three funding sources: State Wildlife Account (Restricted and Non-Restricted), State General Fund, and General Fund Federal.

**Figure 2.3: Change in WDFW State Wildlife Account, State General Fund, and General Fund Federal by Biennium**



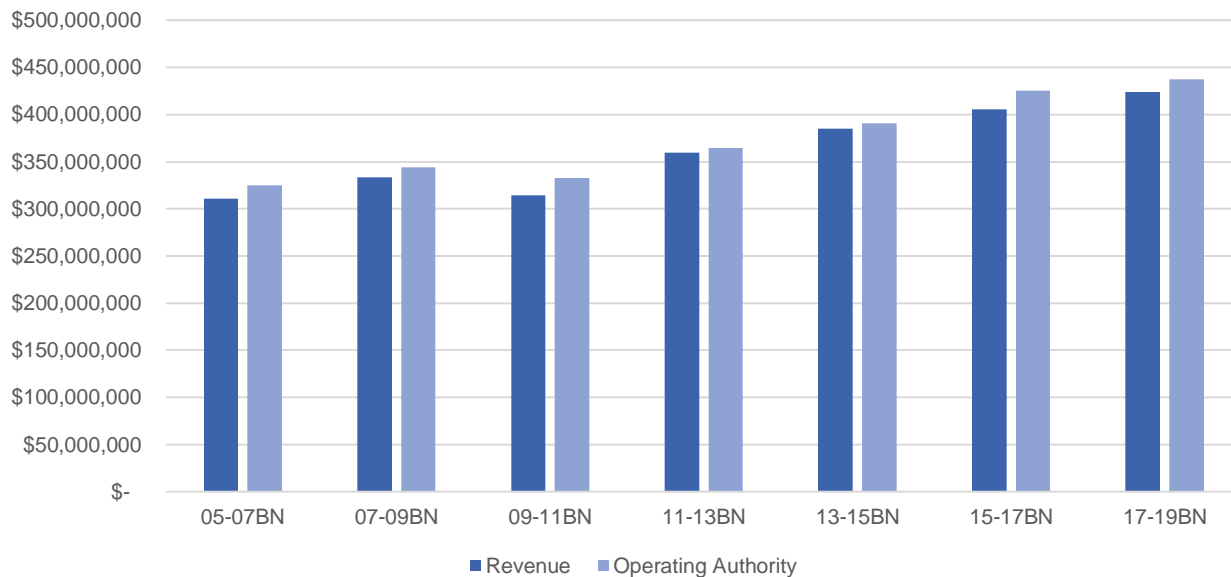
As Figure 2.3 demonstrates, the General Fund State was the largest source of funding between the three accounts in 2005-07 biennium; however, as time passed it slowly started declining, while the General Fund Federal amount increased every biennium. In 2005-07 biennium, the State General Fund comprised approximately 29% of the total expenditures associated with WDFW; however, in 2015-17 biennium this proportion had declined to almost 18% of the total expenditures. The primary reason for the significant increase in General Fund State in the 2017-19 biennium, is due to the one-time transfer from the State General Fund to the Wildlife State Account.

Even though there does seem to be a significant increase in General Fund Federal reliance, the overall percentage of expenditure control authority associated with WDFW has stayed constant over the past seven biennia. Therefore, as costs have increased for WDFW, the General Fund Federal funding source has followed those funding increases to continue to match the cost increases associated with managing those programs and activities supported by General Fund Federal.

Additionally, there has been an increase in the reliance on the State Wildlife Account (non-restricted) after the recession in the 07-09 Biennium. Therefore, in order to evaluate the impact on the State Wildlife Account (non-restricted) the project team compared the total of funding sources to the total expenditure control authority for that account.

**Figure 2.4: Operating Authority and Revenue by Biennium for Wildlife Account (Non-Restricted)**





The chart illustrates the gap between the expenditure control authority and funding (revenue) for the State Wildlife Account. Significant gaps between revenue and expenditure control authority first occurred in the 2009-11 biennium and then reemerged over the last two biennia. To further quantify this problem, the following table shows control authority, revenues / funding source, net impact, and variance level by major budget category.

**Table 2.4: Net Impact by Biennium for Wildlife State Account (Non-Restricted)**

Biennium	Revenue	Control Authority	Surplus / (Deficit)	Cost Recovery
2005-07	\$49,333,749	\$49,907,683	\$(573,934)	99%
2007-09	\$54,038,869	\$50,819,327	\$3,219,542	106%
2009-11	\$59,908,776	\$69,571,194	\$(9,662,418)	86%
2011-13	\$73,252,624	\$70,815,416	\$2,437,208	103%
2013-15	\$77,227,046	\$75,021,542	\$2,205,504	103%
2015-17	\$74,251,487	\$82,022,582	\$(7,771,095)	91%
2017-19	\$75,611,373	\$83,014,430	\$(7,403,057)	91%

Based on Table 2.4 it can be seen that the increased reliance on the State Wildlife Account (non-restricted) did not become an issue until the 2015-17 biennium, the biennium in which there was a Cost of Living Adjustment (COLA) increase that was not supported by any fee increases. Therefore, additional cuts and budget management strategies were required for the 2017-19 Biennium and will continue to be required in future biennia.

The essential challenge faced by WDFW is that costs are rising while growth in funding is not keeping pace in the State Wildlife Account (Non-Restricted). A variety of initiatives were used to balance the 2017-19 budget. Many of these initiatives were stop-gap in nature and are not suitable for sustaining the agency in the long-term. Thus, WDFW will need to secure new revenue or face significant reductions in the 2019-21 biennium.

## 2. ANALYSIS OF BUDGET DEFICIT

WDFW's Central Budget Office began forecasting a budget deficit in the State Wildlife Account in 2013, with a budget request developed in summer of 2014 for the 2015 session. WDFW cannot spend more than actual revenue available so when revenues are low, expenses must be cut or reserves spent even though Legislature has approved a higher level of expenditure.

As information in this section has indicated, there is a structural deficit that exists for the State Wildlife Account. The following points explain some of the key factors that resulted in the structural deficit arising, including increasing expenses, especially as it affected the State Wildlife Account, as well as changes to revenue sources:

- **Cost of living adjustments:** The Cost of Living Adjustments to the programs was the largest contributor of the structural deficit. Due to the sheer size of staffing levels of WDFW, any changes to salary and benefit costs, even without any personnel changes, there is a significant impact on costs for the agency. There are two different factors that affected salary and benefit adjustments – a classification and compensation study and the cost of living adjustment approved by the legislature – that directly resulted in increased costs for the Department:
  - A classification and compensation study lead by the Governor's Human Resources Office resulted in cost of living increases to salaries and benefits from the 2015-17 Biennium (4.8%) and targeted salary adjustments to many positions as there were no increases during the recession. COLA salary increases also raised benefit costs).
  - The legislature enacted a 6% cost of living adjustment, over two years for the 2017-19 biennium, in specified increases for all state employees (2.0% in FY1, 2.0% in the first 6 months of FY2; and the remaining 2.0% in the last 6 months of FY2 for the 2017-19 Biennium) prior to the start of FY2017. These increases also included associated benefit cost increases. This information came to State agencies after they had developed their budget requests for the 17-19BN in summer of 2016. Ultimately, the legislature authorized the classification adjustments in the last two biennial budgets.
- **No Changes in License Fees:** License fee increases and other revenue generating approaches were incorporated into the Department's requests, but not all of them were approved by the Legislature. Recreational license fee increases were not approved at all (other than an extension of the Columbia River Salmon and Steelhead Endorsement), while there was only a minimal increase approved for the commercial license fees. Not only did the legislature not approve some fee increases, but also the retention of revenue associated with fee increases is not always approved. Therefore, there were no revenue increases to offset the increases in costs related to personnel and as such this was the second largest contributing factor to the structural deficit for the State Wildlife Account.
- **Increased Requirements of Programs:** There were also increased costs related to the operation of state fish hatcheries necessary to meet the requirement of the

Endangered Species Act (ESA). These costs were included in requested legislation to increase license fees. This was a less significant factor in contributing to the structural deficit.

- **Approval of Additional Decision Packages:** Some new spending proposals (known as Decision Packages) in response to input WDFW received during stakeholder outreach meetings were adopted by the Legislature, which resulted in increased spending authority, without the necessary funding to offset those costs (such as inflation, cost of fish food, etc.).

As shown above a variety of elements contributed to the Department's budget deficit. These elements ultimately increase the Department's costs and associated spending authority. However, the Department can only increase spending if there is additional funding already in place to offset those increases. Therefore, the primary issue with the structural deficit stems from costs that were increased without an associated increase in ability to generate revenue or have supplemental funding as provided by the Legislature in 2017-19.

### 3. ACTIONS TAKEN TO ADDRESS THE BUDGET DEFICIT

The project team specifically evaluated strategies employed by the Department in one fiscal year to address the structural deficit issue to better understand the tools available to the department. The purpose of this section is to highlight the specific cost savings and enhancements that were taken by WDFW to address their budgeting shortfall, and the potential for sustainability associated with the use of such measures.

Once the Legislature adopted the 2017-19 biennial budget on June 30, 2017, the Department used a variety of strategies and actions to bring its budget into balance for the current biennium, especially as it relates to the State Wildlife Account. The actions taken to address the shortfall are summarized in the following table:

**Table 2.5: Strategies for Addressing Deficit Shortfall in Wildlife Account**

Action	Amount
<b>Total Initial Operating Authority – 17-19BN</b>	<b>\$85,314,430</b>
Use of WLS-Restricted & Dedicated (One-Time)	\$2,300,000
<b>Allotted Operating Authority – 17-19BN</b>	<b>\$83,014,430</b>
Revenue Plus Fund Balance	\$80,896,680
<b>Initial Deficit</b>	<b>(\$2,117,750)</b>
One Month Working Capital Reserve	\$3,230,540
<b>Initial Deficit + Working Capital Reserve</b>	<b>(\$5,348,290)</b>
Operating Budget Enhancements	\$2,200,000
Management Reduction	\$338,000
<b>Total Deficit for State Wildlife Non-Restricted Funds</b>	<b>\$(7,886,290)</b>
One time General Fund Appropriation <sup>1</sup>	\$8,946,000
<b>Updated Funding Total</b>	<b>\$1,059,710</b>

<sup>1</sup> The original one-time appropriation from the General Fund was for \$11.0 million. However, approximately \$2.0 million of those funds were transferred to other Department activities such as RFEG, Management, Wildlife Surveys, and Biodiversity to maintain those programs.

Action	Amount
Budget Additions related to program requirements (ESAs, COLAs, etc.)	\$12,130,000
<b>New Balance</b>	<b>(\$11,070,290)</b>
Budget Reductions – cost savings	\$5,777,000
<b>New Balance</b>	<b>(\$5,293,290)</b>
Program Proportionate Admin Funding	\$1,057,460
Estimated Variance in Flexible Funds	\$4,500,000
<b>Total Projected Surplus / (Deficit)</b>	<b>\$264,170</b>

The Legislature appropriates control authority for the entire State Wildlife Account and the Department allocates this authority to its various sub-accounts based on established formulas and methodologies. Table 2.7 starts with the initial operating authority allocation of \$85.3 million to the non-restricted portion of the account. However, the Department realized that there was not enough funding (i.e. license and other fee revenue) available to support this level of expenditure. Consequently, the Department's first budget control action was to shift some employees (and related costs) engaged in non-restricted account activities to restricted accounts where it was feasible and where the work matched the restricted fund purposes. This action resulted in the control authority for the non-restricted portion of the State Wildlife Account being reduced to \$83,014,430, which is the figure used throughout this report.

In addition, WDFW utilized a variety of strategies to address the budget shortfall, these included dipping into the fund balance, utilizing a one-time transfer, and additional budget cuts and use of alternative funding sources. The Department had limited options to balance the budget because of legislative direction in the budget to keep hatcheries open and avoid negative impacts to recreational fishing and hunting opportunities.

Employing the strategies listed in Table 2.7 results in a projected surplus of \$264,000. This represents approximately 0.32% of the overall spending authority for the non-restricted State Wildlife Account, and therefore is within the margin of error associated with rounding errors.

Based upon the project team's analysis, the Department's budget problem solving process and results were both appropriate and effective in addressing the situation, while also reflecting the limited resources available to the department for addressing this structural deficit.

#### 4. SUMMARY OF ADDITIONAL STRATEGIES TO MITIGATE BUDGET DEFICITS

The project team has validated that a structural deficit (gap between spending authority and revenues) exists for the State Wildlife Account. This structural deficit is associated with both restricted and non-restricted portions of the State Wildlife Account.

Some restricted accounts that are in danger of developing deficits are: Firearm Permits, Elk Auction / Raffle, Endangered Species Plates, Non-game Personalized Plates, Surplus Property, and WILD Transaction Fee. As these are restricted accounts, the source of the deficit is due to increased expenditures not matched by the identified revenue source. Each restricted account would have to be evaluated on its own as the funding sources vary so greatly to determine possible ways to counteract the lower revenue streams. For example,

the Firearm Permits program is funded by three dollars from the ten dollar late fine issued with Firearm permit license renewal fees. Therefore, the only way to increase the funding source would be to encourage late renewals of firearm permits, or raise the fine associated with the firearm permit renewal late fee, to increase the proportion of dollars that are received by the State Wildlife Account.

The principal cause of the deficits within the State Wildlife Account is that costs are increasing at a faster pace than revenues. The main cause of cost increases are legislatively approved salary adjustments through collective bargaining agreements to some under paid job classifications and across the board cost of living increases approved for the last two biennia. Since the State Wildlife Account is primarily financed through the sale of hunting and fishing licenses as well as associated fees, these revenue sources cannot remain static while costs increase. As there have been no fee increases the licensing revenue has remained stagnant and is projected to remain stagnant.

The actions taken at the start of this biennium to balance the budget were mostly one-time, stop-gap, and, therefore, not sustainable. The legislature has indicated that the additional \$10 million state general fund support is only to occur one-time. The Department needs to develop strategies to ensure the long-term health of the State Wildlife Account. These may include:

- Request that the Legislature raise licenses and other Department fees to pay for past and projected inflationary increases to agency operating costs with the support of license buyers. Consider utilizing a phased approach for fee increases to limit the issues and difficulties associated with significant fee hikes and increases to catch up to the need.
- Request that the Legislature include and adopt language that allows automatic inflationary increases in fees for WDFW to match spending authority. It is a best management practice to conduct comprehensive fee updates every 3-5 years in an agency and was a practice used by past Washington State legislatures. However, in the interim, it is a best management practice to approve built in fee increases to allow for gradual fee increases that enable the agency to remain at status quo for cost recovery levels. These inflationary increases should at a minimum cover salary and other compensation adjustments, to enable the Department to continuously finance those increases through the use of fee-revenue. Since increases in license costs and other fees are directly tied to salary COLAs negotiated with collective bargaining units, approved by the Governor and Legislature, and included in the final budget, these increases are more understandable for elected officials and the public.
- Enact legislation that would separate the Non-Restricted and Restricted accounts within the State Wildlife Account into separate funds to enhance clarity in budget balancing decisions. This action will enable the Department to better explain to the Legislature and stakeholders that fee revenue collected for specific restricted purposes are being spent appropriately and not available to fund general Wildlife Account activities. Additionally, it will also highlight any structural deficit issues immediately as instead of there being one amount for the State Wildlife Account, there will be two different appropriations one for the State Wildlife Account and one for the

State Wildlife Account – Non-Restricted. This will make it easier for the Department to manage the accounts and provide a fixed starting point for both types of funding.

- Work with the Legislature and stakeholders to explain the complexities inherent in the Department's budget by mapping revenue directly to program activities; and explaining the impacts of rising costs not backed by revenue on service levels.
- Improve the budget process to ensure that any new expenditure requests coming from WDFW are accompanied not only by an explanation of the need for the increase in spending authority, but also of possible revenue sources in addition to State General Fund to offset those requests.
- Continue to ensure that administrative costs associated with the management of the department are appropriately allocated across all funds and accounts through the use of an internal full cost allocation plan. Currently, WDFW internally updates its plan annually; however, every five years the Department should contract with an external consultant to ensure compliance with federal guidelines and costing principles as well as to confirm that divisions, programs, and any and all contracted services are paying for their fair share of administrative costs.
- Identify the revenue collected from commercial licenses and commercial landing excises taxes and request the legislature to allow WDFW to retain 100% of those revenues to make those programs full cost recovery. Full cost recovery for these licenses includes covering the costs associated with direct staff processing and issuing licenses as well as the indirect costs associated with oversight of the staff processing those licenses as well as Department management associated with those programs. This will ensure that license revenue is being used to directly pay for the services being received by the license holders. This will have a biennial impact of retaining approximately \$1.8 million for the Non-Restricted Account.
- Classify the services and programs within the Non-Restricted State Wildlife Account that are funded by the transfer from State General Fund (GF-S). This will better help tie the revenue to the funding sources, as well as identify the programs that should continue to be funded through the State General Fund. Generally, activities such as enforcement and compliance with hunting and fishing licenses, development and management of commercial fishers, as well as implementation of state and federal programs (i.e. ESA) should be supplemented through the general fund.
- Request the Legislature to make the one-time transfer from the GF-S permanent every biennium. This supplemental funding should be used to pay for the activities and programs identified as requiring general fund support. Rather than a fixed dollar amount, the supplement should be established as a percentage of the overall budget of the Non-Restricted Portion of the State Wildlife Account. For example, in the 2017-19 biennium, the one-time State General Fund transfer was 11% of the Non-Restricted Portion of the State Wildlife Account. The Department could establish a target percentage of between 10-15%, depending on budget priorities for each biennium, and include this request for supplemental money from the State General Fund.

The project team also collected information from its comparative survey efforts to determine how other Fish & Wildlife Agencies across the country dealt with structural deficits. Some strategies applied and by which agency are presented in the following points:

- Increasing Hunting & Fishing Licenses Fees – Oregon Fish & Wildlife, Minnesota Fish & Wildlife
- Requested the creation of a dedicated Conservation Fund funded through an income tax surcharge – Oregon Fish & Wildlife – not yet approved by Legislature
- Linked annual increases in license fees to inflation – Oregon Fish & Wildlife
- Developed an internal strategic planning process for “compassionate contraction” or reduction and realignment of staffing levels through transfers & retirements – Minnesota Fish & Wildlife

As the points above illustrate that the primary mechanism used by the other agencies was increases in licensing revenue to help offset the structural deficit issues, including building in inflationary increases into their fee calculations and increases. However, these inflationary increases were built-in with a specified timeframe (5 years) to enable the agency to truly evaluate the cost of service associated with these fees and allow for a much more significant increase in fees if necessary.

While the primary focus of the budget deficit and analysis has been the Wildlife Account, the strategies discussed in this section of the report, are applicable to all WDFW programs and funds. It is imperative that the Department continuously reevaluate its internal efficiencies, as well as discuss measures for cost containment strategies.

