

California Department of Fish and Wildlife

SERVICE BASED BUDGETING

FINAL REPORT

January 20, 2021

S B B
SERVICE BASED BUDGETING



SUMMARY

Service Based Budgeting (SBB) provides transparency into the diverse work of the California Department of Fish and Wildlife to manage California’s rich fish, wildlife, and plant biodiversity for their ecological values and for the public. SBB is an opportunity to build on the exceptionalism of California—in biodiversity, innovation, technology, and equitable public access to natural resources. As California has expanded its leadership in environmental conservation and stewardship, the department’s sustainable funding challenges have continued to grow and constrain its ability to become more climate resilient, conserve biodiversity, and expand equitable access to state lands. SBB represents California’s cutting-edge efforts that facilitate the department’s ability to maximize available resources in an efficient and

effective manner through iterative, data-driven changes.

Chapter 51, Statutes of 2018 (Senate Bill 854) directed the department to conduct a service based budget review to identify strategic goals reflecting its core programs. With the assistance of Deloitte, an independent entity having experience conducting similar reviews, the department’s SBB review studied and is reporting on the service standards designed to meet its mission, cost estimates and staffing requirements to meet its mission, and a comparison of the mission level needs against existing staffing. The SBB process analyzed the department’s existing revenue structure and supported activities, identifying where a different funding source or



revenue structure could be allowable or more appropriate for an activity. The department developed a tracking system to gather staffing data and continuously analyze service levels across its programs. An internal department leadership team guided the SBB process, which was also advised by an external advisory committee.

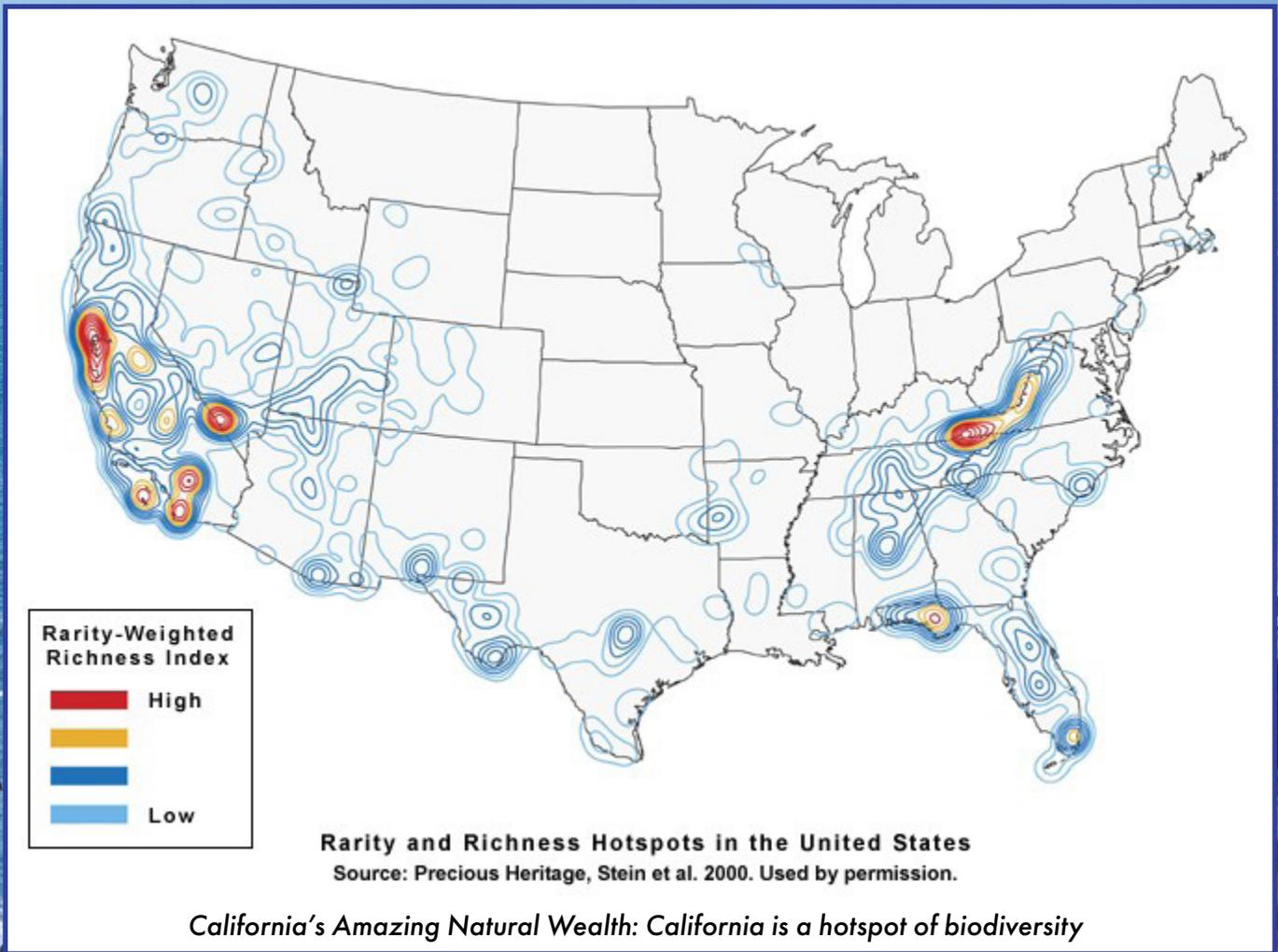
The data developed in the SBB process and the subsequent analytical information it provides highlights the breadth of the department's mission, identifies gaps in existing staffing, and demonstrates opportunities for process improvements and operational efficiencies to meet that mission. Extending beyond data gathering, SBB examines

