

**Montana Department of Fish, Wildlife and Parks
Fish and Wildlife Licensing and Funding Advisory Council
Meeting Summary, December 11, 2013**

Council Members Present: Mark Aagenes, Tim Aldrich, Ed Beall, Robin Cunningham, Jim Olson, Debby Perry, Brett Todd, Dan Vermillion, Representative Jeff Welborn. Not present: Bob Gilbert, Arthur Hayes, Ed Hammer, Senator Kendall Van Dyk.

Fish, Wildlife and Parks: Adam Brooks, Sue Daly, Quentin Kujala, Bobbi Rognrud, Paul Sihler, Neal Whitney, Mike Volesky

Environmental Quality Council: Hope Stockwell

Facilitator: Barb Beck, Beck Consulting

Public: Three individuals

Welcome and Catching up

There was coverage of the Council's work in the Missoulian recently. This has been the only coverage since the November meeting of the Council.

Council members discussed input they have received.

- People are asking about cutting FWP's budget rather than increasing license prices.
- People don't have enough information, all they are getting is snippets.
- People don't think incomes in Montana compare favorably with other states and this should be considered in license pricing. Better to consider just Idaho and Wyoming rather than all western states.
- There is opposition to eliminating nonresident Native Montanan and Coming Home to Hunt licenses.
- Region 2 staff pointed out an issue with the 59808 zip code. Applicants are assumed to live on the Flathead Reservation when this isn't always the case. (software fix is needed; already planned but not immediately)
- There is support for increasing the non-refundable nonresident moose, goat, and sheep application fee.

Paul Sihler handed out hard copies of 12 public comments the department has received via email. Council members believe these individuals should receive an acknowledgement. Paul was uncertain whether this is currently happening and will check.

Raising Public Awareness (Ron Aasheim)

The Department has had inquiries from the Associated Press, the Billings Gazette, and the Helena Independent Record about the Council's work.

Council members received a copy of the com-ed plan and a draft brochure titled "Choices for the Future." The biggest challenge in communicating about the financial situation and the Council's work is incomplete or inaccurate information. This is a complicated issue. FWP's goal is to provide accurate

consistent information. Com-ed needs assistance from the Council on the timing of implementing the plan and more clarity on who will be making legislative contacts.

The Council discussed having FWP put out a survey, but were not clear on the purpose or who would be surveyed. One Council member suggested developing a You Tube video because of the potential reach. Messages need to convey the importance of building value for sportsmen and women over cuts in service. For example, highlight easement purchases that provide access and opportunities and identify the funding source as the Coming Home to Hunt licenses. Another positive example would be where landowners and the Department are working well together. FWP needs to get credit for the results of management. The Council members can be effective voices (better than FWP talking about themselves) and have a role in sharing information.

FWP is getting into the marketing arena. Ron showed a draft video clip for an ad that will run on sportsmen's channels. The clip pictured two successful elk hunters talking about hunting in Montana. Council members liked the new gender approach, but some were concerned with the clip creating unrealistic expectations about harvest. Ron thanked the Council for their input and will take it into consideration as the clip is finalized.

Pricing and Fees—background on annual expenditures

Note: Please see the Council's webpages for copies of the charts and graphs Sue presented.

The Council has struggled to understand the Department's fiscal shortfall in future years. Sue Daly presented information to explain the situation. The Council's work is focused on one fund source—general license revenue. General license revenue makes up about half of the Department's revenue and is 2/3rds of the Department's budget.

Sue based her projections of the revenue needs on the following schedule. The Council makes its recommendations in 2014. The legislature passes law(s) in 2015 to implement some or all of the recommendations. The law(s) take effect in 2016. The full effect of the changes on revenue would be seen in FY 2017. Sue also assumed the recent \$1.2 million in budget cuts by the Director will be permanent. She modeled the additional contributions from the Council's preliminary recommendations to date plus the nonresident moose, sheep and goat license fee increase. Including this additional revenue would place the Department's budget in the red in FY 2020. There will be a \$10 million gap by FY 2025 even with the Council's current preliminary recommendations. The recommendations of the Council thus far will not meet the projected need.

Sue also modeled both 25% and 50% increases in resident license prices. A 25% increase would generate approximately \$3.3 million a year and fund the Department until FY 2024. The need in FY 2024 would be \$6.6 million. A 50% increase in resident license prices would fund the Department out past 10 years and is a larger increase than needed. The final model Sue ran was based on using a 2.2% CPI factor. This would generate an addition \$400,000 per year, funding the Department adequately only until FY 2021.