The structural budget deficit has both short and long-term implications for the Department. This report focuses on near-term issues such as identifying the extent of the budget problem and the Department’s actions to bring the budget into balance for the 2017-19 biennium. For the long-term, the Department needs to begin work now to address deficits projected for the 2019-21 biennium and to address the structural issues of declines in some customer bases, shifts in consumer attitudes, and societal changes related to the preferences of younger populations such as Millennials and those from Generation Z. The Department has already begun such efforts by establishing a Budget & Policy Advisory Group to explore different options related to long-term strategies for revenue generation. Development of new sources of revenue, new customers, and new service offerings will be required to ensure the Department’s long-term financial success.

Recommendation: WDFW should at a minimum implement the following measures to help address structural deficits in the future:

- Develop and propose a phased approach to fee increases to the Legislature to help balance the State Wildlife Account.

- Request the Legislature to adopt language allowing for annual increases to fees based on a cost factor (Cost of Living Adjustment or Consumer Price Index) as this is a best management practice.
- Enact legislation that would separate the State Wildlife Account into its non-restricted and restricted funding sources to better enable the legislature and department to track expenses and revenues for each type of account.
- Identify programs that are solely restricted revenue programs and balance those programs to their revenue sources.
- Improve communications during the budget process, including explaining to the Legislature the consequences and impacts to the Department of new programs or initiatives that have no funding identified.
- Continue to ensure all administrative costs are appropriately calculated and charged to all funding sources through a cost allocation plan to effectively recapture costs of providing administrative services.
- Request the Legislature to allow the Department to retain 100% of commercial license revenues, landing taxes, and related fees to support the direct and indirect operations associated with those programs.
- Classify the services and programs that are currently funded through the General Fund State transfer.
- Report revenues from the State Wildlife Account by restricted and non-restricted accounts.
- Request the legislature to make the transfer from the State General Fund permanent and be based on a percentage of total non-restricted State Wildlife Account expenditures rather than a fixed dollar amount. This transfer will then be used to permanently fund and support activities and programs such enforcement, compliance, promulgation of hatcheries, and implementation of ESA, etc.

These strategies will help address the funding shortfalls, by focusing on increasing revenue streams, as well as ensuring a closer match between program spending and revenue generation.



### 3. Management Structure and Decision-Making

This chapter assesses the current management and operations of the WDFW, including organizational structure, roles and responsibilities, and operations.

For this analysis, the project team examined current structure, responsibilities, decision-making, communications, planning and performance reporting at the WDFW. The project team evaluated these to identify strengths and weaknesses of the current approaches, as well as areas where these approaches deviate from accepted best practices.

The project team also conducted a review of Fish and Wildlife Agencies in other states. The organizations reviewed were: the Arizona Fish and Game Department, Florida's Fish and Wildlife Commission, Minnesota's Department of Natural Resources, the Missouri Department of Conservation, and Oregon's Department of Fish and Wildlife. The following table summarizes some key factors regarding the states.

Agency	Square Miles	Percent of State - Public Land Ownership	Population
Washington Department of Fish and Wildlife	71,362	43.4%	7,400,000
Oregon Department of Fish and Wildlife	98,466	60%	4,030,000
Minnesota Department of Natural Resources	86,943	25%	5,400,000
Florida Fish and Wildlife Conservation Comm.	65,755	29%	20,600,000
Arizona Game and Fish Department	113,998	55%	6,900,000
Missouri Department of Conservation	69,704	7%	6,100,000

These comparable agencies were selected by the Department for use in the comparative effort for a variety of reasons including services provided and geographic size. While each agency has unique characteristics, the project team was able to identify model practices as well as innovative approaches that helped inform our recommendations for the WDFW.

Based on our review of existing operations, best management practices, and other agencies we present key findings and recommendations for improvements to WDFW's management and operations.

## A. Oversight and Leadership

The following section focuses on the Department's oversight and leadership, specifically the roles played by the commission and the membership of the executive management team.

### 1. FINDINGS AND ISSUES AT WDFW

The WDFW is overseen by a volunteer nine-member commission, appointed by the governor with the senate's approval. Commission members serve six-year terms and are tasked with developing and approving policy direction for the agency, approve budget requests for the Office of Financial Management, ensuring the policies and initiatives established by the Commission are enacted by the Department, classifying fish and wildlife within the State, and setting the rules when fishing, hunting, or otherwise engaging with fish and wildlife in the state.

The Commission receives its authority from the passage of Referendum 45 by the 1995 Legislature and public at the 1995 general election. The Commission is the supervising authority for the Department. With the 1994 merger of the former Departments of Fisheries and Wildlife, the Commission has comprehensive species authority as well.

Washington statute RCW 77.04.055 outline the duties of the Washington Fish and Wildlife Commission as the following:

- (1) In establishing policies to preserve, protect, and perpetuate wildlife, fish, and wildlife and fish habitat, the commission shall meet annually with the governor to:
  - (a) Review and prescribe basic goals and objectives related to those policies; and
  - (b) Review the performance of the department in implementing fish and wildlife policies.

The commission shall maximize fishing, hunting, and outdoor recreational opportunities compatible with healthy and diverse fish and wildlife populations.
- (2) The commission shall establish hunting, trapping, and fishing seasons and prescribe the time, place, manner, and methods that may be used to harvest or enjoy game fish and wildlife.
- (3) The commission shall establish provisions regulating food fish and shellfish as provided in RCW 77.12.047.
- (4) The commission shall have final approval authority for tribal, interstate, international, and any other department agreements relating to fish and wildlife.
- (5) The commission shall adopt rules to implement the state's fish and wildlife laws.

- (6) The commission shall have final approval authority for the department's budget proposals.
- (7) The commission shall select its own staff and shall appoint the director of the department. The director and commission staff shall serve at the pleasure of the commission.

In evaluating the operations of the Commission, it was found that they spend the majority of time focused on the policy aspects of the assigned duties including establishing policies, procedures, agreements, and rule making activities. However, the Commission's oversight and involvement in overseeing administrative functions, including budget establishment, strategic planning, and evaluation of operations and the Director are not given sufficient time.

The Department's Executive Management Team (EMT) consists of the Director, Policy Director, Deputy Director, six Assistant Directors, and six Regional Directors. These fifteen staff are responsible for meeting to discuss the Department's operations, policies, budget, and any other challenges or important information relevant to the leadership team.

## 2. REVIEW OF OTHER STATE AGENCIES' MANAGEMENT AND GOVERNANCE

Of the other agencies studied, four have a commission structure similar to that of WDFW. Minnesota's Department of Resources instead has an executive director appointed by the governor. (While the executive is known as a commissioner, this is a salaried, management position similar to that of agency director.) The table below outlines the statutory responsibilities of the agencies' commissions.

State	Commission Description and Responsibilities
<b>WDFW</b>	<ul style="list-style-type: none"> <li>• 9 commissioners</li> <li>• Appointed by the Governor with Senate Confirmation for six year terms.</li> <li>• Develop and approve policy direction for the agency, approve budget requests for the Office of Financial Management, ensure the policies and initiatives established by the Commission are enacted by the Department, classify fish and wildlife within the State, set rules for fishing, hunting, or otherwise engaging with fish and wildlife in the State.</li> </ul>
<b>Florida</b>	<ul style="list-style-type: none"> <li>• 7 commissioners</li> <li>• Appointed by the Governor and confirmed by the Senate to five-year terms.</li> <li>• Regulatory and executive powers "with respect to wild animal life and fresh water aquatic life and ... with respect to marine life, except that all license fees and penalties for violating regulations shall be as provided by law."</li> </ul>
<b>Minnesota</b>	<ul style="list-style-type: none"> <li>• Single executive (known as commissioner), appointed by the Governor.</li> <li>• Broad authority over Department policy and operations.</li> </ul>

State	Commission Description and Responsibilities
<b>Missouri</b>	<ul style="list-style-type: none"> <li>• 4 commissioners</li> <li>• Appointed by the Governor for four year terms.</li> <li>• Commissioners responsibilities include: appointing a director of the Department; serving as the Department's policy makers; approving Wildlife Code regulations; strategic planning; budget development and major expenditure decisions.</li> </ul>
<b>Oregon</b>	<ul style="list-style-type: none"> <li>• 7 commissioners</li> <li>• Appointed by the Governor for four year terms.</li> <li>• Commissioners formulate general state programs and policies concerning management and conservation of fish and wildlife resources and establishes seasons, methods and bag limits for recreational and commercial take.</li> </ul>

A review of commission meetings agendas shows a relatively consistent approach to commission meetings in the different agencies. Agenda items include public hearings for rule-makings or regulatory changes, regular financial reports, and budget reports. In some cases, the commission is also tasked with revoking hunting or fishing privileges due to violations.

All of the agencies studied have a management team that meets regularly to identify and address key issues that cross departmental lines.

### 3. BUDGET PROCESSES IN OTHER STATES.

There is considerable variation in other state fish and wildlife agencies in terms of the budget process, public involvement, and financial challenges facing the agencies. The table below provides a high-level overview of the budget processes in each of the different state agencies.

WDFW	Arizona Game and Fish Dept.	Florida FWC Commission	Minnesota Dept. of Natural Resources	Missouri Dept. of Conservation	Oregon Dept. of Fish and Wildlife
<p>Programs develop request packages, which the central budget office refines.</p> <p>EMT meets to discuss packages and prioritize.</p> <p>Budget request</p>	<p>Biennial budget.</p> <p>Executive team meets with budget staff to develop projections and a request for the commission.</p>	<p>Budgets developed by divisions with oversight by budget analysts.</p> <p>Executive director presents budget request to the legislature.</p>	<p>Legislature sets base budget dollar amounts.</p> <p>Division budgets are vetted at the division level, brought up at commissioner's office. Budgets submitted to</p>	<p>Dedicated sales tax allocation provides some revenue stability.</p> <p>State legislative approval is considered pro-forma. All budget development and vetting done at the</p>	<p>Biennial budget.</p> <p>40 + person external budget advisory committee (representatives include hunting groups, environmental groups, fisheries, farming and timber</p>

WDFW	Arizona Game and Fish Dept.	Florida FWC Commission	Minnesota Dept. of Natural Resources	Missouri Dept. of Conservation	Oregon Dept. of Fish and Wildlife
<p>goes to Commission, then Governor's Office, then legislature.</p> <p>Budget decision is handed down and the CBO divides among programs by fund.</p> <p>Programs further subdivide allotments to create their spending plan.</p>	<p>Work with the governor's office and legislature to get their budget request approved for appropriated funds.</p>	<p>Budget approval is part of the state budget process, with departmental budget as one element.</p>	<p>governor's office once approved by commissioner.</p> <p>3 citizen oversight committees, one for fish, one for wildlife, and one for the fish and wildlife fund.</p> <p>Ensure compliance with funding restrictions and act as advocates for the functions.</p> <p>Fish and wildlife funding shortfall avoided by approval of significant fee increase; agency currently involved in strategic planning effort to address future potential shortfalls.</p>	<p>agency level.</p> <p>Implementing new performance-based budgeting process, tied to strategic planning, goals and priorities, and performance measurement.</p>	<p>groups, etc.) and 8 town hall meetings throughout the state to review budget.</p> <p>Budget is developed by the Agency, approved by the Commission, and submitted to the legislature.</p> <p>2016 – State task force to identify funding solutions given declining revenues from licenses. Task force recommendations not implemented but may set the stage for future changes.</p>

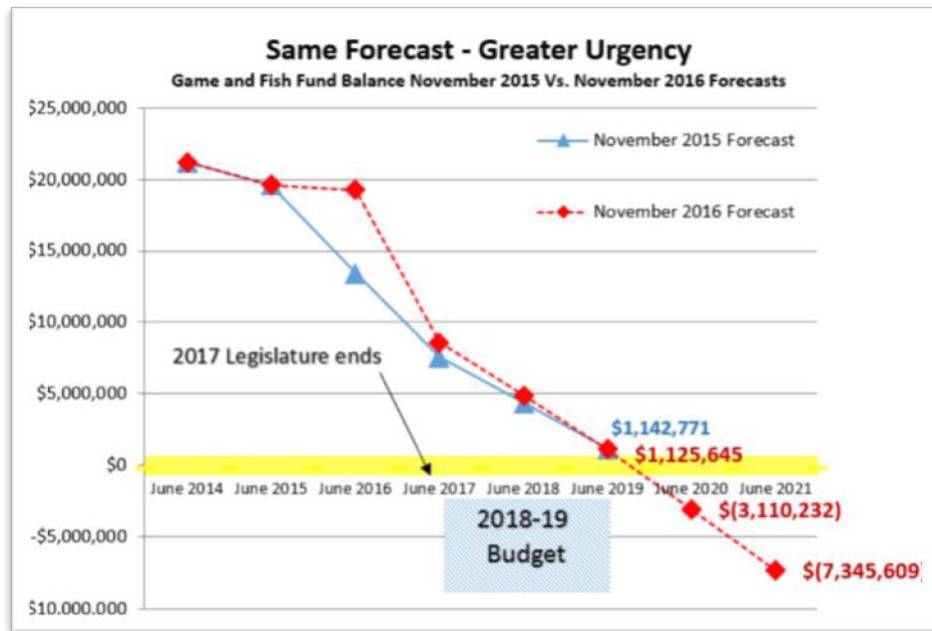
Oregon and Minnesota, in particular, have confronted structural budget shortfalls in at least some funds in recent years. The State of Oregon compiled a legislative task force to identify funding solutions given budget pressures due to declining participation in hunting and fishing and increasing costs. The task force recommended:

- Creating an Oregon Conservation Fund funded by an income tax surcharge and wholesale beverage surcharge.
- Eliminating some proposed license fees increases (high license fees were seen as a deterrent to participation in hunting and fishing) but linking license fees to inflation.
- Dedicating the new Conservation Fund the fund to expanded conservation and other programs efforts as well as to address the agency's budgetary issues.

The legislature has not yet acted on the task force's recommendations, although it did approve an increase in hunting and fishing license fees as a temporary measure to address funding shortfalls. The agency hopes that the work done by the task force has laid the groundwork for future discussions on budget.

Minnesota was facing depletion of the agency's game and fish fund by 2019, as illustrated in the graph provided by the agency. The legislature approved significant increases in various license fees to head off the crisis, but the agency has also started an internal

strategic planning process to look at “compassionate contraction” (reduction and realignment of staffing levels if possible through retirements and transfers).



Notably, while Missouri does not currently face major fiscal constraints, the agency’s director is overseeing a stringent new budget process aimed at ensuring that expenditures are aligned with the agency’s and public’s current priorities.

#### 4. CONCLUSIONS AND RECOMMENDATIONS.

The Commission should take a more active role in overseeing WDFW through the following activities:

- Strategic Planning:** The Department should be commended for the establishment of a strategic planning document that is designed to provide a high-level target and prioritization of key initiatives and goals. However, the Commission’s role in establishing the strategic plan has been minimal. Their involvement has historically been one of approval once it is nearly completed rather than actual involvement in the establishment of the document. Since the strategic plan should be a foundational document that guides operations and priorities of the Agency, the Commission should be more active in the development of this plan.
- Budget Development:** The Commission’s role in developing the Department’s budget request has been minimal in recent years. They have had limited input and discussion regarding budgets during the development phase and have approved the budgets presented to them with little in-depth discussion or evaluation. Given the current financial issues present in the Department, the Commission should be

more active in the development of the proposed budget. Given the limited number of Commission meetings, this may best be done through the establishment of a dedicated Budget Committee of the Commission members.

- **Budget Oversight:** The Commission should ensure that it is provided a written budget report, showing projected and actual expenditures and revenues, at each Commission meeting. Major deviations from the planned budget should be highlighted with a narrative explanation provided, and where necessary, action steps identified for how the Department will address the deviations.
- **Evaluation of the Director:** The Commission should ensure that it conducts annual evaluations of the Director in a timely and consistent manner. This is critical to ensuring that the Director has feedback regarding his/her performance and alignment with the policy goals of the Commission. Previously, the Director was evaluated annually, and more recently, has shifted to a biennial evaluation period. The last evaluation occurred in June 2015. In June 2017, the Director briefed the Commission on his performance for the 2015-17 biennium, and the Commission is still in the midst of an evaluation and setting a Performance Agreement for SFY 2018.

The Commission may need to allocate additional time at their monthly meetings in order to accommodate the additional duties outlined above.

The current makeup of the EMT is appropriate; it includes enough staff to ensure that each program and region are represented, without becoming excessive. The size of the EMT was recently trimmed to 15, whereas it once was larger and included Deputy Assistant Directors and other special assistants. While the EMT is still large, it only includes one representative from each of the programs, and one from each of the regions. This makeup has the capacity to function well as a leadership and decision-making body, and the Department should maintain its current number of members.

While the EMT is a reasonable size currently, there are four staff who should make appearances when topics impacting their staff are under discussion: the Chief Information Officer; Chief Financial Officer; Human Resources Director; and Budget Officer. These staff oversee organizational units which are affected by every decision the Department makes and are asked to serve as partners and support staff for the Department's endeavors. They also have a unique perspective on the topics discussed by the EMT because they deeply understand the administrative implications of the Department's initiatives. While they do not need to be a formal part of the decision-making body, they should attend meetings to provide their opinions on topics of discussion relevant to their organizational units.



**Recommendation: The Commission should take a more active role in overseeing the Department and conducting administrative duties assigned to it such as: participating in the development of the Department strategic plan; evaluation of the Director; and development, approval and oversight of the Department budget.**

Recommendation: The Department should maintain the current number of members on the EMT; however, the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend when topics requiring their technical input are under discussion.

## B. Organization and Management

This section addresses the organizational structure and management processes of the Department, including Program and Regional reporting relationships, organizational structure and span of control, and methods of internal communication.

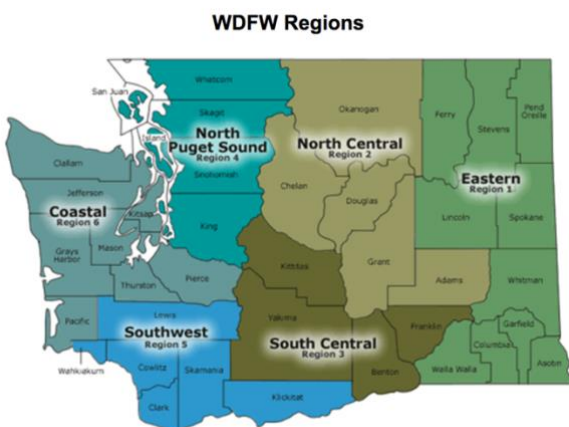
### 1. ORGANIZATION AND MANAGEMENT FINDINGS AT WDFW

The Department operates six programs: Technology and Financial Management; Capital and Asset Management; Fish; Wildlife; Habitat; and Enforcement. These six programs

operate under the Deputy Director, but many of the staff for the six programs, especially those in the Wildlife, Fish, Habitat, and Enforcement programs, operate in the field rather than in Olympia. They work in one of six regions around the state each of which has a regional office, where the Regional Director is located. The Regional Directors report to the Director's Office, while program staff in each region report to the program manager for their region, who reports to deputy assistant director of their program.