the department's revenue structure and the need for funding flexibility, while also exploring ways that the department can advance operational efficiencies to work toward closing the gap between its current staffing levels and its mission needs through the use of strategic investments in technology and equipment, process improvements, stakeholder coordination, and review of existing policies and mandates. Together, these improvement actions, strategic staffing actions, and long-term flexible and sustainable funding are key to California combatting climate change, protecting biodiversity, increasing access to state lands and natural resources, and building a better, more diverse, and inclusive California for all.

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HOW WE GOT HERE

The Legislature has directed the department to take on ever-increasing mandates. Numerous state government reports over the past 30 years and most recently in 2017 describe how the department's responsibilities for habitat and endangered species protection have increased along with the public's expectations, requiring the department to expand its services and programs. Since 2001, the Legislature has enacted nearly 400 pieces of legislation impacting the department's policy or regulatory programs. In Senate Bill 1535 (2005-2006 Reg. Sess.), the Legislature found that California's growing population and development necessitate "a significant portion of the department's activities to be directed toward protecting fish and wildlife"

for the benefit of California residents. It further recognized that the department's responsibilities increased to protect public trust resources in the face of a growing population and resource demands.

One frequently visited but ultimately unresolved issue for the department is how to secure sustainable funding with ever-growing mandates. Numerous state reports and legislative enactments identify department funding as an important problem to solve. (See [Appendix A](#) for a list of reports and legislative enactments.) Since the 1950s, the department's funding base has shifted away from hunting and fishing license revenue, creating a long-term problem of insufficient and uncertain future



revenues to keep pace with program demands. In 2006, the Legislature amended the California Fish and Game Code section 710.5 to declare that “the department continues to be inadequately funded to meet its mandates.”

Significantly, in 2012 and 2017 the department completed two stakeholder engagement processes that analyzed the need for sustainable funding. The first process was the California Fish and Wildlife Strategic Vision project that culminated in a nonpartisan, multi-stakeholder report to the Legislature in 2012. The second was required through the Budget Act of 2017 to reconvene this stakeholder group and provide a report to the

Legislature regarding implementation of the 2012 recommendations. In October 2017, the department submitted its progress report to the Legislature with the support of the stakeholder group. That progress report recognized that the department continued to accumulate unfunded mandates and identified limited funding as the primary barrier to implementing changes. It set the goal of focusing on a path to sustainable funding in the face of increasing demands and public expectations. Without sustainable funding, the department is unable to fully meet its diverse mission—managing and protecting California’s diverse species and habitats and bolstering equitable public access to lands in the face of increasing population and resource demands in a changing climate.

WHAT EXACTLY IS SBB?

SBB is a task-based budgeting approach that describes the services the department provides and informs budgeting and operational approaches by identifying current staffing at the task level, projected staffing needs to meet its mission, operational improvement actions that may reduce costs, and revenue sources supporting specific activities. The department contracted with Deloitte to conduct SBB and to consult on the development of the department's SBB data tracking system. Deloitte is a leading management consulting firm with experience supporting other state SBB projects.

SBB builds on the 2012 Strategic Vision, which established four key goals: 1) strong relationships with other agencies, governments, organizations, and the public; 2) highly valued programs and quality services; 3) an effective organization; and 4) an efficient organization. SBB provides the Legislature, outside entities, represented stakeholders, and the public with greater transparency into the services the department provides and the associated costs. It also encourages strategies for making the best use of available resources to deliver those services to meet department and stakeholder priorities.

