

A Financial Analysis of the Pennsylvania Game Commission

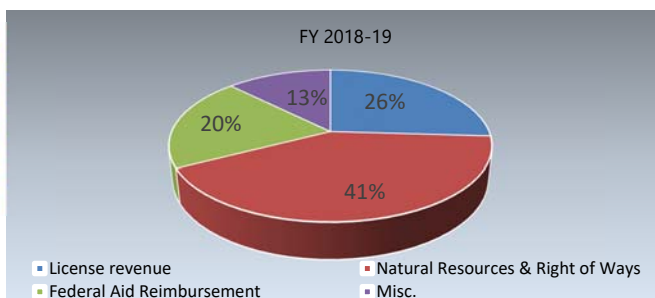
Act 2019-07 directs the Legislative Budget and Finance Committee to prepare a financial analysis of Pennsylvania Game Commission (PGC) revenues and expenditures, including annual operating costs, investments, land purchases, and capital projects. We reviewed PGC finances over the past five fiscal years: July 1, 2014, through June 30, 2019. Highlights of our report include the following:

- ❖ **The revenue condition of the PGC is favorable.** The PGC is funded through the Pennsylvania Game Fund. Revenues to the Game Fund include hunting and furtaker license sales, the sale of natural resources including oil and gas, and a federal excise tax on sporting arms and ammunition. As of June 30, 2019, the balance of the Game Fund was \$72.8 million. In constant dollars, revenues increased from \$103 million in FY 2014-15 to \$131 million in FY 2018-19.

Revenues from the sale of natural resources, hunting licenses, and the leasing of right-of-ways average 60 percent of the Commission's income over the reviewed time period. Revenues from the federal government average 24 percent of the PGC's income during that same period.

- ❖ **The largest revenue source to the Game Fund—the sale of natural resources—increased significantly from FY 2014-15 to FY 2018-19.** The sale of natural resources grew from 26 percent of Game Fund revenues to 41 percent of revenues over the course of our study.

- ❖ **Revenues from the sale of licenses declined in terms of constant dollars.** In FY 2014-15 license sales were \$35 million. By FY 2018-19 that number dropped slightly to \$34 million. As a percent of the Game Fund, revenues from the sale of licenses dropped from 35 percent to 26 percent of revenues over the period.



- ❖ **License revenues per licensee increased from \$37 to \$40 in constant dollars.** In constant dollars, license revenues stood at \$35 million in FY 2014-15. By FY 2018-19, that number declined to \$34 million. However the number of individuals purchasing a Game Commission license decreased faster. In the first year of our study, 944,524 individuals purchased a license. In the final year of our study that number decreased to 858,204.

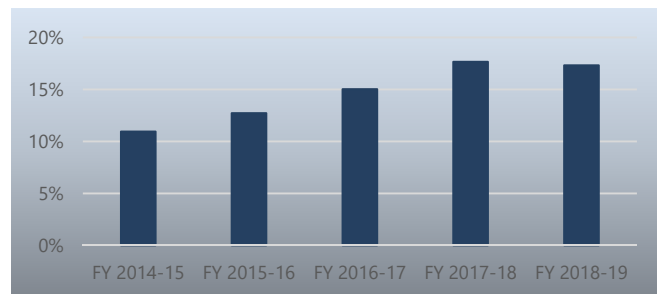
- ❖ **Revenues and expenditures changed, virtually in tandem, beginning in year two of our study.** Except for the first year of our study, revenues have exceeded expenditures. However, the gap between revenues and expenditures began to close in FY 2018-19. While it is too

early to know if the recent expenditure growth exceeding revenue growth is the beginning of a trend, it is something policy-makers should watch closely.

- ❖ **Expenditures per capita increased from \$8.36 to \$9.47 from FY 2014-15 to FY 2018-19.** Beginning in FY 2015-15, the Game Commission decreased spending to adjust to lower than expected revenues. By FY 2016-17, expenditures per capita declined to \$7.39. As revenues rebounded, PGC began increasing their spending. Expenditures per licensee followed a similar trend. From FY 2014-15 to FY 2016-17, expenditures per licensee decreased nine percent. From FY 2016-17 to FY 2018-19, spending per unique licensee increased from \$103.23 to \$141.29, an increase of 37 percent.

- ❖ **Fringe benefits as a percent of wages and benefits, have increased and are a warning sign for policymakers.** As the cost of benefits increases more rapidly than wages and benefits combined, the PGC's finances will come under strain if action to restrict costs is not taken. However, the level of benefits are beyond the control of the PGC due to contractual obligations negotiated by the Governor.

- ❖ **Retirement costs as a percent of wages and benefits are also increasing significantly.** In FY 2014-15, retirement costs as a percent of wages and benefits was 11 percent. By FY 2018-19 that number had increased to 17 percent although this was a slight decline from FY 2017-18. As with benefit costs, pension costs are largely outside the Commission's control. We note with concern the rising costs related to State Employees Retirement System benefits. If pension costs continue to increase, the result will be a significant strain on the PGC's finances.



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