The program staff in the regions do not report

to the Regional Director. Regional Directors serve as the representative for the Director's Office in the regions, represent regional interests to the executive management team, and coordinate the efforts of the various programs in their region. They also coordinate WDFW activities with tribes and local governments, and they serve as the point of contact and Departmental authority for regional issues.





The following table shows the number of staff assigned to each region, according to the State of Washington OFM website:

Location	Employee Count	Percentage
Region 1	152	8.0%
Region 2	197	10.4%
Region 3	126	6.6%
Region 4	209	11.0%
Region 5	241	12.7%
Region 6	249	13.1%
Olympia/Thurston County	719	37.9%
Unallocated	3	0.2%
<b>TOTAL</b>	<b>1,896</b>	<b>100.0%</b>

The number of reporting relationships appear to be appropriate, without many excessive groupings. The Director oversees the Regional Directors, administrative assistants, and two special assistants, as well as the Deputy Director to manage operations and the Policy Director to oversee legislation, public outreach, and strategic planning and process improvement. The Deputy Director in turn oversees each of the six Assistant Directors, the Human Resources Manager, and a handful of special assistants. The recent consolidation of policy-related functions under a Policy Director ensured that the number of reports to the Director could be reduced to a more manageable number, and it also provided a clear point of leadership for the Department's outward-facing activities such as legislative support and public outreach. The existing structure provides the benefit of mostly grouping similar functions together (each of the Regional Directors reports to the Director, and each of the operational divisions reports to the Deputy Director) while maintaining a reasonable span of control.

## 2. REVIEW OF OTHER STATE AGENCIES' ORGANIZATIONAL STRUCTURE AND GOVERNANCE

The other state-wide fish and wildlife studies vary considerably in structures for oversight.

State	Appointed Oversight	Executive	Administrative Support	Divisions	Regional Offices
<b>WDFW</b>	9 member commission	Department Director, Policy Director, and Deputy Director		Fish; Wildlife; Habitat; Enforcement; Financial Services; Enforcement	6 regional offices

State	Appointed Oversight	Executive	Administrative Support	Divisions	Regional Offices
<b>Arizona</b>	9 Member Commission	Agency Director and Deputy Director	HR, Funds and Planning, and Rules & Risk Management branches report to Director.	Special Services; Wildlife Management; Information & Education; Field Operations	6 regional offices
<b>Florida</b>	5 Member Commission	Executive Director, Chief Financial Officer	Offices report to Executive Director: Finance and Budget, IT, Strategic Initiatives, Legal, Human Resources, Community Relations, Licenses and Permitting, Legislative Affairs, Inspector General	Law Enforcement; Marine Fisheries; Freshwater Fisheries Management; Hunting and Game Management; Habitat and Species Conservation; Fish and Wildlife Research	5 regional offices
<b>Minnesota</b>	No commission	Commissioner and Deputy Commissioner	Separate Operations Support Division Includes: Community and Outreach; Capital Investment & Property; Human Resources; Chief Financial Officer; Internal Audit.  IT provided by state IT agency (MINNIT)	Forestry; Lands; Parks and trails; Fish and wildlife; Ecological and water resources; Enforcement; Operational support	4 regional offices

State	Appointed Oversight	Executive	Administrative Support	Divisions	Regional Offices
<b>Missouri</b>	4 Member Conservation Commission	Executive Director	Deputy Director for Administration oversees: Administrative Services Division; Outreach and Education Division; and Human Resources Division	Fisheries; Protection; Science; Wildlife; Private Lands; Forestry	6 regional offices
<b>Oregon</b>	7 Member commission	Executive Director	Separate Administrative Programs Division	State Police Fish and Wildlife Division; Fish and Wildlife Programs Division; Administrative Programs Divisions	4 regional offices

All agencies have one or more central division or department responsible for administrative functions (such as IT, HR, finance, and procurement). In Minnesota, all Information Technology staff are actually employees of the state's IT department (MNIT), although some of the staff are physically located in operational departments or regional offices. Florida is relatively decentralized, with HR and IT staff residing in divisions rather than a centralized function.

There does not appear to be one ideal model for provision of administrative services, with both more and less centralized models working effectively. That said, all agencies pointed to the importance of having consistent policies and central oversight to ensure that these policies are being applied across the board.

All agencies described some challenges related to oversight of regional offices, in particular with employees from a number of different departments working together in a regional office. The typical structure in these agencies, as with WDFW, is to have reporting relationships based on department program, not region. One innovative approach in Missouri is to create teams in each region, known as "regional conservation teams" made up of staff from each division: forestry, lands, parks and trails, fish and

wildlife, ecological and water resources and enforcement. Leadership of these teams rotates among the divisions every three years. WDFW has a comparable team structure through its Regional Management Teams and district teams. In Arizona, by contrast, regional offices are run as “mini-headquarters” with programmatic staff in the regions reporting to the regional supervisor.

The project team was asked to examine WDFW’s decision-making, including the levels at which actions may be taken. For WDFW, these are spelled out in Policy 1004, which provides a detailed business action authority matrix, as well as a set of conditions under which authority may be delegated to a more junior manager or employee. These policies cover: personnel decisions, leave approvals, IT purchases, public works contracts, other contracts, and payments; as well as, a number of natural resource policy decisions.

The state Department of Ecology has a similar matrix covering similar areas of authority, and the State Parks and Recreation Commission and Department of Natural Resources address authority levels in a number of different memoranda and policy documents.

Based on the agencies studied, there do not appear to be consistent policies across Washington state agencies approval authorities or how these authorities are delegated and tracked. In general, the authority levels spelled out in Policy 1004 do not appear to be out of line with those in similar organizations.

The scope of project team’s review did not include an audit of administrative decision-making, but interviews did identify some issues with inconsistent decision-making in different divisions of the organization, as well as in regional offices. For example, employees reported in interviews inconsistency regarding:

- Processes for purchasing goods and services
- Criteria for setting budget priorities
- Decisions related to the deployment and use of technology
- Use of performance evaluations

These issues do not necessarily necessitate less delegation of authority, but do mean that the agency needs to have clearer policies and more consistent oversight to ensure that these are being followed.

**Recommendation:** All administrative divisions should ensure that policies are clear and promote consistency across the agency. There should be review and compliance mechanisms in place to ensure that policies are being followed at all levels of the organization.

### **3. CONCLUSIONS AND RECOMMENDATIONS**

The following subsections outline the project team's conclusions regarding each of the primary areas explored and present the related recommendations.

#### **(1) Regional Structure**

The location of program staff in regional offices around the state is clearly necessary for the type of work performed by the Department. The Department's chosen reporting structure which places the chain of command within the program areas rather than the regional offices has its merits. Because such a large portion of the Department's funding comes from sources which are tied to a specific program area, the staff from different programs within a region are very often funded by entirely different revenue sources. They also have different mandates and different scientific or enforcement backgrounds, which means that the operational and staffing needs across all regions within a particular program are usually more similar than the needs across all programs within a particular region.

In order for this arrangement to work, however, two key factors must be in place.

- First, the Assistant Directors of each program must be familiar with the regional dynamic as it affects their program, so that they can make appropriate personnel decisions, establish priorities, and effectively oversee operations.
- Likewise, the Regional Directors must be familiar enough with each of the programs' overall strategy and their impact on the region to foster communication between the program managers, find opportunities for streamlining of operations, and effectively advocate for the region to the Assistant Director of each program.

In the project team's time on site and conversations with staff in regional offices, program leadership roles, and the Director's Office, it appears that these factors are present, and that the existing approach meets the needs of the Department. This is largely due to a commitment by staff to conducting regular meetings with the local program managers, maintaining contact and coordination with Assistant Directors, and keeping a close eye on the issues affecting their region. It can also be attributed to the program managers' willingness in each region to cooperate with the managers of other programs and take constructive input from Regional Directors regarding the priorities of the Director's Office.

With this in mind, there is still room for Regional Directors to play a larger role in the Department's strategic planning process. Because the EMT's decisions need to reflect

an understanding of regional needs and conditions and because the Department's work on conservation issues is place-based, the Regional Directors are in position to provide direction to the leadership body and ensure that Department policy accounts for regional differences. More concretely, the Regional Directors should contribute a portion of the Department's strategic plan for each biennium, writing a section which describes the challenges facing their region as part of the framing context for the plan's goals, objectives, and strategies.

**Recommendation:** The Regional Directors should play an active role in strategic planning by writing a section of the framing context for the document.

## **(2) Organizational Structure and Span of Control**

The Director oversees the Regional Directors, administrative assistants, and two special assistants, as well as the Deputy Director to manage operations and the Policy Director to oversee legislation, public outreach, and strategic planning and process improvements. The Deputy Director in turn oversees each of the six Assistant Directors, the Human Resources Manager, and a handful of special assistants. The consolidation of policy-related functions under a Policy Director ensured that the number of reports to the Director could be reduced to a more manageable number, and it also provided a clear point of leadership for the Department's outward-facing activities such as legislative support and press releases. The existing structure provides the benefit of mostly grouping similar functions together (each of the Regional Directors reports to the Director, and each of the operational divisions reports to the Deputy Director) while maintaining a reasonable span of control. A review of spans of control within WDFW did not identify any consistent areas where spans of control were out of alignment with expected practices or levels seen in other comparable entities; however, there were individual cases where spans were very narrow or wide.

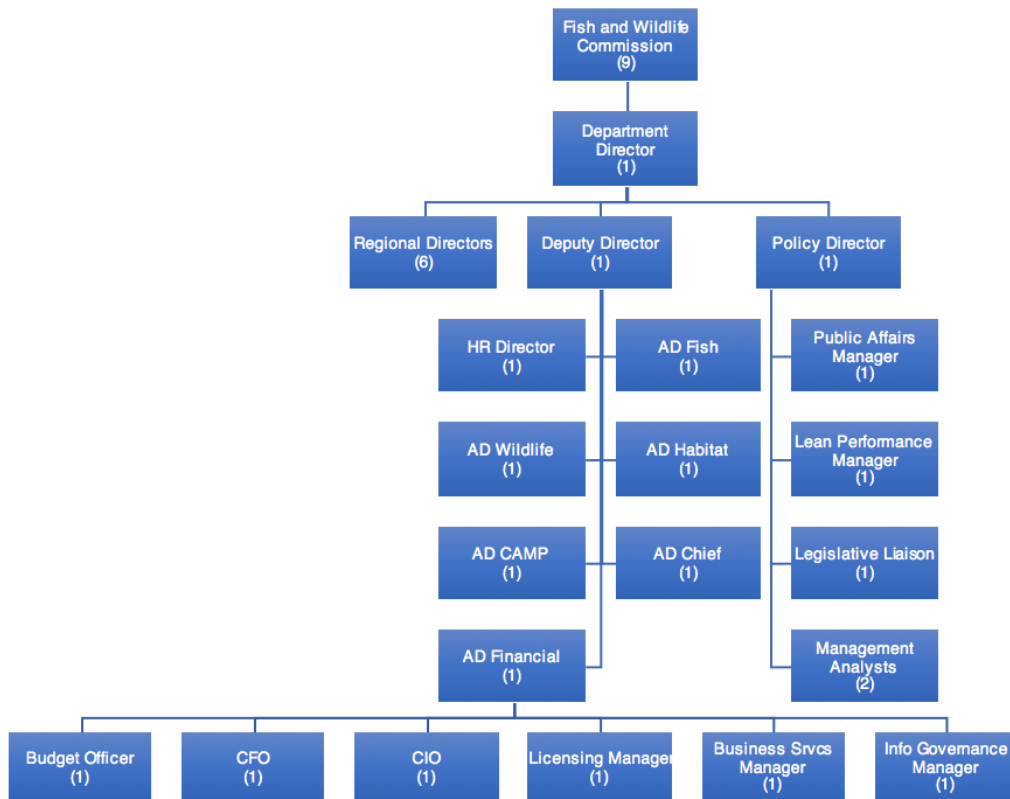
The organizational structure in its current state does come with some drawbacks. While similar functions are mostly grouped, financial and administrative staff (known as the Technology and Financial Management group, or TFM) report through the Assistant Director of Financial Services, who reports to the Deputy Director along with the Assistant Directors over the other program areas. This means that the Deputy Director is tasked with overseeing operational divisions as well as administrative teams. It also means that the leads for administrative functions (the CIO, the CFO, the Budget Officer, etc.) fall three layers below the director on the organizational chart. The exception to this is the Human Resources Director, who is not grouped with the TFM unit, but reports directly to the Deputy Director.

Many of the issues currently faced by the Department have to do with the synchronization of operations and decision-making between operational and administrative units of the organization. The Department has struggled at times to provide programs with needed technology, coordinate and provide transparency to the budgeting process across the programs, and address concerns related to human resources strategy and personnel classification. In order to focus the appropriate level of attention on these functions and allow them to better operate as partners of the Department's operations and policy arms, the Department should make the following changes:

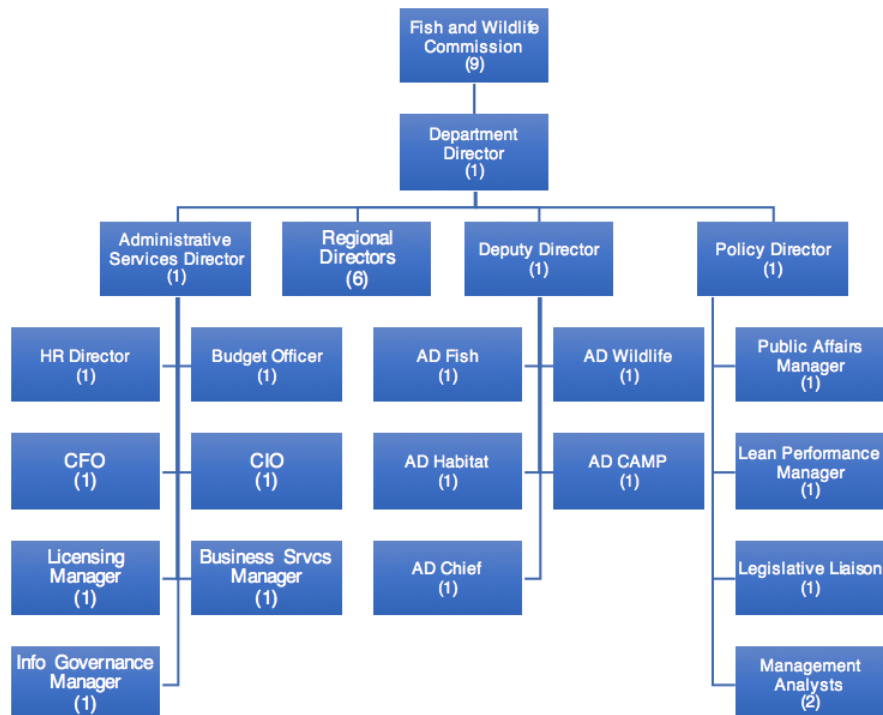
- The Assistant Director of Technology and Financial Management should report directly to the Director. The position should be renamed "Administrative Services Director" and placed on par with the existing Policy Director. Alternatively, the position could be established as a second Deputy Director position. If this approach were taken, there would be one Deputy Director overseeing operations and one Deputy Director overseeing administrative functions.
- The Human Resources Director should join the Budget Officer, Chief Financial Officer, Chief Information Officer, Licensing Manager, Business Services Manager, and Information Governance Manager in reporting to the Administrative Services Director (or the new Deputy Director if the alternative is implemented). As stated previously, the Chief Information Officer, Chief Financial Officer, Human Resources Director, and Budget Officer should attend EMT meetings when topics relevant to their staff are under discussion.

This new arrangement will have the Director overseeing a Policy Director, Deputy Director, and Administrative Services Director (ASD) – or the second Deputy Director position. It will allow the existing Deputy Director position to focus more directly on the five remaining operational program areas. It will also increase the level of focus and attention dedicated to the vital administrative areas of technology, human resources, finance, and budgeting. The EMT will not grow or shrink as a result of this change. The following depict the existing and proposed organizational structures for WDFW:

### Current Structure



### Proposed Structure





Four of the five other state fish and wildlife agencies surveyed have a similar structure to the proposed structure, where the individuals supervising administrative functions report directly to the Director.

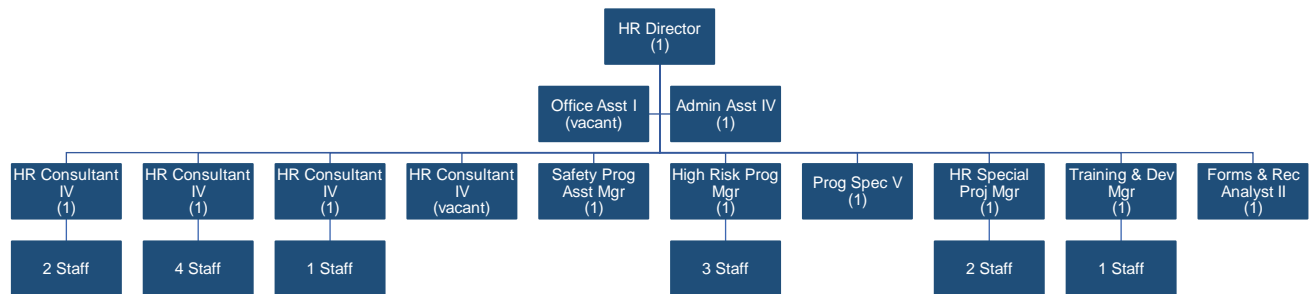
State	Organizational Structure for Administrative Oversight
<b>Arizona</b>	The Director oversees the head of the Human Resources unit, while the Deputy Director oversees the Special Services Division, which includes budgeting, purchasing, and technology.
<b>Florida</b>	The Director's Office directly oversees the Finance and Budget Office, Office of Information Technology, Legal Office, and the Office of Human Resources.
<b>Minnesota</b>	Fish and Wildlife is just one of the programs in the Department of Natural Resources. The DNR Commissioner (Director) oversees an Operations Services Director, who manages the Chief Financial Officer, Human Resources, and Communications & Outreach.
<b>Missouri</b>	The Director oversees an Assistant Director and two Deputy Directors. The Assistant Director oversees policy coordination and governmental liaison. One Deputy Director handles the field divisions of Fisheries, Protection, Wildlife, Science, and Forestry, while the other handles the administrative divisions of Administrative Services, Human Resources, and Outreach & Education.
<b>Oregon</b>	The Director oversees two Deputy Directors. One of them manages the Fish Division, Wildlife Division, and regional offices; the other manages Administrative Services, Human Resources, Information Systems, and Information & Education.
<b>Washington</b>	The Director oversees the Regional Directors, Deputy Director and Policy Director as current organized. As proposed the Director would assume additional oversight of the Administrative Services Director.