In order to deliver on the Strategic Vision goal of increased transparency, SBB organizes the department into eight service areas, reflecting its core programs: Public Use & Enjoyment, Species & Habitat Conservation, Permitting & Environmental Protection, Lands & Facilities, Law Enforcement, Education & Outreach, Operational Support, and Administrative Support. Each of these services represents unique aspects of the department's work, only a few of which may be familiar to different segments of the public. For example, an angler may know that the department regulates the take of salmon, but may not realize that it manages over one million acres of land and 24 hatcheries. A teacher may be familiar with the Classroom Aquarium Education Program, but not have heard about the department's efforts to safeguard and enhance California's unique biodiversity. A county official may have worked with the department for environmental permitting or California Environmental Quality Act review, but might not be aware of its law enforcement efforts to prevent wildlife trafficking or stop illegal cannabis cultivation.





Department Service Areas

The eight SBB service areas provide a snapshot into the breadth of the department’s mission. Each of these eight service areas are further divided into programs and subprograms and are detailed in a chart entitled “What We Do,” providing a detailed view of the department’s work. “What We Do”

represents the service structure for organizing over 2,800 tasks that the department performs to meet its mission. It is provided in [Appendix B](#) and serves as a helpful visual to provide increasing detail into the department’s work. It includes definitions for each of the department’s eight service areas.

STAKEHOLDER INVOLVEMENT

The department committed itself to extensive internal and external stakeholder engagement throughout the SBB process. The internal stakeholders included a core team consisting of the Director, Chief Deputy Director, and executive and SBB team managers. The core team met weekly for project planning, status updates, and key decisions to guide the SBB process. SBB also stood up an executive working group representing a diverse cross-section of executive, branch, and regional managers to assist with information and data quality control and quality assurance.

The foundation for the SBB effort was the department's subject matter experts and staff. The SBB process, which was given the highest priority, created immense time demands on these groups. The SBB effort could not have succeeded without the dedication and commitment of the department's subject matter experts. For all of these internal stakeholder groups, the department conducted trainings and outreach and provided regular updates at key stages in the process. It also established a dedicated, internal website to provide the latest SBB information to its employees. Detailed information about the department's internal stakeholder engagement can be found in [Appendix C](#).

As part of the SBB process, the Legislature directed the department to form an external committee to advise its SBB review. The department established an External Advisory Committee, which builds upon the stakeholder committee established during the Strategic Vision process and is composed of natural resource groups holding a diverse range of interests. During the SBB process, this External Advisory Committee, along with the Legislature, various state agencies, and Tribal governments, represented the majority of the department's external stakeholders. The department developed a host of tools to engage external stakeholders, including direct communications and an SBB webpage directly accessible from the department's home page that housed legacy written communications, project updates and presentations, meeting notices, and informational tools.

The department's engagement with the External Advisory Committee consisted of building awareness and support for the SBB implementation process, communicating progress, and gathering feedback to inform the path forward. The department hosted External Advisory Committee meetings on April 8, June 26, and November 29, 2019 to deliver formal SBB status reports. Notices for the meetings were sent by email and posted to



the SBB webpage. Due to COVID-19, on May 1, 2020, the department provided a written SBB project update to the External Advisory Committee in lieu of an in-person meeting. Feedback was collected through a dedicated SBB email address available to the public and through structured feedback surveys at the External Advisory Committee meetings. The department reported the status of the SBB review to the Assembly and Senate Budget Subcommittees on March 4 and 5, 2019. Additional information about the department's external stakeholder engagement efforts is provided in [Appendix D](#).



DETERMINING THE MISSION LEVEL STAFFING NEEDS OF THE DEPARTMENT

SBB is designed to allow a comparison between the department's current activities and labor costs, and the labor and associated costs to meet its mission. This information helps the department and the public identify strategic investments to further long-term funding solutions towards environmental conservation and maintaining biodiversity. To accomplish this, the department had to build a catalog of the tasks it performs and quantify the appropriate mission level of service for each task. The department's mission level is based on existing statutes, state and federal requirements, department policies, public and stakeholder expectations, the need for scientific rigor, operations necessary for ecosystem-based management and biodiversity conservation, and policy considerations. This mission-level task information reflects the strategic goals the department identified for its core programs as reflected in the descriptions for each service area.

The department relied on over 100 subject matter experts to develop a catalog of nearly 3,000 tasks. Each task contains a host of detailed information as further described in [Appendix E](#). The tasks capture the department's current activities, the justification for those activities, and the desired performance or service standard. Each task has

at least one associated justification for why the department performs the task: legal mandate, state or department policies, professional or industry standards, operational necessity, or constituent expectation or demand. The tasks also quantify the level of effort necessary to meet the stated service standard, providing the most appropriate labor classifications and associated hours to conduct a given task.

