

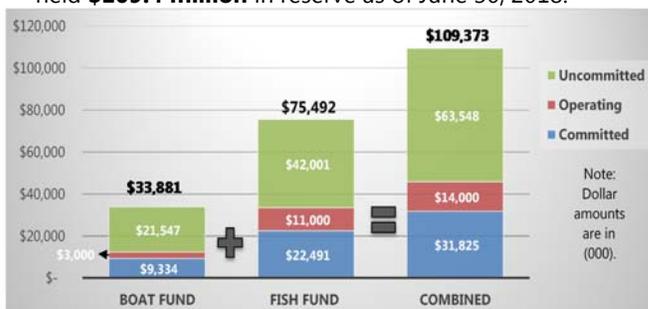
REPORT HIGHLIGHTS

A Performance Audit of the PA Fish and Boat Commission

Released: 03/27/2019

Act 2004-159 directs the Legislative Budget and Finance Committee (LBFC) to conduct a performance audit of the Pennsylvania Fish and Boat Commission (PFBC) on a three-year cycle. These periodic audits began in 2007, and this is the fifth audit completed under Act 2004-159. We reviewed PFBC operations over the past three fiscal years: July 1, 2015, through June 30, 2018. Highlights of our report include the following:

- ❖ **Reserve fund balances have been “healthy” over the past three years.** The PFBC is funded through two special funds: the Fish Fund and the Boat Fund. Although these funds are separate, with each having its own statutorily-defined purposes, collectively, the PFBC held **\$109.4 million** in reserve as of June 30, 2018.



The PFBC has been able to sustain these reserve balances because of a Spending Reallocation Plan (SRP) it instituted in fiscal year (FY) 2014-15. The SRP kept spending in line with revenues, but it did so at the cost of not filling vacant positions and delaying other operating expenditures. The PFBC needs to maintain reserve balances to ensure it can sustain operations in the advent of an emergency.

- ❖ **The largest revenue source to the Fish Fund and the Boat Fund—licenses and fees—was relatively flat over the past three years.** Licenses and fees accounted for 67 percent of all Fish Fund revenue and 49 percent of all Boat Fund revenue over the period. Revenue from these categories decreased by 1.5 percent to the Fish Fund, and increased by only 1.8 percent to the Boat Fund.

- ❖ **Over the three-year period, Fish Fund total expenditures increased by just 0.3 percent, and Boat Fund total expenditures decreased by 0.3 percent.** Ninety-six percent of Fish Fund expenditures, and 90 percent of Boat Fund expenditures are for personnel and operating expenses. Despite mandated increases for healthcare, retirement, and negotiated salary increases for employees covered by collective bargaining agreements, the PFBC held expenses below available revenues. Overall, agency spending by organizational unit was highest within the Bureau of Hatcheries (28 percent), followed by the Bureau of Law Enforcement (23 percent).

- ❖ **A potentially troubling trend is occurring with resident fishing license sales.** As the primary revenue generator for the Fish Fund, resident fishing license sales are significant to the PFBC. New revenue, primarily through a license fee increase, will be needed soon. Yet,

historically, raising fees has led to an initial decline to resident sales after the fee is enacted. Although these declines were later erased by license sales growth over the life of the fee increases, our analysis shows that this “initial drop-then sustained license growth” may not be the case going forward because over the life of the past two license periods, there has been (and continues to be) a negative sales growth for resident license sales. Conversely, nonresident license sales have been steady, and in some categories, have even increased in recent years.

- ❖ **The PFBC operates and maintains a robust system of fish propagation and stocking.** Over the three-year period, nearly 140 million fish (of varying species) were propagated and stocked in Pennsylvania waterways. Hatchery operations are a significant expense to the PFBC but represent a tangible “return on investment” for licensed anglers. Reducing hatchery operations, as a means of controlling costs, seems ill-advised. We also reviewed the PFBC’s Cooperative Nursery Program, which provides various groups and schools with fish to raise and later stock in Pennsylvania waterways and found the PFBC did a good job of ensuring sponsors were inspected and meeting program guidelines.
- ❖ **The SRP has constrained law enforcement complement capacity.** Waterways conservation officers, who are sworn law enforcement officers, complete a number of important duties for the PFBC including public outreach, resource protection, and public safety. As a means of controlling costs, new training classes have been delayed, which has impacted complement levels. Recently, a new class of cadets will start with the PFBC, which should help to ease this constraint.
- ❖ **Our report contains 10 recommendations.** We recommend that the General Assembly grant the PFBC greater autonomy to set its own fees. We further recommend that license fees for nonresidents should be increased before resident license fees are increased. We also include recommendations to improve the monitoring and reporting of the Cooperative Nursery Program. Finally, we encourage the PFBC to recruit potential cadets that have already completed municipal police officer training, while ensuring that these candidates are thoroughly vetted.

For a full copy of the report, email us at lbfcinfo@palbfc.us or download a copy at <http://lbfc.legis.state.pa.us/>.

