



May 21, 2020

The Honorable Toni Atkins
Senate President Pro Tempore

The Honorable Holly Mitchell
Senate Budget Committee

The Honorable Bob Wieckowski
Senate Budget Subcommittee 2

The Honorable Anthony Rendon
Speaker of the Assembly

The Honorable Phil Ting
Assembly Budget Committee

The Honorable Richard Bloom
Assembly Budget Subcommittee 3

RE: Opposition to Department of Fish and Wildlife May 2020 Revision General Fund State Operations Budget and Habitat Conservation Fund Trailer Bill Proposal

Dear Pro Tempore Atkins, Speaker Rendon, Chair Mitchell, Chair Ting, Chair Wieckowski and Chair Bloom,

Thank you for your leadership during these difficult times facing our state and the world. We appreciate the challenge you face in making difficult decisions about how to contend with a more than \$50 billion budget deficit. As our allies in fish and wildlife protection, you deserve our best collective effort to advise on the ways to approach the California Department of Fish and Wildlife's (DFW) budget under the current circumstances.

To that end, the undersigned organizations urge the Assembly and the Senate to:

- Reject the Administration's Habitat Conservation Fund trailer bill;
- Reject the Administration's "California Department of Fish and Wildlife Fund State Operations Budget" Budget Change Proposal (BCP) that relies on sunseting the Habitat Conservation Fund and undoing the extension passed by the Legislature last year;
- Appropriate \$25.1 million from General Fund to the Department of Fish and Wildlife; and
- Ensure that \$18.9 million is provided to the Habitat Conservation Fund from other special fund sources to offset the cost pressure on the General Fund for FY 2020-21.

It is unnecessary to abandon the agreement reached last year between the Legislature and Administration to extend the Habitat Conservation Fund (HCF) for ten years to meet this fiscal year's General Fund shortfall in DFW's budget. The Habitat Conservation Fund enabling statute offers flexibility to utilize other special fund sources that are sufficient and appropriate resources available in to meet the requirements of the Habitat Conservation Fund.

Our organizations have spoken out throughout this year against the Administration's January budget trailer bill language proposal to sunset the Habitat Conservation Fund. (See attached letter). Despite this advocacy, the Administration continues to propose sunseting the HCF. We remain committed to the ten-year extension of the HCF because it provides critical funding for habitat projects that benefit local communities at a time when those communities need additional investments and job opportunities.

There is no reason for the Legislature to renegotiate the existing agreement that extended the HCF until 2030 and agree to a weaker "Biodiversity Protection Fund" at DFW. The HCF provides the necessary protections – unlike the proposed Biodiversity Fund – to ensure that the funding continues to be committed towards the purposes approved by the voters in Prop 117.

The May Revision also proposes a substantially revised State Operations Budget that will destabilize DFW's staffing and fiscal management efforts and run counter to the goals of the ongoing Service Based Budgeting (SBB) effort. The May Revision proposes a significant reduction in critical funding, mandates new program work for DFW without providing new staffing, and sends the Fish and Game Preservation Fund into a considerable structural deficit potentially as early as FY2021-22.

The proposed \$118.7 million in General Fund for DFW in the May Revision reverts DFW's General Fund levels down to the levels not seen since the mid-2010s. The Legislature identified a structural imbalance in the Fish and Game Preservation Fund three years ago along with identified insufficient staffing for

program work, funded the SBB effort, and provided \$30 million in General Fund each year for three years until the SBB effort was concluded.

The SBB effort has yielded important insights that DFW is already operating with a significant gap between what is required to achieve its mandated mission and the level at which it is currently funded. SBB data shows that DFW is funded to meet only one-third of its overall mission mandates, leaving two-thirds of what the Department is required to do unfunded, including law enforcement, permitting, and managing more than 600 declining species, including mountain lions, whales, and migratory birds, and more than one million acres of state lands.

The May Revision proposal runs counter to the Legislature's intent to stabilize DFW's budget and better align its funding with its mandated program work. And the proposed shift of HCF funds from the Wildlife Conservation Board to DFW, along with the proposed trailer bill (which our prior letter describes as illegal modifications to a voter-approved initiative), will not provide DFW with a secure funding stream, but instead cuts a critical program that has provided 30 years of important habitat funding for projects all over California, including cutting funding for waterfowl and wetlands protection, public access, and mountain lion habitat.

The SBB effort has provided important lessons learned from past budget actions. Borrowing from DFW funds such as the Preservation Fund, cuts to critical program areas such as permitting, habitat conservation, law enforcement and land management created significant fiscal and staffing instability that has taken more than a decade to recover. However, under current budget conditions, we understand that all agencies must live with reduced budgets. Thus, we are not requesting that the Legislature increase the May Revision General Fund amount beyond the proposed \$118.7 million.

In summary, we urge the Legislature to reject the DFW's May Revision proposal, including the revised HCF trailer bill. Instead, we ask that the Legislature approve proposed General Fund level of \$118.7 million, which could come from an increase in funding from the General Fund or a one-time shift in funding from the Habitat Conservation Fund to DFW combined with the use of bond funds to backfill the HCF fund shift at the Wildlife Conservation Board.

For all these reasons, we urge you to take the actions highlighted at the top of this letter.