Once the tasks were developed, the department engaged in an extensive data collection effort with over 165 department managers and executives over 8 weeks to identify the number of times that the department needs to perform a given task to meet its mission. The department quantified the total labor hours and staffing costs necessary to provide a mission level of service using existing equipment, technology, and processes. The task information and mission level data went through multiple rounds of review by department managers and executives. The department plans to review and update each task's mission level of service standard at least every five years. The mission level for certain tasks may be updated earlier as the department implements various improvement actions or secures resources that would have a material impact on the mission level of service.



100+
SUBJECT MATTER EXPERTS
2,800 TASKS



QUANTIFYING THE DEPARTMENT'S CURRENT LEVEL OF SERVICE

In order to compare the department's current efforts with its mission-level need, the next step in SBB was to determine how many staff hours are dedicated to each task. The initial data collection in June and July 2019 engaged 150+ managers to allocate the hours of over 2,000 permanent and temporary staff positions to individual tasks. Through this effort, the department was able to quantify the number of labor hours that a given classification is dedicated

to a particular task or activity. This represents the department's current level of service. These allocated labor hours were then tracked to their funding source to determine the current expenditures at the task level. The department completed a second current-level data collection effort in April 2020 and is planning to annually update this information.



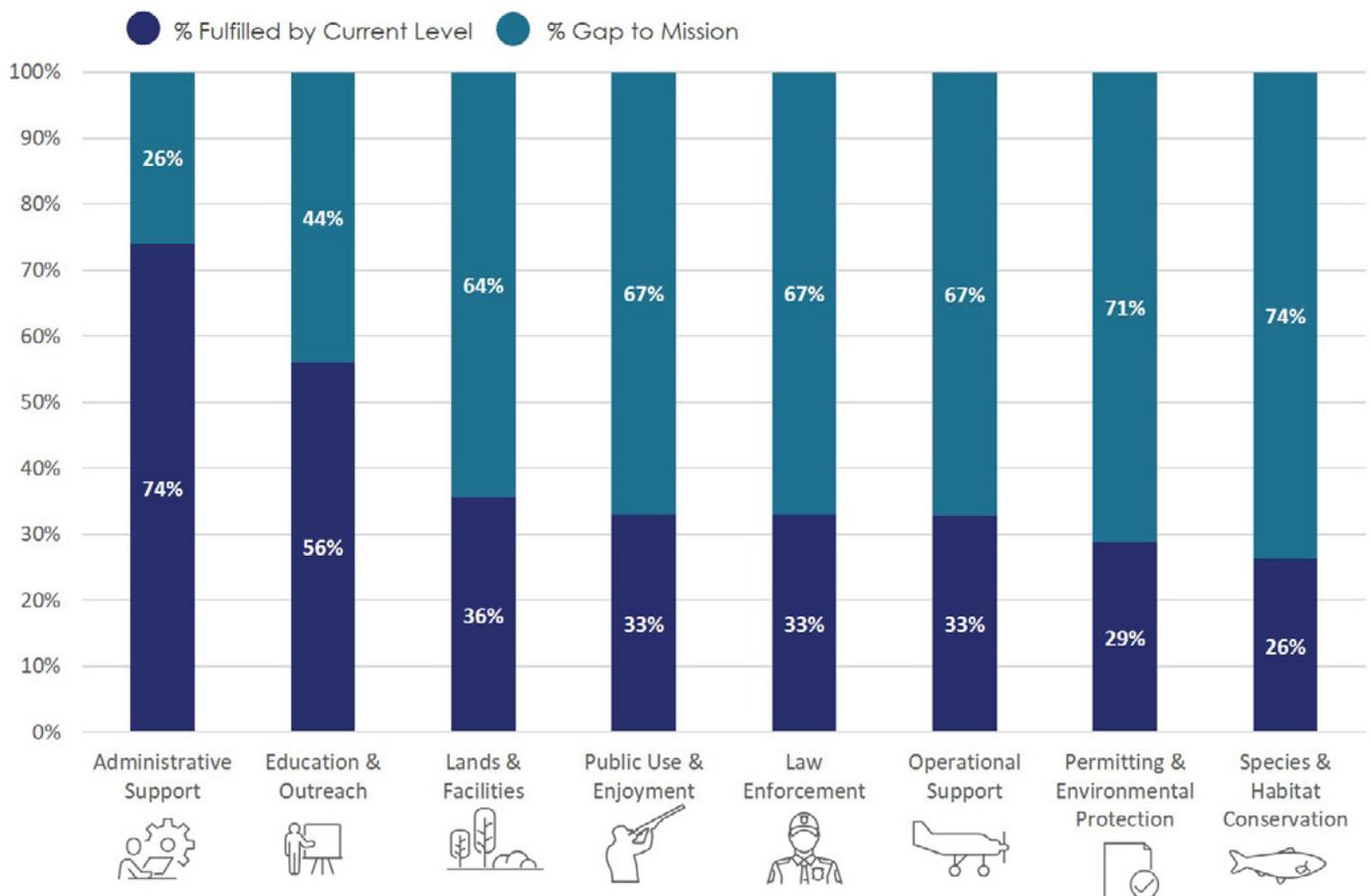
TASKS CONVERTED TO
LABOR HOURS



COMPARING WHAT THE DEPARTMENT CURRENTLY DOES TO MEET ITS MISSION

The SBB data allows the department to perform a quantitative comparison of the labor hours for its current level of service with the labor hours to meet its mission level of service. While the comparison is made

based on labor hours, gaps between the current and mission service levels do not directly equate to staffing shortages. Instead, they represent constraints or challenges in CDFW meeting its mission.