In addition to these changes, the number of direct reports in the Human Resources unit should be reduced. Currently, the organization is very flat, with twelve staff reporting to the Human Resources Director (see below). A number of possible consolidations could occur to make this possible:

- The risk management and workers' compensation functions could be grouped under a single manager reporting to the HR Director to improve spans of control and oversight of these programs by a single individual.
- The safety and ADA accessibility programs could be grouped under a single manager reporting to the HR Director to ensure close coordination of these functions.

- The HR generalists supporting the program areas in personnel matters like recruitment, discipline, employee evaluations, and employee classification could be grouped (which would help to maintain consistency in their operating practices), along with the volunteer program, under a single manager reporting to the HR Director.

### Current WDFW Human Resources Organizational Chart



Given the strategic challenges facing the Department in terms of diversity, data management, and other areas, the HR Director should be able to spend the bulk of their time leading through strategic planning and policy-setting, rather than managing operational staff.

Recommendation: The Department should implement either an **“Administrative Service Director”** or **“Deputy Director of Administrative Services”** reporting to the Director.

Recommendation: The Human Resources Director should report to the new Administrative Services Director / Deputy Director position.

Recommendation: The number of direct reports for the Human Resource Director should be reduced to eight or fewer.

### (3) Internal Decision-Making and Communication

In terms of communication, the Department’s responsibilities are widespread across a variety of work types, funding sources, and geographic locations. The organizational units depend on each other, however, for vital information in order to coordinate efforts

efficiently and reduce confusion or surprises. Because of the varied nature of the work performed by the Department, this requires a concerted effort. Currently, there are good examples of internal communication occurring at every level of the organization:

- Regional Directors meet regularly with their regional management team (composed of the RD and the program managers) to discuss local issues which may impact the Department and synchronize program efforts, where possible, across the region.
- Assistant Directors meet with their policy area leads and deputy assistants to stay apprised of new developments within their program area, refine program-specific policy, plan for implementation at the regional level, and convey instructions from the Director's office.
- The Executive Management Team meets to finalize budget requests, approve initiatives, and discuss Department-wide issues. This team includes representatives from each organizational unit.
- The Department utilizes district teams composed of staff from each program that are assigned a smaller geographic area than the region (i.e., the six regions are divided into total of 17 districts). The district team serve as "interdisciplinary teams" to coordinate on conservation efforts at the watershed and district level.

These efforts help to ensure that lines of communication remain open and management processes are unhindered by the geographical distance between operating staff.

In the field, staff are often responsible for making decisions within their assigned authority levels in a semi-independent manner. For example, they may obligate regional Department staff to secure vault toilets at an access site. This decentralized action model enables the Department to take advantage of opportunities and secure funding that might not otherwise be available without the on-the-ground perspective of staff. However, these actions have impact on other parts of the organization. Securing the toilets at an access site, for example, requires staff time and clarity about which organizational unit will pay for it. When field staff take action, there should be a procedure for ensuring that the appropriate parties are informed (and have the chance to advise or approve/disapprove) of the action. This could be a field checklist for staff to consider before making monetary decision, or a requirement to report non-routine activity to the Regional Program Manager.

Communication between regional offices relies on video conferencing, phone, and email. While some regions have new and updated video conferencing equipment, some regions lag behind. This makes communication more difficult because the video and audio quality is poor, and also because the equipment used in each region is not uniform, which means there is limited compatibility between them. To resolve this, each region should have the same type of video conferencing tools, ideally by the same manufacturer, so that they will be fully compatible with each other and with Olympia. This is likely to cost about \$20,000 to \$25,000 for each region which needs to be made uniform with the others.

At the EMT level, decision making is extremely critical because of the department-wide impact that executive policies have on operations, and communication to the rest of the Department is vital to ensuring that programs and support staff act in alignment with the decisions made by the EMT. Accordingly, communication must be executed effectively in order to ensure internal compliance and consistency. While the EMT does take meeting minutes and circulate decision documents to staff, there is still a perception among some staff that this group is slow to arrive at decisions or lacks decisiveness in implementing and enforcing them. To make sure that this diverse body produces clear communication, they should enhance existing efforts to communicate decision making and priorities that result from meetings in a timely, clear, and effective manner. To do this, the management analyst keeping minutes for the meeting should compile a summary of policy decisions and other key developments arising from EMT meetings, and circulate them as an electronic memo to all management and supervisory staff in the Department. While the members of the EMT already take steps to communicate with their staff, this small formal measure will help ensure that information from EMT is circulated more completely. It takes very little time to accomplish after each meeting, and the procedure for completing it can be improved quickly from month to month.

**Recommendation:** The Department should implement a procedural checklist and point of contact for field staff when taking actions with a financial impact on the Department.

**Recommendation:** The videoconferencing tools in each region should be standardized.

**Recommendation:** The EMT should enhance efforts at communicating decisions reached to the entire organization to enhance understanding of Department priorities, changes in policy and ensure greater consistency throughout the organization.

## C. Strategic Planning

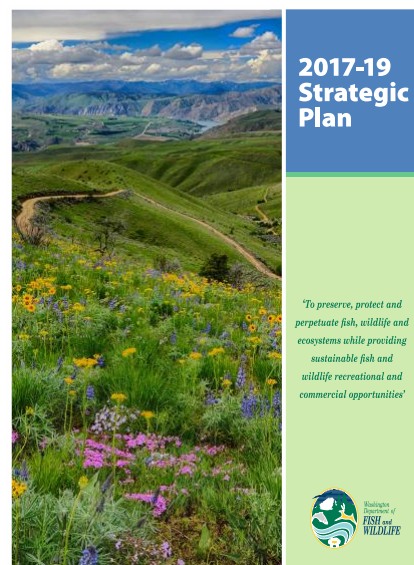
The following section explores opportunities for improvement in the Department's strategic planning process.

## 1. STRATEGIC PLANNING AT WDFW

Every two years, the Department publishes a strategic plan to outline its goals and objectives for the coming biennium. Strategic planning is a vital tool for distilling the vision, mission, and values of an organization into actionable goals and performance measures, and this exercise is especially valuable for an organization as financially, geographically, and programmatically diverse as WDFW.

The strategic plan should direct the focus of the Department as a whole and give shape to the activities of the various programs encompassed within the organization, tying them together in the pursuit of a unified vision. In the 2015-17 version, each of the Department's four goals were supported by a set of objectives and a series of related initiatives. These provided a measure of clarity on how the Department could progress toward the goal and more detail on specifically what steps the organization had committed to take in pursuit of the goal. In the more recent 2017-19 strategic plan, however, the initiatives supporting each goal and its objectives have been temporarily eliminated and replaced by the State Legislative Directives contained in the Department's proviso. The Department has stated their intent to develop a more robust Strategic Plan for 2019-21 after the completion of the extensive work called for in the operating budget proviso. Aside from the Strategic Plan, the project team reviewed other documents which are impactful for setting priorities and driving action on the part of program staff:

- The Director's Performance Agreement outlines a set of deliverables for each biennium which are tied to one of the Department's four goals and the corresponding strategies for that goal. These deliverables are reported upon at the conclusion of each biennium.
- The business plans published by each of the Programs use the Department's goals and the strategies set forth in the Director's Performance Agreement to focus on particular initiatives that are important for their respective programs.



Because the Department's planning and goal-setting work is not taking place in the context of or full alignment with the Departmental strategic plan, some efforts fail to fully demonstrate how programmatic goals and objectives are tied to the accomplishment of the Department's strategic initiatives. This makes it harder to communicate to the public about the progress being made.

## **2. STRATEGIC PLANNING AT OTHER STATE AGENCIES**

A comparison to the strategic planning documents of comparable agencies in other states can be used to identify the strengths and weaknesses of the Department's own strategic plan. The following elements of the plan are similar to those found in other such documents:

- The WDFW Strategic Plan lists the six Conservation Principles which the Department uses to set priorities. These are found in other states' agencies, although they may be called guiding principles or core competencies.
- The WDFW Strategic Plan lists four overarching goals for the Department, and it identifies a set of objectives within each of those goals. The 2015-17 version of the strategic plan also included initiatives to support each of the Department's goals. These elements are common to the strategic plan documents of other organizations.

All of the agencies studied have some type of strategic planning process, and include some elements that could be used in Washington to enhance their strategic planning activities.

- The plan published by the Minnesota Department of Natural Resources provides context to their goals and objectives by outlining the strategic challenges that their departments face, and identifying relevant trends in their state related to hunting/fishing/recreation.
- The Florida Fish and Wildlife Conservation Commission's plans link the activities of their department to the states priorities of the state's Governor.
- The Arizona Game and Fish Department's plan support the agency's high-level goals, objectives, and initiatives with concrete strategies and action steps that serve to direct the Department's activities toward accomplishing the strategic goals.

- Other strategic plans, including as the one published by the Florida FWC Commission, provide a series of performance measures which will be used to gauge the agency's progress toward achieving its goals and make decisions about resource allocation in the future.

Additionally, the Washington Department of Fish and Wildlife should ensure that it provides sufficient public engagement opportunities through online feedback, public meetings, and focus groups to gather necessary input prior to developing the new strategic plan.

### 3. STRATEGIC PLANNING RECOMMENDATIONS

In order for the Department's Strategic Plan to form the basis for action, the document should be expanded and changed so that its content and development process reflect the realities faced by the Department. Four key changes can be made to this effect.

**First**, the strategic plan should incorporate concrete strategies and action steps which the Department will take in pursuit of its goals. Similar to the strategic plan documents published by other states' fish and wildlife agencies, the organization's large-scale objectives should be supported with clearly defined activities and milestones. This change will ensure that each of the plan's goals is clear enough to act upon, and that some of the action to be taken is made clear.

**Second**, the strategic plan's goals and objectives should also be supported by performance measures which can easily be tracked and reported upon, and which are indicative of the Department's success in progressing toward the stated goal. Incorporating performance measures will ensure that staff remains accountable for the progress made toward stated goals, and it will prevent the Department from losing focus or straying away from the intent of the plan's goals. This topic is explored more in the discussion of performance management in Section D of this chapter.

Examples taken from the strategic plans of two other state agencies that demonstrate how they implemented to recommended approach outlined above are shown in the following table.

	Minnesota	Arizona
Goal	Expand hunter recruitment and retention.	Enhance aquatic habitat ecosystems.

	Minnesota	Arizona
<b>Action Steps</b>	<p>Promote innovative hunter recruitment approaches, such as “Learn to Hunt Whitetail Deer,” a program aimed at urban adults with little or no hunting experience and an interest in local, sustainable food.</p> <p>Promote the DNR’s rearms safety and hunter education outreach to Minnesota’s Hispanic community.</p> <p>Invest in shooting range development and rehabilitation to increase access to and participation in shooting sports, especially among youth.</p>	<p>Implement aquatic habitat improvement projects.</p> <p>Implement new eradication, containment and prevention projects for undesirable and/or invasive species.</p> <p>Implement priority actions in conservation agreements, management plans and statewide wildlife action plan strategies.</p> <p>Continue development and enhancement of comprehensive aquatic wildlife databases.</p>
<b>Performance Measures</b>	<p>Number of participants in special youth hunts.</p> <p>Number of youth license sales</p>	<p>Acres or miles of aquatic habitat improved.</p> <p>Population status of ESA listed, Candidate or priority SGCN species.</p>

**Third**, the strategic plan should outline the trends in the Department’s line of business and the strategic challenges facing the Department. These trends and challenges should provide context for the strategic plan; the goals and objectives should be developed in response to the conditions faced by the Department. The challenges and trends should incorporate the perspective of each of the program areas, and each of the geographical regions. The input of Assistant Directors and Regional Directors should be sought and used to develop the plan’s goals. The role of Regional Directors in this step is explored further in Section B of this chapter.

**Fourth**, the strategic plan should be developed using the input of the public, key stakeholder and advisory groups, and the Department’s tribal co-managers. While the Department has made some effort to incorporate the feedback from stakeholder groups (through the Wild Future initiative, for example), this ongoing dialogue between the Department and the public it serves should provide much of the basis for the goals outlined in the strategic plan. The Department’s efforts to solicit external engagement are addressed in Section E of this chapter; as stated in the 2017-19 cover letter of the Strategic Plan.



These changes will fundamentally change the nature of the strategic plan by transforming it from a broadly descriptive publication to a detailed, instructive document shaped by the actual needs of the public and the current climate faced by the Department. With this transformation, it can be used as a tool for prioritizing resources, driving action on the part of the divisions, demonstrating a listening ear to stakeholders, and monitoring progress toward the Department's goals across each program area and geographic region.

Recommendation: The strategic plan should incorporate concrete strategies and action steps in support of its stated goals and objectives.

**Recommendation: The strategic plan's goals and objectives should be supported** by performance measures which can be tracked and reported upon.

Recommendation: The strategic plan should outline the trends and challenges facing the Department in each of its program areas and geographical regions.

Recommendation: The strategic plan should be developed using input from the **Department's stakeholders and tribal co-managers**.

## D. Information Technology Strategic Plan

Technology is an integral component of all effective government agencies, and all operational improvement initiatives necessarily include a technology component. As stated elsewhere in this report, one area of high priority is clearly an agency-wide finance and personnel system that would allow for greater communication, consistency, and reporting across all departments, divisions, and regional offices. Another key issue is apparent inconsistency in the deployment and use of IT systems by different departments.

Given the high value and high cost of technology (and the recommendation for the implementation of additional technology solutions), the agency should undertake a formal IT strategic planning initiative. This would include a comprehensive analysis of individual departmental and agency-wide technology needs and develop a roadmap to meeting these needs. It would also ensure the existence of clear, agency-wide IT policies to be followed at all levels of the organization. Of particular importance is the need to identify, in the future, when the Department will allow the creation of new systems outside of central IT control and a plan for ensuring all new systems (either acquired or developed) have the ability to appropriately integrate with other systems in use by the department. This will ensure the ability to share data and, eliminate data silos, and reduce redundant staff work.

The technology plan should focus on seeking systems that have wide application across departments and functions where possible and should incorporate the following principles:

- **Standardization** – Standardize IT solutions across the agency where feasible to decrease costs and improve information sharing.
- **Business Process Support** – Ensure that the technology deployments include an examination of business processes and automate these to the greatest degree possible. As mentioned, this is a strength of the current department, but should continue to be a focus.
- **Innovation and Flexibility** – Systems should allow new functionality to be added quickly as new needs are identified.
- **Maintenance and Support** – Once systems are procured and deployed, resources should be in place to maintain and support them, including training new employee.

Following these principles, the technology plan needs to be developed and implemented based on a needs assessment of each operational area, an understanding of short and long-term funding availability, equitable resource allocation, and sound business practices.

Recommendation: WDFW should develop and implement a comprehensive IT strategic plan for the Department with defined priorities and time schedules.

## E. Performance Measurement and Evaluation

The following section focuses on opportunities to enhance the Department's performance measurement and evaluation efforts.

### 1. PERFORMANCE MEASUREMENT AT WDFW

As stated in the previous section of this chapter, performance measures lend concreteness to Department goals and ensure that the organization remains accountable for them.

The Department has a significant role to play in meeting key measures of the Governor's **Results Washington** program, a performance accountability initiative with quantifiable goals aiming to make government in Washington more effective, efficient, and customer focused. This includes education, economic growth, health and safety, and the

environment (which includes fish and wildlife). Some of the related objectives for the department include:

- Increasing the percentage of ESA listed salmon and steelhead populations at healthy, sustainable levels from 16% to 25% by 2022.
- Increasing the percentage of current state listed species recovering from 28% to 35% by 2020.
- Increasing the number of hunting and fishing licenses issued to 2,256,746 by June 2020.
- Increasing the hydraulic project approval compliance rate to 90% by 2016.
- Increasing Washington State as an employer of choice from 65% to 67% by January 2020 (relevant for all departments).

In addition to the Results Washington measures exemplified above, the Department's reporting on timeliness measures for core functions is also tracked by the agency (e.g., customer responsiveness in the Licensing Division and HPA permit issuance).

The **Director's Performance Agreement**, referenced briefly in Section C, is a biennial document outlining the Commission's expectations of the Director. It breaks the Agency's goals down into strategies, each of which has specific deliverables attached to them and an assigned lead (Wildlife, Habitat, HR, etc.). The deliverables are reported upon every two years to provide an assessment of the Department's progress. This report is the best example the Department has of concrete action planning that is fully aligned with agency goals while providing specific accountability. A portion of the summary and the body of the 2015-17 biennial report are provided in the following graphic:

Directors Performance Agreement: Summary of 2015 – 2017 DPA deliverables		
Agency Strategy	Deliverable for 2015-17 82% <b>Completed/On Track</b> 4% <b>Nearing Achievement</b> 14% <b>Making Progress</b>	Status
Implement Wolf Conservation and Management Plan to recover wolves while addressing wolf-livestock and wolf-ungulate conflicts.	1. Provide technical assistance and pursue cost-share agreements with livestock operators to avoid and minimize wolf-livestock conflicts.	Achieved
	2. Utilizing Wolf Advisory Group, amend the 2011 Wolf Conservation and Management Plan. Incorporate latest science on wolf population dynamics and wolf-ungulate interactions.	Making Progress
Implement actions to reduce risks to native salmon and steelhead from operating hatcheries.	3. Implement improved brood stock management for hatchery programs consistent with the goal of achieving the Hatchery Scientific Review Group (HSRG) brood stock standards for all hatchery programs by 2015.	On Track
	4. Work with National Oceanic and Atmospheric Administration (NOAA) and tribal co-managers to evaluate and approve HGMP's for all state salmon and steelhead hatcheries.	Making Progress

Goal 4: Build an effective and efficient organization by supporting our workforce, improving business processes, and investing in technology.		
Agency Strategy	Deliverable for 2015-17	Lead
Increase workforce satisfaction and productivity by investing in a comprehensive agency training program and career development process.	<ol style="list-style-type: none"> <li>1. Address issues raised as a result of employee survey, including develop a Department training and career development program that improves employee knowledge, skills, and abilities and supports succession within the Department.               <ol style="list-style-type: none"> <li>a. The Department has completed the training of all existing 500+ supervisors across the agency and training new supervisors within the first few months of their supervisory appointment.</li> <li>b. As a next step, the HR Office has developed and is providing a Leadership 2 class that, while not mandatory, is open to all staff.</li> <li>c. In addition, a Leading with Integrity class is now being offered.</li> </ol> </li> </ol>	Dep Dir

In addition to these measures, other partners of the Department such as the Governor's Salmon Recovery Office and the Puget Sound Partnership gather metrics for their report cards, many of which overlap with the Department's mission.