Thank you again for your leadership and for your long-standing support of protecting California's wild lands, waters, and their inhabitants.

Sincerely,

Pamela Flick
California Program Director
Defenders of Wildlife

Paul Mason
V.P., Policy & Incentives
Pacific Forest Trust

Debra Chase
Chief Executive Officer
Mountain Lion Foundation

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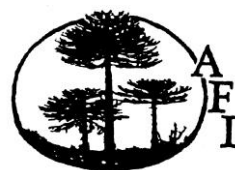
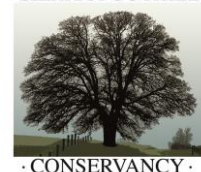
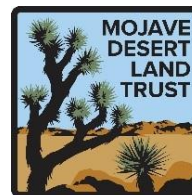
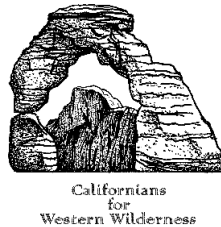
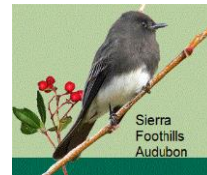
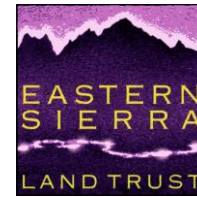
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May 8, 2020

Honorable Philip Ting, Chair
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Sacramento, CA 95814

Honorable Holly Mitchell, Chair
Senate Budget Committee
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Honorable Richard Bloom, Chair
Assembly Budget Subcommittee 3
State Capitol
Sacramento, CA 95814

Honorable Bob Wieckowski
Senate Budget Subcommittee 2
State Capitol
Sacramento, CA 95814

RE: Habitat Conservation Fund Budget Trailer Bill – STRONG OPPOSE

Dear Chairs Ting, Mitchell, Bloom and Wieckowski,

On behalf of the undersigned organizations we are writing to oppose the proposed budget trailer bill that seeks to reinstate the July 2020 sunset date for the Habitat Conservation Fund (HCF), ending important funding for local park districts, state agencies, and crucial habitat conservation programs at the Wildlife Conservation Board (WCB) that support on the ground projects that provide important source of jobs to local communities. This proposal is also a retreat from the administration's and Legislature's commitment to stable, ongoing support for conservation, biodiversity and public access to parks in California and eliminates a critical funding source that supports multiple agencies and important conservation programs.

In light of the current COVID-19 situation facing our state, it is more important than ever to continue successful funding programs that quickly get dollars out of the door to local communities, nonprofits, and state and local agencies. The Habitat Conservation Fund has a 30 year track record of providing critical funding across California for a variety of projects that provide resiliency to the effects of climate change, create new jobs, increase public access to communities, and support a tourism economy.

Just last year, the Legislature and Governor Newsom agreed to extend the HCF sunset by ten years, thereby providing \$30 million each year for important conservation programs and state and local agencies. Per Proposition 117's text, HCF monies are allocated annually to local park districts, Department of Parks and Recreation, State Coastal Conservancy, Tahoe Conservancy and the Wildlife Conservation Board.

The HCF has been a highly effective and extremely popular program for implementing a wide range of vital conservation efforts throughout the entire state. It has provided a necessary, consistent and reliable revenue source for conservation efforts that have benefitted California's diverse communities and biodiversity. Since 1990, the HCF has protected more than one million acres of wildlife habitat and has provided significant funding for parks and conservancies.

Unfortunately, the current budget proposal attempts to end the Habitat Conservation Fund, extinguish the commitment last year by the Legislature and Newsom administration to provide \$300 million over the next ten years for the agencies and programs funded by the HCF, and revert those funds to the General Fund. Therefore, not only does this budget proposal end crucial funding for WCB programs as well as local park districts, State Parks, Coastal Conservancy and Tahoe Conservancy, it also eliminates the administration's commitment to provide \$300 million in conservation and public access funding over the next decade at time when that funding could be an important part of economic stimulus efforts.

As we have noted in past communications, the administration appears to believe that this budget trailer bill language can be approved without a 4/5 vote by the Legislature. However, a close reading of Proposition 117's language shows that the Legislature is only authorized to extend or delete the sunset date with a majority vote. As dictated by the terms of Proposition 117, any change not expressly permitted by the statutory language would require a 4/5 vote by the Legislature. What's more, Section 8 of Proposition 117 expressly requires that any amendment of the act to be consistent with and furthering of the purposes of the initiative. Extending the HCF for ten years last year was clearly consistent with and furthering the purposes; any attempt to reverse the action taken last year would be inconsistent and would violate the act's purposes. And finally, Section 7 also expressly states that "the Legislature shall not reallocate the funds allocated by Sections 2787 and 2788 of the Fish and Game Code." Thus, the administration's proposal in the trailer bill language is simply unlawful.

Given these concerns and questions, we respectfully ask that the Legislature reject the HCF Budget Trailer bill proposal to allow for this funding to be a part of our state's economic stimulus and environmental protection efforts.

Sincerely,

Pamela Flick
California Program Director
Defenders of Wildlife

Debra Chase
CEO
Mountain Lion Foundation

Paul Mason
V.P., Policy & Incentives
Pacific Forest Trust

Jay Ziegler
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