Understanding Mission-Level Needs

The SBB data demonstrates that the department is under-resourced to meet its mission. On the whole, the data suggests that the department requires approximately three times its current level of staffing to meet its mission. While operational improvements and process efficiencies can be undertaken to reduce staffing needs as discussed below, the data illustrates a significant gap between current and mission levels of service. The gap varies by service area, with the largest gap being in the department's Species & Habitat Conservation service area. Various species monitoring-type tasks show the greatest difference between the mission and current levels of service. See [Appendix F](#) for additional details for each service area. These gaps are consistent with prior legislative and other efforts that recognized the department's lack of sustainable funding for non-game efforts. They also correspond with the perceived areas of need reported by stakeholders for the SBB effort.

The department has not identified any activities it is conducting that are outside its mission, though there are a few individual tasks that indicate the department is exceeding its mission-level need. The department continues to review the SBB data to ensure its available staff are being used in an efficient and effective manner.



USING SBB TO IMPROVE OPERATIONS

The department developed an Operational Plan that guides the long-term governance and institutionalization of SBB within the department. See [Appendix G](#) for details on the Operational Plan. The Operational Plan describes the governance model, roles and responsibilities, seven long-term operational processes, and knowledge transfer activities to embed SBB in department operations. For each of the seven processes, the Operational Plan lays out the annual timeline, key roles and milestones, and supporting materials.

The 2012 Strategic Vision recommended open and transparent accounting to build public confidence in how the department manages funds. The department has identified four categories of improvement actions to help it meet its mission without increased staffing and labor costs. First, the department can examine ways to clarify its mission level service standard and consider legislative, regulatory, or policy adjustments where appropriate. Second, the department can streamline processes to improve efficiency or effectiveness using currently available resources. Third, various technology or equipment improvements that may require targeted, one-time investments can help improve efficiencies and reduce the need for additional staffing. Fourth, the department will look

for opportunities to clarify expectations and build on opportunities for greater reliance on external partners. The department is committed to examining these improvement actions to reduce the gaps in service levels identified in SBB with more efficient and effective use of funds.

The department has begun to review areas in which to advance operational improvements. These areas will go through an operational findings process, starting with subject matter experts helping to define the topic area and generate ideas for improvement actions. The subject matter experts and managers then quantify the potential impact of the ideas and certain ideas are selected for additional review based on their ability to be implemented and the anticipated impact. Those ideas are reviewed by executive leadership, which selects specific ideas for prioritized action. Ideas chosen for implementation are associated with specific tasks anticipated to be impacted and tracked so that changes in the gap due to the improvement action can be monitored over time. This will be an ongoing iterative process and the department will continue to review areas for operational improvements. Details on the department's review of operational improvement actions are provided in [Appendix H](#).



