

August 12, 2020

TO: Conservation Commission Members
Carol Smith, SCC Executive Director

FROM: Sarah Groth, Fiscal Manager

SUBJECT: 15% general fund state operating budget reduction plan for the next Biennium 2021-2023

Action Item

Informational Item

15% Budget Reduction Plan for 21-23 Biennium

Summary:

At the May Commission meeting, approval was provided to submit a 15% budget reduction plan for FY 21, the current fiscal year. In June, OFM provided additional budget instructions for the 2021-2023 biennium starting July 1, 2021, which include a continued 15% reduction for our operating budget. We need to include this reduction in our budget package submittals to OFM in September, prior to the next regular Commission meeting.

To meet the 15% reduction in the next biennium, we seek approval to submit a plan to continue forward with the same savings that we are applying in the current fiscal years. These savings actions include:

- Shifting staff salaries to other fund sources to the greatest extent possible.
- Not hiring an IT staff person.
- Eliminating personal service contracts, and equipment purchases
- Reducing travel.

In the current fiscal year, these actions alone are enough to provide a 15% reduction without impact to district implementation funds. However, we need more savings to account for a continued 15% reduction in the next biennium, and seek approval to submit a plan that not only includes the above actions, but also either show a potential reduction in district implementation funds or adds additional cost-cutting measures.

On July 30, SCC staff held a budget webinar with districts to share information based upon two possible scenarios and present options that can minimize these impacts with the goal to collect district feedback. The webinar was well attended with 28 districts participating. The webinar was recorded and we asked districts to send in additional comments, questions and concerns by Friday August 7, 2020 so we could incorporate them in our summary for this special commission meeting.

We developed this reduction plan with two priorities in mind: maintaining WSCC staff at current levels and preserving district implementation funds to the greatest extent possible. We used two scenarios to

estimate potential budget impacts and develop the reduction plan. Scenario 1 is based upon receiving the full ask of our capital budget packages. Scenario 2 is based upon receiving capital funding levels similar to the recent past. Scenario 1 results in district implementation funding at the same level as allocated prior to the CTA-Salmon/Orca add. Scenario 2 results in a 4.13% decrease in district implementation funds.

The scenarios were based upon estimates of capital dollars received because we are shifting WSCC staff salaries from operating to capital funds to the greatest extent allowed. Shifting staff salaries helps protect district implementation dollars that remain in the operating budget, the target of the budget reduction. However, it places more importance than ever on the need to obtain full funding for these capital projects. In addition, the future of the CTA-Salmon/Orca add is unknown.

To minimize these potential reductions in implementation funding, we asked for district feedback on additional cost-cutting measures. The effect of these savings options restores implementation funds to levels similar or above the levels that districts received prior to the CTA-Salmon/Orca add (Table 1).

	Scenario #1	Scenario #1 with both additional savings options	Scenario #2	Scenario #2 with both additional savings options
FY20 \$84,489 (unrestricted)	\$84,489.00	\$88,239.00	\$81,000.00	\$84,750
FY20 \$11,111 (Salmon/Orca/CTA)				

We offered districts an opportunity to weigh in on additional savings measures that include:

Reducing commission staff travel by 50%, could include the following, but not limited to:

- NASCA, NACD, Conservation Days on the Hill, DC Fly in, other out of state conferences. **\$37,500**
- 3 in person commission meetings and 3 virtual. **\$22,500**
- Regional Managers attending board meeting in person 1-2 times per year. **\$12,500**
- Reduce field visits and implementation monitoring visits. **\$11,250**

Eliminating financial support for the following:

- Envirothon **\$10,000**
- Orca Days **\$30,000**
- Sponsorships **\$25,000**
- WADE scholarships **\$20,000**

While it is too early to predict which scenario we may have to follow, we did want to pass along the districts priorities as we continue to work through the budget reduction process and suggested scenarios.

District Feedback

Overall the webinar and two scenarios were well received, and most districts were pleased with this approach and the transparency. Several districts have already provided feedback. We laid out the scenarios and tried to offer as much information as we have at this time about how we came up with the scenarios and figures.

Specific feedback includes:

- Many districts expressed appreciation for protecting implementation funding.
- A few districts expressed concern that the commission is absorbing more than the districts and said that while they appreciate the potential impact to their district being reduced, they also wanted to ensure the stability of the commission and staff.
- A few districts suggested reducing commission travel by more than 50%.
- Several districts stated concern about not providing funds for Envirothon.

Requested Action:

Approve of the direction/process on preserving as much of the district implementation funding as possible, while also preserving funding for commission staff. When we have our final funding numbers, we will bring a budget to the commission to finalize grant award amounts, and commission funding, as we have done in the past.

Recommended Motion: Move to approve the submittal of a WSCC 15% budget reduction plan to OFM that includes:

- Shifting WSCC staff salaries and district engineering to other fund sources to the maximum extent possible.
- Delays hiring an IT staff person.
- Reduces personal service contracts, equipment purchases, and other expenses.
- Reduces WSCC travel expenses by 50%.
- Eliminates funding of Orca Days, Sponsorships, WADE scholarships, and Envirothon.
- Reduces district implementation funds, if necessary, to fill in any remaining needed amount.

Staff Contact:

Sarah Groth, Fiscal Manager, phone: (360) 790-3501 or by email at, sgroth@scc.wa.gov