The Council talked about many variables that could influence the projections, including legislative changes, changes in the number of licenses sold, new listed or de-listed species, chronic wasting or other disease outbreaks, etc. The bottom line is it gets increasingly difficult to accurately project the budget situation further out than about four years. FWP has a high level of fixed costs and making quick adjustments is difficult.

Funding Cycle

The Council returned to its discussions from the previous meeting about the current 10-year funding (decision) cycle and how this might be improved. Some of the discussion points included: ideal funding cycles would correspond with the legislature (be in two-year multiples), Department programs are long-term, 10 years is a very long period for financial planning purposes, and term limits for legislators mean that new legislators arrive without understanding the 10-year cycle.

The Council listed the pros and cons of several funding cycle alternatives at their November meeting. The alternatives were: a 4-year cycle, a 6-year cycle, and a cycle of various lengths that included authority for the FWP Commission to take interim action to increase prices under a specified cap. The Council briefly discussed whether a longer or shorter funding cycle offered more financial stability for the Department. The answer depends on the definition of stability.

Robin Cunningham proposed a new alternative for the Council's consideration. That alternative was a combination of the 4-year and the commission authority models with the following two components.

- 1) Request a fee increase to cover funding needs for the next two biennia during the 2015 session,
- 2) Simultaneously, write legislation to grant the FWP Commission authority to institute graduated fee increases via rulemaking within a four-year term, not to exceed the CPI over four years. The commission authority would sunset in four years.

Robin pointed out this alternative would meet the Department's needs for the next four years and allow legislators to understand and grant FWP revenue needs within their term-limit window. He also explained that the two biennia period fits with term limits and argued that increased frequency of revenue adjustments serves the need better than the current 10-year cycle. The Commission is granted term-based authority that is reviewed by the legislature. The Council discussed this proposal and evaluated it using the six thinking hats method. See below.

Evaluation of two-pronged proposal with fee increase for next two biennia coupled with commission authority within pre-determined cap	
Hat Color	Comments
White Hat—facts	<ul style="list-style-type: none"> • The legislature meets every two years. • This alternative moves closer to fiscal balance. • This provides a better business model for opportunities. • The fee increase would provide for an added four years from present. • Recognizes need for increase. • Shorter interval creates more accuracy in budget forecasting. • The Commission does not currently have this authority. • Proposal places a cap on the amount the Commission could increase. • Proposal includes a 4-year sunset. • Commission could raise up to the CPI but wouldn't have to. • Few legislators who voted for last increase in 2005 are still in office.
Red Hat—feelings, emotions	<ul style="list-style-type: none"> • Like the potentially increased stability. • Hunters/angler will not like an increase every year. • Feels better than waiting 10 years and then having a big increase. • Could fairly easily explain the 4-year cycle to constituents. • Adding Commission authority to the 4-year cycle muddies the water.
Yellow Hat—benefits	<ul style="list-style-type: none"> • Creates more stable fund cycle. • Enhances budget accuracy. • Moving authority to Commission connects revenue and spending decisions more closely in time. • More opportunity for public input. • Reduces sticker shock of larger, less frequent increases. • Increased flexibility to deal with changing situations and demands. • Raises needed revenue now. • Would allow revenue collected to be available as soon as spending authority is received.
Green Hat—creativity	<ul style="list-style-type: none"> • Tie the cap on Commission authority increases but to either a specific dollar amount or percentage rather than the CPI. • Ask for a larger increase soon (perhaps 25%) to catch up and then tie future increases to the CPI. • Implement CPI increases less frequently than every year. • Just change to a four-year cycle without Commission authority.
Black Hat—cautions, risks	<ul style="list-style-type: none"> • Could be negative reaction to collecting funds without the authority to spend. • Legislature won't want to give authority to the Commission. • Could jeopardize license increase to also ask for Commission authority. • Tying to the CPI wouldn't raise enough revenue. • License prices could go up every single year. • There is less need for Commission authority (to address interim issues) than with the 10-year cycle.

Preliminary recommendation after the above discussion:

The Council recommends reducing the length of the current 10-year funding cycle to a 4-year funding/decision cycle.

The Council would like feedback from the EQC at its January 2014 meeting on this preliminary funding cycle recommendation and also whether this should be implemented by statute or practice if it moves forward.