IMPROVEMENT ACTIONS



**MISSION, POLICIES, MANDATES
REVIEW**



PROCESS IMPROVEMENTS



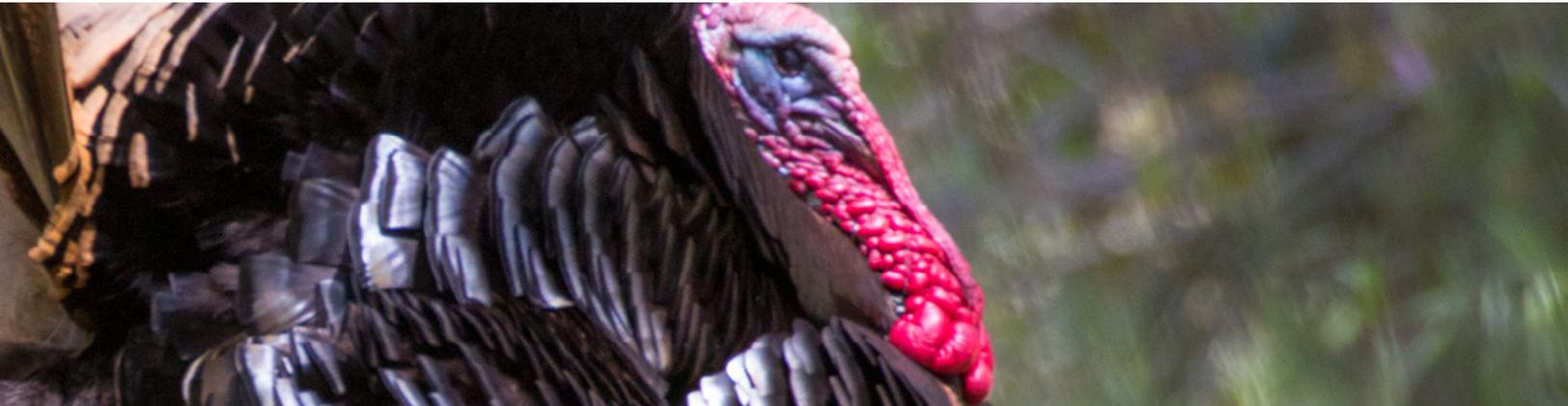
**EXTERNAL PARTNER
COORDINATION**



TECHNOLOGY & EQUIPMENT



LABOR



REVENUE ANALYSIS

The department manages over 60 funds, each of which has its own guidelines for use. SBB included a review of the department's existing revenue structure and the activities it supports. SBB also analyzed activities for which a different revenue source or structure could be allowable or more appropriate to support the activity. In undertaking this analysis, the department faced significant challenges because of the total number of fund sources it manages, the use of multiple fund sources to support nearly half of all positions, and the tremendous number of possible fund, task, and position combinations. As a result, the department prioritized 10 funds for analysis, representing a variety of funds it manages. For example, the Federal Trust Fund has specific fund usage guidelines, but funds a diversity of activities. In contrast, the Fish and Game Preservation Fund - Lake and Streambed Alteration Dedicated Account is a fee-based fund that supports a relatively narrow range of tasks. Further, the General Fund and the Fish and Game Preservation Fund (Non-dedicated) have relatively broad usage guidelines and support a wide variety of department activities. Further information on this fund review and revenue analysis are available in [Appendix I](#).

To perform this analysis, the department and Deloitte worked together to develop a two-part method applicable to both reimbursement and non-reimbursement funds. For non-reimbursement funds, each task currently supported by the fund was reviewed to determine if that task or work by subprograms and department organizational units may not comply with that fund's guidelines. For reimbursement funds, the first part focuses on positions to determine if their work was appropriate for that fund source. The department subsequently implements solutions if it is determined that another fund source may be better suited to support the tasks.

The second part of the analysis is policy based. The department selects the tasks that appear to be most ideal for that fund source and reviews for additional funds supporting the work. The department then makes various fund policy decisions regarding appropriate and allowable uses for specific tasks.

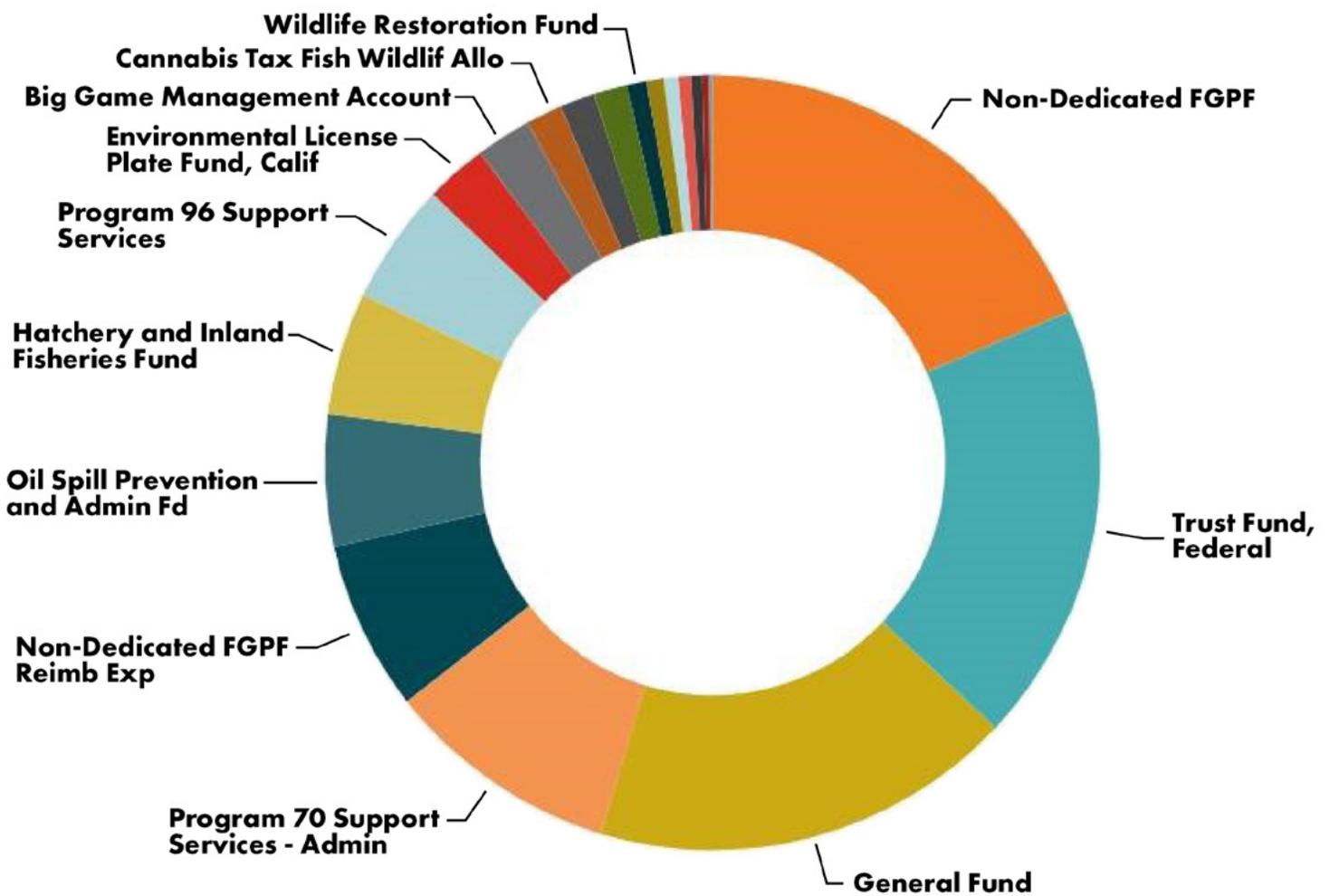
Each fund analysis showcases a suite of information demonstrating current usage and the most appropriate fund sources. For each fund, the department provides background on its intended purpose and revenue source, a summary of its current use based on SBB data, and summarized and detailed findings information.