## 2. PERFORMANCE MEASUREMENT AT OTHER AGENCIES

All of the other state agencies studied have performance metrics that are posted on their web site and monitored by the department. Most also have metrics used by individual departments to track progress on a programmatic level.

The below (partial) graphic from Arizona's Department of Fish and Wildlife shows how the agency ties together the organization's broad strategic goals with performance targets and then performance metrics.

Aquatic Wildlife	Terrestrial Wildlife	Wildlife Recreation	Shooting Sports Recreation	Watercraft Recreation
<ol style="list-style-type: none"> <li>1. Use the most comprehensive and current wildlife data and science to inform wildlife planning and management decisions for Arizona</li> <li>2. Balance sport fish recreation with native aquatic resource conservation</li> <li>3. Implement watershed scale planning and management</li> <li>4. Enhance aquatic habitat ecosystems</li> <li>5. Expand voluntary partnerships with business and industry to support conservation and recreation</li> </ol>	<ol style="list-style-type: none"> <li>1. Use the most comprehensive and current wildlife data and science to inform wildlife planning and management decisions for Arizona</li> <li>2. Implement comprehensive game management through landscape level planning</li> <li>3. Manage all wildlife species to maintain biological diversity and reduce unnecessary regulatory burden</li> <li>4. Expand voluntary partnerships with private entities, businesses and industry to support conservation and recreation</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase participation in hunting, fishing and wildlife viewing</li> <li>2. Maintain diverse outdoor recreation opportunities</li> <li>3. Expand wildlife viewing opportunities</li> <li>4. Increase the public's understanding of hunting and fishing as wildlife management tools that support the North American Model of Wildlife Conservation</li> </ol>	<ol style="list-style-type: none"> <li>1. Demonstrate returns on investments, for Department actions and to benefit the state and local economies</li> <li>2. Meet customer needs and expectations</li> <li>3. Generate support for shooting sports</li> </ol>	<ol style="list-style-type: none"> <li>1. Meet future customer's registration and recreation needs</li> <li>2. Demonstrate returns on investments for Department actions and to benefit the state and local economies</li> <li>3. Safe and responsible watercraft recreation</li> </ol>
<ol style="list-style-type: none"> <li>a. Pounds and locations of fish stocked</li> <li>b. Acres or miles of aquatic habitat improved</li> <li>c. Prevent, contain or eradicate invasive or undesirable species</li> <li>d. Conduct angler surveys</li> <li>e. Improve population status of ESA listed, Candidate or priority SGCN species</li> <li>f. Native aquatic reintroduction and augmentation efforts</li> <li>g. Number of aquatic wildlife limnological investigations</li> </ol>	<ol style="list-style-type: none"> <li>a. Variety of hunting opportunities</li> <li>b. Acres of habitat improved</li> <li>c. Improve population status of ESA listed, Candidate or priority SGCN species</li> <li>d. Species reintroduction and augmentation efforts</li> <li>e. Protect state's interest in species management</li> <li>f. Health status of wildlife populations</li> <li>g. Number of voluntary conservation partnerships</li> </ol>	<ol style="list-style-type: none"> <li>a. Revenue generation</li> <li>b. Participation in wildlife viewing opportunities</li> <li>c. Participation in hunting and shooting recreation activities</li> <li>d. Proximity of wildlife related activity to Arizonans</li> <li>e. Percent of Arizona public who know who manages Arizona's wildlife</li> </ol>	<ol style="list-style-type: none"> <li>a. Availability of Shooting Ranges</li> <li>b. Volunteer workforce at Commission owned ranges</li> <li>c. Net income of Ben Avery Shooting Facility</li> <li>d. Shooting discipline varieties at Commission owned ranges</li> <li>e. Grants provided</li> </ol>	<ol style="list-style-type: none"> <li>a. Watercraft registration</li> <li>b. Boating access and launch areas</li> <li>c. Watercraft related citations and violations</li> <li>d. Educational outreach for safe watercraft use</li> <li>e. Customer Satisfaction</li> </ol>

Florida's Fish and Wildlife Commission has detailed performance metrics and tracks actual performance against targets in its long-range plan. The Commission uses a best practices approach of linking goals, objectives, and outcomes and then measuring outcomes to track these against targets. Below is an excerpt from the agency's long-range plan:

**GOAL:** TO PROVIDE FOR HEALTHY RESOURCES AND SATISFIED CUSTOMERS.

**OBJECTIVE 1A:** TO PROVIDE FOR INCREASING OR STABLE FISH AND WILDLIFE POPULATIONS.

**OUTCOME 1A:** Percent of wildlife species that are increasing or stable.

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
49.0%	48.7%	48.7%	48.7%	48.7%	48.7%

**OUTCOME 1B:** Percent of marine fishery stocks that are increasing or stable.

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
99%	80%	80%	80%	80%	80%

**OUTCOME 1C:** Number of public contacts by law enforcement.

Baseline/ Year	FY 2018- 2019	FY 2019- 2020	FY 2020- 2021	FY 2021- 2022	FY 2022- 2023
1,320,787	1,098,789	1,098,789	1,098,789	1,098,789	1,098,789

Minnesota's performance and accountability standards provide an excellent model for transparency, as the information is provided on a dedicated performance and accountability page on the agency's web page.

**Conservation Agenda**  
10-Year Strategic Plan

Performance and Accountability


**Performance Areas:**




- Waters and Watersheds
- Natural Lands
- Fish and Wildlife
- Outdoor Recreation
- Organization

## Performance and Accountability

The Performance and Accountability Report complements [DNR's 10-Year Strategic Plan](#). The report tracks our progress toward achieving conservation results. It contains 87 performance measures and targets to describe natural resource conditions, DNR management activities, and the results we strive to accomplish through our management efforts.

### Find Measures By Performance Area

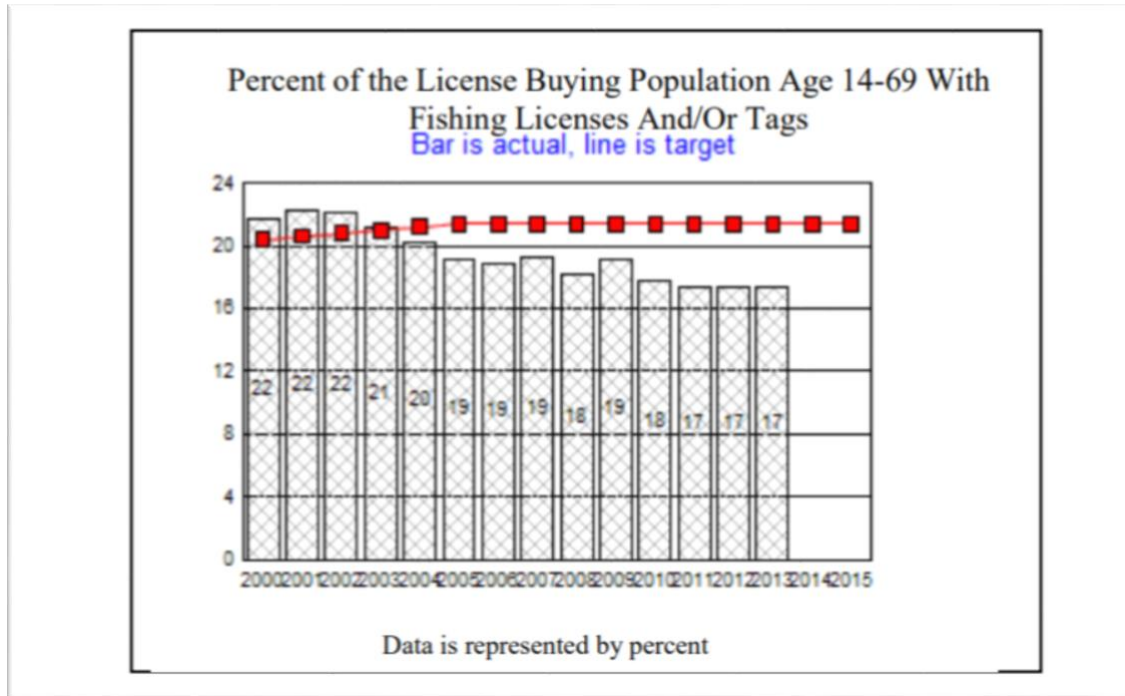


[Waters and Watersheds](#)
[Natural Lands](#)
[Fish and Wildlife](#)
[Outdoor Recreation](#)
[Organization](#)



While the State of Oregon's Department of Fish and Wildlife is in the process of revising and updating its strategic objectives and targets, the agency does have a strong history of developing and reporting on performance. The graphic below provides an example of performance monitoring that is published in the agency's annual performance progress report.



### 3. PERFORMANCE MEASUREMENT RECOMMENDATIONS

As stated in the discussion of strategic planning, the establishment of action steps and performance metrics to support them is a vital component to ensuring that the organization has a well-defined direction and has the means to gauge its progress, determine where course corrections are necessary, and remain accountable to the public. Currently, the Department has a number of tools for achieving these ends, but they are not comprehensively organized or presented in a way that lends a cohesive focus to the Department as a whole. The best way to do this is by developing the strategic plan first, and using it as the basis for the Director's Performance Agreement and the Program Business Plans. The Commission should be directly involved in creating the strategic plan, because it is the primary guiding document for the Department. The Director's Performance Agreement is a strong and specific document, and the type of goal-setting and performance tracking effort that is used for the Director's Performance Agreement should be applied to the Strategic Plan. The creation of objectives and specific deliverables, as well as routine grading of performance against those deliverables, should be a strategic planning activity, although it can also be used to evaluate the Director's performance.

Similar to the strategic plan published by the Arizona Game and Fish department, these steps should each be supported by one or more quantifiable metrics, with a report on the metric from the preceding biennium included. This will not require the creation of new objectives or strategies (the ones provided in the Director's Performance Agreement are already sufficient), but will centralize them in a quantified fashion in the Department's flagship public document. This will have the benefit of clarifying the central foci of the Department and clearly communicating them to the public. This recommendation can be found in the discussion of strategic planning.

Recommendation: Under the guidance of the Commission, specific objectives and action steps should be developed for the Strategic Plan in the way they currently **are for the Director's Performance Agreement. To avoid duplication of effort, The Director's Performance Agreement should include the same criteria** as the strategic plan and be similarly assessed.

**Recommendation: The Director's Performance Agreement should be evaluated on an annual basis rather than a biennial basis to ensure that the Department's** progress is regularly tracked.

Recommendation: Periodic reports on progress towards achieving the adopted strategies and objectives should be prepared and provided to the Commission, the Governor, the Legislature and the public. The Department should provide a web-based **"dashboard" for** displaying performance metrics and tied to real-time data and information.

## F. External Communication and Public Education

The following section addresses the Department's external communications strategy and public education efforts.

### 1. EXTERNAL COMMUNICATION AT WDFW

The Department handles public outreach and external communication at a program level, regional level, and department-wide level. Within each of the major program areas, there are staff who focus on building relationships and maintaining communication with stakeholder groups who are concerned specifically with that program area. At the regional level, the same holds true, with Regional Directors and the Regional Management Team members carrying the responsibility of fostering dialogue with the general public, region-specific interest groups, and local tribal leaders in their geographic area. At the



Department level, however, there is another group, the Public Affairs unit, led by a manager who reports to the Policy Director. This unit is responsible for issuing press releases to the media, managing the content of the Department's website<sup>2</sup> and social media outlets, facilitating community outreach functions, developing state and federal legislative fact sheets, and responding to public relations crises, when necessary. The communications staff in the unit develop messaging materials and promotional plans for assigned initiatives, such as conservation of a particular species, salmon fishing season, or wolf and livestock interactions.

## **2. EXTERNAL COMMUNICATION AND CITIZEN ENGAGEMENT DURING BUDGET DEVELOPMENT AT OTHER AGENCIES**

In addition to citizen outreach during the budget process and for budget oversight (discussed elsewhere in this report), all of the agencies studied engage citizens and stakeholders using a wide variety of approaches. These include: surveys related to specific topics (such as potential policy changes), surveys assessing citizen's overall feelings regarding the agency's key responsibilities (such as conservation), open houses, and hearings. The four agencies that have an appointed commission all have open meetings, including the opportunity for people to watch meetings and provide comments on-line, similar to Washington. Below are some specific examples of public input:

- Missouri used a system of open-houses, on-line open houses, and solicitation of feedback to collect comments from 7,500 residents before considering changes to hunting regulations. The state also noted that in fiscal year 2016, there were 147 public engagement opportunities, including smallmouth bass and chronic wasting disease meetings, annual hunter surveys, conservation area plan comment periods, Regulation Committee comments, and a statewide landowner survey.
- Florida uses public meetings held in different locations around the state for any rule changes, such as changes in season lengths or bag limits.
- Oregon appointed a task force to identify possible remedies to a structural deficit facing the agency. As described, the agency was made up of: "diverse interests in fish and wildlife management including the outdoor recreation business community; conservation, hunting and fishing interests; outdoor recreation interests other than hunting and fishing; travel and tourism industry; counties and tribal governments; outdoor education community; sport and commercial fishing industry; and diverse communities that may be underserved or underrepresented."

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<sup>2</sup> The Department's website is currently being replaced in order to more effectively provide information to the public.

- Minnesota has both a Wildlife Oversight Committee and Fisheries Oversight Committee, standing committees that meet monthly with staff of the agency to better understand their operations, priorities, and resource allocation decisions.

No clear best practices regarding technology utilization were identified from these state comparisons, so the project team evaluated approaches employed by other high-performing organizations to identify approaches suitable for use by the Washington Department of Fish and Wildlife.

### **3. CONCLUSIONS AND RECOMMENDATIONS RELATED TO PUBLIC COMMUNICATION AND CITIZEN ENGAGEMENT**

While the pieces are in place for a robust public relations plan, the Department has suffered from a lack of credibility in the eyes of the public, due to competing opinions about the management of wildlife, the restrictions on fisheries, and the use of State Wildlife Account, in addition to recent widely-publicized instances of employee misconduct.

The conflicts that the Department faces with stakeholder groups and tribal co-managers are, to some degree, inherent. Fish and wildlife are finite resources, and opportunities to harvest them and enjoy them recreationally are not unlimited. As the State's population rises, the Department's key customer bases of hunters and fishermen age out of sporting activities, and environmental concerns increase, the role of the Department in balancing competing demands becomes, structurally, more difficult. In the face of these factors, a strong public relations program has the ability to build trust with constituents, improving the level of community buy-in and mitigating the risk of backlash from residents, tribes, and various stakeholder groups. However, the Department has struggled to manage public relations issues well for two main reasons:

- The Department has not clearly told its funding story to the public. For example, the Department faces a budget problem in the current biennium, but there has not been significant effort to communicate to the public that operational costs are rising. Fee increases have been minimal to nonexistent over the last five years, but they remain as unpopular as ever, even as the costs of doing business rise.
- The Department has not successfully demonstrated that they hear and respond to the concerns of the public. The Strategic Plan and Operating Budget do not include material pointing out how the Department is hearing the concerns raised and is working to meet the needs of everyday citizens, stakeholders, sportsmen, ranchers, tribes, commercial fishermen, and other "customer" groups who rely on

the organization for cooperation and leadership. There is a lack of public understanding of how the various activities the Department undertakes contributes to the public's expectations for their recreational and commercial opportunities.

These problems with conveying the Department's message and demonstrating that customers' messages have been heard spring from the fact that the Department has not successfully emphasized in-the-field, face-to-face relationships with stakeholders. The recent effort to engage the public in the budget process through the Wild Futures initiative resulted in some valuable insight and an opportunity to make the Department's case to the public. It also revealed that Washington's residents have deep concerns about the Department's direction and policies, and that they do not feel as though the organization hears those concerns. But more pressingly, too few residents feel that there is a consistent presence from the Department in their area in the form of someone they know and see regularly.

**(1) The Department Should Appoint a Local WDFW Representative.**

In order to change the perception of the Department and improve dialogue with the public, the Public Affairs unit should add a new element to the Wild Future initiative, namely identifying a consistent local representative for the Department in each region.

- This individual could be the Regional Director or one of their assistants, a local program manager for one of the programs, or another assigned staff member. However, based upon existing duties assigned to these individuals, it is unlikely that sufficient time could be allocated to the public engagement effort. It would be better to create a new position of Regional Outreach Representative – reporting to the Regional Director – who is entirely focused on community outreach and engagement. The efforts of the Regional Outreach Representatives should be coordinated by Public Affairs to ensure training for these positions and that a consistent message on agency-wide issues is achieved.
- They should be an available presence for the Department at the local level, focused on building relationships with stakeholder groups, disseminating information, and periodically hosting opportunities for public input and feedback. They should consistently be in contact with conservationist groups, sportsmen, and others who may be impacted by Department actions.
- The Public Affairs unit should create an inventory of issues which should be exposed to public comment at the local level, which might include changes to the lengths of harvest seasons, fee increases, budget updates, species and regional

conservation plans, and other actions which may impact the public's interactions with Fish and Wildlife or their habitat. These issues should be sent to the local representative so that they can ensure their local stakeholders are aware of them and prepare opportunities for interaction with them.

- The Public Affairs unit should also offer training to the local representative to ensure that they are equipped to speak for the Department and have the communication skills to engage productively with constituents, especially when focusing on sensitive topics like the use of fee funding and the balance between commercial and recreational fishing.

The designated local representatives and/or Regional Directors should seek specifically to foster conversations with residents and stakeholders where the Department's customers can hear and be heard. These could be open houses or town hall meetings, similar to the State of Missouri, but the format of these meetings can be flexible depending on regional priorities and immediate circumstances (as well as relationships with local interest groups). Their contents, however, should be recorded and summarized as valuable constituent feedback.

In addition to this, the Public Affairs unit and Program staff should seek to consistently engage the Department's stakeholder advisory groups in issue-specific conversations, relying on their perspective to assess resident needs and to refine strategic planning for individual species.

Finally, the feedback from local meetings and advisory group conversations should be summarized and formally included as part of the framing context added to the strategic plan, as stated in the previous section focusing on that document. By doing this, the Department can tangibly demonstrate the impact that residents' voices have on the agency's direction, and the most prevalent themes can be used to refine the Department's goals and strategies.

**Recommendation:** The Department should designate and support regional representatives to focus on ongoing conversations and relationship-building with local stakeholders as part of the Wild Future initiative through the creation of a Regional Outreach Coordinator position.

**Recommendation:** The Department should implement new online public engagement tools to solicit a higher-quality of public input.

**Recommendation:** The input from local meetings and issue advisory groups should be formally included in the strategic plan as part of the framing context and ***used to prioritize the agency's goals and strategies.***

**(2) The Department Should Expand Outreach and Utilize Technology More Heavily.**

In addition to residents who routinely attend public meetings and respond to requests for comment, the Department should seek to increase engagement with other Washington residents. As previously stated, an aging base of core customers (hunters, fishermen, and outdoorsmen) and increasing environmental concerns mean that the Department must increasingly be able to tell its message to those without significant knowledge of WDFW operations.