Public Comment

Three members of the public were present at the meeting. Two asked to address the Council. A summary of their remarks follows.

Jerry Davis (speaking as a citizen)

Jerry noted the Council's previous discussion on funding. He asked whether the Council is looking at other funding sources in addition to conventional licenses.

Nick Gevock (Montana Wildlife Federation)

Nick indicated his preliminary support for the idea of shortening the 10-year funding cycle and also for giving the FW Commission authority to increase license prices.

License Pricing

The Council discussed pricing of nonresident moose, goat, sheep, and bison licenses. They reviewed what the current prices are and the prices charged by other rocky mountain and neighboring states. Council members stated that:

- They don't want to make this a rich man's sport,
- Montana is a great buy for the opportunities,
- They're concerned about the percent increase at one time,
- They don't want to raise the price more than 100%,
- Applicants get a break on the upfront costs, and
- Raising the prices to \$1500 each would still place Montana below many of the comparable states.

Preliminary recommendation on license pricing for nonresident moose, goat, sheep, and bison

The Council recommends increasing the price for nonresident moose, goat, sheep, and bison licenses to \$1500 each.

Conservation License Structure

When FWP staff prepared the information for this meeting they identified some issues (related primarily to implementation) that need the Council's discussion. Specifically, the fishing access fee is now imbedded in the fishing license while the hunting access fee is an add-on. Staff asked whether it was the Council's intention that anglers also pay the hunting access fee and if not, then the access fees would not be properly included in the newly proposed structure and pricing for the conservation license. After some discussion, the Council agreed and clarified that the access fees should not be included in the conservation license and should be placed on the hunting or fishing license purchased following the purchase of the conservation license.

The Council identified the conservation license as a potential tool to bring in revenue from non-consumptive users in the future.

Base Hunting License Structure

The Department staff also believed that it would be problematic to administer and explain the "subsequent firearm" license and recommended dropping this choice from the base hunting license structure. They also recommended dropping any discount for purchasing both the archery and firearm options at the same time. The Council concurred with these two clarifications to the model that has been under discussion during and since the November meeting. The result will be that there will be two choices under hunting, archery or firearm. If an individual wants to hunt both the archery and firearm seasons, these would be treated as two separate transactions and could either occur simultaneously or at different times. The hunter would then pay the hunting access fee with their first license purchase.

Wrap-up

Discussion Highlights

- The Council believes that it's very important to get the word out about both the financial situation of the department and the work of the Council. FWP has a com-ed plan to work on this.
- The Council believes that a decision cycle shorter than 10 years would add flexibility to address issues that arise and increase accuracy in financial management.
- The Council will recommend that nonresident moose, sheep, goat, and bison licenses be increased to \$1500 each.
- The Council is continuing to refine the license structure and supports creation of a conservation license and base hunting license.
- The Council will recommend that the Coming Home to Hunt license price be reduced to 50% of the nonresident license price, consistent with all other discounted licenses. The Council will recommend that the Native Montanan license price be increased to 50% of the nonresident price.

FWP will respond to all e-mail comments, acknowledging receipt and thanking the commenter for their input.

Preview of Next Meeting

The Council decided to hold a day-and-a-half meeting in January. The meeting will begin at 1:00 p.m. on Thursday, January 16 and continue all day on Friday, January 17. The Council's remaining topics between January and April 2014 are to complete work on the license pricing, and address earmarks and the role of non-consumptive beneficiaries in financially supporting the services and programs provided by FWP.

FWP staff will prepare projections with a menu of choices on pricing and the corresponding revenue results. These are to include charging \$15 for the base hunting licenses with \$2 embedded and earmarked for access. Staff will also provide the revenue resulting from 10%, 20% and 25% across-the-board resident license increases.

January agenda items will include a continuation of the pricing discussion (it appears that combining the revenue impacts of all of the Council's recommendations to date, there remains an approximate \$1 million per year shortfall), looking at individual license pricing, hearing feedback from the EQC on the funding cycle recommendation and any other comments they would offer this Council, and starting discussion on earmarked licenses. Council members expressed an interest in being able to visualize the Montana Hunting Regulations publication with their recommendations reflected compared to the current regulations booklet. One of the primary goals of the Council's work has been to simplify the regulations for constituents.

The Council believes it will be important for all members to attend the upcoming meetings when recommendations will be finalized. If a member is not able to attend a meeting, he/she will need to read the meeting summary and should contact a member who was present for an explanation of the progress if necessary.