The department identified 48 findings across seven funds as a result of its initial revenue analysis. The findings are classified into six different types to provide more description about why the usage may appear to be not ideal. A finding could arise based on the need for policy clarification, an opportunity for a more ideal fund, a position for which alternative funding may be more appropriate, the hours allocated by a position to a particular task, a data entry error, or an error in the position's default fund coding. The department has or is in the process of resolving all of the findings. In addition, the department has begun a revenue analysis of four additional funds. [Appendix J](#) provides a detailed breakdown of the findings for the reviewed funds.

In addition to the fund-specific findings, the revenue analysis revealed broader issues related to unfunded mandates and the need for additional funding flexibility. Throughout the process, a number of tasks were identified as being performed to comply with a mandate that lacked a corresponding funding appropriation. The department has not been provided specific funding to complete certain tasks and generally must absorb the costs by prioritizing and redirecting staff away from other tasks.

The SBB revenue analysis revealed tasks with large numbers of overlapping fund sources, which highlighted the need for flexibility within existing fund sources. The Species Monitoring & Evaluation subprogram, for example, is supported by a large number of fund sources with various usage guidelines. Many of those funds are governed by

broad principles, suggesting the department applies its most flexible fund sources to support tasks that lack dedicated fund sources. The department is considering consolidation of fund sources when they support a similar nature of activities across those funds.



Analyzing Revenues to Ensure the Responsible Use of State Funds

SBB ENABLES DEPARTMENT BUSINESS ANALYTICS THROUGH THE SBB TRACKING SYSTEM

In collaboration with Deloitte, the department created an SBB data collection and management tool to capture, track, and evaluate current and mission level SBB data. The SBB tracking system is comprised of four components: a current level data collection application, a mission level data collection application, a database management application, and business analytics managed by the department through Microsoft PowerBI. PowerBI

allows the department to create data visualizations and up-to-date dashboards for SBB data analysis.