Using a wide variety of technology tools for public outreach and engagement to broaden the communication audience holds numerous benefits for the organization. Firstly, technology has the ability to produce concrete data for reporting and decision-making. As opposed to traditional formats of gathering feedback, electronic media can reach a broad spectrum of citizens and stakeholders while yielding quantifiable results. Secondly, technology creates new opportunities for outreach and communication, in addition to face-to-face interaction with constituents. It also allows contact with a much broader, more diverse audience than meetings held in physical space. While a local presence is vital, as stated above, providing digital avenues for engagement with the Department is more inclusive. In addition to these factors, technology allows an agency to gather more informed opinions, oftentimes by asking respondents to electronically view a proposed policy or a brief set of relevant statistics before giving their response. In short, the addition of digital approaches to public outreach will allow the Department to get a far better grasp on a broad array of stakeholder sentiments than traditional outreach practices that may have poor in-person attendance.

Below are some examples of successful outreach from agencies in other states:

- Oregon's Legislative Task Force on Funding for Fish, Wildlife, and Related Outdoor Recreation and Education conducted a scientifically valid survey of all state residents on their attitudes towards the agency and its key functions.
- Oregon's Department of Fish and Wildlife has also developed a comprehensive outreach plan as part of the state's conservation strategy. The plan reaches out to landowners, young Oregonians, federal and state agencies, and non-profits. It

includes agency sponsored learning, special events, media partnerships, and volunteer programs.

- The Missouri Department of Conservation has also supplemented public comments with statistically valid surveys. The agency explains: “by using a statistically valid survey design, information collected can closely reflect actual attitudes of a surveyed population.” One example of this was a state-wide conservation opinion survey of University of Missouri-Columbia for the Missouri Department of Conservation. A few of the key findings are illustrated below:

#### Key Findings

- **Most Missourians report they are interested in Missouri’s forests, fish, and wildlife (95 percent).** Only five percent of Missourians indicated they are “Not at all” interested.
- **Over three-quarters of Missourians agree that “The Missouri Department of Conservation is a name I can trust” (76 percent).**
- **About two-thirds of Missourians rate the job the Department of Conservation is doing as “Excellent” or “Good.”** When asked to rate the job the Department is doing in providing services for the State of Missouri, themselves, or their family: **68 percent reported “Excellent” or “Good” for the state; 67 percent for themselves; and 65 percent for their family.**

- The Florida Fish and Wildlife Commission uses on-line surveys to reach a broader audience than those who manage to attend public meetings. As an example, when seeking input on rule changes related to anchoring boats the agency held three public meetings and then “recognizing that the outcome of the three public meetings was not adequately representative of the wide range of stakeholders potentially affected by this issue, the FWC initiated an online survey intended to expand the reach and diversity of stakeholders.”

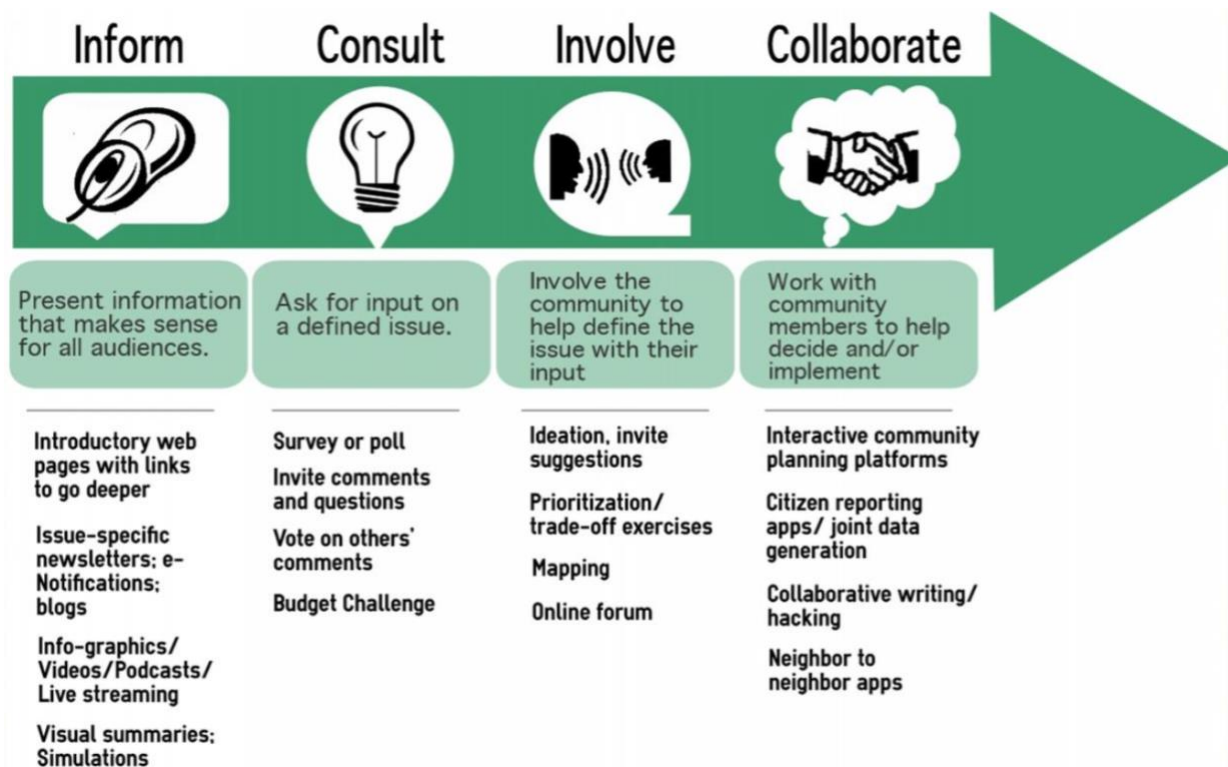
In addition to these measures, the use of technology provides multiple opportunities to engage residents who are not part of WDFW’s core customer base. One example of this would be to introduce virtual meetings, where meetings physically occurring are available in real time via video stream, and comments, questions, and responses can be sent as meeting input from the comfort of a home computer screen. The Department should implement online public engagement tools that enable the agency to interact with all facets of the public in a variety of ways – including online meetings, policy review and comment, virtual brainstorming sessions, etc. The implementation and management of

these tools will likely necessitate an additional staff member, and subscription fees for these services may range up to \$200,000 annually.

The following table presents a few technology tools which could be used to improve the breadth of outreach and the depth of engagement.

Function	Example(s)	WDFW Application
Providing place-based input and report agency-related problems by location.	CrowdMap Tidepools Community Remarks	These types of tools could be used to notify the Department of waterway blockages, upload pictures and video when habitat is threatened, or alert staff of herd locations and wolf sightings.
Responding to surveys and engaging in meetings.	Poll Everywhere Crowd Hall Open Town Hall	These tools can be used to ask questions and receiving answers from a broad audience, while reducing the accessibility barriers which sometimes exist between agency staff and residents.
Brainstorming ideas and facilitating discussion.	Codigital Loomio StickyWorld Neighborland	These types of tools can be used to present ideas, identify those that stakeholders feel are strongest, and engage in discussion over those ideas to move toward decisions.
Prioritizing potential uses for funding and resources.	Crowd Gauge Citizen Budget	These tools could allow citizens to provide informed feedback by presenting potential budget alternatives and program initiatives, and allowing them to decide what matters most to them while seeing the impact of different priorities.

In using technology to realize maximum benefit for the agency, it is important to choose the correct tools at the correct time. The Institute for Local Government provides the graphic below which depicts the progression of technology utilization throughout the public outreach process.



While this is valuable to keep in mind, it is vital to remember that a physical presence still matter greatly for many of the State's residents. With this in mind, a blended outreach strategy of high-tech and low-tech approaches is likely to be most effective.

- **In the initial stages**, this would mean gathering the broadest input possible in order to set the tone for the project and find out what the most important priorities are for the majority of respondents. Online engagement tools help to reach a large and diverse group of people, provide incentive for more people to attend traditional public workshops, and help those who do attend to be much more informed about the issues.
- **In the second stage**, workshops and public meetings can be conducted at the local level with much greater effectiveness, and local representatives can work with attendees to craft solutions based on data gathered through digital means. Of course, these local meetings can also be made accessible across the state using technology, and input from residents can be gathered in real time as meetings occur.
- **In the final stage**, technology can be used to present alternatives developed in public meetings, rank the value of competing priorities, and create a plan that will



have the support of the majority of the community, due to their involvement in the process every step of the way.

A blended approach like this one ensures that the benefits of technology can be realized in the public outreach and engagement process, while still maintaining the personal interaction which residents and stakeholders appreciate. Technology should always support the function being undertaken by the Department, and it should always support the Department's broader outreach plan as outlined by the Public Affairs unit.

Recommendation: The Department should use on-line public engagement tools to enable conduct of on-line meetings, on-line communications, and various survey methodology with the general public to reach an audience beyond their current most involved constituents at an estimated annual cost of approximately \$200,000 annually.

Recommendation: The Department should establish an outreach plan to prioritize messaging to customers and provide a framework for the use of appropriate technology.

Recommendation: The Department should develop a strategic vision for the **Agency's outreach efforts and plan**. Additional regional staff responsibilities for public outreach should be developed and implemented.

## 4. Administrative Structure and Operations Review

This chapter assesses the organizational structure of the WDFW. This includes an assessment of the overall organizational structure, the program structure, regional structure, the level of centralization and decentralization for administrative functions, and the uses of technology for administrative functions.

For this analysis, the consultants utilized interviews, observations and data collection to make assessments of organizational issues, but also conducted a survey of the organizational structures, staffing and budgets of three similar Washington State agencies. These agencies included the Parks and Recreation Commission, the Department of Natural Resources and the Department of Ecology.

Based on our review of existing operations, best management practices, and other agencies we present key recommendations for improvements to WDFW's organizational structure.

### A. Organizational Structure Review

This section provides an analysis of the organizational structure of the Department of Fish and Wildlife, with a specific focus on functional centralization and decentralization.

#### 1. THE DEPARTMENT'S SUPPORT SERVICES MEET "BEST PRACTICES" IN MANY AREAS, HOWEVER THERE ARE OPPORTUNITIES FOR IMPROVEMENT.

Although the project team has made specific recommendations to improve operations and organizational structure in this chapter, we have compared WDFW support services to "best practices" and have made observations which are provided below.

##### (1) Information Technology

The Department's Information Technology Division is overseen by a Chief Information Officer who reports to the Assistant Director of Technology and Financial Management. The unit is responsible for overseeing the Department's servers and network, maintaining cybersecurity, managing databases, and developing digital business solutions for the agency. They also support hardware (devices and workstations) used by the Department.

The IT group exhibits a number of strong practices, including routine network monitoring and server maintenance, a preference for vendor-provided and cloud-based systems as opposed to internally developed solutions, dedicated cybersecurity staff, an internal shop

for refurbishing hardware and devices, and ongoing assessment of the Department's technology needs.

Along with these strengths, there are a number of areas where the IT unit can improve to better align its operations with best practices. These include:

- The IT group does not currently have service level agreements (SLA's) in place with the rest of the Department's programs. SLA's define expectations and are helpful for determining the appropriate level of staff, among other benefits.
- The IT group lacks a set of procedures for application development, which might include determining where responsibility will lie for creating and maintaining new business solutions, determining how they will be funded, etc. Because of this, some divisions have begun developing their own digital solutions outside the purview of the central IT unit.
- The Division does not have true job-specific employee performance measures, which would allow the organization to ensure it meets Department standards and appropriately reward high-performing staff.
- The agency does not have a unified cell plan, mobile device policy, or mobile management system. These have the ability to save the Department money, tighten security, and simplify the administration of mobile capability.

Many of these recommendations will be implemented through an Information Technology Management System and a Mobile Device Management System that is being acquired by the Department this biennium.

**Recommendation:** IT should implement additional policies and procedures, including establishing service level agreements and establishing a Department-wide, to enhance internal control over IT operations and achieve cost reductions.

## **(2) Human Resources**

The Department's Human Resources Division is managed by a Human Resources Director who reports to the Department's Deputy Director. The HR Division is responsible for supporting the Department's divisions in a number of ways, including employment law compliance, labor relations, employee training, classification and compensation, safety, risk management, Title 7 Americans with Disabilities recreational access, diversity and inclusion, and managing the Department's volunteer program.

The HR Division adheres to best practices in a number of respects, including the establishment of a consistent investigation procedure, use of recruitment and onboarding software, creation of a department-wide diversity and inclusion initiative, retention of annual seasonal staff, tracking of workers' compensation metrics, and the assignment of dedicated staff to support specific divisions in recruitment and hiring, employee evaluations, class and comp, and grievance handling.

While the HR Division exhibits strength in these areas, it also has opportunities for improvement in a number of areas. These include:

- There is limited accountability for completing employee performance evaluations in a timely manner, and some evaluations are not always completed.
- The human resources management system (HRMS) which is used for managing personnel records and payroll, contains data of questionable integrity because the system was not implemented optimally or in an integrated fashion with other State agencies. Since staff sometimes move from one department to another, this is a serious concern.
- Based on on-site interviews, it is clear that there is a prevailing opinion among customer departments that Human Resources generalists treat the program areas inconsistently, or fail to recognize the appropriate scope of work they are asked to do. While dedicating staff by program is a good practice, it is crucial to maintain consistent approaches across each customer division.

**Recommendation:** The Department should place greater emphasis on ensuring all employees have performance evaluations conducted in a timely manner.

**Recommendation:** Additional training should be provided to HR Generalists to enhance the level of consistency in enforcing policies across the Department and to enhance the quality of data in the HRIS.

### **(3) Finance**

The Department's Finance Division is headed by a Chief Financial Officer who reports to the Assistant Director of Technology and Financial Management. The Division supports the Department's programs by conducting general accounting, accounts receivable, accounts payable, payroll, benefits management, treasury and inventory functions,

purchasing and contracts, and risk assessment. They also ensure OFM compliance, prepare federal and state reports, and surplus property and equipment as appropriate.

The Finance Division operates in alignment with a number of best practices, which include the use of a combined human resources and payroll information system, adequate documentation of all disbursements and invoice payments, the pursuit of grant funding when available, the use of efficient tools such as master contracts and blanket purchase orders when appropriate, the preparation of regular financial statements for the Fish and Wildlife Commission, and the adoption of policies for using purchasing cards and defining purchasing thresholds.

The Finance Division also has opportunities for improvement in some areas related to technology, reporting structure, and communication. These include:

- Most purchasing functions are conducted manually, without the use of an electronic purchasing system. Emailed attachments and physical paper copies are used to gather approvals, rather than quickly routing them to the appropriate authority. This is a detriment to efficiency and security.
- The Division does not conduct regular expenditure analyses to identify services or commodities which might be procured more efficiently if centralized. As a result, staff do not group commodities purchases across divisions, instead executing individual purchases each time an order is placed. These issues are related to the lack of a commodities tracking function in Novatus, the Department's contracts management software, which would make spend analysis and bulk purchasing more efficient.
- The Division's Internal Auditor is responsible for ensuring compliance and responsibility within the organization. His duties fall primarily within the financial realm, but he also reports to the Chief Financial Officer. This creates a potential conflict of interest which should be addressed by relocating the Internal Auditor position to another part of the organization.
- The Division does not have a procedure in place for informing the Contracts and Purchasing Division of upcoming purchases. As a result, the group does not have insight into what programs are planning to buy, so they cannot provide advisory input to their internal customers or gauge the volume of their workload pipeline.

**Recommendation:** The Department should conduct periodic spend analyses to identify services or commodities that could be procured for efficiently through establishment of master contracts or contracted bid prices.

#### **(4) Budget**

The Department's Budget Division is led by a Budget Officer who reports to the Assistant Director of Technology and Financial Management. This Division assists executive management in the development of the agency's vision and in building policy through budget requests. The unit also supports each of the Department's program areas by developing and monitoring their budget processes, conducting expenditure monitoring, lending technical budget expertise, and providing budget information to OFM and to the Legislature.

The Budget Division uses best practices in a number of ways, including a clear process for developing biennial budget requests, a high level of involvement on the part of budget staff in compiling these requests, dedicated staff for overseeing the management of each program and division's budget control numbers, and a very lean staffing complement for an organization the size of WDFW.

Along with these strengths, there are opportunities for improvement in the Budget Division. These include:

- While there are dedicated staff in each Program overseeing their budgets, and reporting on projected vs. actuals on an ongoing basis, these staff do not report to the Budget Officer. Instead, they report to their respective Assistant Directors. As a result, some of the clarity which is gained by dedicated budget oversight remains within the programs, rather than being centrally compiled and used for department-wide priority setting and decision making.
- The Department has begun to ensure that each fund source contributes to program's administrative support functions. The methodology for determining this rate, however, has not been clearly communicated, and some Programs are unclear as to how their indirect costs are being assessed.
- There is an inconsistent use of Master Indices (MI) and Project Indices (PI) in the agency as a whole, and although this is not, per se, an issue that can be addressed by the Budget Office in isolation from the Programs and other operating divisions in the agency, it is one that has a pronounced effect on the efficiency and effectiveness of this Office. The project team has addressed this issue elsewhere

in this report, and considers this to be a major issue that will require a cultural change in the ways in which budgets are developed at the most organic levels of the organization.

## **2. THE REALIGNMENT OF SPECIFIC FUNCTIONS COULD RESULT IN A MORE EFFECTIVE ORGANIZATIONAL STRUCTURE.**

Although the organizational structure of the Department's management and the number of reporting relationships is generally appropriate, there are specific changes in alignment that would result in a more effective organizational structure. This section of the report provides discussion and recommendations regarding the structure of the agency.

### **(1) The Agency Should Create a Program of Administrative Services Reporting to the Director.**

As already noted in the prior chapter, an Administrative Services Program should be created that is overseen either by an Administrative Services Director or a newly created second Deputy Director position.

### **(2) The Financial Functions Currently Performed in the Licensing Division Should Be Transferred to the Financial Services Section.**

The Licensing Division of the Technology and Financial Management Program is responsible for the sale of a variety of license types, including fishing and hunting, as well as Discover passes, specialized commercial licenses, and others. These sales may be made in several ways, including in person, mail, internet, phone and, most often, at one of many retail outlets across the State. As the sales are made, the Licensing Division receives either physical or electronic payment, and a Fiscal Analyst 1 and Fiscal Analyst 2, under the supervision of a Fiscal Analyst 4, are responsible for balancing these payments.

The accounting functions performed by the three Fiscal Analysts in the Licensing Division are similar to those performed within the Fiscal Services Section of the Financial Services Division. The transfer of these three positions to the Fiscal Office of the Chief Financial Officer consolidates the receivables function, and allows for the sharing of personnel resources within this function, as well as for additional cross-training of personnel.