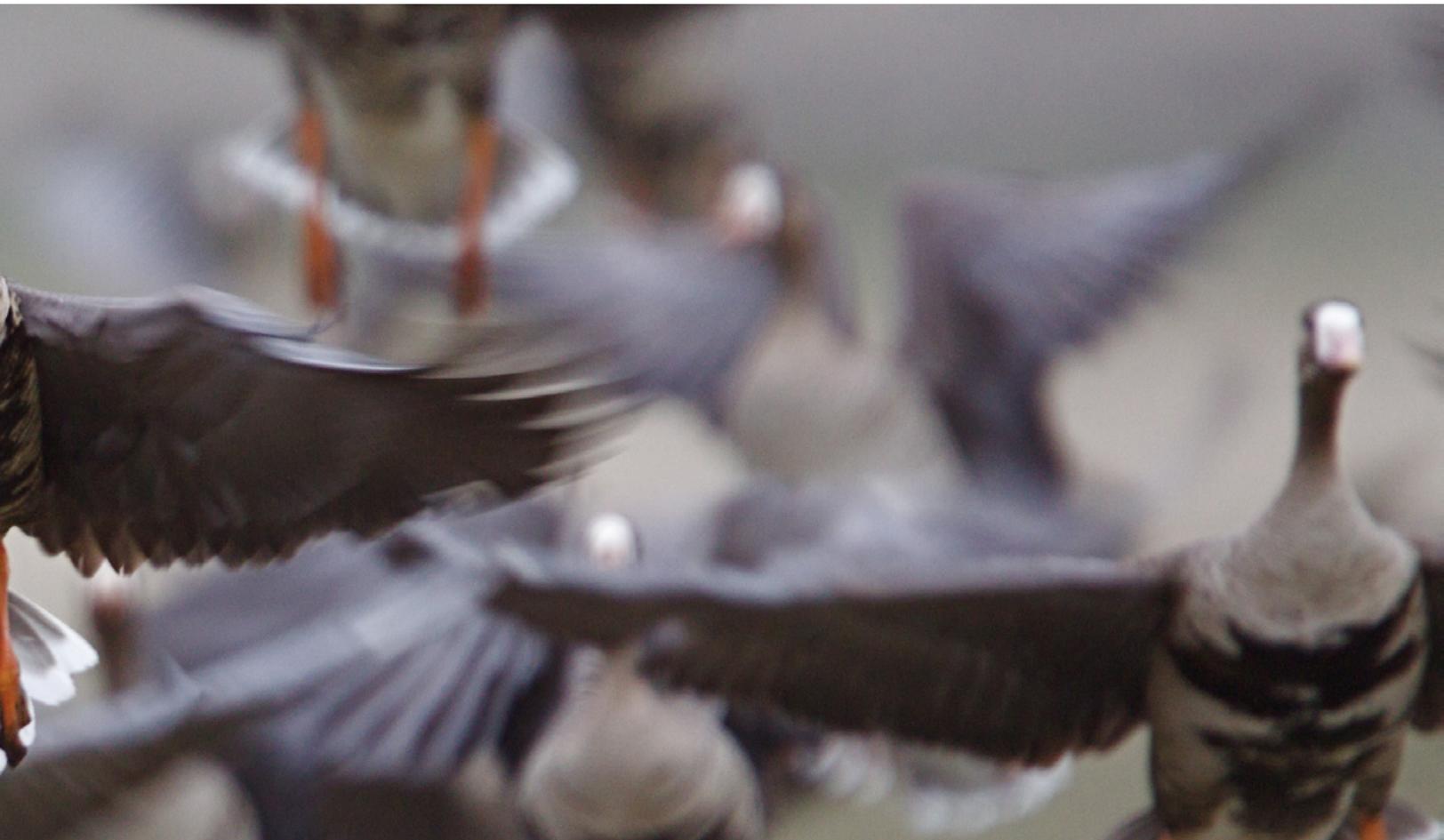
The analytics capabilities enabled by SBB data reporting inform budgeting and management decisions by facilitating the tracking of operational improvement actions and providing the information needed to conduct a fund revenue analysis.



AN OPPORTUNITY TO INVEST IN CALIFORNIA

California is a biodiversity hotspot, hosting numerous endemic species and rich habitats that are vital to conservation, but also inspiring and sustaining California’s human population. California is unique in the nation in its goal to conserve 30 percent of its lands and coastal waters by 2030. The department’s work is critical to this effort. Its diverse mission supports a vast network of natural and working lands—forests, wetlands, coasts, and deserts—building climate resiliency through environmental protection and conservation and facilitating public use and access through lands

and resource management. The Legislature demonstrated its commitment to the department and its mission by supporting the SBB process. The tools and information developed through the SBB process highlight an opportunity to strategically invest in the people, technology, equipment, and improvement actions that will place California at the forefront of efforts to build equitable and inclusive access to nature’s diverse lands and resources, while protecting these resources for future generations against the existential threat of climate change.



SBB LIST OF APPENDICES

[Appendix A - Reports and Legislation](#)

[Appendix B - "What We Do" Chart](#)

[Appendix C - Internal Stakeholder Engagement](#)

[Appendix D - External Stakeholder Engagement](#)

[Appendix E - Task Creation](#)

[Appendix F - Gap Analysis by Service](#)

[Appendix G - Operational Plan](#)

[Appendix H - Operational Improvement Actions](#)

[Appendix I - Revenue Analysis Methodologies](#)

[Appendix J - Revenue Analysis](#)



SERVICE BASED BUDGETING