**Recommendation:** Transfer the Fiscal Analyst 4, Fiscal Analyst 2 and Fiscal Analyst 1 from the Licensing Division of the Technology and Financial Services Program to the Fiscal Office of the Chief Financial Officer.

### **(3) The Internal Auditor Should Be Transferred from the Office of the Chief Financial Officer to the Director's Office.**

The Internal Auditor plays a significant role in any organization. Primary functions fulfilled by the position include:

- **The provision of objectivity.** The Internal Auditor has no operational responsibility, and therefore has no vested interests in the processes utilized to achieve results. Therefore, the Auditor can provide objective insights in the evaluation of these processes.
- **The improvement of operational efficiency.** The Internal Auditor objectively evaluates operations, and ensures that they are both efficient and are being performed in compliance with internal policies and procedures.
- **The assessment of internal controls.** The Internal Auditor determines if financial and operational processes are being conducted in accordance with best practices, and whether they are adequate in minimizing risk to the agency.
- **The assurance of compliance with rules and regulations.** The Internal Auditor is knowledgeable in current rules and regulations, whether these are promulgated by the agency, the State, the federal government, or by industry groups.

In carrying out the duties listed above, as well as others, the Internal Auditor requires independence in highlighting discrepancies, in making recommendations for improvement, and in issuing opinions. The successful accomplishment of these goals may be compromised without complete organizational independence.

The Internal Auditor of the Department of Fish and Wildlife is currently organizationally located within the Office of the Chief Financial Officer. This organizational placement fails to ensure that the position can effectively make potentially sensitive recommendations regarding findings within the Office of the CFO. For this reason, the project team recommends that the position be transferred from the Office of the CFO to the Office of Director. This ensures that the Internal Auditor's objectivity is not compromised, and will all for a more open dialog with all divisions of the agency in making recommendations related to internal controls, operational efficiencies, and others.

**Recommendation:** The Internal Auditor should be organizationally transferred from the Office of the Chief Financial Officer to the Office of the Director.

Related to the assurance of organizational objectivity on the part of the Internal Auditor is the fact that the position's membership in the Washington Federation of State Employees bargaining unit is compulsory. This too compromises the objectivity of the Internal Auditor who must not be placed in a position of making critical findings and sensitive recommendations that could potentially affect fellow union members. For this reason, the project team recommends that the Internal Auditor not be permitted to be a member of any collective bargaining unit in which other Department of Fish and Wildlife employees are a part.



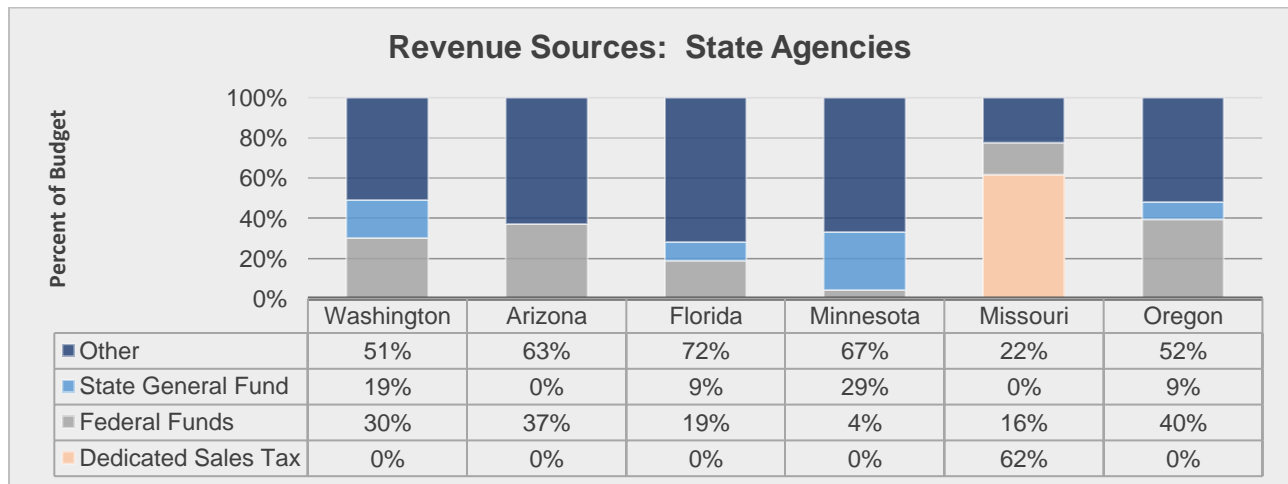
**Recommendation:** The Internal Auditor should not be permitted to be a member of a collective bargaining unit of which other Department of Fish and Wildlife employees are a part.

## B. Budgetary Process Review

This section provides an overview of the budgetary processes and revenue streams from other states and identifies modifications to improve the approach currently utilized by the Washington Department of Fish and Wildlife.

### 1. COMPARISON WITH OTHER STATES.

To provide context for the discussion on the budgetary processes employed by the WDFW, we surveyed other state agencies' approaches to this process. The other state agencies studied varied considerably in size and sources of revenue. The largest was Minnesota with an annual budget of approximately \$500 million; the smallest was Arizona with \$117 million. The Missouri Department of Conservation benefits from a dedicated sales tax that provides income stability as well as autonomy in many budgeting decisions (expenditures of the dedicated sales tax revenues are not subject to state appropriation requirements and do not need to be approved by the legislature.)



The budget development approval process varies significantly among the different state fish and wildlife agencies studied. Arizona, Minnesota and Oregon have a biennial budget process, while the other states are annual. In Minnesota, the budget review process is primarily conducted by the state legislature, with the legislature setting a base budget and then conducting hearings on proposals from the division's executive office. In Missouri, the budget process is done almost entirely by the agency, and the legislature's approval is considered pro forma.

Most of the agencies studied include some form of public involvement in the budget process. This public involvement allows various constituencies to be heard and increases the likelihood of budgetary support at approval time. Two examples may provide models for WDFW to follow in future years to improve transparency and build support for the agency:

- Oregon's Department of Fish and Wildlife has a 40+ person external budget advisory committee, and holds eight town meetings throughout the state to review the budget before it is submitted to the legislature.
- While Minnesota's Department of Natural Resources doesn't have budget hearings outside of the state legislative process, there is a standing Budget Oversight Committee that monitors and makes recommendations regarding the state's Game and Fish Fund, which is financed primarily by hunting and fishing license fees and constitutes approximately one-third of the agency's budget. This committee has also advocated for the agency. In a letter to legislatures advocating for a fee increase, for example, members stated: "Each year the Committee spends approximately 6 months scrutinizing the funding and expenditures from the Game and Fish Fund. Over the past several years the Committee has concluded that, by and large, the Fish & Wildlife Division does use funds appropriately and efficiently."

In all cases, projections and budgets for individual departments and divisions are developed and vetted in conjunction with budget analysts, who report either to a finance/budget department or to the agency's executive director's office.

### **3. THE DEPARTMENT SHOULD MAKE CERTAIN CHANGES IN ITS BUDGETING PROCESSES TO ENSURE GREATER CONTROL AND TRANSPARENCY.**

With a biennial budget of \$437.6 million, the WDFW shoulders significant responsibility for effectively budgeting and accounting for funds from a variety of sources – grant funding, fees collected from license purchasers, state general funds, and contracts held by the Department. In developing a biennial spending plan and offering transparency to staff and stakeholder, the Department faces a number of significant challenges, including:

- The level of granularity in the chart of accounts for each program varies widely, but in almost all cases is very deep, and requires the Chief Budget Officer and staff to ask a great number of questions of programmatic personnel regarding budget detail inquiries by the legislature and others.

- In part due to the complexity of the accounting structure, it takes the Department many months to develop their spending plans.
- The CAPS Financial system used to set the budget has certain limitations that inhibit the efficiency of the allotment process. For example, CAPS limits the number of funding sources to two (2) for any single budget code loaded into The Allotment Systems (TALS), the enterprise resource management system used by OFM to review agency spending plans. Although staff in the Central Budget Office are able to work around this limitation, within certain limits, it is time consuming and inefficient.
- Although the Central Budget Office serves a critical role in the development of the overall Departmental budget, developing agency fiscal notes, and transmitting the incremental spending authority to the various programs and divisions, it plays a very limited role in determining how spending plans at the program level are developed.
- The proliferation of account codes is a further impediment to the efficient development of the budget; however, it is also an impediment to the Central Budget Office in being able to respond to inquiries about the budget from the legislature and others. In large part, this proliferation of account codes is a cultural issue in that WDFW staff who develop budgetary requests have historically tended to develop their individual budgets at a very granular level of detail for purposes of accountability, as well as to ensure that they are able to answer questions related to their budget submittals.

The following sections discuss these challenges, and make recommendations to address these in order to gain a greater degree of control and transparency over the budgeting process.

**(1) The Agency Should Develop and Implement Certain Budget Policies to Standardize the Budget Process.**

As described above, there are inconsistencies in the approaches used to develop budgets in WDFW. To some degree, this is a product of the nature of the agency's business, which relies upon a large number of local and federal contracts. The budgets for these contracts are often developed and monitored by scientific staff in the Fish, Wildlife and Habitat programs who have little or no experience in budget development. As will be noted in a later section, WDFW has far more FTEs involved in the budget process (over 30) than any of the three comparative agencies (Parks and Recreation, Natural Resources, and Ecology). In fact, there are approximately 257 different WDFW employees who have some involvement in the budget process in a typical budget cycle

outside of the Central Budget Office. It is therefore perhaps more critical in WDFW to require a level of standardization than in the agencies to which it is compared.

The project team recommends that the Department develop and implement policies that address, at a minimum, the following:

- Description of the biennial budget process, including timelines, forms for submittal, etc.
- Description of response to legislative inquiries
- Development and content of fiscal notes
- Entry of spending plans in CAPS
- Proper use of Master Index (MI) and Project Index (PI)
- Requests for supplemental funding
- Indirect cost policy
- Fund transfers
- Grant proposals
- Description and meaning of the Zero-Based Budget Process
- Carryover policy

The development and implementation of budget policy is critical in the enforcement of standardization in the process of budget development, monitoring and reporting. The project team recommends that the Office of the Chief Budget Officer initiate the effort to develop this policy, including descriptions of the topics provided above.

**Recommendation: The Office of the Chief Budget Officer should initiate the development of standard budget policies for the Department.**

## **(2) The Current Systems Utilized in the Budget Process Are Inefficient.**

The Department's CAPS financial system used to set the Department budget does not integrate with the State's allotment system. The CAPS system is used to develop expenditure plans at a level of detail that shows the actual staff costs, benefits, travel costs, etc., for specific projects, however the system (TALS) used by the State's Office of Financial Management is used primarily as a budget tracking tool that does not require this lower level of detail.

Another issue in the development of the Department budget is the varying levels of detail, or granularity, used by staff in the various programs. In many cases, field staff with little or no budgetary experience are developing budgets at fine levels of granularity that not only may not be necessary for budget tracking and reporting, but are at a level of detail that is different from another staff member who is responsible for the development of a different budget. The result is that the Departmental chart of accounts contains well over 5,000 line items.

There are multiple cultural, technological and operational issues that combine to create an inefficient and time-consuming budgetary process for WDFW. However, the overarching issue is the limitations related to the CAPS financial system. This system, which is unique to WDFW in the State organization, limits the number of funding sources for any single program to two (2), creating the need in many cases for CBO staff to work around this by changing the code in CAPS, which is time-consuming and, in certain cases, not adequate to capture all the funding sources even after this “work around.” Another limitation is that CAPS “points” to the Master Index (MI) which is the same as the Program Index (PI). In a more robust financial system, the Budget Office would have the ability to include multiple MI’s under a single PI, which would reduce the volume and complexity of the budget. As an example, the Wildlife Program may have a PI for a Deer program, and a PI for an Elk program. Under the current limitations of CAPS, there is an MI for both of these programs. In a more robust financial system, the CBO would have the ability to combine these separate Deer and Elk MI’s under a single PI.

The issues described above have combined to create delays in the development of the budget for the Department, but perhaps as importantly, they are resulting in a non-standardized approach to budget development, monitoring and reporting. This in turn diminishes the effectiveness of the Central Budget Office staff, as they frequently are required to contact field personnel or divisional Budget Analysts for answers to questions posed by OFM, members of the legislature and other external stakeholders due to the level of granularity at which budgets were initially developed and tracked.

The project team recommends that the Department of Fish and Wildlife streamline and standardize budgetary processes. These objectives can be achieved in three ways:

- Procure and install a new enterprise resource planning system that results in a greater level of transparency in the budget development process. This is necessary to replace the antiquated CAPS financial system for budget development, that will, itself, increase the efficiency of the budget development process, but it will also facilitate the standardization of the use of account codes.

The system should be capable of linking budget data to contract information as well.

- Standardize the level of detail used to develop and track budgets. Budgets are often developed by staff at relatively low levels in the organization who have limited knowledge of budget development techniques, and develop project budgets that are at such fine levels of granularity that it makes monitoring budgets difficult, and even unnecessary when tracking expenditures of \$500 to \$1,000, or even less in some cases.
- Standardize the use of account codes used to develop budgets. As described above, different programs and divisions utilize these codes in different ways, and many WDFW staff create individual program budgets at a level of granularity that requires the CBO to query the individuals who developed these budgets to be able to respond to inquiries from the legislature and others. The WDFW needs to be able to “layer” the use of account codes by creating multiple PI’s under a single MI in order to reduce the volume of codes used, and also to make the budget clearer and more understandable.

The goals should be to reduce the time expended in developing and tracking the budget, but also to ensure a common approach to the budgeting process. The Department has historically utilized a hybrid approach to the budgeting process, whereby there is a Central Budget Office with limited staff responsible for assembling, presenting and tracking the budgets. These staff interact with budget analysts within the various divisions and programs who are responsible for working with program staff to develop and submit their budgets to the CBO, and then develop spending plans once expenditure authority is provided.

The project team recommends that, in order to facilitate the standardization of the budgetary process, the Department transition to an organizational approach that consolidates the Budget Analysts, currently reporting to their respective programs, under the direction of the CBO. If the policies outlined in the prior section are fully implemented and address the operational problems noted, the Department could reevaluate whether or not to organizationally transfer the budget analyst positions. However, there is great value to the organization in placing the budget analysts within the programmatic areas in order to fully understand programs and projects, and this should continue. However, in order to ensure that budgeting processes are standardized, greater degrees of communication and control are necessary from the CBO. This can be accomplished through the organizational consolidation of all phases of the budgetary process under the direction of a single authority.

**Recommendation:** Consolidate all Budget Analysts under the direction of the Chief Budget Officer in order to standardize approaches to budget development, tracking and reporting.

**Recommendation:** Procure and install a new enterprise resource planning system that replaces CAPS as a budget development tool, and is also compatible with the **State's** The Allotment System (TALS) and Budget Development System.

## C. Administrative Staffing Level Assessment.

Our consultants compared certain attributes of WDFW to those of the Parks and Recreation Commission (PARKS), the Department of Natural Resources (DNR) and to the Department of Ecology (ECY). These attributes included overall staffing levels, degree of centralization and decentralization of administrative functions, and budgetary levels. The following sections provide the findings and conclusions related to these analyses.

### 1. COMPARISON OF IN-STATE AGENCY PEER BUDGETS.

The total operating budget for WDFW is approximately \$437 million, which is greater than PARKS and DNR, but less than that of ECY.

Agency	Total FTE <sup>3</sup>	Capital Budget	Operating Budget	Total Budget	Operating Budget per Employee
PARKS	756	\$77 mil	\$165 mil	\$242 mil	\$218,254
DNR	1,728	\$32 mil	\$320 mil	\$352 mil	\$185,185
ECY	1,566	\$667 mil	\$495 mil	\$1,162 mil	\$316,092
<b>WDFW</b>	<b>1,896</b>	<b>\$158 mil</b>	<b>\$437 mil</b>	<b>\$595 mil</b>	<b>\$230,485</b>

### 2. THE DEGREE OF CENTRALIZATION IN ADMINISTRATIVE FUNCTIONS IS SIMILAR AMONG THE FOUR COMPARATIVE AGENCIES.

The four agencies generally have similar levels of centralization of support services, as the following table shows.<sup>4</sup>

	PARKS	DNR	ECY	WDFW
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<sup>3</sup> Source: Office of Financial Management Workforce Headcount by Job

<sup>4</sup> The terms "Central" and "Program" are used in the table to denote the number of employees performing the noted support function in the central office of the agency, and the number performing the support function in program areas located outside the central office.

Function	Central	Program	Central	Program	Central	Program	Central	Program
Purchasing	7	0	6	1	5	0	8	4
Budget	5	2.95	5	10.7	8	16	5	30.8
HR	9	0	14.85	11	22	0	23	0
IT	13	0	46	60	90	46	61	42
Fiscal Svcs	15	0	23	31	31	0	36	4

Although there are notable differences between the agencies regarding the centralization of certain support services, there are more similarities, as the following table summarizes.

Service	PARKS	Department of Natural Resources	Department of Ecology	Department of Fish and Wildlife
<b>Human Resources</b>	Stand-alone HR Department	Stand-alone HR Department	Stand-alone HR Department	Stand-alone HR Department
<b>Information Technology</b>	Included in Administrative Services Division, although some operating divisions have dedicated IT staff	Stand-alone IT Department, although many operating divisions have dedicated IT staff.	Stand-alone IT Department, although some operating divisions have dedicated IT staff	Stand-alone IT Department, although some operating divisions have dedicated IT staff
<b>Budget</b>	Included in Administrative Services Division. Some operating divisions have dedicated budget analyst positions	Included in the Budget, Finance, Economics and Risk Management Department. Some operating divisions have dedicated budget analyst positions	Included in the Financial Services Division. Some operating divisions have dedicated budget analyst positions.	Included in the Technology and Financial Management Program. Some operating divisions have dedicated budget analyst positions.
<b>Finance and Administration</b>	Included in Administrative Services Division	Included in the Budget, Finance, Economics and Risk Management Department. A substantial number of Fiscal Analysts reside in programmatic sections of the agency.	Included in the Financial Services Division.	Included in the Technology and Financial Management Program.
<b>Procurement and Contracts</b>	Included in Administrative Services Division	Included in the Budget, Finance, Economics and Risk Management Department	Included in the Financial Services Division.	Included in the Technology and Financial Management Program.



Highlights from a review of the two tables include:

- The Human Resources function is largely centralized, with only the Department of Natural Resources having Human Resources consultants located within the programmatic areas of the agency.
- Likewise, the Purchasing and Contracts function is highly centralized, with WDFW being the only agency with significant numbers of employees performing these functions in programmatic areas. As will be shown in the next section, this may be explained by the very large number of contracts handled.
- Fiscal Services (e.g., accounting, payables, receivables, etc.) is also highly centralized. DNR is the clear exception, as that agency is highly decentralized. WDFW currently has four such Financial Services employees located in the Licensing Division, and the project team has made the recommendation, in another section of this report, to centralize these employees within the central Fiscal Services section.
- Information Technology services are commonly decentralized, although Parks and Recreation is the exception in this regard. The central IT organization in other agencies handle agency-wide initiatives, such as maintenance of the agency' servers, hardware, cybersecurity, database management and the development of digital applications and tools for the agency. Some larger functional areas within these agencies (notably the Fish Program in WDFW) have dedicated staff who develop program-specific applications, and support unique products that are not supported by the central IT division.
- The Budget function is highly decentralized in each agency, but no more so than in WDFW, with about 29 FTEs who have significant involvement in the budget process distributed throughout the agency, compared to 6.4 in the Central Budget Office. There are factors that are unique to WDFW which have led to the decentralized structure, which include the large number of contracts with federal and local agencies which are developed and monitored by a wide range of employees. There are also many Master Indices which inhibit the ability of a single centralized budget office to track, and to respond to legislative inquiries.

There are advantages to both centralization and decentralization of functions, including those listed in the table below.

#### Advantages of Centralization and Decentralization

Advantages of Centralization	Advantages of Decentralization
<p><b>Standardization.</b> Centralizing the management and control of functions ensures that a uniform approach is followed.</p>	<p><b>Empowerment of employees.</b> Decentralizing operations can result in employee growth and job satisfaction by empowering them to use different approaches, and to develop creative solutions to problems.</p>

Advantages of Centralization	Advantages of Decentralization
<p><b>Control.</b> A high degree of centralized control can result in not only standardization, but use of resources, greater accountability and ability to act on necessary changes.</p> <p><b>Reduced conflict.</b> Centralization can reduce conflict by reducing the number of employees involved in decision-making when changes in processes, policies and operations are needed.</p> <p><b>Reduced administrative overhead.</b> Centralizing functions can result in the elimination of duplicative managerial efforts of those overseeing similar functions throughout the organization.</p>	<p><b>Creation of “laboratories” for innovation.</b> Decentralization ensures that multiple individuals and/or organizational units develop unique approaches to operations and associated problems that arise.</p> <p><b>Reduced need for communications.</b> Communication is important when carrying out any function, so the “reduced” need for communication does not imply that communications itself is unimportant, but that the need for communication across multiple levels of the organization is reduced through decentralization.</p> <p><b>Handling of unique operational characteristics.</b> There is little advantage to centralizing operations that display unique operating needs and requirements that can best be handled by employees with the greatest knowledge of these requirements.</p>

The functions of Human Resources and Financial Services are currently centralized, not only in WDFW, but generally in each of the three comparative state agencies. In the experience of the project team, these functions are appropriately centralized due to their needs for standardized approaches in complying with the regulations that apply to each.

WDFW has the most decentralized approach to administering procurement and contracts, however, it also has by far the largest number of contracts, and the majority of these originate within the Fish, Wildlife and Habitat programs, which have the greatest degree of knowledge of the programs. Therefore, this approach is appropriate for WDFW.

Information Technology services are generally decentralized, with the exception of the Parks and Recreation Commission, which is not only the smallest of the four agencies in the comparison, but also has by far the fewest number of Information Technology Specialists overall. This is a function that, in larger organizations, has both centralized and decentralized elements, and that is the case with WDFW, DNR and ECY, as is shown in the tables. There are clear needs to centralize the maintenance and management of servers, as well as the cybersecurity efforts, which WDFW has done. However, there are also unique needs at the program levels of the agency that can best be addressed in a decentralized manner, which three of the four agencies have done.

The Budget function is one which has both centralized and decentralized elements within each of the four agencies. However, WDFW has the smallest centralized staffing level of any of the four as a ratio to the number of FTEs performing budget-related duties in the programmatic areas. As was described above, this is due to some unique factors within WDFW’s contractual needs, as well as the proliferation of the number of Master Indexes.

It is notable that, although the Department of Ecology's Budget function is a hybrid of centralized and decentralized activities, its reporting structure between the central office and the budget analysts in the programmatic areas is more formalized. The budget analysts in the programs have responsibility for assisting in developing, monitoring, amending and reporting on their programs' budgets, but have a "dotted line" reporting relationship with the Chief Financial Officer and, by extension, the Chief Budget Officer. These budget analysts meet regularly with the central budget office to coordinate on budget development, reporting and monitoring activities.

The project team does not recommend changes in the degrees of centralization in Human Resources, Financial Services, Information Technology or Procurement/Contracts. However, we recommend that WDFW transfer the budget analysts currently located in the program areas to the Central Budget Office.

The Department of Ecology model recognizes the desirability of placing technical budget expertise at the program level in order to best understand the unique operating requirements of Fish, Wildlife, Habitat, Enforcement and Capital Asset Management. However, WDFW would benefit from a more centralized approach to the budgetary process through standardization of budget development and coding that can best be accomplished through a direct reporting relationship between the Budget Analysts and the Chief Budget Office.

As previously noted, if the development of budget policies and procedures addresses the noted issues identified and provides the level of internal control needed, the Department could reconsider the recommendation to transfer the budget analysts to the Central Budget Office.

Recommendation: Retain the current degrees of centralization and decentralization in WDFW Human Resources, Financial Services, Information Technology and Procurement/Contracts.

Recommendation: Transfer the Budget Analysts in the program areas of the agency to the Office of the Chief Budget Officer in order to achieve a greater degree of standardization over the mechanics of budget development, the use of master and project indices, and other advantages.

### **3. STAFFING LEVELS WITHIN THE DEPARTMENT'S SUPPORT FUNCTIONS ARE APPROPRIATE.**

This section of the report assesses the staffing levels of the support services functions in WDFW. In order to facilitate the analysis of the appropriateness of staffing levels within the context of the workloads performed by each, the following table is provided again below to show the staffing levels for the functions of Purchasing/Contracts, Budget, Human Resources, Information Technology and Financial Services for WDFW and the

three comparative agencies of the Parks and Recreation Commission (PARKS), the Department of Natural Resources (DNR) and the Department of Ecology (ECY).

Function	PARKS		DNR		ECY		WDFW	
	Central	Program	Central	Program	Central	Program	Central	Program
Purchasing	7	0	6	1	5	0	8	4
Budget	5	2.95	5	10.7	8	16	5	30.8
HR	9	0	14.85	11	22	0	23	0
IT	13	0	46	60	90	46	61	42
Fiscal Svcs	15	0	23	31	31	0	36	4

The staffing levels in the tables are not meaningful without being placed within the context of their respective workloads. Clearly, there are many ways by which to measure and portray these workloads, however for ease of comparison between the four agencies, the project team selected those with some degree of commonality between them. The workload measures selected were as follows:

Function	Workload Measure
Purchasing	<ul style="list-style-type: none"> <li>Number of purchase orders</li> <li>Number of contracts</li> </ul>
Budget	<ul style="list-style-type: none"> <li>Number of fiscal note requests</li> <li>Count of Master Indices (MI)</li> <li>Number of funds, and the number which are dedicated or restricted</li> </ul>
Human Resources	Number of employees supported
IT	Number of employees supported
Financial Svcs.	Number of payables processed

The following table provides the workload metrics for WDFW and for the three comparative state agencies.<sup>5</sup>

Metric	WDFW	PARKS	DNR	ECY
<b>Purchasing/Contracts</b>				
Purchase Orders	835	93		1,576
Contracts	1,388	218 (includes Public Works Contracts and "other agreements")		147
<b>Budget</b>				
Fiscal Note Requests	Average long session: 118.5  Average short session: 61.5	27 (2017 session)	101 (2017 session)	Average 150 for last 4 long sessions. Averaged 120 for past 4 short sessions
MI Count	5,000	About 1,819	260 (operating) 90 (capital)	3,118

<sup>5</sup> Only partial data were obtained from DNR.

Metric	WDFW	PARKS	DNR	ECY
Fund Count	Total funds: 57 Funds dedicated/restricted: 52	Total funds = 27 Funds dedicated/restricted = 11	Total funds = 17 Non-appropriated funds = 6	Total funds: 56 Funds dedicated/restricted: 49
<b>Financial Services</b>				
Accounts Payable Processed <sup>6</sup>	127,136	31,357		12,650
<b>Information Technology</b>				
Employees Supported	1,823	756	1,622	1,430
<b>Human Resources</b>				
Employees Supported	1,850	747	1,702.15	1,544

**(1) The WDFW Purchasing and Contracts Function Has the Greatest Number of Staff, However These Levels Are Appropriate Given the Associated Workloads.**

The central Purchasing and Contracts Division of WDFW is staffed with a Purchasing Manager, a Contracts Specialist 1, a Contracts Specialist 2, two (2) Contract Specialists 3, two (2) Procurement and Supply Specialists 2, and a Procurement and Supply Specialist 3, for a total of eight (8) FTE. In addition, there are four contracts and procurement specialists in programmatic areas of the agency outside of the central Procurement Office.

With eight employees performing procurement and contracts functions, either full or part time, this is the largest contingent of any of the four agencies in the comparative set. However, as the workload table shows, the central Procurement Office processed 835 purchase orders, which is only about half of the number processed by ECY, but almost nine times the number processed by PARKS. More significantly, however the WDFW Procurement Office administers a very large number of contracts compared to other agencies, with 1,388 compared to 218 for PARKS and 147 for ECY.

The number of Procurement and Contracts staff in WDFW is appropriate given the workload. The agency relies on a large number of local and federal contracts to supplement the general fund appropriation, and these are administered centrally with the eight staff members.

**Recommendation:** Retain the current level of staffing in the Procurement and Contracts Division.

**(2) The Central Budget Function Is Appropriately Staffed.**

<sup>6</sup> Includes "P-card" payable processes

The central Budget Office of WDFW is staffed with a Chief Budget Officer, two (2) Senior Budget Analysts, a Budget Analyst 4, and a Budget Analyst 3, for a total contingent of five (5) personnel.

The project team endeavored to determine the full time equivalent (FTE) personnel engaged in budget-related activities in WDFW, as well as the three comparative state agencies. This was accomplished first by determining the number of positions performing budgetary functions, as noted in the State's Office of Financial Management (OFM) database of headcounts per agency. As some of the titles are non-descript (e.g., "Management Analyst", "WMS"), the project team listed the questionable titles and got clarification from the agencies regarding positions duties for these employees. Those that had budget-related duties were added to the positions whose job titles indicated that they performed budget-related duties, and the agencies were asked to assign a percentage of time expended by each of the noted employees in budget-related duties, which were defined as:

- Developing spending plans, tracking spending plans, using pivot tables
- Fiscal Note/Decision package involvement
- Monitoring fund balances
- Reading/developing variance reports
- Contract monitoring/tracking
- Revenue/expenditure projections
- Chart of Accounts / MI coding
- Budget development

The results of this exercise have been listed in the staffing table above.

Note that WDFW has the same number of central budget staff (five) as PARKS and DNR, and three fewer than are present in the central budget office of ECY. However, there are substantially greater numbers of staff who perform budget-related activities on either a full or part-time basis in the programs in WDFW (30.5) than are in the three comparative agencies.

In reviewing the workload data, the disparities in the number of budget-related staff in WDFW may be at least partially explained. As was described above, the project team used three measures of workload, each of which require expenditures of staff time for different reasons. The WDFW Central Budget Office is required to develop fiscal notes, which are provisions of estimated fiscal impacts of legislation or legislative proposals. Budget staff must provide estimates of expenditures or cash receipts in these cases, which requires substantial expenditures of time by Budget staff. For the past two long sessions of the legislature, the WDFW central budget staff prepared an average of 118.5 fiscal notes, and 61.6 for the past two short sessions. The budget staff of ECY prepared an average of 150 for the past four long sessions and an average of 120 for the past four short sessions. This is about 26% more than that of WDFW for the long sessions, and about 95% greater than for the short sessions. The number of fiscal notes prepared by

DNR was slightly less (101) in the 2017 long session, and the number of fiscal notes prepared by PARKS was substantially less than any of the other three agencies, at 27.

Another measure used by the project team to gauge workloads in the agencies was the number of master indices in use. The larger the number, the more complex and time-consuming is the development, monitoring and reporting efforts on the parts of the budget staff. With approximately 5,000, WDFW has significantly more than any of the other agencies.

Finally, WDFW and ECY have very similar numbers of total funds monitored and numbers of restricted accounts, and both agencies have substantially more than both PARKS and DNR.

WDFW and ECY are very similar in terms of the workloads produced by their respective staffs. However, the two agencies produce this workload using two different models, with WDFW using a much more distributed method, and ECY using a somewhat more centralized one that utilizes more central staff and relies on fewer program staff.

The project team recommended in an earlier section of the report that WDFW should centralize the provision of budgetary services by organizationally transferring the programmatic Budget Analysts to the Office of the Chief Budget Officer. However, there is little basis for recommending an overall reduction in staff utilized in the budget process due to the large number of individual employees in the programmatic functions of the agency who are involved to very small degrees in these processes. In fact, there are 257 different employees who comprise the 30.8 FTEs involved to some degree in the budgetary process outside the central budget office. The recommendation, therefore, is to reiterate recommendations already made in the report, which is to replace the CAPS system with a more functional software solution, and to organizationally transfer the Budget Analyst staff to the Office of the Chief Budget Officer, keeping these employees physically located with the programmatic staff they support. The combination of these two recommendations will, along with a cultural change at the program level in the reduction of the number of MIs, may result in a related reduction in the number of staff involved in the budget process. However, the current staffing level of the Office of the Chief Budget Officer should not be reduced overall.

Recommendation: As was recommended in an earlier section of the report, transfer the program Budget Analysts to the Office of the Chief Budget Officer, retaining the overall staffing at current levels.

### **(3) The Staffing Levels of WDFW Human Resources Services Is Similar to That of Other Agencies.**

The project team analyzed the staffing levels of Human Resources services in terms of the numbers of employees supported by the respective staffs of the comparative agencies. The table below provides the calculations.

Description	PARKS	DNR	ECY	WDFW
Total Agency FTEs	756	1,728	1,566	1,896
Less: HR Employees in Central Office	9	14.85	22	23
Less: HR Employees in Divisions	0	11	0	0
Total Employees Supported	747	1,702.15	1,544	1,873
Total Employees Supported per Central Office HR Employee	83.0	114.6	70.2	81.4

From the table, it can be seen that WDFW has the largest number of Human Resources professional staff of any of the comparative agencies. However, these staff members each support 81.4 employees, which is generally in line with other agencies.

It should be noted that the Department of Natural Resources has 11 employees who support specific programs outside the central office. However, these employees also perform other duties, and the percentages of time spent in human resources support activities are not known with any precision. These staff have not been considered in the calculation of numbers of employees supported by Human Resources staff. Therefore, it is likely that the effective number of employees supported by all human resources professional FTEs in DNR is somewhat less than the 114.6 that is shown in the table, which would bring this Department more in line with other agencies. In the assessment of the project team, the staffing contingent of the Human Resources Division of WDFW is appropriate in comparison to other comparable state agencies, as well as to other human resources functions with which the project team has experience.

**Recommendation:** Retain the current staffing levels of the Human Resources Division.

**(4) There Is Considerable Variation in the Levels of Information Technology Support Staffing, However WDFW's Staffing Levels Are Well within the Range.**

The project team analyzed the staffing levels of Information Technology services in terms of the numbers of employees supported by the respective staffs of the comparative agencies. The table below provides the calculations.

Description	PARKS	DNR	ECY	WDFW
		1,728	1,566	1,896



Total Agency FTEs	756			
Less: IT Employees in Central Office	13	46	90	61
Less: IT Employees in Divisions	0	60	46	42
Total Employees Supported	743	1,622	1,430	1,793
Total Employees Supported per Central IT Employee	57.2	35.3	15.9	29.4

As the table shows, there is somewhat more variation in the numbers of employees supported by central IT staff than was the case for Human Resources in the previous section. This is likely at least partially due to the relatively large numbers of Information Technology Specialists located throughout the agencies (with the notable exception of PARKS). The presence of these IT professionals reduces the requirement for direct involvement of the staff in the central Information Technology divisions in support of these divisions, but does not entirely eliminate it. However, the degree to which this support is diminished due to the presence of divisional Information Technology Specialists may vary between agencies.

Given that the calculations were performed in the same manner for each of the agencies, it is not unreasonable to make comparisons, and although the average number of agency employees supported by the central IT divisions shows some variability, the figure reflected for WDFW is within the range of 15.9 in the Department of Ecology, and the 57.2 shown for the Parks and Recreation Commission, which appears to be an outlier both because of the magnitude of the figure, but also due to the lack of decentralized IT professionals in the agency. Perhaps the more appropriate range is, therefore, 15.9 (ECY) and 35.3 (DNR). The WDFW figure of 29.4 falls between these two figures. The project team, therefore, makes no recommendation to increase or decrease Information Technology staff in WDFW.

Recommendation: Retain the current levels of Information Technology staff.

#### **(5) WDFW Financial Services Staff Process a Large Number of Payables with the Current Staff.**

In analyzing the staffing levels of the Financial Services functions, the project team utilized the number of payables processed by the staff in the respective comparative agencies. Although the Department of Natural Resources did not provide figures for the number of payables processed by its Financial Services staff, the WDFW process many more than either PARKS or ECY, both on an absolute basis, as well as on a per-employee basis, as the table below shows.

Description	PARKS	DNR	ECY	WDFW
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Payables Processed <sup>7</sup>	31,357	Unavailable	12,650	127,136
Central Financial Services Staff	15	23	31	36
Payables Processed per Central Financial Services Staff Member	2,090.5	NA	408.1	3,531.6

As the table shows, the WDFW Financial Services staff process far more payables transactions than either PARKS or ECY. Even considering that payables transactions are but one service provided by the Financial Services staff, the disparity between WDFW and the two reporting agencies is exceptionally wide, and perhaps indicative of efficiencies not present in other Financial Services divisions in these agencies. The project team has made a recommendation elsewhere in this report to transfer the three Fiscal Analysts currently in the Licensing Division to the Fiscal Services Division of TFM. Even with this transfer, the number of payables processed would be 3,260 per employee. Considering that there will be additional payables transactions that are also transferred from the Licensing Division, this number is likely understated, and would more likely be closer to the 3,531.6 shown in the table.

One possible factor in the relatively large average number of transactions processed by WDFW fiscal staff is the refinement and streamlining of financial processes by the Lean initiative. This has been a major initiative in recent years in the division, and has resulted in the re-engineering of several internal processes, which in turn has increased productivity. In any case, the Fiscal Services Division appears to be appropriately staffed and, further, appears to be operating efficiently with its current staffing contingent.

**Recommendation:** Retain the current level of staffing in the Fiscal Services Division.

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<sup>7</sup> Includes Purchase Card, or "P-card" transactions